

Episil Technology Inc.

2024Annual Report

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.

Annual report inquiry website <http://mops.twse.com.tw> <https://www.episil.com>

Printed on April 13, 2025

I. Spokesperson and Acting Spokesperson Contact Information

Vice President Spokesperson : FAN,GUI-RONG / Vice President

Acting Spokesperson : LIN,TING-YUAN / Director

Tel: (03)5779245 Email:episil_mail@episil.com

II. Episil Address and Telephone Number

1. Headquarters : Episil Technology Inc.

Address : 1F, No.18, Innovation Road I, Hsinchu Science Park, Hsinchu, Taiwan R.O.C.

Tel : (03)5779245 Website : www.episil.com

2. Branch office : None

3. Factory :

DF1 Address : No.3, Innovation Road I, Hsinchu Science Park, Hsinchu, Taiwan R.O.C.

DF6A Address : No.5, Creation Road II, Hsinchu Science Park, Hsinchu, Taiwan R.O.C.

DF6B Address : No.18, Innovation Road I, Hsinchu Science Park, Hsinchu, Taiwan R.O.C.

4. Subsidiary

Episil-Precision Inc. Tel : (03)5632255

Address : No.10, Dusing Road I, Hsinchu Science Park, Hsinchu, Taiwan R.O.C.

EM1 Address : No.3, Innovation Road I, Hsinchu Science Park, Hsinchu, Taiwan R.O.C.

EM2 Address : No.12-1, Creative Road IV, Hsinchu Science Park, Hsinchu, Taiwan R.O.C.

EM3 Address : No.10, Dusing Road I, Hsinchu Science Park, Hsinchu, Taiwan R.O.C.

CS4 Address : No.17, Innovation Road I, Hsinchu Science Park, Hsinchu, Taiwan R.O.C.

III. Common Share Transfer Agent and Registrar

Company : The Transfer Agency Department of KGI

Address : 5F, No.2, Section 1, Chongqing South Road, Taipei, Taiwan R.O.C.

Tel : (02)23892999 Website : www.kgi.com.tw

IV. Independent Auditors

Accounting Firm : PWC

Auditors : Daniel Lee 、 Hsieh, Chih Cheng

Address : 27F, No.333, Section 1, Keelung Road, Taipei, Taiwan R.O.C.

Tel : (02)27296666 Website : www.pwc.tw

V. Corporate Website : www.episil.com

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One 、 Letter to Shareholders

Dear Shareholders:

In 2024, Episil Technologies Inc. faced significant headwinds due to high global economic and political uncertainty, as well as the impact of a high-interest-rate environment, resulting in lower market visibility. This was particularly evident in the automotive and industrial control markets, which are the company's key focus areas. Weaker-than-expected end-market demand and slow inventory digestion further compounded the challenges. As a result, the company's revenue declined by approximately 17.84% compared to the previous year, reflecting a challenging operating environment.

Looking ahead to the new year, despite the increasingly complex geopolitical landscape, we remain cautiously optimistic that end-market demand will gradually recover and return to a stable growth trajectory. We continue to hold a positive long-term outlook for compound semiconductors, driven by the growing demand for green energy and electric vehicles under the global trend of energy conservation and carbon reduction. Additionally, as semiconductor prices decline, adoption is expanding into broader applications. To capture these long-term growth opportunities, Episil Technologies Inc. has been actively investing resources in developing next-generation technologies, expanding its Gallium Nitride (GaN) and Silicon Carbide (SiC) product lines, and increasing production capacity. These initiatives aim to enhance our market share in specialized power and energy semiconductor components.

Our management team is committed to executing this business strategy by continuously improving quality systems, enhancing production efficiency, and maintaining cost control, with the ultimate goal of delivering solid revenue and profitability performance.

2024 Business Performance :

Implementation and Results of 2024 Business Plan:

Consolidated revenue amount to NT\$5.817 billion in 2024, a 17.84% decline from NT\$7.08 billion in 2023. In terms of profitability, the company reported a net loss of NT\$414 million, compared to a net profit of NT\$136 million in 2023, representing a decrease of 403.81%.

Operating Performance in 2024

Consolidated financial results :

Unit : NT\$ thousands (Except EPS: NT\$)

Item	2024Y	2023Y
Operating Revenue	5,816,920	7,080,216
Gross Profit(Gross loss)	42,101	809,484
Profit after tax(Net loss)	(413,784)	136,199
Earnings Per Share (Deficit)	(1.51)	0.2

Research and Developments Status

1. Continue to have stable mass production, enhance the capacity and competitive process: Mainly to complete the development of FRED and FRMOS, while TVS and ATV have progressed into mass production. We will continue to develop new process and explore the application of the technology.
2. WBG components: 4-inch and 6-inch SiC SBD and MOSFET products have entered mass production; The development of the third-generation 6-inch SiC planar MOSFET, which features higher performance and a more compact design, has been completed. The official release is scheduled for July 2024, with customer trial production already underway. The R&D team has also initiated the development of the fourth-generation planar MOSFET technology. Additionally, Episil Technologies Inc. is collaborating with major domestic and international manufacturers to develop SiC trench MOSFET technology, which is expected to enter mass production by the end of 2025. In terms of Gallium Nitride (GaN) HEMT products, the new-generation G6 product line developed for customers has successfully entered mass production. This advanced technology is progressively replacing the previous generation, reducing chip size by 50% and enhancing product competitiveness.
3. Strengthen execution and focus on niche products, accelerate their revenue ratio and increase gross profit margin.

Future Outlooks:

According to the 2025 market outlook released by the World Semiconductor Trade Statistics (WSTS), the global semiconductor market is projected to grow by 11.2%, reaching a total market size of \$697.1 billion. Among this, the power semiconductor sector is expected to return to a growth trajectory, with an estimated growth rate of 5.8%. The global compound power semiconductor market is also demonstrating significant growth, with the SiC (Silicon Carbide) market forecasted to achieve a 24% compound annual growth rate (CAGR) from 2023 to 2029, reaching a market size of \$10 billion by 2029.

For Episil Technologies Inc., the increasing demand for automotive, green energy, and energy-efficient products is driving growth in compound semiconductor devices, creating a strong market opportunity. To meet customer demand, we will continue to expand new production capacity for 6-inch GaN and SiC production lines. Additionally, we are collaborating with Vanguard International Semiconductor Corporation (VIS) to establish an 8-inch SiC production line, further strengthening our next-generation process technologies.

Amid ongoing geopolitical shifts, Episil Technologies Inc. holds a strategic advantage in developing a global customer base. We remain committed to substantial investments in the high-margin compound semiconductor sector, ensuring continued technological leadership. Our company has already obtained VDA 6.3 A-level certification for quality systems and is actively developing automotive electronic products and expanding customer collaborations.

Moving forward, we will continue to drive innovation and create value for our customers, shareholders, and employees.

Chairman: JH Shyu

President : Can-Wun Liou

Two 、Corporate Governance Report

I. Directors and Management Team :

(I) Directors

April 13, 2025

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Sincere Holding Company	-	109.06.11	3	109.06.11	15,964,245	5.39	16,294,539	425	0	0	0	0	None	SYNASPIRE CORP. NanoClean Materials Co., LTD. NDV Therapeutics Corporation Hepius Care Inc. GIGA SOLAR MATERIALS CORPORATION	None			—
	R.O.C	Representative : JH Shyu	Male 66 years old	109.06.11	3	105.06.08	0	0	151,000	0.04	0	0	0	0	Master's degree in chemical engineering , National Cheng Kung University	Legal Representative Chairman of Episil-Precision Inc. Legal Representative Chairman of Wellknown Holdings Ltd. Independent director of Ultra Chip, Inc.	None			—
Director	R.O.C	Sincere Holding Company	-	109.06.11	3	109.06.11	15,964,245	5.39	16,294,539	425	0	0	0	0	None	SYNASPIRE CORP. NanoClean Materials Co., LTD. NDV Therapeutics Corporation Hepius Care Inc. GIGA SOLAR MATERIALS CORPORATION	None			—
	R.O.C	Representative : Shu, Chin-Yung	Male 74 years old	109.06.11	3	103.06.06	0	0	0	0	5,393	0	0	0	Master's degree in Institute of EO Engineering from National Chiao Tung University.	Huntertex Corp. HERON NEUTRON MEDICAL CORP. SHINYU LIGHT CO., LTD. HonSean-JY Company Limited JadeYale-CY Company Limited HERMES-EPITEK CORPORATION HAN SHIN CORP. ADVANCED ION BEAM TECHNOLOGY, INC. GIGA SOLAR MATERIALS CORPORATION	None			—
Director	R.O.C	Hermes-Epitek Corporation	-	109.06.11	3	103.06.06	17,792,745	6.01	18,160,870	4.74	0	0	0	0	None	Hermes Advanced Therapy Systems Corp.	None			—
Director	R.O.C	Representative : Chen,Hsi-Hsin	Male 68 years old	109.08.01	3	109.08.01	0	0	0	0	0	0	0	0	Academic degree in Solid State Physics from University of Texas, USA	Legal Representative Director of EPISIL-PRECISION INC. Director of ENERGICTECHNOLOGIES CORPORATION Chairman of ADVANCED ION BEAM TECHNOLOGY, INC.	None			—
	R.O.C	Representative : Fan,Gui Rong	Female 61 years	109.06.11	3	103.06.06	0	0	18,361	0.01	0	0	0	0	Master's degree in MBA,University of Leicester	Legal Representative Director of Episil-Precision Inc. Legal Representative Director of Taiwan Hi-Tech Corp.	None			—

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
			old																	
Director	R.O.C	Vision Holdings Ltd.	-	109.06.11	3	103.06.06	1,417,636	0.48	1,771,450	0.53	0	0	0	0	None	Legal Representative Chairman of GENESE INTELLIGENT TECHNOLOGY CO., LTD. Legal Representative Director of EXCELLENCE OPTOELECTRONICS INC. Legal Representative Director of EPILEDS TECHNOLOGIES, INC.	None			—
	R.O.C	Representative : Mark Wu	Male 53 years old	113.10.01	3	113.10.01	0	0	0	0	0	0	0	0	Master degree in Accounting and Information Technology, Nation Chung Cheng University.	Director of Vanguard International Semiconductor Corporation	None			—
	R.O.C	Representative : Jeff Chiu	Male 44 years old	113.10.01	3	113.10.01	0	0	0	0	0	0	0	0	PhD in the Graduate Institute of Electronics, National Taiwan University	Director of Vanguard International Semiconductor Corporation	None			—
Independent Director	R.O.C	Jhih-Da Yan	Male 57 years old	109.06.11	3	106.06.22	0	0	0	0	0	0	0	0	Academic degree in Department of Public Finance from National Chengchi University		None			—
Independent Director	R.O.C	Zong-Si Ke	Male 66 years old	109.06.11	3	106.06.22	0	0	0	0	0	0	0	0	Master's degree in Management of Technology from National Chiao Tung University.	Chief Strategy Officer of ANANAVI TECHNOLOGY CORPORATION Independent director of Feedback Technology	None			—
Independent Director	R.O.C	Mao-Song Deng	Male 63 years old	109.06.11	3	106.06.22	0	0	0	0	0	0	0	0	Master's degree in business Administration from National Taiwan University. Electronic Research and Service Organization, Industrial Technology Research Institute Bachelor of Engineering,NCTU Director of Vanguard International Semiconductor-America Co-founder/Deputy General Manager of Ardentec Technology Deputy General Manager of Marketing/Business/Chief Operating Officer/General Manager of CSMC Technologies Corporation CEO of CR Micro	Director and Presiden of Etron Technology, Inc. Legal Representative Chairman/ Presiden of Ever Technology, Inc. Legal Representative Chairman of Eys3d Microelectronics, Co. Supervisor of Decloak technology Director of Great Team Backend Foundry, Inc. Director of Etron Technology America, Inc. Director of eCapture Technologies, Inc. Director of eCapture Ltd. Co. Director of eCapture Co., Limited Director of S Square System Limited Director of Insignis Technology, Inc. Director of Insignis Technology Corporation Director of Anzon Technology, Inc. Director of eEver Technology Limited Director of eYs3D Microelectronics, Inc. Director of AiYs3D Microelectronics, Inc. Director/President of Invention and Collaboration Laboratory Pte. Ltd	None			—

Note:

- 1.The Company completed the reelection of its directors for the fourth term commencing on June 14, 2023 and expiring on June 13, 2026 at the General Meeting of the Shareholders on June 14, 2023.
- 2.Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed: There is no situation in which the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship.

1. Major shareholders of the institutional shareholders :

April 13, 2025

Name of Institutional Shareholders	Major Shareholders
Vision Holdings Ltd.	GREEN COVE ENTERPRISES INC. 80.00% Hwang,Ming-Chi 8.30% Lu,Fei-Chian 3.86% Lin,Su-Lin 4.46% Hwang,Mei-Yun 2.38% JadeYale-CY Company Limited 1.00%
Hermes-Epitek Corporation	GREEN COVE ENTERPRISES INC.69.13% Hwang,Ming-Chi 11.55% Lu,Fei-Chian 8.49% Lin,Su-Lin 4.57% Hwang,Mei-Yun 2.50% HonSean-JY Company Limited 2.04% VISION HOLDINGS LTD. 1.24% JadeYale-CY Company Limited 0.48%
Sincere Holding Company	Yeh Tzu Charitable Trust Fund 100.00%

Major shareholders of the Company' s major institutional shareholder :

April 13, 2025

Name of Institutional Shareholders	Major Shareholders
GREEN COVE ENTERPRISES INC.	Fortis Corp. 100%
HonSean-JY Company Limited	Shu, Chin-Yung 39.382% LEE, KUI-HUA 37.912% Hsu,Ching-Hsiang 22.706%
JadeYale-CY Company Limited	Shu, Chin-Yung 22.33% LEE, KUI-HUA 22.33% Hsu, Ching-Ling 55.34%
Yeh Tzu Charitable Trust Fund	Not applicable

2. Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors :

condition name	Professional qualifications and experience	Independence situations	Concurrently serves as an independent director of other publicly issued companies
JH Shyu	He has served as a number of directors in the electronics technology and semiconductor industries such as Legal Representative Chairman of Episil-Precision Inc., Legal Representative Chairman of Wellknown Holdings Ltd., Legal Representative Charman and President of Taiwan Hi-Tech Corp., Independent director of Ultra Chip, Inc., Independent director of Upi Semiconductor, with diversified industry expertise, as well as business management capabilities. There is no one of the various paragraphs of Article 30 of the Companies Act.	-	1
Shu, Chin-Yung	He has served as a number of directors in the electronics technology and semiconductor industries such as Legal Representative Director of Huntek Corp. Legal Representative Director of SHINYU LIGHT CO., LTD. 、 Chairman of HonSean-JY Company Limited. 、 Chairman of JadeYale-CY Company Limited. 、 Chairman of GeoThings Inc. 、 Director of Hermes-Epitek Corporation 、 Director of Advanced Ion Beam Technology, Inc. 、 Legal Representative Director of GIGA SOLAR MATERIALS CORPORATION 、 Legal Representative Director of ProMOS Technologies Inc. , with diversified industries of professional, as well as enterprise management capabilities. There is no one of the various paragraphs of Article 30 of the Companies Act.	-	0
Chen,Hsi-Hsin	He has served as a number of directors in the electronics technology and semiconductor industries such as Legal Representative Director of EPISIL-PRECISION INC. 、 Legal Representative Director of HIGH POWER OPTOELECTRONICS, INC. 、 Director of ENERGIC TECHNOLOGIES CORPORATION 、 Director of ADVANCED ION BEAM TECHNOLOGY, INC. with diversified industry expertise, as well as enterprise management capabilities. There is no one of the various paragraphs of Article 30 of the Companies Act.	-	0
Mark Wu	Serving as a Diretor at Vanguard(VIS) in the semecinductor industry, with expertise in diverse industries and business management capabilities. There is no one of the various paragraphs of Article 30 of the Companies Act.	-	0

Jeff Chiu	Serving as a Director at Vanguard(VIS) in the semiconductor industry, with expertise in diverse industries and business management capabilities. There is no one of the various paragraphs of Article 30 of the Companies Act.	-	0
Fan,Gui Rong	Serves as a director of the semiconductor industry such as the legal representative director of Galvan Electronics, with the expertise of diversified industries and the ability of enterprise operation and management. There is no one of the various paragraphs of Article 30 of the Companies Act.	-	0
Jhih-Da Yan	He is currently an associate professor of the Department of Finance and Taxation of Taichung University of Science and Technology, and independent director of Prolight Opto Technology Corporation., and has professional ability in financial accounting. There is no one of the various paragraphs of Article 30 of the Companies Act.	Not an employee, director or supervisor of the company or its affiliates. A natural person shareholder who does not hold more than 1% of the total number of issued shares of the company or the top 10 shareholders in the name of himself or her spouse, minor children or others. There is no relationship between a spouse or a second-class relative with other directors, and there is no case under article 26-3, subparagraphs 3 and 4 of the Securities exchange act. No article 27 of the Companies Act provides for the election of a government, a legal person or its representative.	0
Zong-Si Ke	As a director of Electronic Technology, he has the expertise of diversified industries and the ability of enterprise operation and management. There is no one of the various paragraphs of Article 30 of the Companies Act.	Not an employee, director or supervisor of the company or its affiliates. A natural person shareholder who does not hold more than 1% of the total number of issued shares of the company or the top 10 shareholders in the name of himself or her spouse, minor children or others. There is no relationship between a spouse or a second-class relative with other directors, and there is no case under article 26-3, subparagraphs 3 and 4 of the Securities exchange act. No article 27 of the Companies Act provides for the election of a government, a legal person or its representative.	1
Mao-Song Deng	Served as a number of directors of the electronic technology and semiconductor industries such as Director and General Manager of E-Tech, Chairman of the Legal Representative of E-Group Technology, Chairman of the Legal Representative of E-Li Microelectronics, Director of Great Team Backend Foundry, Inc., Director of Etron Technology America, Inc., Director of eCapture Technologies, Director of Inc., Director of eCapture Ltd. Co., Director of eCapture Co.,	Not an employee, director or supervisor of the company or its affiliates. A natural person shareholder who does not hold more than 1% of the total number of issued shares of the company or the top 10 shareholders in the name of himself or her spouse, minor children or others. There is no relationship between a spouse or a second-class relative with	0

	Limited, Director of S Square System Limited, Director of Insignis Technology, Inc., Director of Insignis Technology Corporation, Director of Anzon Technology, Inc., Director of eEver Technology Limited eYs3D Microelectronics, Director of Inc., with the professional ability of diversified industries and business management. There is no one of the various paragraphs of Article 30 of the Companies Act.	other directors, and there is no case under article 26-3, subparagraphs 3 and 4 of the Securities exchange act. No article 27 of the Companies Act provides for the election of a government, a legal person or its representative.	
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3. Diversity and independence of the Board

(1) Board Diversity:

The composition of the Board of Directors of the Company is based on the Corporate Governance Code and the Election Of Directors to consider the diversity of the Board of Directors from various aspects. The Company has a total of 9 directors, including 3 independent directors, one of which is a female director; the professional background of the board members covers electronics, semiconductor, finance and management industry experience, with the company's need for industrial knowledge, operational judgment ability, international market concept, leadership ability and decision-making ability, etc., can give professional advice from different angles, can improve the company's operating performance and management efficiency. The Company values gender equality in the composition of its board of directors, with a goal of having directors of each gender account for more than one-third of the board seats.

(2) Board Board Independence:

The Company attaches importance to the independence of the members of the Board of Directors and the policy objective of diversification management is that directors who are also the managers of the Company should not exceed one-third of the number of directors. Achieve management goals in 2024.

(3) More diversity of board members is as follows:

Diversified core items eye	Basic conditions and values							Industry experience								Professional competence
	nationality	gender	Concurrently serve as an employee of the	age			The term of effective independent director's senior 8 years	Electronics industry	Semiconductor industry	Operational and decision management capabilities	Marketing and business development	Crisis management and industry knowledge	financial management	Accounting and financial analysis skills	Semiconductor process technology	
				41 to 50years old	51 to 60years old	61 to 70years old										
Names of directors																
JH Shyu	R.O.C	Male	V			V		V	V	V	V	V	V	V	V	V
Shu,Chin-Yung		Male				V		V	V	V	V	V	V	V	V	V
Chen,Hsi-Hsin		Male				V		V	V	V	V	V	V	V	V	V
Jeff Chiu		Male		V				V	V	V	V	V	V	V	V	V
Mark Wu		Male			V			V	V	V	V	V	V	V	V	V
Fan,Gui Rong		Female	V			V		V	V	V	V	V	V	V		
Jhih-Da Yan		Male			V		V					V	V	V		
Zong-Si Ke		Male				V	V	V	V	V	V	V	V	V	V	V
Mao-Song Deng		Male				V	V	V	V	V	V	V	V	V	V	V

(II) Management Team :

April 16, 2024

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
CEO	R.O.C	JH Shyu	Male	2016.06	151,000	0.04	-	-	-	-	Master's degree in chemical engineering , National Cheng Kung University	Legal Representative Chairman of Episil-Precision Inc. Legal Representative Chairman of Wellknown Holdings Ltd. Legal Representative Charman and President of Taiwan Hi-Tech Corp. Independent director of Ultra Chip, Inc. Independent director of Upi Semiconductor	None		
President	R.O.C	Tw Liu	Male	2021.03	111,430	0.03	-	-	-	-	Bachelor's degree in Electrical Engineering department,National Central University	None	None		
Vice President	R.O.C	Fan,Gui Rong	Female	2014.10	18,361	0.01	-	-	-	-	Master's degree in MBA,University of Leicester	Legal Representative Director of Episil-Precision Inc.	None		
Vice President	R.O.C	Yuan-Bei Gu	Female	2020.06	11,000	0	-	-	-	-	Master's degree in Department of Business Administration, National Taiwan University	None	None		
Vice Presiden	R.O.C	Zhang,Zai-Liang	Male	2021.09	56,218	0.01	-	-	-	-	Master of Electrical Engineering and Master of Business Administration, Virginia Institute of Technology, USA Itetech Director	None	None		
Vice Presiden	R.O.C	Chen,Yan-Zhang	Male	2021.09	54,076	0.01	-	-	-	-	Master of Electronics, Jiaotong University Senior Manager of Applied Materials, Taiwan	None	None		
Vice Presiden	R.O.C	Zhou,Zheng-Yi	Male	2021.11	3,000	0	-	-	-	-	Master of Chemistry, National Taiwan University Senior Manager, UMC	None	None		
Assistant Vice President	R.O.C	Chang,Po-Yen	Male	2022.10	6,000	0	-	-	-	-	Master of Industrial Engineering, Chung Yuan Christian University Senior Manager, UMC	None	None		
Head of Finance and Accounting	R.O.C	Zhong,Jia-Qi	Female	2020.10	6,600	0	-	-	-	-	Department of Economics, private Tunghai University Director of EPISIL	None	None		

Note: Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed: There is no situation in which the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship.

II. Remuneration of Directors, Independent Directors, General Manager and Deputy General Manager

(I) Y2024 Remuneration of Directors and Independent Directors

Unit: NT\$ thousands

(1) 2024 Remuneration of Directors and Independent Directors																						Unit: NT\$ thousands	
Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company	
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)							
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements				
Chairman	Sincere Holding Company	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
	Representative : Jian-JH Shyu	0	0	0	0	0	0	90	180	90 -0.02%	180 -0.02%	8,000	11,964	0	0	0	0	1,850	0	8,090 -1.54%	0	6	
Director	Hermes-Epitek Corporation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
	Representative : Chen,Hsi-Hsin	0	0	0	0	0	0	75	150	75 -0.01%	150 -0.03%	0	0	0	0	0	0	0	0	75 -0.01%	150 -0.03%	0	
	Representative : Shen,Hsiao-Lien	0	0	0	0	0	0	60	60	60 -0.01%	60 -0.01%	0	0	0	0	0	0	0	0	60 -0.01%	60 -0.01%	0	
	Representative : Jeff Chiu	0	0	0	0	0	0	30	30	30 -0.01%	30 -0.01%									30 -0.01%	30 -0.01%	0	
Director	Sincere Holding Company	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
	Representative : Shu, Chin-Yung	0	0	0	0	0	0	90	90	90 -0.02%	90 -0.02%	0	0	0	0	0	0	0	0	90 -0.02%	90 -0.02%	0	
Director	Vision Holdings Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
	Representative : Su,Chien-Chi	0	0	0	0	0	0	30	30	30 -0.01%	30 -0.01%	0	0	0	0	0	0	0	0	30 -0.01%	30 -0.01%	0	
	Representative : Mark Wu	0	0	0	0	0	0	30	30	30 -0.01%	30 -0.01%	0	0	0	0	0	0	0	0	30 -0.01%	30 -0.01%	0	
Director	Vision Holdings Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
	Representative : Fan,Gui Rong	0	0	0	0	0	0	90	150	90 -0.02%	150 -0.03%	4,300	4,300	108	108	0	0	0	0	4,498 -0.85%	4,558 -0.87%	0	
Independent Director	Jhih-Da Yan	0	0	0	0	0	0	420	420	420 -0.08%	420 -0.08%	0	0	0	0	0	0	0	0	420 -0.08%	420 -0.08%	0	
Independent Director	Zong-Si Ke	0	0	0	0	0	0	420	420	420 -0.08%	420 -0.08%	0	0	0	0	0	0	0	0	420 -0.08%	420 -0.08%	0	
Independent Director	Mao-Song Deng	0	0	0	0	0	0	420	420	420 -0.08%	420 -0.08%	0	0	0	0	0	0	0	0	420 -0.08%	420 -0.08%	0	

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The remuneration of the independent directors of the Company is based on the degree of participation in the operation of the Company (including the attendance of directors, the frequency of communication, the advice provided... etc.), the Remuneration Committee shall then make recommendations to the Board of Directors after considering the degree of participation and contribution value of each director in the operation of the Company and the performance of the Company's operations.

2. Except as disclosed in the table above, the remuneration received by a company director in the most recent year for services rendered to all companies in the financial report (Parent company/all companies in the financial report/reinvestment business, etc.) : 0

3. Mr. Shen, Hsiao-Lien, the representative of Hermes-Epitek Corporation and a director of the company, stepped down on October 1, 2024, and was succeeded by Mr. Jeff Chiu on the same date. Mr. Shen's remuneration is calculated for the period from January to September 2024, while Mr. Chiu's remuneration is calculated from October to December 2024.

4. Mr. Su, Chien-Chi, the representative of Vision Holdings Ltd. and a director of the company, stepped down on October 1, 2024, and was succeeded by Mr. Mark Wu on the same date. Mr. Su's remuneration is calculated for the period from January to September 2024, while Mr. Wu's remuneration is calculated from October to December 2024.

5. The company reported a pre-tax loss for the year 2024 and will not distribute director and employee compensation for the year 2024.

The allowances are paid to individuals, while the remuneration from profit distribution is entitled to legal entities.

(II) 、Y2024 Remuneration of Presidents and Vice Presidents

Unit: NT\$ thousands

Title	Name	Base Compensation (A)		Bonus to Supervisors (B)		Allowances (C)		Employee Compensation (D) (Note1)				Total and ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Tw Liu	31,300	35,264	648	648	9,300	9,300	0	0	1,850	0	41,248 -7.85%	47,062 -8.96%	6
CEO	JH Shyu													
Vice President	Fan,Gui Rong													
Vice President	Yuan-Bei Gu													
Vice Presiden	Zhang,Zai-Liang													
Vice Presiden	Chen,Yan-Zhang													
Vice Presiden	Zhou,Zheng-Yi													

Note1 : The company reported a pre-tax loss for the year 2024 and will not distribute director and employee compensation for the year 2024.

Range of Remuneration

Range of Remuneration	Name of Executive Officers	
	The company	All companies in the financial report
Less than NT\$ 1,000,000		
NT\$1,000,000 ~ NT\$1,999,999		
NT\$2,000,000 ~ NT\$3,499,999		
NT\$3,500,000 ~ NT\$4,999,999	Fan,Gui Rong 、Zhang,Zai-Liang 、Yuan-Bei Gu	Fan,Gui Rong 、Zhang,Zai-Liang 、Yuan-Bei Gu
NT\$5,000,000 ~ NT\$9,999,999	Tw Liu , JH Shyu ,Chen,Yan-Zhang 、Zhou,Zheng-Yi	Tw Liu ,Chen,Yan-Zhang 、 Zhou,Zheng-Yi
NT\$10,000,000 ~ NT\$14,999,999		JH Shyu
NT\$15,000,000 ~ NT\$29,999,999		
NT\$30,000,000 ~ NT\$49,999,999		
NT\$50,000,000 ~ NT\$99,999,999		
Greater than or equal to NT\$100,000,000		
Total	7	7

(III) 、Remuneration paid to top five management personnel

Unit: NT\$ thousands

Title	Name	Base Compensation (A)	Bonus to Supervisors (B)	Allowances (C)	Employee Compensation (D) (Note1)	Total and ratio of Total Remuneration (A+B+C+D) to Net Income (%)	Remuneration from subsidiaries or from the parent company
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		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO	JH Shyu	8,000	11,964	-	-	-	-	-	-	1,850	-	8,000 -152%	13,814 -263%	6
President	Tw Liu	6,000	6,000	108	108	2,500	2,500	-	-	-	-	8,608 -164%	8,608 -164%	-
Vice President	Chen, Yan-Zhang	4,000	4,000	108	108	2,500	2,500	-	-	-	-	6,608 -126%	6,608 -126%	-
Vice President	Zhou, Zheng-Yi	3,500	3,500	108	108	1,500	1,500	-	-	-	-	5,108 -97%	5,108 -97%	-
Vice President	Fan, Gui Rong	3,300	3,300	108	108	1,000	1,000	-	-	-	-	4,408 -84%	4,408 -84%	-

Note 1 : The company reported a pre-tax loss for the year 2024 and will not distribute director and employee compensation for the year 2024.

Names of managers and distribution of compensation to employees in 2024 :

Unit: NT\$ thousands

Title		Name	The amount of the stock	Cash amount (Note 1)	Total (Note 1)	Total as a percentage of net profit after tax (%)
Managers	President	Tw Liu	0	0	0	0
	CEO	JH Shyu				
	Vice President	Fan, Gui Rong				
	Vice President	Yuan-Bei Gu				
	Vice President	Zhang, Zai-Liang				
	Vice President	Chen, Yan-Zhang				
	Vice President	Zhou, Zheng-Yi				
	Assistant Manager	Jeffish Chang				
	Head of Finance and Accounting	Zhong, Jia-Qi				
	Corporate Governance Officer	WU, SHU-RONG				

Note 1: The company reported a pre-tax loss for the year 2024 and will not distribute director and employee compensation for the year 2024.

(IV) Analysis of the ratio of the total remuneration paid by the Company and all companies in the consolidated statements to the Company in the most recent two years to the net profit after tax, and explain the policy, standard and combination of remuneration, the procedures for setting remuneration and the correlation between business performance and future risks:

1. Analysis of the proportion of the total remuneration paid to directors, general managers and deputy general managers in the last two years to the net profit after tax

Unit: NT\$ thousands

Year Identity	Y2023				Y2024			
	The company		Companies in the consolidated financial statements		The company		Companies in the consolidated financial statements	
	Total remuneration	Ratio of total remuneration to net income (%)	Total remuneration	Ratio of total remuneration to net income (%)	Total remuneration	Ratio of total remuneration to net income (%)	Total remuneration	Ratio of total remuneration to net income (%)
Director	7,047	10.51%	8,447	12.59%	14,163	-2.70%	20,202	-3.85%
president and vice Presidents	36,775	54.83%	38,025	56.69%	41,248	-7.85%	47,062	-8.96%

Note 1: The company reported a pre-tax loss for the year 2024 and will not distribute director and employee compensation for the year 2024.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance :

(1) The remuneration of the directors of the Company includes two major items: directors' remuneration and service expense; these are handled pursuant to the Company's Articles of Incorporation and relevant regulations. The president and vice president's remuneration includes of salary, bonus and employee remuneration, which are determined based on the company's Articles of Incorporation and approval authority.

(2) The procedures for determining remuneration

In accordance with the Articles of Incorporation of the Company, "The Company shall pay its employees not less than one-tenth of the profit position of the current year and shall pay directors not more than two percent" The determination of directors' remuneration is based on the degree of participation and contribution of the directors to the Company's operations, and taking into account the results of their directors' performance appraisal, pursuant to the Company's Articles of Incorporation . The remuneration received by the president and vice president is determined based on the Articles of Incorporation and the operational performance limit set forth in the annual budget approved by the Board of Directors each year, while taking into account their positions, responsibilities assumed and contributions to the Company, as well as the industry standards It is agreed. The remunerations are handled pursuant to the procedures of "Management Measures for Managers' Compensation" and " Manager incentive and performance bonus method "

The Company established the Remuneration Committee on 2014. The Committee is engaged in reviewing the assessment on performance of directors and managerial officers, as well as the policies, standards, and packages by which the remuneration is paid, and reviewing the content and amount of directors and managerial officers' remunerations periodically, to report to the Board of Directors.

(3) The correlation with business performance and future risks

The performance appraisal and remuneration of the directors and managerial officers of the Company refer to their positions, participation in the Company's operations, personal performance contributions (including financial indicators such as revenue and profit achievement rate, and non-financial indicators such as laws and internal control compliance, or special achievement) and taking into account the usual standards of the peers, while comprehensively considering the amount of remuneration, payment methods, and future risks faced by the Company. It is are highly related to the Company's operating responsibilities and overall performance.

III. Implementation of Corporate Governance

(I) Board of Directors

A total of 6 meetings of the Board of Directors were held in 2024. The attendance of directors was as follows:

Title	Name		Attendance in Person (註 1)	By Proxy	Attendance Rate (%)	Remarks
Chairman	Sincere Holding Company	Representative：JH Shyu	6	0	100	
Director	Sincere Holding Company	Representative：Shu, Chin-Yung	6	0	100	
Director	Hermes-Epitek Corporation	Representative：Chen,Hsi-Hsin	5	1	83.33	
		Representative：Shen,Hsiao-Lien	4	0	100	Term until Oct 1, 2024 (former term), with a total of four meetings required to attend in the full year of 2024.
		Representative：Jeff Chiu	2	0	100	Reappointed with a new representative on October 1, 2024, with a total of two meetings required to attend in the full year of 2024.
Director	Vision Holdings Ltd.	Representative：Su,Chien-Chi	2	2	50	Term until Oct 1, 2024 (former term), with a total of four meetings required to attend in the full year of 2024.
Director	Vision Holdings Ltd.	Representative：Mark Wu	2	0	100	Reappointed with a new representative on October 1, 2024, with a total of two meetings required to attend in the full year of 2024.
Director	Vision Holdings Ltd.	Representative：Fan,Gui Rong	6	0	100	
Independent Director	Jhih-Da Yan		6	0	100	
Independent Director	Zong-Si Ke		6	0	100	
Independent Director	Mao-Song Deng		6	0	100	
Other mentionable items：						
(I) Matters referred to in Article 14-3 of the Securities and Exchange Act.						

board of directors Term/ Date	Period	Contents of the motion	Opinions of all independent directors	The Company's handling of the opinions of independent directors
2024.02.27	4th Term 5th Session	1. 2023 financial statements and consolidated financial statements. 2. The Status that the Company regularly evaluates the independence of auditor. 3. Distribution of 2023 Retained Earnings. 4. ssuance of common shares by not continuing to process private placements. 5. Issuance of common stock through private placement. 6. 2023 Statement of Internal Control System.	agree	NA
2024.08.06	4th Term 7th Session	1. Issuance of new shares through the Company's third domestic secured conversion of corporate bonds into capital.	agree	NA
2024.09.10	4th Term 8th Session	1. Discussion on the Company's Strategic Partnership Proposal 2. Discussion on the Private Placement of New Shares, Adjustment of Fund Utilization, and Expected Benefits	agree	NA
2024.11.01	4th Term 9th Session	1. Approval of the Establishment of the "Code of Ethical Conduct for Directors"		
2024.12.24	4th Term 10th Session	1. Discussion on the Establishment of the "Sustainability Information Management Procedures" and Amendments to the Internal Control System and Internal Audit Regulations. 2. Discussion on the Formulation of the Company's 2025 Internal Audit Plan. 3. Discussion on the 2025 Directors' Business Execution Expenses.	agree	NA
2025.02.25	4th Term 11th Session	1. 2024 financial statements and consolidated financial statements. 2. The Status that the Company regularly evaluates the independence of auditor. 3. Distribution of 2024 Retained Earnings. 4. Issuance of common stock through private placement. 5. 2024 Statement of Internal Control System.	agree	NA

(II) Other issues opposed by independent directors or about which directors have reservations that have been noted in the record or declared in writing: None.

II、In situations where directors recuse themselves due to conflict of interest, the director's name,content of the resolution, reason for recusal, and his or her voting participation should be properly recorded：

Board meeting Term/ Date	Name of benefit avoidance director	Major resolutions	Should benefit to avoid the reason	A vote situation
4th Term 5th2024.02.27	JH Shyu Fan,Gui Rong Shu, Chin-Yung Chen,Hsi-Hsin	Discuss general director remuneration distribution proposals	Director himself /herself	The rest of the directors present approved the case

	Shen,Hsiao-Lien Su,Chien-Chi			
	Jhih-Da Yan Zong-Si Ke Mao-Song Deng	Discuss independent directors remuneration distribution proposals	Director himself	The rest of the directors present approved the case
	Fan,Gui Rong JH Shyu	Manager incentive and performance bonus	Director himself /herself	The rest of the directors present approved the case
4th Term 10th 2024.12.24	Chen,Hsi-Hsin Mark Wu Jeff Chiu	Amendment to the Procedures for Managing Related Party Transactions	The company where the individual holds a position has an interest in this matter.	The rest of the directors present approved the case
	JH Shyu Fan,Gui Rong Shu, Chin-Yung Chen,Hsi-Hsin Mark Wu Jeff Chiu	Discuss the Company's general directors' carriage and horse fees	Director himself /herself	The rest of the directors present approved the case
	Jhih-Da Yan Zong-Si Ke Mao-Song Deng	Discuss the cost of carriage and horseback for the independent directors of the Company	Director himself	The rest of the directors present approved the case
	JH Shyu Fan,Gui Rong	Discussion on the Managerial Retirement Management Procedures. Discussion on the Proposal for Managerial Compensation for 2024.	The manager of the Company	The rest of the directors present approved the case

III 、For the information of evaluation cycles, periods, scope, method and content of self-evaluation of the Board of Directors :

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content	Evaluate the results of implementation
Annually	2024/1/1~ 2024/12/31	Individual board members	Self- assessment by directors	Six aspects: (1) Mastery of the company's goals and tasks. (2) Awareness of the duties of directors. (3) The degree of participation in the company's operations. (4) Internal relationship management and communication. (5) Professional and continuous training of directors. (6) Internal control	"Beyond the standard". In the future, the Company will continue to implement corporate governance and enhance the functions of the Board of Directors to promote the objectivity and operational effectiveness of the Board's assessment
Annually	2024/1/1~ 2024/12/31	Board of Directors	Anonymous Evaluation of Directors	Five aspects: (1) The degree of participation in the company's operations.	"Beyond the standard". In the future, the Company

					(2) Improve the quality of decision-making of the board of directors. (3) Composition and structure of the board of directors. (4) Selection and continuous training of directors. (5) Internal control.	will continue to implement corporate governance and enhance the functions of the Board of Directors to promote the objectivity and operational effectiveness of the Board's assessment
Annually	2024/1/1~ 2024/12/31	Audit Committee Remuneration Committee	Anonymous Evaluation of Independent Directors	Five aspects: (1) The degree of participation in the company's operations. (2) Functional Committee Responsibilities Cognition. (3) The quality of functional committee decision-making. (4) Composition and selection of members of the functional committee. (5) Internal control.	"Beyond the standard". In the future, the Company will continue to implement corporate governance and enhance the functions of the Board of Directors to promote the objectivity and operational effectiveness of the Board's assessment	

IV 、Measures taken to strengthen the functionality of the board :

- (I) The Board of Directors has authorized its Audit Committee and Compensation Committee, which are composed of three independent directors, to assist the Board of Directors in the performance of their respective oversight duties. The chairmen of the committees report regularly to the board on their activities and resolutions.
- (II) To enhance the transparency of information, the Company's directors' shareholding ratio, financial information, major resolutions of discussions, directors' attendance at the board of directors and other information have been published on the Open Information Observatory in accordance with the relevant laws and regulations.

Note 1: Actual attendance rate (%) is calculated based on the number of board meetings and actual attendance during his/her tenure.

(II) Audit Committee :

The operation of the audit committee : The Audit Committee held meetings 6 times in 2024. Attendance status of Independent Directors is as follows :

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%) (Note)	Remarks
Independent director	Jhih-Da Yan	6	0	100	
Independent director	Zong-Si Ke	6	0	100	
Independent director	Mao-Song Deng	6	0	100	

Other mentionable items :

I、If the operation of the audit committee falls under any of the following circumstances, the date, period, content of the proposals, the independent directors' objections, reservations or major recommendations, the results of the audit committee's resolutions, and the company's handling of the audit committee's opinions shall be stated. ∴

(一) Matters referred to in Article 14-5 of the Securities and Exchange Act.

The Audit Committee	Contents of the motion	Outcome of the audit committee's resolutions	The Company's handling of the Audit Committee's opinion
3rd Term 4 th 2024.2.27	1. Approved the 2023 annual business report and financial report. 2. the 2024 financial statement review and certification of the appointment and remuneration of certified accountants and their suitability and independence assessment 3. 2023 distribution from retained earnings. 4. Issuance of common shares by not continuing to process private placements. 5. Issuance of common stock through private placement 6. 2023 Statement of Internal Control System.	agree	Passed as proposed
3rd Term 5 th 2024.05.07	1. 2024 Q1 consolidated financial statements.	agree	Passed as proposed
3rd Term 6 th 2024.08.06	1. Issuance of new shares through the Company's third domestic secured conversion of corporate bonds into capital 2. 2024 Q2 consolidated financial statements.	agree	Passed as proposed
3rd Term 7 th 2024.09.10	1.The Company's "Strategic Cooperation Plan" 2.The Private Placement of new shares and change in the use of private placement funds, along with the expected benefits.	agree	Passed as proposed
3rd Term 8 th 2024.11.01	1. 2024 Q3 consolidated financial statements.	agree	Passed as proposed
3rd Term 9 th 2024.12.24	1. The 2025 annual business plan and related manpower, equipment and expenses budget 2. Addition of the Sustainability Information Management Procedures and amendment to the relevant internal control system and internal audit regulation. 3. 2025 annual audit plans.	agree	Passed as proposed

3rd Term 10 th 2025.2.25	1. Approved the 2024annual business report and financial report. 2. the 2025 financial statement review and certification of the appointment and remuneration of certified accountants and their suitability and independence assessment 3. 2024 distribution from retained earnings. 4. Issuance of common stock through private placement 5. 2024 Statement of Internal Control System.	agree	Passed as proposed
(二) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors:None °			
II、If there are independent directors’ avoidance of motions in conflict of interest, the directors’ names, contents of motion, causes for avoidance and voting should be specified：			
Board meeting Term/ Date	Major resolutions	In situations of independent directors recuse themselves due to conflict of interest	
4th Term 5 th Session 2024.02.27	Discuss proposals for distribution of remuneration for independent directors	Discuss proposals for distribution of remuneration for independent directors, avoided interests, and did not participate in the voting	
4th Term 10 ^h Session 2024.12.24	Discuss the expenses of independent directors of the company	Discuss the expenses of independent directors of the company, avoided interests, and did not participate in the voting	
III、Communication between Independent Directors, head of internal audit, and CPAs：			
(I) When the audit committee and the board of directors are held regularly every quarter, the audit director shall report the audit business, submit the audit report to the independent director for review every month, and record the discussion matters in the minutes of the meeting, so that the independent director and the audit director can fully communicate.			
(II) During the review of the annual financial statements of the Company, the accountants will attend the audit committee and the board of directors as non-voting participants to explain the review of financial reports, the evaluation of significant assets and accounting estimates, etc. The accountants will discuss and communicate with the directors on the questions raised by the directors.			
(III) Communication between Independent Directors, head of internal audit, and CPAs:			
Date	Communicate matters with head of internal audit	Communicate matters with CPAs	
2024.02.27 (individual meeting)	1. Implementation of the audit plan for the fourth quarter of 2023 2. 2023 Internal Control System Effectiveness Assessment and Internal Control System Statement	1. The financial statement and result for the fourth quarter of 2023 2.Communicate with major governance units 3.The accountant explains the questions raised by the audit committee	
2024.05.07 (individual meeting)	1. Implementation of the audit plan for the first quarter of 2024 2. Audit manager explains the issues raised by the audit committee	1. The financial statement and result for the first quarter of 2024 2.Communicate with major governance units 3.Description of key audit matters. 4.The accountant explains the questions raised by the audit committee	
2024.08.06 (individual meeting)	1. Implementation of the audit plan for the second quarter of 2024 2. Audit manager explains the issues raised by the audit committee	1. The financial statement and result for the second quarter of 2024 2.Communicate with major governance units 3.The accountant explains the questions raised by the audit committee	

2024.11.01 (individual meeting)	<ol style="list-style-type: none"> 1. Implementation of the audit plan for the third quarter of 2024 2. Audit manager explains the issues raised by the audit committee 	<ol style="list-style-type: none"> 1. The financial statement and result for the third quarter of 2024 2. Communicate with major governance units 3. The accountant explains the questions raised by the audit committee
2025.02.25 (individual meeting)	<ol style="list-style-type: none"> 1. Implementation of the audit plan for the fourth quarter of 2024 2. 2024 Internal Control System Effectiveness Assessment and Internal Control System Statement 3. Audit manager explains the issues raised by the audit committee 	<ol style="list-style-type: none"> 1. The financial statement and result for the fourth quarter of 2024 2. Communicate with major governance units 3. The accountant explains the questions raised by the audit committee

Operation of the audit committee and annual focus of work:

(一) Work Priorities in 2024 :

1. Communicate the results of the internal audit business report regularly with the internal audit supervisor according to the annual audit plan.
2. Communicate regularly with the Visa Accountant of the Company on the review or verification results of the quarterly financial statements.
3. Review financial reports.
4. Assess the effectiveness of the internal control system.
5. Appointment of Certified Public Accountant,.
6. Independent assessment of accountants and public service fees.
7. Examining and revising procedures for acquiring or disposing of assets, engaging in derivatives trading, lending funds to others, endorsing or providing guarantees for others in major financial business activities.
8. Compliance.

Note : Actual attendance rate (%) is calculated based on the number of board meetings and actual attendance during his/her tenure.

(III) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” :

Evaluation Item	Implementation Status			Deviations from 'the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies' and Reasons
	Y	N	Abstract Illustration	
I. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" ?	V		The Company has formulated the "Corporate Governance Best-Practice Principles" with relevant regulations to protect the rights and interests of shareholders, strengthen BOD functions, respect stakeholders, and improve information transparency. Please refer to the official website (www.episil.com) for the Company's "Corporate Governance Best-Practice Principles."	None
II. Equity structure and shareholder rights (I) Has the Company set internal operating procedures to deal with shareholder proposals, doubts, disputes and litigation matters, and does it implement these in accordance with its procedures?	V		The Company convenes shareholder meetings in accordance with the Company Act and relevant laws and regulations and formulates a comprehensive Shareholders' Meeting Procedure Rules. The Company has a spokesperson system and designates personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes, disclosing contact information so that shareholders can express their opinions and receive a proper response.	None
(II) Does the Company maintain a list of major Company shareholders and the ultimate owners of these shareholders?	V		In accordance with the Securities and Exchange Act, the Company discloses equity changes of insiders (directors, managers and shareholders with more than 10% shareholding) to the MOPS on a monthly basis, in order to retain the holding company's register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders, and ensuring stable operating rights	None
(III) Has the Company built and executed a risk management mechanisms and “firewall” between the Company and its affiliates?	V		To establish sound financial transactions with related enterprises, our company has established the "Rules Governing Financial and Business Matters Between the Company and its Related Parties.," which regulate transactions such as fund loans, endorsements, and guarantees with related enterprises. Additionally, internal controls for supervising subsidiaries have been established to manage risks.	None
(IV) Has the Company set internal standards to prohibit the use of undisclosed insider information to trade securities on the market?	V		The Company has adopted internal rules prohibiting insiders from trading securities using information not disclosed to the market, and continue to promote the policy of avoiding insider trading. "Insider trading prevention education" is conducted at least once a year for current directors, managers and all employees. The total number of insider trading prevention training hours in 2024 is 212.25 hours, with a total of 857 people participating.	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSB/TPEX Listed Companies, and Reasons
	Y	N	Abstract Illustration	
III. Composition and responsibilities of the Board of Directors				
(I) Has the board of directors formulate diversity policies, specific management objectives and implement them?	V		The composition of the Company's board members considers diversity from various aspects based on the "Corporate Governance Best-Practice Principles" and the "Procedures for the Election of Directors." There 9 directors and 3 independent directors in the Company's board of directors, including a female director. The board members have professional backgrounds such as management, science and engineering, and financial analysis. They have experience in technological businesses, possessing the required semiconductor industry knowledge, judgment, international market concepts, leadership, and decision-making capabilities. This provides professional opinions from different aspects to improve the Company's operating performance and managerial efficiency. The Company pays attention to gender equality in the composition of the board of directors. The goal is to have each gender hold at least one-third of the board seats Please refer to page 10 for more information on board diversity.	None
(II) Has the Company establish other functional committees besides the Compensation Committee and Audit Committee of its own accord?	V		In addition to the Remuneration Committee and Audit Committee, the Company also voluntarily established a special committee for mergers and acquisitions. The other functional committees will be established when necessary in the future.	None
(III) Has the Company established performance evaluation guidelines and evaluation methodology for the Board of Directors, done the performance evaluation on a regular basis each year, reported the evaluation result to the Board of Director and used the result as a reference on the consideration of individual directors' remuneration and nomination for re-election?	V		The Company has formulated the standard and method for evaluating the performance of the Board. Evaluation of the board of directors, board members and functional committees. On February 25, 2025, the 2024 evaluation results were submitted to the 11th meeting of the 4th term board of directors as the basis for review and improvement. The evaluation results of overall board performance will be used as a reference for the election or nomination of directors (including independent directors). In contrast, the directors' individual performance evaluation results will be used as a reference for their remuneration and re-election in the future.	None
(IV) Does the Company assess the independence of external auditors on a regular basis?	V		<ol style="list-style-type: none"> The Company regularly evaluates the auditor's professional qualifications and independence on an annual basis, which were submitted together with the independence declaration to the board of directors. The company regularly evaluates the independence of CPAs, with the main contents as follows: (1) Whether the CPA himself/herself, his/her 	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Y	N	Abstract Illustration	
			<p>spouse, dependents or relatives has an investment or profit-sharing relationship with the Company.</p> <p>(2) Whether the CPA himself/herself, his/her spouse, dependents or relatives has a business relationship with the Company's directors/managers that affects independence.</p> <p>(3) Whether the auditor himself/ herself or his/ her spouse or minor children currently serve as a director or manager of the company or has a significant influence on the audit case during the audit period.</p> <p>(4) Whether the auditor is a spouse, lineal relatives by blood, lineal relatives by marriage or blood relatives within the second degree of kinship with the Company's directors and managers.</p> <p>3. According to the results of the 11th meeting Board Of Directors of the Fourth Session of the Company on February 25, 2025, the Company's visa accountants did not violate the provisions of the Company's Professional Ethics Bulletin No. 10, the two accountants did not hold the position of director, manager or significant influence of the Company, nor did they have other financial interests or business relationships, and the accountant's family members did not violate the independence requirements and met the conditions of independence and appropriateness.</p>	
IV. Does the TWSE/TPEX listed company dedicate competent managers or sufficient number of managers to be in charge of corporate governance, and designate supervisors thereof to oversee the corporate governance affairs (including but not limited to providing information required for director/supervisor's operations, assisting the Board and supervisors in legal compliance, convening board/shareholder meetings in accordance with the law, applying for/changing company registry, and producing meeting minutes of board/shareholder meetings)?	V		<p>In order to implement corporate governance and promote the board of directors to play its due functions to safeguard the rights and interests of investors, the company has designated Wu Shurong, the financial director, as the head of corporate governance, to be responsible for corporate governance related matters, and Manager Wu Shurong has more than three years of experience in the position of financial supervisor of the public offering company.</p> <p>Courses completed in 2024 include: "TCGA held "Corporate Management Practice: New Knowledge on AI Transformation in Manufacturing" and "Corporate Risk Management and Crisis Management - Director Monitoring Corner", and the Internal Audit Association of the Republic of China held "Insider Trading and Financial Falsehood Practical Discussion and Response" courses, during the 2024 training Count to 12 hours.</p> <p>The main business implementation situation is as follows:</p> <p>1. Assisting the Board or its committees with drawing up annual work plans and meeting agendas and collecting, researching, analyzing,</p>	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSB/TPEX Listed Companies * and Reasons
	Y	N	Abstract Illustration	
			<p>or providing related materials.</p> <p>2. Providing analysis and opinions on the legality, appropriateness, and feasibility of proposals to be deliberated by the Board or its committees for reference by the Board and its committees during deliberations.</p> <p>3. Ensuring that the operations of the Company's shareholders' meetings, Board meetings, and committees do not violate laws or regulations, the Company's Articles of Incorporation, shareholders' meeting resolutions, and Guidelines for Corporate Governance.</p> <p>4. Assisting with the general administrative affairs of shareholders' meetings and the calling of, notices for, holding of, and record-keeping for Board meetings and committee meetings.</p> <p>5. Informed directors of the agenda for board of directors seven days before the meeting, convened a meeting and provided meeting materials, reminded directors to recuse if there is a conflict of interest in the agenda items in advance, and completed the minutes of the board of directors meetings within 20 days after the meetings.</p> <p>6. Assessing and taking out appropriate D&O liability insurance for directors, supervisors, and managers.</p>	
V. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	V		The Company has set up a stakeholder section on our website with a dedicated email for stakeholder communication and contact. Any question, suggestion, or voice can be channeled through this mailbox for open and effective communication.	None
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company engaged a professional shareholder services agent (KGI Securities) to handle shareholder meeting matters.	None
VII. Information Disclosure (I) Has the Company established a corporate website to disclose information regarding its financial, business and corporate governance status?	V		The Company has set up an official website (www.episil.com) for timely disclosure of financial and corporate governance information.	None
(II) Does the Company adopt other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		The Company has set up an English website, and has a spokesman for external communication and designated personnel to disclose information about the company and the institutional investor conferences at market observation post system in accordance with the statutory requirements. In addition, the Company holds the investor conference on an annual basis. It discloses relevant information on the MOPS and company website to respond to the investors' queries related to	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWS/TPEx Listed Companies and Reasons
	Y	N	Abstract Illustration	
(III) Does the Company publicly announce and file the annual financial reports within two months after the accounting year-end, and publicly announce and file the first, second and third quarterly financial reports and the monthly operating status report before the stipulated deadlines?	V		business operations and financial information. The Company announced and reported the 2024 annual financial statements within two months after the end of the fiscal year, and announced and reported quarterly financial statements as well as the operating status of each month before the prescribed deadline.	None
VIII. Does the Company have other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's directors and supervisors)?	V		<p>1. Employee rights and interests: The Company and its subsidiaries have established work rules to protect employee rights and interests in accordance with the Labor Standards Act and have also stipulated the Regulations for Implementing Labor-Management Meeting for labor-management communication.</p> <p>2. Employee care: The International Organization for Standardization (ISO) announced the new ISO 45001:2018 system to replace Episil's original OHSAS18001 certification in March 2018, and the Company obtained ISO45001 certification in August 2020. The dedicated occupational safety department is responsible for supervision and guidance for each department to conduct self-inspections and improvements, with various industrial safety inspections regularly to improve occupational safety and health, as well as fire drills and occupational safety education and training, for emergency response, safety self-management, and provide a safe and suitable working environment and necessary emergency relief.</p> <p>3. Investor relations, supplier relations, and rights of stakeholders: The Company discloses information on the MOPS and its official website so that investors can fully understand the Company's operating status and communicate with investors via the shareholder meeting and spokesman system. The Company has also established a dedicated section for stakeholders on the official website to respond to major issues concerned by stakeholders.</p> <p>4. Continuing education opportunities for directors: The Company's directors participate in advanced professional training courses related to finance and sales according to their needs.</p> <p>5. Implementation of risk management policy and risk measurement criteria: The major business policies, investment projects, and acquisition or disposal of assets, are evaluated and analyzed by</p>	None

Evaluation Item	Implementation Status			Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and Reasons
	Y	N			
				<p>related departments, and then submitted to the board of directors for resolution before its implementation.</p> <p>6. Implementation of customer policy: The Company's subsidiaries have established quality assurance and customer service departments to provide transparent and effective after-sales service and respond to customer complaints.</p> <p>7. The Company's insurance against directors' liabilities: The Company has been purchasing liability insurance for protection against the directors' liabilities. In 2025 the insured amount is US\$5 million, which has been submitted to the 11th meeting of the 4th term board of directors, and reported on the MOPS in accordance with regulations.</p>	
IX. Please explain improvements that have been made as well as priorities and measures to improve the results of the Corporate Governance Evaluation issued by the Taiwan Stock Exchange Corporate Governance Center: Episil has completed self-assessment and review, and will continue to strengthen the level of corporate governance.					

Important CSR issues of concern to stakeholders and communication channels

Stakeholders	Important corporate social responsibility issues of concern	Communication Form and Frequency	The actual implementation status and communication results of each negotiation pipeline in 2022
Customer	<ol style="list-style-type: none"> Product safety and quality management Innovative research and development and intellectual property management Data security and privacy 	<ol style="list-style-type: none"> Customer visit meeting: including technology, product, price, after-sales service, etc.: QBR (quarterly), HBR (every half year), ABR (annual/irregular) Customer audit meetings include technology, products, after-sales service, prohibited substances, conflict minerals, environment, etc.: QBR (quarterly), HBR (every six months), ABR (annual/irregular) Customer satisfaction survey (annual) The customer holds a supplier conference (annual/irregular) 	<ol style="list-style-type: none"> Telephone interview with customers to discuss technology, products, prices, after-sales service, etc. In 2023, cooperate with customers to conduct ESG requirements audits, and discuss prevention and improvement mechanisms together Complete 16 questionnaires in the annual customer satisfaction survey
Investor	<ol style="list-style-type: none"> Integrity management Economic benefits Product research and development and intellectual property management Sales services and privacy 	<ol style="list-style-type: none"> Annual report (every year) shareholders' meeting (annual) Corporate briefing session investment seminars (irregular) face-to-face meetings, video conferences and telephone conferences(monthly) External legal person project forum (irregular) monthly revenue report Information released on the company' s official website, press releases, and public observation stations (real-time) Set up telephone numbers and email addresses for spokespersons and acting spokespersons to respond to investor concerns (immediate) 	<ol style="list-style-type: none"> Hold one regular shareholder meeting in 2023 One corporate briefing session to be held in 2023 Regularly disclose company financial and business information on public information observatories and company websites There are telephone numbers and emails of spokespersons and acting spokespersons to respond to investor concerns immediately
Supplier	<ol style="list-style-type: none"> Supply chain management Integrity management Compliance with environmental regulations 	<ol style="list-style-type: none"> Supplier ESG questionnaire survey (annual/irregular) Supplier audit and interview (annual/irregular) Supplier conflict mineral survey (half a year/irregularly) Hold supplier meetings (annual/irregular) 	<ol style="list-style-type: none"> 100% of the suppliers sign the declaration of non-use of conflict minerals The code of ethics and supply code of conduct for the first-tier suppliers complies with the signing completion rate of 100% (*The annual transaction volume exceeds 10 million, excluding suppliers of one-time transactions, excluding machine and electronic spare parts manufacturers, there are a total of 17 manufacturers.) First-level supplier BCM management, complete 100% risk avoidance Continue to conduct evaluations of decentralized production bases and local suppliers, complete a diversified supply plan for raw materials, and complete 5 local raw material evaluations in 2023 Improve the production process and quality of 16 suppliers through the audit and guidance mechanism Advocate and require supplier confidentiality agreement, 100% supplier NDA completed and signed
Employees	<ol style="list-style-type: none"> Labor safety and health Talent attraction and retention Employee Diversity and Equality 	<ol style="list-style-type: none"> Labor-management meeting (quarterly) Employee welfare committee meeting (quarterly) Education and training courses (according to the plan) Department work meeting and communication (weekly) Internal information announcement (irregular) Employee Complaint Hotline (Instant) Occupational safety and health committee meetings (quarterly) Education and training implementation effectiveness review meeting (quarterly) Health lectures (irregular) Quarterly kitchen meeting (quarterly) Suitability function project (irregular) 	<ol style="list-style-type: none"> Held labor-management meetings, a total of three factories, a total of 12 sessions Hold the Employee Welfare Committee, a total of 4 sessions Conducted training for new recruits, a total of 35 sessions, to help new recruits understand the company's culture, system and improve environmental safety and health knowledge Conducted business secret protection publicity seminars, with a total of 118 trainees, to improve the legal literacy of supervisors and colleagues in related positions, and to avoid the risks of leaking company business secrets. A total of 70 executive meetings were held, and the supervisors of each unit conducted work reports, communication and coordination of important issues, and policy announcements. A total of 4 bimonthly meetings for migrant workers were held. At the beginning of the year, because the epidemic had not yet slowed down, it was necessary to avoid group gatherings, so it was suspended twice. It was resumed in June. Publish company information announcements, so that all colleagues can understand company-related information in real time. Handle employees' opinions and maintain labor-management harmony, 0 appeal calls; 20 gentle words Hold occupational safety and health committee meetings, a total of 4 sessions Held a review meeting on the effectiveness of education and training implementation, a total of 4 sessions, to assist and supervise various departments to achieve the training plan Conduct employee health lectures, consultations or health checks Hold quarterly kitchen meetings to maintain food safety and improve employee satisfaction A total of 200 people were introduced into the adaptive project

Stakeholders	Important corporate social responsibility issues of concern	Communication Form and Frequency	The actual implementation status and communication results of each negotiation pipeline in 2022
Government agencies and authorities	<ol style="list-style-type: none"> 1. Integrity management 2. Compliance with environmental regulations 3. Greenhouse gas management 4. Labor safety and health 5. Waste management and resource recycling 	<ol style="list-style-type: none"> 1. Cooperate with the government and competent authorities to reply to the request (irregularly) 2. Regularly cooperate with various financial information questionnaires (monthly/quarterly/yearly) 3. Regularly announce the website and public information observation station information (monthly/quarterly/yearly) 4. Guild communication platform (monthly) 5. Meetings such as: briefings, public hearings, symposiums, seminars (irregular) 	<ol style="list-style-type: none"> 1. Cooperate with the requirements of the government and competent authorities to reply a total of 519 times within a limited time 2. Regularly cooperate with various financial information questionnaires for a total of 13 times 3. Regularly disclose financial and operating reports in the public information observation station for a total of 16 times 4. Participated in a total of 14 environmental protection and safety conferences of the association 5. Participate in public hearings, symposiums, seminars, etc. from time to time, actively communicate with the competent authorities, and provide a total of 14 pieces of industry operation experience and content suggestions (including conveyed through associations) 6. Irregularly communicated with the competent authority to respond to laws and regulations, and provided industry experience and suggestions for a total of 14 drafts
Nonprofits and Communities	<ol style="list-style-type: none"> 1. Water resource management 2. Energy management 3. Greenhouse gas management 4. Waste management and resource recycling 	<ol style="list-style-type: none"> 1. Public welfare projects (irregular) 	<ol style="list-style-type: none"> 1. Cooperate with "Benevolence Foundation" & "Eden Foundation" to hold a Mid-Autumn Festival Thanksgiving Charity Sale. Colleagues subscribe for cookies, gift boxes and company donations, and work together for charity 2. The Welfare Committee invites charity groups to the factory to conduct charity sales, so that colleagues can show their love during the short lunch break. 3. Donate to the Home of Charity in Hsinchu, the start of work and Zhongyuan Purdue snack biscuits 4. Donate the love invoice boxes of the 3 factories of the Genesis Foundation 5. Donate COVID-19 rapid screening to public welfare/disadvantaged groups "New Life Social Welfare Development Promotion Association of the Republic of China", "Shuangfu Social Welfare Charitable Foundation", and "New Life Association for Cancer Friends of the Republic of China". 6. Organize the [Hot Blood Donation] love blood donation event to arouse more people's love and care with practical actions
Other-School	<ol style="list-style-type: none"> 1. Social participation 	<ol style="list-style-type: none"> 1. Industry-university cooperation projects (every year) 	<ol style="list-style-type: none"> 1. Conduct industry-university cooperation with schools to provide corporate internships

(IV) Composition, Responsibilities and Operations of the Remuneration Committee:

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members :

condition name	Professional qualifications and experience	Independence situations	Concurrently serves as an independent director of other publicly issued companies
Jhih-Da Yan (convener)	He is currently an associate professor of the Department of Finance and Taxation of Taichung University of Science and Technology, and an independent director of Dazhong Integrated Circuit, an independent director of Jingtuo Technology, and an independent director of The Electronic Technology Industry of Futian Technology, and has professional ability in financial accounting. There is no one of the various paragraphs of Article 30 of the Companies Act.	(1)(2)(3)(4)(5) (6)(7)(8)(9)(10)	0
Zong-Si Ke	As a director of Electronic Technology, he has the expertise of diversified industries and the ability of enterprise operation and management. There is no one of the various paragraphs of Article 30 of the Companies Act.	(1)(2)(3)(4)(5) (6)(7)(8)(9)(10)	0
Mao-Song Deng	Served as a number of directors of the electronic technology and semiconductor industries such as Director and General Manager of E-Tech, Chairman of the Legal Representative of E-Group Technology, Chairman of the Legal Representative of E-Li Microelectronics, Director of Great Team Backend Foundry, Inc., Director of Etron Technology America, Inc., Director of eCapture Technologies, Director of Inc., Director of eCapture Ltd. Co., Director of eCapture Co., Limited, Director of S Square System Limited, Director of Insignis Technology, Inc., Director of Insignis Technology Corporation, Director of Anzon Technology, Inc., Director of eEver Technology Limited eYs3D Microelectronics, Director of Inc., with the professional ability of diversified industries and business management. There is no one of the various paragraphs of Article 30 of the Companies Act.	(1)(2)(3)(4)(5)(6) (7)(8)(9)(10)	0

Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. 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.
3. Not 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 a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate 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. 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.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. 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.
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 a director (or governor), supervisor, or employee of that other company or institution. 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.
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 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, 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.
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 past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, 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.
10. Not been a person of any conditions defined in Article 30 of the Company Law.

2. Attendance of Members at Remuneration Committee Meetings

(1) There are 3 members in the Remuneration Committee.

(2) Term: August 8, 2023 solstice June 13, 2026.

A total of 2 Remuneration Committee meetings were held in 2024. The attendance record of the Remuneration Committee members was as follows :

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Jhih-Da Yan	2	0	100	
Committee Member	Zong-Si Ke	2	0	100	
Committee Member	Mao-Song Deng	2	0	100	

Other mentionable items :

I 、 If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company’ s response to the remuneration committee’ s opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.

II 、 Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.

Remuneration Committee Meeting	Major resolutions	All compensation committee comments and follow-up processing
2024.02.27 4th Term 2nd Session	1.Distribution of 2023 directors’ remuneration and officers’ compensation. 2.The Company's 2023 compensation of employee and director appraisal proposal 3.Amend the Company’ s “Manager Incentive and Performance Bonus Measures” 4.Approval of the executive compensation proposal.	The independent directors have expressed no objection or reservation to the following motions, and the motions have been approved by all members of the Compensation Committee and all directors.
2024.12.24 4th Term 3rd Session	1.Director’ s business execution fee in 2024 2.Approval of the Retirement Management Regulations for Managers. 3.Approval of the executive compensation proposal.	
2025.02.25 4th Term 4th Session	1.The Company's 2025 compensation of employee and director appraisal proposal.	

(V) Promotion of Sustainable Development, Status, and Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons:

Evaluation Item	Implementation Status			Differences and Reasons with the Code of Practice for Sustainable Development of Listed Companies
	Y	N	Abstract Illustration	
I. Has the company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and supervised by the board of directors?	V		<p>Following the vision and mission of the company's ESG policy, the "ESG Steering Committee" has been established in 2022. It is the highest-level sustainable development decision-making center within the company, chaired by Chairman JH Shyu, and a number of senior executives from different fields. Review the company's core operating capabilities, formulate ESG vision, direction and strategy, and provide resources to the Steering Committee to promote the work.</p> <p>"ESG Implementation Committee", chaired by General Manager TW liu, integrates and horizontally connects cross-departmental communication platforms, draws up action plans, supervises implementation, confirms implementation effects, and continues to improve, reports implementation results to the Steering Committee to ensure sustainable development strategies Fully implemented in the daily operation of the company.</p> <p>The "ESG Committee" regularly reports to the board of directors on sustainable development implementation plans and results.</p>	None
II. Has the Company performed risk assessment pertaining to the environment, community and corporate governance issues related to the operation of the Company in accordance with materiality principle?	V		<p>The company actively plans the CSR strategy and direction, promoting sustainability, corporate governance, and strictly abides by laws and regulations to provide colleagues with a good working environment, reasonable compensation, and bonuses. Meanwhile, the Company also commits to maintaining a sustainable environment, executed the environmental protection and energy saving, and urges employees to participate in social welfare activities.</p> <p>In principle, Episil' s internal risk management policy takes preventive measures to reduce the loss caused by risks. It verifies, evaluates, handles and monitors potential risks that may affect the Company' s goals. Episil also conducts regular tracking, incorporating the measures into the daily operations of each department.</p>	None
III. Environmental Issues (I)Has the Company developed an proper	V		Since the Company obtained ISO14001 certification in	None

Evaluation Item	Implementation Status			Differences and reasons with the Code of Practice for Sustainable Development of Listed OTC Companies
	Y	N	Abstract Illustration	
environmental management system, given its distinctive characteristics?			2001, and has been valid for more than 20 years, and maintained in an effective state to ensure the operation of environmental management system and integrate the concept of environmental protection into the corporate culture, so as to achieve the goal of continuous improvement; And according to ISO14064-1 specification, annual Greenhouse gas inventory tracking emissions reduction effect. Verification certificates are publicly disclosed on our website, and the raw materials used are in line with EU RoHS and REACH.	None
(II) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	V		Since the Company obtained the ISO14001 certification in 2001, energy saving and waste reduction have been clearly stipulated in the Company's environmental protection policy and continue to promote various energy reduction measures; Reduce the energy consumption of businesses and products by setting energy saving targets and using energy efficient and energy reducing equipment. The statistical output of waste in 2024 was approximately 427.27 tons, of which 153 tons were non-hazardous industrial waste, accounting for 35.85% of the total, and 274.07 tons were hazardous industrial waste, accounting for 64.15% of the total. The main method of waste treatment was recycling and reuse, accounting for 83% of the total. Hanlei will aim to increase the proportion of waste recycling and reuse, maximize the benefits of all resources and reduce the consumption of source resources. The total electricity consumption in 2024 was 74447.373958.98 (thousand kWh), a decrease of 1858.4529.93 (thousand kWh) kWh compared with the total electricity consumption of 72588.974488.91 (thousand kWh) in 2012, a decrease of about 2.49% in 2024. The target for this year has been achieved, and the 2025 target is to maintain a 1% reduction in energy intensity	None None

Evaluation Item	Implementation Status			Differences and reasons with the Code of Practice for Sustainable Development of Listed OTC Companies
	Y	N	Abstract Illustration	
(III) Has the Company made an assessment on the potential risks and opportunities posed by climate changes to the present and future of the Company and undertaken countermeasures pertaining to climate changes?	V		<p>Episil has assessed present and future risks and opportunities of climate change, incorporating it into risk management, and actively promoted related operations for energy saving and carbon reduction.</p> <p>To complete the climate risk assessment by the end of 2024, listing two major risks: carbon pricing policies and water disruption.</p> <p>It has been verified by ISO 14064 in 2024 and is continuously maintained in a valid state.</p> <p>In order to reduce the pre-opening risk factor, the company also identifies feasible opportunities and develops corresponding measures: purchase more carbon reduction equipment, replace old energy-consuming equipment in the plant year by year, improve the efficiency of water recovery in the plant process, implement water-saving measures, replace energy-saving pumps in production machinery and equipment, optimize the parameter system setting of plant equipment, and improve operation efficiency; Promote low-carbon manufacturing, use low-carbon raw materials, process gas replaced by C4F8 C3F8.</p>	
(IV) Has the Company measured its greenhouse gas emission, water use and total weight of waste, and established policies pertaining to energy conservation, reduction in carbon and greenhouse gas emission, reduction in water use, or management of waste disposal?	V		<p>The company is uphold the concept of sustainability and committed to protecting the environment, green production, preventing occupational injuries and diseases, reducing the impact of activities and products on the environment, and creating a safe, healthy and comfortable working environment.</p> <p>According to the GHG emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction or other waste management. (For more information on the above, please refer to the environmental protection</p>	

Evaluation Item	Implementation Status			Differences and reasons with the Code of Practice for Sustainable Development of Listed OTC Companies															
	Y	N	Abstract Illustration																
			<p>information)</p> <p>(1)In terms of energy conservation, we optimize the external air, temperature, and humidity ranges for semiconductor fabs with higher electricity consumption to achieve the highest operational efficiency of the fab using the least energy.</p> <p>(2)All plants of the company have completed the inspection of ISO 14064-1 category I and II in 2024.</p> <p><u>Greenhouse gas emissions in the last 2 years:</u></p> <p>Unit: Metric ton CO2e</p> <table border="1"> <thead> <tr> <th>year</th><th>scope</th><th>CategoryI</th><th>CategoryII</th><th>Emissions per unit product (tonCO2e /m2)</th></tr> </thead> <tbody> <tr> <td>2023</td><td>All</td><td>26,696</td><td>35,859</td><td>13.88</td></tr> <tr> <td>2024</td><td>All</td><td>26,726</td><td>37,178</td><td>15.15</td></tr> </tbody> </table> <p>In addition, in order to cope with climate change and make the company sustainable, the Company will continue to implement energy-saving and carbon reduction measures, so as to achieve the target of 1% direct carbon emission reduction in the future (2025).</p> <p>(3) The company is committed to water-saving improvement measures, and continues to pay attention to the issues of water conservation and environmental protection. It has formulated water-saving policies and objectives, including water treatment and recycling in the process, water saving equipment replacement, water-saving promotion and efficient water management, evaluated improvement measures and implemented effective control, established energy improvement framework organization, and improved communication and publicity mechanism.</p> <p><u>Water consumption in the last 2 years:</u></p> <p>Unit: million liters</p>	year	scope	CategoryI	CategoryII	Emissions per unit product (tonCO2e /m2)	2023	All	26,696	35,859	13.88	2024	All	26,726	37,178	15.15	
year	scope	CategoryI	CategoryII	Emissions per unit product (tonCO2e /m2)															
2023	All	26,696	35,859	13.88															
2024	All	26,726	37,178	15.15															

Evaluation Item	Implementation Status			Differences and reasons with the Code of Practice for Sustainable Development of Listed OTC Companies									
	Y	N	Abstract Illustration										
			<table><tr><td>Year</td><td>scope</td><td>Total water consumption</td></tr><tr><td>2023</td><td>All</td><td>755.176</td></tr><tr><td>2024</td><td>All</td><td>684.089</td></tr></table>	Year	scope	Total water consumption	2023	All	755.176	2024	All	684.089	
			Year	scope	Total water consumption								
			2023	All	755.176								
			2024	All	684.089								
			The statistical output of waste in 2024 was approximately 427.27 tons, of which 153 tons were non-hazardous industrial waste, accounting for 35.85% of the total, and 274.07 tons were hazardous industrial waste, accounting for 64.15% of the total. The main method of waste treatment was recycling and reuse, accounting for 83% of the total. Hanlei will aim to increase the proportion of waste recycling and reuse, maximize the benefits of all resources and reduce the consumption of source resources.										
			(4) The company's general and hazardous wastes are properly disposed of by our outsourced professional waste disposal firm and recyclers to effectively and safely dispose of wastes, recycle available materials and minimize their impact on the environment.										
			In 2024, the 6B plant implemented the technology of recycling waste sulfuric acid and combining it with an ammonia nitrogen system to combine ammonia nitrogen into ammonium sulfate, which can reduce the frequency of waste sulfuric acid disposal and removal by 25%-50%. , effectively reducing waste output and reducing environmental impact.										
			Amount of waste produced in the last 2 years:										
			Unit: Metric ton										
			<table><tr><td>Year</td><td>Hazardous waste</td><td>Non-hazardous waste</td></tr><tr><td>2023</td><td>186.48</td><td>223.97</td></tr><tr><td>2024</td><td>274.07</td><td>153.20</td></tr></table>	Year	Hazardous waste	Non-hazardous waste	2023	186.48	223.97	2024	274.07	153.20	
Year	Hazardous waste	Non-hazardous waste											
2023	186.48	223.97											
2024	274.07	153.20											
IV. Social Issues (I) Does the Company establish policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		EPISIL has established work rules and relevant personnel management regulations in accordance with labor laws and regulations as the basis for company management. In order to establish a gender-equal	None									

Evaluation Item	Implementation Status			Differences and reasons with the Code of Practice for Sustainable Development of Listed OTC Companies
	Y	N	Abstract Illustration	
(II) Has the Company established and implemented reasonable employee benefit measures (including salary, leave and other benefits), reasonably tying operating results	V		<p>workplace, our company implements a parental leave system and provides employees with family care leave and menstrual leave. In addition, we refer to international human rights conventions and the belief in respecting the equal rights of men and women and have established a special chapter in the company's regulations on workplace violence prevention plans and sexual harassment prevention measures.</p> <p>Employees are managed equally, including appointment, assessment, salary, benefits, training and promotion. If there are any violations of human rights or improper management, employees can use the communication channels set up by the company to respond. EPISIL also strictly protects the information of the parties involved to ensure the freedom and confidentiality of employees' complaints to avoid retaliation.</p> <p>EPISIL takes all grievance cases seriously, including grievances regarding discrimination, forced and compulsory labor, and human rights issues.</p> <p>All new employees are required to undergo human rights training, and supervisors are required to complete various human rights training and statements on a regular basis.</p> <p>We promote our human rights policy through our company website, prohibit harassment and discrimination in the workplace, keep an eye on laws and regulations, and review and adjust our company's management methods and rules to ensure the company's legality. We also promote the importance of human rights to our employees, and we implemented human rights protection training for supervisors in 2024.</p> <p>Episil provides various employee welfare policies, in addition to legal compliance on labor insurance, health insurance, retirement pension and parental leave. It also provides health check-up for employees on an annual</p>	None

Evaluation Item	Implementation Status			Differences and reasons with the Code of Practice for Sustainable Development of Listed OTC Companies
	Y	N	Abstract Illustration	
to employee salary?			<p>basis, three festival gifts and gift vouchers, wedding gifts and funeral condolences, and employee group insurance. In addition, the Company allocates no less than 0.01% of surplus earnings as compensation for employees for harmonious labor-management relationship.</p> <p>Diversity and equality in the workplace</p> <p>In 2024, the average proportion of female employees was 46%, and the average proportion of female supervisors was 26%.</p>	
(III) Does the Company provide healthy work environment? Are employees trained regularly on safety and health issues?	V		<p><u>Occupational safety and health policy</u></p> <p>The company establishes an occupational safety and health management system in accordance with Article 1-1 of the Occupational Safety and Health Management Regulations, implements occupational safety and health policies, plans and implements a safe and healthy working environment; in addition, according to the occupational safety and health education and training regulations, implements safety and health on-the-job education. Training, and according to the nature of the work, compare the corresponding different training hours to implement the training.</p> <p><u>Health management measures</u></p> <p>The company takes the health of employees as the starting point, healthy and happy employees can create more efficient performance.</p> <p>Medical examination shall be carried out for all new employees according to law to confirm that they are fit for the new job. Besides, health examination which is superior to laws and regulations shall be planned and various health promotion activities shall be arranged so that all employees can get proper health care and management, so as to enhance the concept of self-health</p>	None

Evaluation Item	Implementation Status			Differences and reasons with the Code of Practice for Sustainable Development of Listed OTC Companies
	Y	N	Abstract Illustration	
			<p>management for employees and shape the workplace health culture.</p> <p>According to laws and regulations, the company has established four protection projects, including abnormal work load, maternal protection, Ergonomic hazards and workplace violence, which take risk assessment and hierarchical management, arrange health consultation with doctors, provide health guidance and health management measures, and build physical and mental health protection projects to jointly create a friendly and healthy workplace and maintain the physical and mental health of employees.</p> <p>In order to achieve comprehensive health promotion, the company is committed to promoting the health of its employees. It organizes various physical and mental health talks and related activities as required, covering disease prevention, fat reduction competition, first aid education, diet care, exercise and health and stress management.</p> <p>Through participation in activities, encourage staff to take part in healthy living activities to enhance their motivation to take care of their own health.</p> <p>In terms of emergency rescue, the company has set up AEDs since 2018, and actively promotes CPR and AEDs training every year, in order to provide a safer workplace environment.</p> <p><u>Staff injury and sickness care service</u></p> <p>In case of physical, psychological, traffic accidents, etc., the nurse will visit, telephone and E-mail the staff for care, and arrange the service physician consultation according to the health condition to assist the staff to return to work.</p> <p>Work resumption and allocation plan shall be formulated, health assessment shall be carried out according to the recovery needs of employees,</p>	

Evaluation Item	Implementation Status		Abstract Illustration	Differences and reasons with the Code of Practice for Sustainable Development of Listed OTC Companies
	Y	N		
			<p>appropriate positions and jobs shall be adjusted, and joint assistance from doctors, nurses, department heads and human resources departments shall be combined to enable employees to return to work.</p> <p><u>Occupational disease control</u></p> <p>In accordance with the “Regulations of the Labor Health Protection” , the company establishes the abnormal work load triggered disease prevention plan, and through the assistance of occupational disease specialists in the medical center, the possible hazards of occupational disease risk are examined to control related health hazards, and the health status of employees in the operation area is taken care of irregularly, in order to achieve the goal of zero occupational disease.</p> <p><u>working environment monitoring</u></p> <p>In order to protect employees from harmful substances in the workplace and provide healthy and comfortable working environment for employees, the company carries out operating environment monitoring every six months according to law to gradually understand the exposure status of staff and ensure that the working environment has no impact on employees' health.</p> <p><u>Safe working environment management measures</u></p> <p>The company will take the initiative to provide protective equipment for employees working in high noise areas.</p> <p>In the implementation of safety and health education, work safety seminars and health promotion seminars are held every year to enhance employees' attention and related knowledge on safety and health.</p> <p>In view of the increasing number of chemical splashing cases in the society, we plan to provide education and training for colleagues, chemical hazards and emergency</p>	

Evaluation Item	Implementation Status			Differences and reasons with the Code of Practice for Sustainable Development of Listed OTC Companies
	Y	N	Abstract Illustration	
(IV) Has the Company implemented an effective training program that helps employees develop skills over their career?	V		<p>use of medicines, so that employees can understand the possible hazards of using chemicals and understand the appropriate handling methods when dealing with abnormalities. (For more information on the above, please refer to the environmental protection information)</p> <p><u>Work safety education, training and promotion</u></p> <p>In 2024, the company implemented 23 occupational safety and health education and training programs, holding 61 sessions with 1,197 participants.</p> <p><u>Company verification situation</u></p> <p>The company annually through ISO 45001 occupational safety and health management system verification, continuous maintenance of effective status.</p> <p>There were no occupational accidents, fires, or casualties in 2024.</p> <p>The Company establishes an effective self-development training program for employees, including new employees, management, professional, and external training, as well as further education subsidies for colleagues. Set employee learning plans with learning targets and blueprints.</p>	None
(V) Pertaining to the health and safety of customer when using the Company's products and services, consumer privacy, marketing and labeling, does the Company comply with the relevant regulations and international standards, and establish relevant policies on consumer protection and complaint procedure?	V		<p>The marketing and labeling of products and services by the Company and its subsidiaries are in compliance with and subject to relevant laws, regulations and international standards.</p>	None
	V			

Evaluation Item	Implementation Status			Differences and reasons with the Code of Practice for Sustainable Development of Listed Companies
	Y	N	Abstract Illustration	
(VI) Has the Company established policy on supplier management, demanding suppliers to observe code of conduct pertinent to environmental protection, labor safety and health or labor rights, and monitoring their implementation?			The Company' s subsidiaries have created a supplier evaluation system. Before taking on business partnerships with suppliers, the Company will conduct a qualification review and confirm whether there are impacts on the environment and society in the past. If there is, the Company will not take on business partnerships with the supplier. The supplier is required to sign an agreement and abide by all relevant professional ethics systems established by the Company.	None
V. Does the Company refer to universal standard or guideline for report preparation when preparing for ESG Report and other non-financial disclosure reports? Does the Company obtain the confirmation or affirmation opinion from third party for the aforementioned reports?	V		The company publishes Sustainability /Corporate Social Responsibility reports in accordance with GRI standards to disclose business performance, corporate governance, stakeholder negotiation, social participation, environmental protection, friendly workplaces, and employee care. It has set up a ESG area on the official website and disclose relevant information on the company website and MOPS based on its implementation status.	V
VI. If the company has its own sustainable development code in accordance with the "Code of Practice for Sustainable Development of Listed Counters", please describe its operation and the differences: There were no deviations with the Company's implementation status.				
VII. Other important information to help understand the implementation of promoting sustainable development: All factories of the company have obtained the international standard certification of environmental management system (ISO 14001: 2015) and occupational safety and health management system (ISO 45001: 2018). Chemical Substances Operation Management Regulations and Environmental Prohibited Substances Management Procedures strictly control all products and materials as standards for the management of prohibited/restricted chemical substances to suppliers, in order to comply with international conventions, environmental protection laws and customer specifications; By the implementation of ISO14001 environmental management system, the optimization of electric energy saving is carried out, and the water and electric energy consumption is managed from the source, so as to reduce the impact on the environment and save costs. The company conducts conflict mineral source investigations on suppliers semi-annually and irregularly, and requires suppliers not to purchase or use mines from conflict areas controlled by non-governmental military groups or illegal military factions in the Democratic Republic of Congo, including: gold (Au) , tantalum (Ta), tungsten (W) and tin (Sn) and other metals are also publicly promoted through the company's website, declaring the policy of not using conflict minerals; supplier management is in accordance with IATF 16949:2016 and RoHS and related laws and regulations According to the requirements of the provisions, confirm whether its quality system meets the ISO9001 or IATF16949 third-party certification, and the supplier needs to provide direct or indirect raw materials that meet the requirements of RoHS and environmental protection related laws and regulations. Direct or indirect proof is directly related to production quality New suppliers or new raw material evaluations for raw materials (including Wafer, Mask, Chemical, Gas, Quartz, Target). Number of intern from industry -academia cooperation:3 people				

Evaluation Item	Implementation Status			Differences and reasons with the Code of Practice for Sustainable Development of Listed OIC Companies
	Y	N	Abstract Illustration	
<p>EPISIL participated in three internship briefing sessions held by manufacturers in 2024, which is the internship briefing session held at Longhua University of Science and Technology on 2/29, and the internship briefing sessions held at Mingxin University of Science and Technology on 3/27 and 10/4.</p> <p>In 2024, EPISIL hire three students, who from Longhua University of Science and Technology, and the other from Mingxin University of Science and Technology.</p> <p>There are two students who stayed in the company after their internship, one from Mingxin University of Science and Technology in 2021 and one from 2022. Both have been working in the company for more than three years.</p> <p>In 2023, a student from the Department of Mechanical Engineering of Mingxin University of Science and Technology was recruited.</p>				

(IV) Company Climate Related Information

1. Implementation of climate-related information

Item	Implementation Status		
1. Describe board and management oversight and governance of climate-related risks and opportunities.	Episil's sustainable organizational structure has the Board of Directors as the highest guidance body. The chairman serves as the chairman, and the general manager and deputy general manager serve as members. They are responsible for ESG vision, direction and strategy, provide resources and supervise the promotion work, and report implementation plans and results to the board of directors every year.		
2. Describe how the identified climate risks and opportunities affect the corporate business, strategy, and finances (short, medium, and long term).	Type	Short-term climate change risks	
	Topics	Greenhouse gas reduction	Water risk management
	Description	<p>The United Nations, governments, society and the business community all regard climate change as one of the important environmental issues. In order to reduce carbon emissions and increase the use of green electricity, national policies and regulations have adopted various requirements and strengthened public participation, green finance, carbon Supporting measures such as pricing and education promotion.</p> <p>(1) The 27th United Nations Climate Change Conference (COP27) hopes that countries will propose more ambitious emission reduction policies to control the temperature rise within 1.5 degrees.</p> <p>(2) Article 4 of the Climate Change</p>	<p>1. Climate change, uneven distribution of rainfall, increasing probability of drought, and the following situations:</p> <p>(1) The water storage capacity of tap reservoirs has decreased, and the government is required to cooperate with the water restriction policy.</p> <p>(2) When seeking alternative water sources, the water quality is unstable and increases water treatment costs.</p> <p>2. The tap water pipeline outside the factory is abnormal, causing water outage.</p>

		Response Act clearly stipulates that the country's long-term greenhouse gas reduction goal is to achieve net-zero greenhouse gas emissions by 2050.	
	Potential impact	<p>(1) The carbon fee will be officially launched, and the carbon fee is planned to be collected in stages. The first phase will target "large carbon emitters" with annual emissions exceeding 25,000 metric tons of carbon dioxide equivalent (CO₂e), including the semiconductor industry.</p> <p>(2) If you cannot propose process improvements or invest in carbon reduction measures, and cannot achieve the specified reduction targets, you will miss the opportunity to apply preferential rates.</p> <p>(3) The electricity price will increase by about 11% on average from April 2023, which will increase operating or investment costs. It will be imperative to implement energy reduction, emission reduction, power-saving projects and renewable energy.</p>	<p>(1) Depending on the water conditions and in compliance with the government's water restriction policy, production will be affected.</p> <p>(2) The quality of the alternative water source is poor, causing damage to the factory and production equipment.</p> <p>(3) The cost of obtaining water sources increases. (Purchasing fees for alternative water sources, levying water consumption fees, and increasing maintenance costs for water treatment equipment)</p> <p>(4) Serious water shortage, causing work to stop.</p>
	Potential opportunities	(1) In response to the government's net-zero transformation, we adopt energy conservation and carbon reduction plans to reduce the entire plant's power usage and	<p>(1) Water management</p> <p>(2) Improve water efficiency</p>

		<p>carbon tax costs.</p> <p>(2) If you achieve the energy conservation and carbon reduction targets specified by government units, you will have the opportunity to obtain preferential rates.</p> <p>(3) Use environmentally friendly raw materials and energy-saving equipment to enhance the company's environmentally sustainable image.</p>	
	Countermeasures	<p>(1) In order to reduce carbon emissions, examine the performance of existing facilities and the possibility of installing new reduction equipment.</p> <p>(2) Evaluate source reduction plans, seek alternative raw materials and improve manufacturing processes to reduce carbon emissions.</p> <p>(3) Plan power-saving plans to replace old power-consuming equipment and reduce overall power consumption to improve energy efficiency.</p> <p>(4) Evaluate renewable energy and green power procurement projects to promote the company towards a green, low-carbon and environmentally sustainable enterprise.</p> <p>(5) Continue to pay attention to changes in domestic and foreign policies and</p>	<p>(1)Water management strategies:</p> <p>A. Routine management: Daily tracking and management of water use reports and monthly water balance report management.</p> <p>B. Water restriction period management: Develop water shortage contingency plan process, hold cross-department coordination meetings, and sign water tanker supply contracts.</p> <p>(2) Improve water efficiency</p> <p>A. Water conservation: use water-saving equipment, use recycled water for toilet flushing, warning notices for manual water replenishment on production machines, water-saving publicity and education and training.</p>

		regulations, care about the needs of stakeholders, and take actions to support the net-zero transformation.	<p>B. Improve industrial water recovery rate:</p> <p>a. Series utilization - RO concentrated wastewater is reused and supplied to other equipment for use</p> <p>b. Water recycling--cooling water tower drainage is recycled and reused.</p> <p>c. Process drainage recycling and reuse - the process flushing water is processed by the recycling system and then supplied to the pure water system for use.</p> <p>d. Rainwater is recycled for reuse in secondary systems.</p> <p>e. After the acidic wastewater is recovered, it will be supplied to the air pollution prevention and control equipment (alkali discharge) scrubber for reuse.</p>
	Type	Long-term climate change risks	
	Topics	Uncertainties in process technology for new energy conservation and carbon reduction	Conflicts in perceptions of new carbon reduction issues

	Description	The introduction of compound semiconductor materials into the production and use of semiconductor processes can significantly reduce IC energy consumption, thereby achieving the benefits of energy conservation and carbon reduction; however, during its development process, products that combine the customer's design with the new process are prone to high initial development costs due to high initial development costs. Price factors affect the market's willingness to adopt, and there is a risk of uncertainty in future market substitution.	The implementation of ESG has derived various carbon reduction evaluation methods, such as carbon neutrality, carbon footprint and net zero emissions. There is no relevant work in the existing organization and operation process. Later, during customer visits and inquiries, There is a risk of insufficient competitiveness.
	Potential impact	<p>(1) Because the cost is too high, the market is not willing to accept it, and the output is not enough to support the company's development.</p> <p>(2) The development of alternative technologies for compound semiconductors is booming. If the market fails to gain a dominant position in the early stage, it will become irreplaceable and will easily fall behind in subsequent competition.</p>	<p>(1) The industry has taken the lead in jumping into the carbon reduction plan, and through the implementation of the plan, it has differentiated itself from its peers and gained competitive advantages.</p> <p>(2) End customers require relevant carbon reduction plans and are unable to provide a complete plan, which affects customers' willingness to place orders and reduces competitiveness.</p>

	Potential opportunities	<p>(1) In emerging markets, you can gain a seat in the market early before a large number of competitors join.</p> <p>(2) Through the supply and manufacturing model of mutual assistance and cooperation, a stable reciprocal model can be established to reduce costs and enhance the stability of supply.</p>	<p>(1) The concept of ESG has begun to sprout, and relevant peers have already prototyped carbon reduction assessment practices. They can follow relevant experience to establish their own carbon reduction assessment methods to shorten differences.</p> <p>(2) The public sector encourages ESG energy conservation and carbon reduction, and provides various incentives and cooperation. Companies can use opportunities to obtain resources to reduce risks.</p> <p>(3) Utilize its own new energy-saving and carbon-reducing production technology for compound semiconductors to provide existing and potential customers with choices and gain opportunities in new markets.</p>
	Countermeasures	<p>(1) Strengthen the supply stability and quality of compound semiconductor materials, use information sharing and feedback to improve the quality of materials, reduce costs, and enhance product competitiveness.</p>	<p>(1) Arrange relevant personnel to participate in relevant carbon reduction courses and seminars, absorb relevant experience, develop strategies and implement them.</p> <p>(2) Invest sufficient R&D resources</p>

		(2) Pay attention to the R&D technology needs of major customers, carry out process generation planning based on their common needs, develop process technology capabilities with competitors, and lead market demand.	to accelerate the completion of new energy-saving and carbon-reducing technologies and production capacity improvements.
	Type	Long-term climate change risks	
	Topics	Supply chain production environment impact and resource consumption issues	
	Description	Carbon emissions have increased due to supply chain production environment impacts and resource consumption issues.	
	Potential impact	1. Unable to meet the international 2050 carbon neutrality goal 2. Cause unnecessary waste of resources	
	Potential opportunities	1. Mitigating the impact of climate risks 2. Reduce deadweight losses caused by supply chain processes 3. Enhance the company’ s sustainable image and expand business opportunities	
	Countermeasures	1. Promote an increase in the proportion of local procurement and set procurement targets for indirect raw materials, spare parts and back-end equipment. 2. In addition to the strict review of banned substances in the selection of raw materials, the packaging materials and transportation methods are also controlled to achieve resource utilization of waste and increase the proportion of resource reuse.	
3. Describe the financial impact of extreme climate events and transitional actions.		In order to avoid the potential risk of each factory drawing water from areas with high water stress that affects local ecology and residents' water supply, Episil uses the World Resources Institute (WRI) water resource assessment tool Aqueduct Water Risk Atlas to analyze the locations of each operating site. An overall water risk assessment was conducted, and the results showed that Episil's three factories are all	

	located in medium-low water risk areas, and there is no risk of drawing water from medium-high water pressure areas.
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	Based on the TCFD framework, the ESG Implementation Committee has completed the identification and assessment of climate-related risks, and reported the assessment results and corresponding plans to the ESG Steering Committee. It continues to track the climate risks and opportunities faced by Episil's peers every year, and conducts cross-border research on key industry issues. Unit interviews are focused, and relevant indicators and goals are set after identifying key issues. The achievement of goals is tracked every year and management measures and responses are dynamically adjusted.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors adopted, and major financial impacts should be explained.	Not applicable.
6. If there is a transition plan for managing climaterelated risks, describe the content of the plan, and the indicators and goals used to identify and manage physical risks and transition risks.	Not applicable.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Not applicable.
8. If climate-related goals are set, the activities covered, scope of greenhouse gas emissions, planing schedule, annual progress and other information should be stated; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of carbon reduction credits to be offset or the number of renewable energy certificates (RECs) should be stated.	Not applicable.

9. Greenhouse Gas Inventory and Confirmation Status	Please refer to pages 59-60 of the annual report for the greenhouse gas inventory and confirmation.
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2. Greenhouse Gas Inventory and Confirmation Status

<p>Basic Company Information</p> <p><input type="checkbox"/> Companies with over 10 billion NTD in capital, the iron and steel industry, and the cement industry</p> <p><input type="checkbox"/> Companies with between 5 billion and 10 billion NTD in capital</p> <p><input checked="" type="checkbox"/> Companies with less than 5 billion NTD in capital</p>	<p>Minimal disclosure according to the regulations of the Sustainable Development Roadmap of listed companies</p> <p><input checked="" type="checkbox"/> Parent company individual check</p> <p><input type="checkbox"/> Parent company individual certified</p> <p><input type="checkbox"/> Consolidated financial report subsidiaries check</p> <p><input type="checkbox"/> Consolidated financial report subsidiaries certified</p>
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2023

Scope 1		Total Emissions (tCO ₂ e)	Density (tCO ₂ e/M NTD)	Certifying Institute	Certification Statement
Scope 1	Parent Company	26,696	8.45	SGS Taiwan Ltd.	The Greenhouse Gas Emissions with Episil Technologies Inc for the period from 2023-01-01 to 2023-12-31 was verified, the Total greenhouse gas emissions 62,285 tonnes of CO ₂ equivalent. Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1/CNS 14064-1.
Scope 2	Parent Company	35,589	11.26	SGS Taiwan Ltd.	

2024

Scope 1		Total Emissions (tCO ₂ e)	Density (tCO ₂ e/M NTD)	Certifying Institute	Certification Statement
Scope 1	Parent Company	23,055	11.04	SGS Taiwan Ltd.	The Greenhouse Gas Emissions with Episil Technologies Inc for the period from 2024-01-01 to 2024-12-31 was verified, the Total greenhouse gas emissions 60233 tonnes of CO ₂ equivalent. The third-party agency certification is expected to be carried out in August 2025, and will be certified by Taiwan Inspection Technology Co., Ltd. (SGS Taiwan Ltd.) in accordance with the ISO 14064-1/CNS 14064-1
Scope 2	Parent Company	37,178	17.80	SGS Taiwan Ltd.	

(VII) Status of Implementation of Integrity Operation:

Evaluation Item	Implementation Status			Deviation from the Integrity Operation Practice Principles for TWSE/TPEX Listed Companies and reasons for the discrepancies
	Y	N	Abstract Illustration	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(I) Does the Company establish corporate conduct and ethics policy that is approved by the Board of Directors and document such policy and procedure, as well as the commitment of the Board and Management team in the implementation of the policy thereof, in the bylaws and publicly available documents?	V		In order to implement integrity management policy and actively prevent dishonest behaviors, the Company has formulated the "Ethical Corporate Management Best Practice Principles" and the "Employee Code of Ethics." The board of directors, managers and all employees are subject to the aforementioned regulations when performing their duties.	None
(II) Has the Company established an risk assessment mechanism for unethical conduct, analyzed and evaluated activities that contain a higher risk of unethical conduct in the operating aspect on a regular basis, and established measures for the prevention of unethical conduct, which at least covering the business activities prescribed in paragraph 2, article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company' s "Ethical Corporate Management Best Practice Principles" has formulated preventive measures in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies" against business activities within their business scope that are at a higher risk of being involved in unethical conduct. They established prevention programs accordingly, reviewing the adequacy and effectiveness of the accounting system and internal control system on an irregular basis.	None
(III) Does the company establish relevant policies which are duly enforced to prevent unethical conduct, provide and implement operating procedures, behavioral guidelines, penalty for violation and appeal system in such policies, as well as evaluating and amending the aforementioned policies on a regular basis?	V		The Company has formulated the "Ethical Corporate Management Best Practice Principles" and the "Employee Code of Ethics," with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, the commitment to implement the policies, and regular review and amendment.	None
II. Enforcement of ethical management				
(I) Does Company evaluate the ethical records of the businesses with which it has dealings and include clear ethical corporate behavior provisions in contracts with such counterparties?	V		According to the Company' s "Ethical Corporate Management Best Practice Principles," prior to any commercial transactions, the Company shall take into	None

Evaluation Item	Implementation Status		Deviation from the Integrity Operation Practice Principles for TWSE/TPEx Listed Companies and reasons for the discrepancies
	Y	N	
			Abstract Illustration
(II) Does the Company task a unit that reports directly to the Board of Directors and with promoting ethical standards, making periodical updates (at least once a year) to the Board on ethical management policy, as well as the supervision of measures for prevention of unethical conduct?	V		consideration the legality of its trading counterparties. It shall avoid any dealings with persons involved in unethical conduct. The Company shall include in contract terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.
(III) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		In order to strengthen integrity management, the management center is responsible for stipulating integrity management policies and prevention plans, which are supervised by the audit department and reported to the board of directors when necessary.
(IV) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, and had internal auditors made audit plans according to the results of the risk assessment of unethical conduct, so as to inspect the compliance of the preventive measures, or commissioned external CPA to conduct the audit?	V		The Company has formulated the "Ethical Corporate Management Best Practice Principles" and the "Employee Code of Ethics" to prevent conflicts of interest, and set up the investor relations contact window, dedicated sections for corporate governance, corporate social responsibility and stakeholders on the official website as reference for shareholders and stakeholders
			The Company has established an effective accounting and internal control system with normal operating conditions. The internal auditors regularly conduct audits based on the audit plan and submits the audit reports to the Chairman and independent directors for review in order to implement integrity management and prevent fraud.

Evaluation Item	Implementation Status			Deviation from the Integrity Operation Practice Principles for TWSE/TPEx Listed Companies and reasons for the discrepancies																				
	Y	N	Abstract Illustration																					
(V) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		<p>Through departmental meetings, the Company’ s advocates and ensures that employees understand the concept and standards of integrity management. Once a year, all employees will be educated on the relevant laws and regulations on preventing insider trading. The course content includes: the reasons for the formation of insider trading, the identification process, and legal responsibilities for violating insider trading.</p> <p>Disseminate information about the ethical corporate management best practice principles in 2024.</p> <table><tr><th>Name</th><th>Number of people</th><th>Total hours</th><th>Completion rate</th></tr><tr><td>Employee Code of Ethics</td><td>847</td><td>423.5</td><td>100%</td></tr><tr><td>Ethical Corporate Management Best Practice Principles</td><td>850</td><td>212.5</td><td>100%</td></tr><tr><td>Regulation of Insider Trading</td><td>850</td><td>212.5</td><td>100%</td></tr><tr><td>Total</td><td>2,547</td><td>848.5</td><td></td></tr></table>	Name	Number of people	Total hours	Completion rate	Employee Code of Ethics	847	423.5	100%	Ethical Corporate Management Best Practice Principles	850	212.5	100%	Regulation of Insider Trading	850	212.5	100%	Total	2,547	848.5		None
Name	Number of people	Total hours	Completion rate																					
Employee Code of Ethics	847	423.5	100%																					
Ethical Corporate Management Best Practice Principles	850	212.5	100%																					
Regulation of Insider Trading	850	212.5	100%																					
Total	2,547	848.5																						
III・Implementation of the company's reporting system (I) Has the Company established specific whistle-blowing and reward procedures, accessible reporting channels, and designated personnel to handle the reported misconducts?	V		<p>The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Employee Code of Ethics.” It sets up the integrity hotline with dedicated personnel to respond to different issues. According to the Guidelines for Rewards and Punishments, any violation of the Company's ethical standards will be punished. There were no punishments and violations of the Company's ethical standards in 2022.</p>	None																				
(II) Has the Company established standard operating procedures for investigating misconducts, follow-	V		<p>EPISIL has set up a confidential hotline and a dedicated personnel department to handle the complaints from employee. Reports can be made by</p>	None																				

Evaluation Item	Implementation Status			Deviation from the Integrity Operation Practice Principles for TWSE/TPEX Listed Companies and reasons for the discrepancies
	Y	N	Abstract Illustration	
up measures taken after investigation and confidentiality protection mechanism? (III) Has the Company provided proper whistleblower protection?	V		phone (#5885) or email (5885@episil.com), and will be handled by a dedicated person. The company website also has a stakeholder contact platform as a communication channel for handling stakeholder suggestions, doubts and disputes. In order to protect the rights of stakeholders, a rigorous reporting mechanism is used to allow stakeholders to convey information in a safe and confidential manner. The Company provides whistleblowing channels and takes appropriate protection measures to protect the privacy and personal data of the whistleblower.	None
IV. Enhancement of Information Disclosure Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System?	V		Episil has disclosed information of the "Ethical Corporate Management Best Practice Principles" on its official website (https://www.episil.com).	None
V. If the Company has established integrity management principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: None.				
VI. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethics policy): Up to now, the company has not violated the integrity management rules, affecting the operation of the company.				

(VIII) Other important information material to the understanding of corporate governance within the Company:

For better corporate governance, the Company has formulated relevant regulations including the "Regulations Governing Procedure for Board of Directors Meetings," "Shareholders' Meeting Procedure Rules," "Procedures for the Election of Directors," "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles" and the "Corporate Social Responsibility Best Practice Principles."

(1) Situation of further training for directors :

Job title	Name	Training date	Host	Course Title	Hours
president of the board	JH Shyu	2024/10/29	TCGA	Corporate Risk Management and Crisis Handling - A Board and Supervisory Perspective	3 hours
		2024/10/02	TCGA	Practical Corporate Management: New Insights into AI Transformation in the Manufacturing Industry	3 hours

Job title	Name	Training date	Host	Course Title	Hours
director	Fan,Gui Rong	2024/10/29	TCGA	Corporate Risk Management and Crisis Handling – A Board and Supervisory Perspective	3 hours
		2024/10/02	TCGA	Practical Corporate Management: New Insights into AI Transformation in the Manufacturing Industry	3 hours
director	Shu, Chin-Yung	2024/10/02	TCGA	Practical Corporate Management: New Insights into AI Transformation in the Manufacturing Industry	3 hours
		2024/09/23	TCGA	Corporate Governance and Securities Regulations	3 hours
director	Chen,Hsi-Hsin	2024/10/29	TCGA	Corporate Risk Management and Crisis Handling – A Board and Supervisory Perspective	3 hours
		2024/10/02		Practical Corporate Management: New Insights into AI Transformation in the Manufacturing Industry	3 hours
director	Jeff Chiu	2024/10/29	TCGA	Corporate Risk Management and Crisis Handling – A Board and Supervisory Perspective	3 hours
		2024/10/26	Accounting Research and Development Foundation	Legal Responsibilities and Case Analysis of Corporate Control Disputes	3 hours
		2024/10/22	Accounting Research and Development Foundation	Latest Developments in International Sustainability Disclosure Standards	3 hours
		2024/10/02	TCGA	Practical Corporate Management: New Insights into AI Transformation in the Manufacturing Industry	3 hours
director	Mark Wu	2024/12/03	Taiwan Project Management Association	Advanced Training Program for Directors of Publicly Listed Companies – Introduction to Information Security	3 hours
		2024/11/22	TCGA	Introduction to Carbon and Energy Management from a Sustainability Perspective for Publicly Listed Companies	3 hours
		2024/10/29	TCGA	Corporate Risk Management and Crisis Handling – A Board and	3 hours

Job title	Name	Training date	Host	Course Title	Hours
				Supervisory Perspective	
		2024/10/02	TCGA	Practical Corporate Management: New Insights into AI Transformation in the Manufacturing Industry	3 hours
independent director	Yan ,Jhih-Da	2024/10/29	TCGA	Corporate Risk Management and Crisis Handling – A Board and Supervisory Perspective	3 hours
		2024/10/02	TCGA	Practical Corporate Management: New Insights into AI Transformation in the Manufacturing Industry	3 hours
independent director	Zong-Si Ke	2024/10/29	TCGA	Corporate Risk Management and Crisis Handling – A Board and Supervisory Perspective	3 hours
		2024/10/02	TCGA	Practical Corporate Management: New Insights into AI Transformation in the Manufacturing Industry	3 hours
independent director	Mao-Song Deng	2024/10/29	TCGA	Corporate Risk Management and Crisis Handling – A Board and Supervisory Perspective	3 hours
		2024/10/02	TCGA	Practical Corporate Management: New Insights into AI Transformation in the Manufacturing Industry	3 hours

(2) Corporate Governance Supervisors :

Job title	Name	Training date	Host	Course Title	Hours
Head of Corporate Governance	SHU-RONG WU	2024/10/02	TCGA	2023 Insider Trading Prevention Promotion Conference	3 hours
		2024/10/29	TCGA	"Functions and Tasks of Corporate Governance Personnel under the Corporate Governance Blueprint" and "Latest Practical Development of Domestic Offshore Trading"	3 hours
		2024/12/12	The Institute of Internal Auditors	Trends in digital technology and artificial intelligence and risk management	6 hours

(IX) Status of Implementation of Internal Control System

1. Statement of internal control system :

EPISIL TECHNOLOGIES INC
(Formerly EPISIL HOLDING INC.)
Statement of Internal Controls

Date: February 25, 2025

The following statement has been made based on a self-assessment of the Company's internal control system in 2024:

- I. The Company is aware that creation, implementation, and maintenance of internal control system are the responsibilities of its board of directors and management, and has duly established such a system. The purpose of internal control system is to provide reasonable assurances concerning the outcomes and efficiency of the Company's operations (including profitability, business performance, and asset security), the reliability, timeliness, and transparency of reported information, and compliance and accomplishment of relevant regulations and goals.
- II. There are inherent limitations to even the best designed internal control system. As such, an effective internal control system can only reasonably assure the achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
- III. The Company evaluates the effectiveness of its internal control system design and execution based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consists of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communication, and 5. Monitoring activities. Each major element is further divided into several sub-elements. Please refer to the "Regulations" for the above mentioned elements.
- IV. The Company has adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as of December 31, 2024. This system (including the supervision and management of subsidiaries) has provided assurance concerning the Company's business results, target accomplishments, reliability, timeliness, and transparency of reported information, and its compliance with relevant laws.
- VI. This statement constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was passed at the board meeting held on February 25, 2025 by all 9 attending Directors.

EPISIL TECHNOLOGIES INC

Chairman: JH Shyu

President : Can-Wun Liou

2. If the Company is required by the Security and Futures Bureau to hire an accountant to audit the Company's internal control system, the audit report prepared by the CPAs should be disclosed: Not applicable.

(X) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1、Material resolutions and implementation status of the 2023 shareholders meeting

Meeting Date	Important Resolutions	Implementation Status
June 14, 2024	<p>Rectification</p> <p>1.2023 business report and financial statements.</p> <p>2.Distribution of 2023 retained earnings</p> <p>Approval</p> <p>1.Approved the private placement of common equity.</p>	<p>Rectification</p> <p>1. Approved</p> <p>2. Approved</p> <p>.Approval</p> <p>1.Approved</p>

2、Material resolutions of the board of directors meeting

Meeting Date	Content and resolutions	Independent director has a dissenting opinion or qualified opinion
February 27, 2024 4-5	1. Employees' compensation and Directors' remuneration of 2023. 2. 2024 Employee Remuneration and Director Remuneration Proposal 3. 2023 business report. and Financial Statements 4. Discussion on the appointment and remuneration of certified accountants for the audit of financial statements in 2024 and their suitability and independence assessment 5. Distribution of 2023 Retained Earnings. 6. Approved not continuing the private placement of common equity. 7. Handling private placement of ordinary shares 8. Cause for convening 2023 regular shareholders' meeting. 9. 2023 Statement of Internal Control System. 10. Amend the Company' s "Manager Incentive and Performance Bonus Measures" 11. Manager incentives and performance bonuses Qualified Opinion from an Independent Director: None. Handling of the opinions of independent directors: None. Resolutions: Approved by all independent directors with no dissenting opinion.	None
May 7, 2024 4-6	1. 2024 Q1 consolidated financial statements. 2. Revise the company' s Regulations Governing Procedure for Board of Directors Meetings and Audit Committee Charter. Qualified Opinion from an Independent Director: None. Handling of the opinions of independent directors: None. Resolutions: Approved by all independent directors with no dissenting opinion.	None
August 6, 2024 4-7	1. Discuss the capital increase from issuance of new shares by converting the Company's 3rd domestic secured convertible bonds. 2. 2024 Q2 consolidated financial statements. 3. The loan case of financial institutions 4. 2024 ESG Report. Qualified Opinion from an Independent Director: None. Handling of the opinions of independent directors: None. Resolutions: Approved by all independent directors with no dissenting opinion.	None
September 10, 2024 4-8	1.The Company' s "Strategic Cooperation Plan" 2.The Private Placement of new shares and change in the use of private placement funds, along with the expected benefits. Qualified Opinion from an Independent Director: None. Handling of the opinions of independent directors: None. Resolutions: Approved by all independent directors with no dissenting opinion.	None
November 1, 2024 4-9	1.2024 Q3 consolidated financial statements. 2.Code of Ethical Conduct for Directors. Qualified Opinion from an Independent Director: None. Handling of the opinions of independent directors: None. Resolutions: Approved by all independent directors with no dissenting opinion.	None
December 24, 2024 4-10	1.Approved the 2025 annual operation plan and the budget of related manpower, equipment and expenses.	None

	2.Addition of the Sustainability Information Management Procedures and amendment to the relevant internal control system and internal audit regulation. 3.2025Annual Internal Audit Plan. 4.Establish the Company's " Rules Governing Financial and Business Matters Between the Company and its Related Parties" 5.The director's travel expenses. 6.Manager Retirement Plan. 7.Manager compensation proposals.	
	Qualified Opinion from an Independent Director: None. Handling of the opinions of independent directors: None. Resolutions: Approved by all independent directors with no dissenting opinion.	
February 25, 2025 4-11	1. 2025 Employee Remuneration and Director Remuneration Proposal 2. 2024 business report. and Financial Statements 3. Discussion on the appointment and remuneration of certified accountants for the audit of financial statements in 2025 and their suitability and independence assessment 4. Distribution of 2024 Retained Earnings. 5. Amendment to the Article of Incorporation. 6. Handling private placement of ordinary shares 7. By-election of two Directors. 8. Review of the Board nominated Director Candidates. 9. Removal of Restrictions on newly appointed directors. 10. Cause for convening 2025 regular shareholders' meeting. 11. Reappointment of Subsidiary Directors. 12. 2024 Statement of Internal Control System. 13. The loan case of financial institutions	None
	Qualified Opinion from an Independent Director: None. Handling of the opinions of independent directors: None. Resolutions: Approved by all independent directors with no dissenting opinion.	

3・Important decisions of the Audit Committee

Meeting Date	Content and resolutions	The matters listed in Article 14-5 of the Securities Exchange Act	Matters that have not been approved by the audit committee but have been approved by more than two-thirds of all the directors
February 27, 2024 4-5	1. 2023 business report. and Financial Statements 2. Discussion on the appointment and remuneration of certified accountants for the audit of financial statements in 2024 and their suitability and independence assessment 3. Distribution of 2023 Retained Earnings. 4. Approved not continuing the private placement of common equity. 5. Handling private placement of ordinary shares	V	None

	6. 2023 Statement of Internal Control System.		
	Resolution of the audit committee: approved by all members of the audit committee. The company's handling of the audit committee's opinion: all the directors present agree to approve.		
May 7, 2024 4-6	1. 2024 Q1 consolidated financial statements.	V	None
	Resolution of the audit committee: approved by all members of the audit committee. The company's handling of the audit committee's opinion: all the directors present agree to approve.		
August 6, 2024 4-7	1. Discuss the capital increase from issuance of new shares by converting the Company's 3rd domestic secured convertible bonds. 2. 2024 Q2 consolidated financial statements.	V	None
	Resolution of the audit committee: approved by all members of the audit committee. The company's handling of the audit committee's opinion: all the directors present agree to approve.		
September 10, 2024 4-8	1.The Company' s "Strategic Cooperation Plan" . 2.The Private Placement of new shares and change in the use of private placement funds, along with the expected benefits.	V	None
	Resolution of the audit committee: approved by all members of the audit committee. The company's handling of the audit committee's opinion: all the directors present agree to approve.		
November 1, 2024 4-9	1. 2024 Q3 consolidated financial statements.	V	None
	Resolution of the audit committee: approved by all members of the audit committee. The company's handling of the audit committee's opinion: all the directors present agree to approve.		
December 24, 2024 4-10	1. Approved the 2025 annual operation plan and the budget of related manpower, equipment and expenses. 2. Addition of the Sustainability Information Management Procedures and amendment to the relevant internal control system and internal audit regulation. 3. 2025 annual audit plans.	V	None
	Resolution of the audit committee: approved by all members of the audit committee. The company's handling of the audit committee's opinion: all the directors present agree to approve.		
February 25, 2025 4-11	1. 2024 business report. and Financial Statements 2. Discussion on the appointment and remuneration of certified accountants for the audit of financial statements in 2025 and their suitability and independence assessment 3. Distribution of 2024 Retained Earnings. 4. Handling private placement of ordinary shares 5. 2024 Statement of Internal Control System..	V	None
	Resolution of the audit committee: approved by all members of the audit committee. The company's handling of the audit committee's opinion: all the directors present agree to approve.		

(XI) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors and said dissenting opinion had been recorded or prepared as a written declaration: None.

IV. Certified Public Accountant Fees :

Unit: NT\$ thousand

Name of accounting firm	Name of CPA	Audit period	Audit fees	Non-Audit fees	Total	Remarks
PricewaterhouseCoopers Taiwan	Daniel Lee	2024/01/01~ 2024/12/31	2, 170	1, 300	3, 470	
	Hsieh, Chih-Cheng					

(I) Replaced the audit firm and the audit fee paid to the new audit firm was less than the payment of previous year: Not applicable.

(I) Audit fee reduced not less than 10% compared to previous year::Not applicable.

(II) The total amount of non-audit public expenses in 2024 is NT\$1,300,000; the main contents are Business registration, the company's Tax Compliance Audit and non-executive salary review fees, etc.

V. Alternation of CPA

1.Regarding the former CPA

Replacement Date	January 1, 2023		January 1, 2024	
Replacement reasons and explanations	The internal regular rotation of PricewaterhouseCoopers Taiwan		The internal regular rotation of PricewaterhouseCoopers Taiwan	
Describe whether the Company terminated or the CPA rejected the appointment	Parties		CPA	The Company
	Status			
	Appointmen terminated automatically		-	-
	Appointment rejected (continued)		-	-
The Opinions other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions (Note)	None			
Is there any disagreement in opinion with the	Yes		Accounting principles or practices	
			Disclosure of Financial Statements	
			Audit scope or steps	

Company			Others
	No	V	
	Explanation		
Supplementary Disclosure	None		

2. Regarding the Successor CPA

Name of accounting firm	PricewaterhouseCoopers Taiwan	PricewaterhouseCoopers Taiwan
Name of CPA	Hsieh, Chih-Cheng 、 Chiang, Tsai-Yen	Li, Tien-Yi 、Hsieh, Chih-Cheng
Date of appointment	January 1, 2023	
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that the CPA might issue on the Financial Report.	None	
Written Opinions from the Successor CPA are different from the Former CPA' s opinions.	None	

VI. Any of the Company' s Chairman, General Manager, or managers responsible for Financial or Accounting Affairs being employed by the auditor' s firm or any of its affiliated Company in the most recent year

None.

VII. Other Related Information

(I) Equity transfer and share pledges in Shareholding of Directors, Managers and Major Shareholders :

1 、 Changes in Shareholding of Directors, Managers and Major Shareholders

Title	Name	2024		As of document is printed	
		Net increase (decrease) in shares held	Net increase (decrease) in shares pledged	Net increase (decrease) in shares held	Net increase (decrease) in shares pledged
	Sincere Holding Company (Note2)	0	0	0	0

Title	Name	2024		As of document is printed	
		Net increase (decrease) in shares held	Net increase (decrease) in shares pledged	Net increase (decrease) in shares held	Net increase (decrease) in shares pledged
Director	Representative : JH Shyu	0	0	0	0
	Representative : Shu, Chin-Yung	0	0	0	0
Director and Vice President	Hermes-Epitek Corporation	0	0	0	0
	Representative : Chen,Hsi-Hsin	0	0	0	0
	Representative : Shen,Hsiao-Lien(note1)	0	0	0	0
	Representative : Fan,Gui Rong	0	0	0	0
Director	Vision Holdings Ltd.	0	0	0	0
	Representative : Su,Chien-Chi(note1)	0	0	0	0
	Representative : Mark Wu(note2)	0	0	0	0
	Representative : Jeff Chiu(note2)	0	0	0	0
10% major shareholder	Vanguard International Semiconductor Corporation.	50,000,000	0	0	0
Independent Director	Jhih-Da Yan	0	0	0	0
Independent Director	Zong-Si Ke	0	0	0	0
Independent Director	Mao-Song Deng	0	0	0	0
President	Can-Wun Liou	0	0	0	0
Vice President	Yuan-Bei Gu	0	0	0	0
Vice President	ZAI-LIANG ZHANG	0	0	0	0
Vice President	YAN-ZHANG CHEN	0	0	0	0
Vice President	ZHENG-YI ZHOU	0	0	0	0
Assistant vice president	CHANG,PO-YEN	0	0	0	0
Finance and accounting director	JIA-QI ZHONG	0	0	0	0
Head of Corporate Governance	SHU-RONG WU	0	0	0	0

Note1:The term of office for Mr. Shen,Hsiao-Lien and Mr. Su,Chien-Chi as director representatives of the Company is until Oct 1,2024. Changes in their shareholdings are calculated up to Oct 1,2024.

Note2:Mr. Mark Wu and Mr. Jeff Chiu were appointed as new director representatives of the company on Oct 1,2024. Changes in their shareholdings are calculated starting from Oct 1,2024.

Note3:Becoming a 10% major shareholder as of September 24,2024.

2、The counterparties of equity transfer are related parties : None

3、The counterparties of share pledges are related parties : None

(II) Information on Relationships among Top 10 Largest Shareholders :

April 13, 2025

Name	Shareholding		Shares Held by Spouse & Minors		Total shares held in the name of others		Names of spouse or other relatives within two degrees of consanguinity who are also among the Company's top 10 largest shareholders		Remarks
	Number of shares	Percentage of Shareholding	Number of shares	Percentage of Shareholding	Number of shares	Percentage of Shareholding	Number of shares	Relationship	
Vanguard International Semiconductor Corporation Representative: Leuh Fang	50,000,000	13.05	NA	NA	NA	NA	None	None	
	0	0.00	0	0	0	0	None	None	
HAN SHIN CORP. Representative: Fong-Hua, Bie	21,615,907	5.64	NA	NA	NA	NA	None	None	
	0	0.00	0	0	0	0	None	None	
HAN SHIN HOLDINGS LTD Representative: Mei-Jhih, Huang	20,726,446	5.41	NA	NA	NA	NA	None	None	
	0	0.00	0	0	0	0	None	None	
HERMES-EPITEK CORPORATION Representative: Min-Ci Huang	18,160,870	4.74	NA	NA	NA	NA	None	None	
	5,112,145	1.33	2,590,663	0.68	0	0	Shu-Ling Lin	Spouse	
SINCERE HOLDING COMPANY Representative: Li-Guei, Chen	16,294,539	4.25	NA	NA	NA	NA	None	None	
	1,675,684	0.44	6,651	0	0	6,651	None	None	
Fubon Life Insurance Co., Ltd.	16,212,000	3.97	NA	NA	NA	NA	None	None	
Min-Ci Huang	5,112,145	1.33	2,590,663	0.68	0	0	Shu-Ling Lin	Spouse	
Chase trusteeship into the starlight advanced total international stock index	4,212,233	1.10	NA	NA	NA	NA	None	None	
Chase Custodian Van Garde Group emerging markets fund investment account	3,917,189	1.02	NA	NA	NA	NA	None	None	
Shu-Ling Lin	2,590,663	0.68	5,112,145	1.33	0	0	Min-Ci Huang	Spouse	

(III) Combined Shareholding Ratio :

December 31, 2024

Affiliated Enterprises (Note1)	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Episil-Precision Inc.	166,961,680	57.86	161,000	0.06	167,122,680	57.92
Wellknown Holdings Ltd.	15,000,000	100.00	0	0.00	15,000,000	100.00
Taiwan Hi-Tech Corp	170,933	37.49	35,260	7.73	206,193	45.22
Wellknown Holding Company Ltd.	0	0.00	150,000	100.00	150,000	100.00
EPISIL TECHNOLOGIES INC. (SHANGHAI)	0	0.00	150,000	100.00	150,000	100.00
PRECISION SILICON JAPAN CO., LTD	0	0.00	200	100.00	200	100.00

Note1 : Investments made by the company using the long - term equity method °

Three 、 Fund Raising

I. Capital and Shares :

(I)Share Type

April 13, 2025

Share categories	Authorized capital			Note
	Outstanding shares (public listed)	Unissued shares	Total	
Registered Common Shares	383,222,653	116,777,347	500,000,000	Stocks listed in OTC Private Stock 50,000,000 shares

(II)Sources of Capital

April 13, 2025

YYYY.M M	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		Number	Amount	Number	Amount	Source of capital	Paid-in properties other than cash	Others
2019.03	10	300,000,000	3,000,000,000	281,475,703	2,814,757,030	Corporate bonds into shares	None	Approval number of 10801029160
2019.12	10	500,000,000	5,000,000,000	281,178,117	2,861,781,170	Corporate bonds into shares	None	Approval number of 10801169190
2020.03	10	500,000,000	5,000,000,000	293,724,419	2,937,244,190	Corporate bonds into shares	None	Approval number of 10901050770
2020.05	10	500,000,000	5,000,000,000	296,036,597	2,960,365,970	Corporate bonds into shares	None	Approval number of 10901080510
2020.09	10	500,000,000	5,000,000,000	298,060,979	2,980,609,790	Corporate bonds into shares	None	Approval number of 10901157740
2020.12	10	500,000,000	5,000,000,000	308,192,641	3,081,926,410	Corporate bonds into shares	None	Approval number of 10901223180
2021.03	10	500,000,000	5,000,000,000	312,187,746	3,121,877,460	Corporate bonds into shares	None	Approval number of 11001049100
2021.05	10	500,000,000	5,000,000,000	313,782,855	3,137,828,550	Corporate bonds into shares	None	Approval number of 11001091820
2021.08	10	500,000,000	5,000,000,000	319,934,073	3,199,340,730	Capital increase from cash and corporate bonds into shares	None	Approval number of 1100024852

YYYY.M M	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		Number	Amount	Number	Amount	Source of capital	Paid-in properties other than cash	Others
2021.11	10	500,000,000	5,000,000,000	323,406,734	3,234,067,340	Corporate bonds into shares	None	Approval number of 1100034546
2022.01	10	500,000,000	5,000,000,000	330,666,411	3,306,664,110	Corporate bonds into shares	None	Approval number of 1110001781
2022.05	10	500,000,000	5,000,000,000	330,919,121	3,309,191,210	Corporate bonds into shares	None	Approval number of 1110016326
2022.06	10	500,000,000	5,000,000,000	333,119,121	3,331,191,210	Capital increase from cash	None	Approval number of 1110019577
2022.08	10	500,000,000	5,000,000,000	333,203,470	3,332,034,700	Corporate bonds into shares	None	Approval number of 1110027182
2023.05	10	500,000,000	5,000,000,000	333,206,198	3,332,061,980	Corporate bonds into shares	None	Approval number of 1120016394
2023.08	10	500,000,000	5,000,000,000	333,215,747	3,332,157,470	Corporate bonds into shares	None	Approval number of 1120016394
2024.08	10	500,000,000	5,000,000,000	333,222,653	3,332,226,530	Corporate bonds into shares	None	Approval number of 1130026793
2024.10	10	500,000,000	5,000,000,000	383,222,653	3,832,226,530	Capital increase from cash (Private placement)	None	Approval number of 1130032538

II. List of major shareholders

April 13, 2025

Name of major shareholders	Shares	Shares Held (Shares)	Holding Percentage (%)
Vanguard International Semiconductor Corporation		50,000,000	13.05
HANSHIN CORP.		21,615,907	5.64
HAN SHIN HOLDINGS LTD.		20,726,446	5.41
HERMES-EPITEK CORPORATION		18,161,870	4.74
SINCERE HOLDING COMPANY		16,294,539	4.25
Fubon Life Insurance Co., Ltd.		15,212,000	3.97
Min-Ci Huang		5,112,145	1.33
Chase trusteeship into the starlight advanced total international stock index		4,212,233	1.1
Chase Custodian Van Garde Group emerging markets fund investment account		3,917,189	1.02
Lin,Su-Lin		2,590,663	0.68

III. Company's dividend policy and implementation thereof

(I) Dividend policy :

If there is a surplus in the final accounts of the Company, the tax shall be paid to make up for the losses first, and second, 10 percent shall be reserved as a statutory surplus reserve, and in accordance with the law, the special surplus reserve shall be increased or rotated. If there is a surplus still, the BOD shall prepare the surplus earnings distribution proposal in accordance with Paragraph 2, Article 20 of the Articles of Incorporation to present in the shareholders' meeting for resolution of distribution of shareholders' dividends and shareholder bonus.

The Company authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors. In addition, thereto a report of such distribution shall be submitted to the shareholders' meeting. The Act governing the resolutions of Shareholders' meeting shall not apply.

The company is a high-tech company with stable growth. Since the Company is currently at the growth stage, the surplus allocation should consider the future funding needs of the Company and the long-term financial plan that is to be allocated by the Board of Directors and meet the shareholders' demand on cash inflow. If there is a surplus, the distribution of cash dividends/ bonuses shall be no less than 10 percent of the sum of cash and stock dividends/ bonuses.

(II) Distribution of stock dividends at the Shareholders' Meeting: No dividend distribution.

IV. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting

Not applicable.

V. Compensation of employees and directors:

(I) Ratio or scope of compensation for employees, directors, and supervisors, as set forth in the Company's Articles of Incorporation: The proportion of the employees' compensation shall be no less than 0.01%. The proportion of the directors' compensation shall be no higher than 2%. However, the company's accumulated losses shall have

been covered. Employees' compensation shall be distributed in the form of shares or cash. Employees with required qualifications, including the employees of parents or subsidiaries of the company meeting certain specific requirements, shall be entitled to receive shares or cash. The aforementioned profit refers to the net profit before tax of the current year, deducting the distribution of compensation to employees and directors. The Company may, by a resolution adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, have the profit distributable as compensation for employees and directors; and in addition, a report of such distribution shall be submitted to the shareholders' meeting.

(II) The estimated basis of the remuneration of employees, directors and supervisors estimated in the current period, the calculation basis of the number of shares for the employee compensation distributed by stock, and the accounting treatment if the actual distribution amount is different from the estimated amount:

- (1) Basis for estimating the remuneration amount of employees, directors and supervisors: the basis for estimating is based on the distribution ratio stated in the company's articles of association and with reference to the distribution situation in the previous year.
- (2) Calculated based on the number of shares for employee compensation distributed by shares: It is planned to distribute cash to employees in the current period, so it is not applicable.
- (3) Accounting treatment if the actual distribution amount is different from the estimated amount: According to the accounting treatment of employee dividends and directors and supervisors' remuneration in Letter No. 052 of the Accounting Research and Development Foundation of the Republic of China (96) Ji Mi Zi No. 052 It is stipulated that if there is a discrepancy between the actual distribution amount and the estimated amount as resolved by the shareholders' meeting, it shall be listed as the profit or loss for the year as the shareholders' meeting has resolved.

(III) Employee compensation and Remuneration to Directors resolved by the Board of Directors

- (1) Remuneration of employees and directors and supervisors distributed in cash or stock. If there is a discrepancy with the estimated amount in the year of recognition of expenses, the discrepancies, reasons and handling shall be disclosed:
 - i. Distribution of employee remuneration and directors' remuneration
The Company incurred an operating loss in 2024 and no remuneration was distributed.
 - ii. If there is a discrepancy with the estimated amount in the year of recognition of expenses, the number of discrepancies, reasons and handling shall be disclosed:

Unit: NTD thousand

Assign items	Actual distribution amount	Estimated number of lines on the account	Difference amount	Reason and handling situation
Employee cash compensation	0	0	0	No difference °
Director's Remuneration	0	0	0	

- (2) The ratio of the amount of employee remuneration distributed in stock to the net profit after tax and total employee remuneration for the current period: The company does not distribute employee remuneration in stock, so it is not applicable.

(IV) Shareholders' meeting reports on the situation and results of distribution of remuneration: it has not been convened, so it is not applicable.

(V) The actual distribution of compensation for employees and directors in the previous fiscal year: The 2023 employee remuneration and the remuneration of directors and supervisors were reviewed and approved by the board of directors on Feb 27, 2024. The employee remuneration distribution of NT\$5,896,571 and the director's salary of NT\$737,071 have been fully distributed in 2024. The actual distribution of employees' compensation and directors' remuneration is the same as accrued amounts in 2023.

VI. Share repurchases:

None.

VII. Status of Corporate bonds, preferred shares, Global Depository Receipts (GDR), Employee Stock Warrants, New Restricted Employee Shares, and New Shares Issuance in Connection with Mergers and Acquisitions :

(I) Issuance of Corporate Bonds :

1.Information on issued and outstanding corporate bonds

(1) 3rd Domestic Secured Convertible Corporate Bond

April 13, 2025

Corporate bond type		3rd Domestic Secured Convertible Corporate Bond
Date issued		June 22, 2021
Face value		NT\$100,000
Place of issuance and exchange		TPEX
Issue price		101% issuance by denomination
Total		Total face value of NT\$600million
Interest rate		0%
Duration		3 years; maturity date: June 22, 2024
Guaranteeing institution		First Commercial Bank Co., Ltd.
Trustee		KGI Commercial Bank Co., Ltd.
Underwriting institution		KGI Securities Co.,Ltd.
Board Certified Attorney		Lawyer Yi-Cheng Peng of Handsome Attorneys-at-Law
CPA		CPAs Yu-Kuan Lin and Zhi-zheng Xie of PwC Taiwan
Repayment method		Unless the bondholders convert the convertible corporate bonds to the Company' s common shares in accordance with Article 10 of the Issuance and Conversion Regulations, or the bonds have been repurchased and cancelled by TPEX, the bonds shall be redeemed on maturity in cash at par value.
Outstanding principal balance		Matured on June 22, 2024, and trading in the OTC Market was terminated on June 24, 2024, and NT\$88,600,000 was repaid in cash on July 3, 2024.
Terms for redemption or early repayment		Please refer to Attachment 1: Regulations Governing the Issuance and Conversion of 3rd Domestic Secured Convertible Corporate Bond of the Prospectus for the 3rd Domestic Secured Convertible Corporate Bond.
Restriction Clause		None
Name of credit rating organization, rating date, bond rating results		None
Other rights of bondholders	As of the report printing date, the conversion (exchange or subscription) of common shares, overseas depository receipts, or other negotiable securities in dollar amounts.	As of June 22, 2024, 5,114 corporate bonds with total face value of NT\$511,400,000 have been converted to 6,948,561 common shares.
	Issuance and conversion (traded or subscribed) regulations	Please refer to Annex 1 of the Company's Public Prospectus for the Third Domestic Convertible Corporate Bonds with Guaranteed Issue and Conversion Measures for the Third Domestic Secured Convertible Corporate Bonds.
Possible dilution of equity and impact on equity of existing shareholders due to issuance and conversion, trading or subscription rules, or issuance terms		Please refer to P.54~P.55 of the Company's Third Domestic Secured Convertible Corporate Bond Public Prospectus.
Name of the commissioned custodial institution for objects exchanged		None

(2) 4th Secured Convertible Corporate Bond

Corporate bond type		4th Domestic Secured Convertible Corporate Bond
Date issued		April 7, 2022
Face value		NT\$100,000
Place of issuance and exchange		TPEx
Issue price		101% issuance by denomination
Total		Total face value of NT\$1000million
Interest rate		0%
Duration		3 years; maturity date: April 7, 2025
Guaranteeing institution		First Commercial Bank Co., Ltd.
Trustee		KGI Commercial Bank Co., Ltd.
Underwriting institution		KGI Securities Co., Ltd.
Board Certified Attorney		Lawyer Yi-Cheng Peng of Handsome Attorneys-at-Law
CPA		CPAs Yu-Kuan Lin and Zhi-zheng Xie of PwC Taiwan
Repayment method		Unless the bondholders convert the convertible corporate bonds to the Company's common shares in accordance with Article 10 of the Issuance and Conversion Regulations, or the bonds have been repurchased and cancelled by TPEx, the bonds shall be redeemed on maturity in cash at par value.
Outstanding principal balance		Matured on April 7, 2025, and trading in the OTC Market was terminated on April 8, 2025, and NT\$1,000,000,000 will be repaid in cash on April 21, 2025.
Terms for redemption or early repayment		Please refer to Annex 1 of the Company's Fourth Domestic Secured Convertible Corporate Bonds Public Prospectus - Measures for Issuance and Conversion of the Fourth Domestic Secured Convertible Corporate Bonds.
Restriction Clause		None
Name of credit rating organization, rating date, bond rating results		None
Other rights of bondholders	As of the report printing date, the conversion (exchange or subscription) of common shares, overseas depository receipts, or other negotiable securities in dollar amounts.	As of April 7, 2025, 0 corporate bonds with total face value of NT\$0 have been converted to 0 common shares.
	Issuance and conversion (traded or subscribed) regulations	Please refer to Annex 1 of the Company's Fourth Domestic Secured Convertible Corporate Bonds Public Prospectus - Measures for Issuance and Conversion of the Fourth Domestic Secured Convertible Corporate Bonds.
Possible dilution of equity and impact on equity of existing shareholders due to issuance and conversion, trading or subscription rules, or issuance terms		Please refer to P.54~P.55 of the Company's Fourth Domestic Secured Convertible Corporate Bond Prospectus.
Name of the commissioned custodial institution for objects exchanged		None

2.The information of Convertible Bonds、Exchangeable Bonds、Shelf Registration for Issuing Bonds and Corporate Bonds with Warrants

A・Convertible Bonds Information

Corporate bond type		3rd Secured Convertible Corporate Bond	
Item	Year	Y2024	As of April 13, 2025
Market price of the convertible bond	Highest	115.00	NA
	Lowest	102.00	
	Average	107.50	
Convertible Price		72.4	NA
Issue date and conversion price at issuance		Issue Date：June 26, 2021 Conversion price at issuance：NT\$73.8 Since July 23, 2023, the conversion price has been adjusted from NT\$73.30 to NT\$72.40	
Conversion methods		Issuing of new stocks	

Corporate bond type		4th Secured Convertible Corporate Bond	
Item	Year	Y2024	As of April 13, 2025
Market price of the convertible bond	Highest	111.00	101.80
	Lowest	99.50	93.00
	Average	105.11	101.34
Convertible Price		115.00	115.00
Issue date and conversion price at issuance		Issue Date：April 7, 2022 Conversion price at issuance：NT\$118.8 Since Oct 30, 2024, the conversion price has been adjusted from NT\$117.00 to NT\$115.00	
Conversion methods		Issuing of new stocks	

B・Exchangeable Bonds Information：None

C・Shelf Registration for Issuing Bonds：Non。

D・DCorporate Bonds with Warrants：None

(II)Issuance of special stock：None

(III)Issuance of Global Depositary Receipts：None

(IV)Issuance of Employee Stock Options：None

(V) Issuance of New Restricted Employee Shares : None

(VI) Status of New Shares Issuance in Connection with Mergers and Acquisitions : None

VIII. Financing Plans and Execution Status :

(I) Project Overview: 2024 Private Placement of Common Shares

1. Fundraising Overview

The shareholders' meeting held on June 14, 2024, approved a private placement of up to 50 million shares, to be executed in one or multiple tranches (not exceeding three times) within one year from the date of the resolution.

The pricing date was set on September 10, 2024, with a subscription price of NT\$49.6 per share. The total amount raised was NT\$2,480,000,000, and payment for the shares was completed on September 24, 2024.

2. Fund Utilization Plan

On September 10, 2024, the Board of Directors approved a revision to the intended use of funds and expected benefits for the 2024 private placement.

To align with the strategic partnership, the use of funds was revised to: capital expenditures, production, R&D, and other necessary operating expenses.

The expected benefits were also revised to include: expansion of 8-inch SiC (Silicon Carbide) production business and market expansion, which are expected to positively contribute to shareholder value.

3. Implementation Status

Fund Utilization Progress

Project Item	Execution Status	Accumulated as of 2025Q1		Description
Capital Expenditures	Planned amount and%	NT\$5,336 thousand	0.22%	Executed in accordance with the R&D and production schedule for 8-inch SiC compound semiconductor technology.
	Actual amount and%	NT\$5,336 thousand	0.22%	

Benefit Analysis

Item	2024(NT\$ thousand)	2023(NT\$ thousand)	Change(%)
Property, Plant and Equipment	4,796,121	4,141,976	15.8%
Operating Revenue	5,816,920	7,080,216	(17.8)%
Operating Cost	(5,774,819)	(6,270,732)	(8)%
Operating Profit	(675,207)	135,612	(598)%

Source: Audited consolidated financial statements signed by independent auditors.

Note: Since fund utilization began in 2025, it has not yet impacted items such as property, plant and equipment, operating revenue, operating costs, and operating profit.

Four 、Operational Highlights

Episil is a holding company specializing in investment, with main business items including development, design, manufacturing and sales of related products such as epitaxy wafer and wafer foundry service of power IC and analog IC. Episil's main businesses are as follows.

I. Business Activities

(I) Scope of the business

i. The main operational categories of the company

- (1) Manufacture of silicon epitaxy wafers, buried-layer epitaxy wafers, multi-layer epitaxy wafers, silicon epitaxy on SOI (Silicon on Insulator) wafer, GaN epitaxy wafers, SiC epitaxy wafers.
- (2) Episil provides integrated semiconductor foundry services, including Bipolar IC, high power MOSFET, Mix-mode integrated circuit (logic device), FRD, TVS, SiC and GaN discrete device

ii. The sales proportion of the main products of the business

Unit : NT\$ thousands

Major Divisions	2023		2024	
	Total Sales	%	Total Sales	%
Epiwafer	3,905,580	55.16	3,800,484	65.33
IC wafer	3,127,407	44.17	1,970,072	33.87
Other	47,229	0.67	46,364	0.80
Total	7,080,216	100.00	5,816,920	100.00

iii. The company's current product (service)

- A. production and foundry of Silicon Epitaxy, Silicon Carbide Epitaxy and Gallium Nitride Epitaxy.
- B. Integrated circuit foundry s
- C. Foundry service of power discrete
- D. Consultation and testing services for above products

iv. New product (services) development projects

- A. 8" GaN-on-Silicon medium and low voltage epitaxial wafers for low and medium voltage applications.
- B. 8" SiC epitaxial wafers
- C. 6" SiC G4 Platform Development
- D. 6" SiC Trench Development
- E. GaN Power ICs process
- F. 6" high voltage Gan on Si fabrication
- G. 6" medium voltage Gan on Si fabrication
- H. Low Capacitor, Low Clamp New Generation Trench TVS

(II) Industry Overview

1. Industry status and development

A. Global Semiconductor Industry outlook

The global demand for artificial intelligence (AI) and high-performance computing (HPC) will continue to rise, according to IDC's latest Worldwide Semiconductor Technology Supply Chain Intelligence report. Major application markets, ranging from cloud data centers to specific industry segments, are expected to undergo upgrades, heralding a new boom for the semiconductor industry.

IDC also mention that Mature Nodes Market is Warming Up, and the Capacity Utilization Rate Exceeds 75%. Mature nodes (22nm-500nm) have a wide range of applications covering consumer electronics, automotive, industrial control, and other industry segments. In 2025, demand is expected to improve after this year's correction and oversupply, driven by consumer electronics and sporadic inventory replenishment in the automotive and industrial control sectors. Foundry capacity utilization is expected to increase by an average of 5 percentage points in 2025.

Besides, IDC expects double-digit growth for the global semiconductor industry in 2025 but the industry will need to navigate multiple variables, including geopolitical risks, global economic policies (including industrial subsidies, trade tariffs, currency, and interest rates), end-market demand, and changes in supply and demand due to new capacity additions – all important factors to watch in 2025.

Worldwide Foundry Market Forecast from 2022 to 2028



Photo: Worldwide Foundry Market Forecast from 2022 to 2028(F)

Source: IDC, 2024

Power semiconductor market size estimate

Fall 2022	Amounts in US\$M			Year on Year Growth in %		
	2021	2022	2023	2021	2022	2023
Americas	121,481	142,138	143,278	27.4	17.0	0.8
Europe	47,757	53,774	54,006	27.3	12.6	0.4
Japan	43,687	48,064	48,280	19.8	10.0	0.4
Asia Pacific	342,967	336,151	311,005	26.5	-2.0	-7.5
Total World - \$M	555,893	580,126	556,568	26.2	4.4	-4.1
Discrete Semiconductors	30,337	34,098	35,060	27.4	12.4	2.8
Optoelectronics	43,404	43,777	45,381	7.4	0.9	3.7
Sensors	19,149	22,262	23,086	28.0	16.3	3.7
Integrated Circuits	463,002	479,988	453,041	28.2	3.7	-5.6
Analog	74,105	89,554	90,952	33.1	20.8	1.6
Micro	80,221	78,790	75,273	15.1	-1.8	-4.5
Logic	154,837	177,238	175,191	30.8	14.5	-1.2
Memory	153,838	134,407	111,624	30.9	-12.6	-17.0
Total Products - \$M	555,893	580,126	556,568	26.2	4.4	-4.1

Note: Numbers in the table are rounded to whole millions of dollars, which may cause totals by region and totals by product group to differ slightly.

Source: WSTS, December 2024

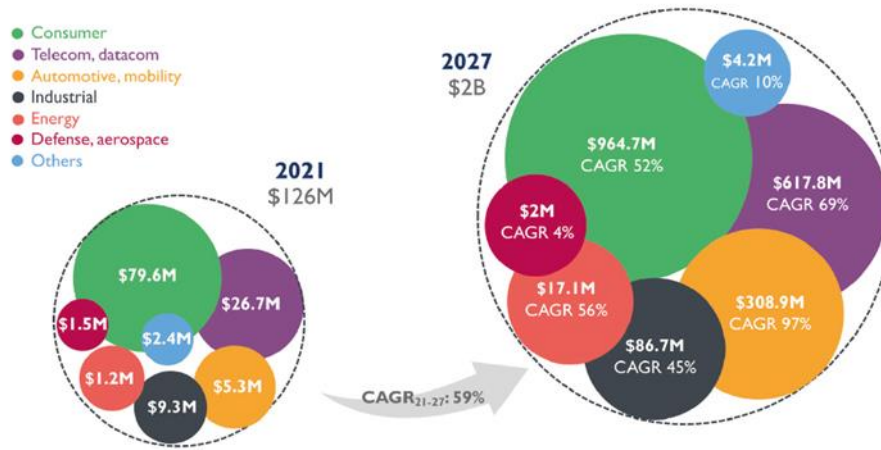
According to the November 2024 report of World Semiconductor Trade Statistics (WSTS), the global semiconductor market grew in 2024, with a scale of \$626.869 billion dollars, an annual growth of 19.0% from \$526.885 billion in 2023. In 2025, the overall semiconductor market is expected to grow by 11.2%, and the analog IC and discrete device markets, which are more closely related to the epitaxy material, will grow by 4.7% and 5.8% respectively.

Also, SiC-on-SiC, GaN-on-Silicon, and GaN-on-SiC wafers, which outperform silicon and are mass-produced by Episil-Precision, are expected to see growing use in power discrete market.

About WBG (wide band gate), according to Yole's 2024 forecast, the GaN power device market will grow from \$260 million in 2023 to \$2.01 billion in 2029 with a 41% CAGR (2023-2029). Key applications include consumer electronics, telecom infrastructure, and automotive.

2021-2027 power GaN device market revenue

(Source: Power GaN 2022, Yole Intelligence, June 2022)



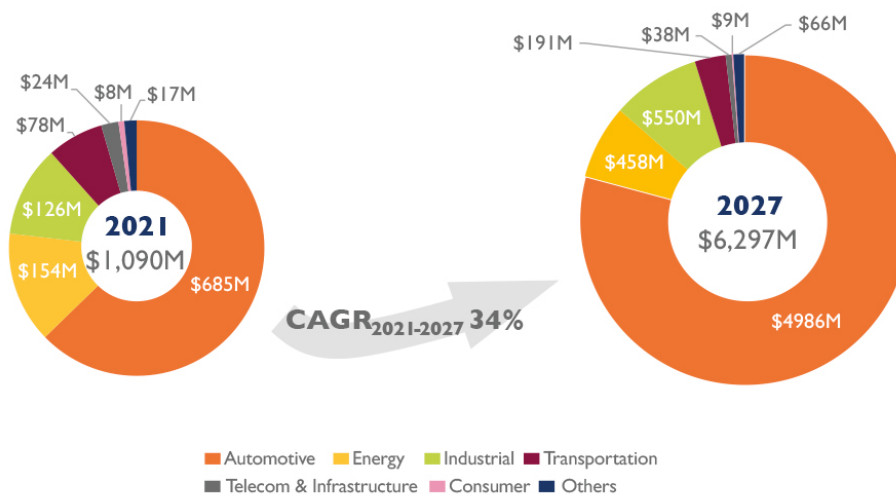
© Yole Développement, 2022

Source : Yole, September 2024

For SiC, Yole forecasts the market to grow from \$2.75 billion in 2023 to \$9.87 billion in 2029, with a 24% CAGR (2023-2029). Key applications include EVs, hybrid vehicles, and industrial use.

2021-2027 power SiC market devices split by segment

(Source: Power SiC 2022, March 2022)



Source: Yole, September 2024

B. Status and development of Taiwan's semiconductor industry

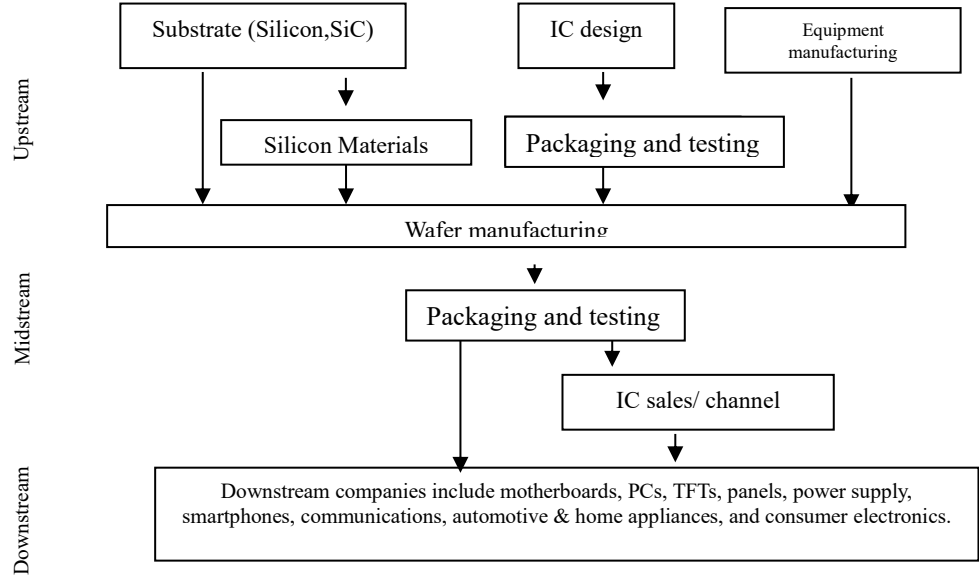
Taiwan's IC industry has gradually developed into the current vertical upstream and downstream division of labor industrial structure, which has an advantage of fine division of labor and a complete structure in the industrial value chain from upstream wafer materials to IC design, manufacturing, packaging, and testing.

Industrial Technology Research Institute (ITRI) indicated that the global semiconductor market trend is affected by the policies of various countries, for example The US CHIP Act, the EU CHIP Act, Taiwan and

Japan’s industrial development plans etc. Now there are reshaping the ecosystem of the global semiconductor supply chain. As a core center of semiconductor manufacturing, Taiwan will continue to play an important and key role with policy support and technological innovation. It is estimated that Taiwan's IC industry market share reach NT\$5.3 trillion in 2024, with growth of 22%. Driven by the demand for applications such as AI and high-performance computing, Taiwan's semiconductor market share will reach NT\$6 trillion in 2025, with an estimated growth of 16.5%.

2. Relevance of upstream, mid-stream and downstream industries

The correlation diagram of the upstream, middle and downstream of the semiconductor industry is shown in the figure below. With the evolution of the vertical division of labor and integration of semiconductors, according to the manufacturing process, it can be divided into upstream IC design companies and silicon wafer manufacturing companies. IC design companies design according to customer needs. The circuit diagram is produced, and the silicon wafer manufacturing company uses polysilicon as raw material to manufacture silicon wafers; the IC wafer manufacturing plant in the middle reaches prints the basic circuit pattern on the wafer according to the circuit diagram designed by the IC design company. The circuit and the components on the circuit are fabricated on the wafer by oxidation, diffusion, CVD, etching, ion implantation and other methods; and the completed wafer is sent to the downstream IC packaging and testing factory for processing. After cutting, the die is covered with plastic, ceramic or metal to protect the die from contamination and easy to assemble, and achieve the electrical connection and heat dissipation effect between the chip and the electronic system, and finally perform IC functions, electrical performance and heat dissipation tests. Among them, the epitaxy and compound semiconductor business of the company belongs to the upstream industry, and the component and integrated circuit business belongs to the midstream wafer manufacturing.



The major products of Episil-Precision and subsidiary are Silicon Epitaxial Wafer, Buried Layer Epitaxial Wafer, GaN Epitaxial Wafer and SiC Epitaxial Wafer, which are important materials for Power Semiconductors, such

as Power MOSFET, Diodes, Insulated Gate Bipolar Transistor (IGBT), and Power Management IC (PMIC). There are many applications of its downstream products, such as consumer electronics, automotive electronics, industrial control, telecommunications, computers, etc.

3. Various development trends of product

A. Epitaxy and compound semiconductor business

Looking into the future, emerging application technologies such as the Internet of Things, wireless charging, and autonomous driving will lead to higher and higher semiconductor content in terminal products, which is expected to increase the future output value of the semiconductor industry. Due to the excellent electrical characteristics of the epitaxy process, it can be widely used in various discrete components or integrated circuits, such as power management components, drive components, optoelectronics and protection components. These power components are responding to the energy-saving trend generated by environmental awareness. Under the circumstances, the demand cannot be underestimated. At present, the mainstream is to use 6-inch and 8-inch epitaxial wafers as raw materials, but large-scale IDM factories have begun to produce power components to 12-inch factories. In addition, because in some application fields, the characteristics of silicon materials have reached their physical limits, and product performance can no longer be improved. Therefore, more and more companies are looking for breakthroughs in the next generation of wide-bandgap semiconductor components. The company is also actively developing SiC and **GaN-on-Silicon** epitaxy development.

B. Components and integrated circuit business

The semiconductor vertical division of labor formed by wafer foundries in China reduces production costs by mass-producing products for different customers. For IC designers or IDM companies, it can provide more efficient market supply flexibility and its future demand. Growth is an inevitable trend. In the analog power electronics market, it can be roughly divided into two categories: discrete power components and power ICs. In terms of separating power components, Episil entered the market from traditional silicon-based MOSFETs, expanded to IGBT and FRED components, and actively introduced VDA6.3 into the layout of automotive products. With the blossoming of mobile devices, electric vehicles, and 5G applications, the supply chain of compound semiconductors such as GaAs, InP, GaN, and SiC is expected to emerge and become another bright group besides traditional silicon semiconductors. At present, Episil's next-generation SiC and GaN materials are developing. It has entered the mass production stage and is expected to bring new growth momentum to Episil. In the power IC part, Episil has expanded to high-power and high-voltage CMOS processes to provide diversified services. Combining the advantages of Bipolar, CMOS and DMOS components in high voltage and high current, it has launched a BCD process suitable for power ICs, which is conducive to power conversion management, LED lighting, power amplifiers and automotive electronics markets.

4. Competition situation

A. Epitaxy and compound semiconductor business

Foreign competitors are mainly silicon wafer manufacturers in Japan, Germany and the United States. These competitors all have a consistent process of growing crystals, slicing, grinding, polishing, cleaning and epitaxy.

Most of the epitaxy silicon wafers produced are supplied with 8 "/12" standard CMOS process. In addition, there are some competitors in the small and medium-sized episilicon wafer business in China.

The company is proficient in epitaxy technology, and the process capability and yield rate of various products have been affirmed by customers of international major manufacturers. Due to its professional standards, it is constantly developing new processes, providing customers with diversified, flexible and fast product services, and is committed to improving quality. And reduce costs, form a considerable economic scale, and have enough energy to face the challenges of the above-mentioned competitors in the market.

B. Components and integrated circuit business

Episil has been established for more than 30 years. The process capabilities and yields of various products have been affirmed by international manufacturers. Due to their professional standards, they continue to develop new processes to provide customers with fast and complete foundry services with diversified processes. In recent years, it has invested in the development of next-generation 6" SiC and GaN compound semiconductors, which has made Episil Technology the only company with mass production scale in Asia. Factory. Under the integration of resources in the future, it will be able to contribute to the competitive advantage and have enough energy to face the competition and challenges of the market.

In addition to Episil, companies with small and medium-sized wafer foundries in China include TSMC, UMC, Macronix, Maosi, Dunnan and Yuanlong, each of which has its own specialized business. The supply side is stable, and the volume and price are acceptable, maintaining a rough balance. In foreign countries, due to the rise of the construction of wafer fabs in mainland China after 2000, small and medium-sized wafer fabs are relatively easy to obtain due to the low investment amount, technology sources are relatively easy to obtain, and are heavily supported by various local governments, such as Shanghai Jita, China Resources Shanghua, etc. and Episil belong to the same type of competitive industry in the foundry market. However, due to their different products and market segments, each is actively developing in its field.

(III) Technology and R&D Overview

1. The technical level and research development of the business

A. Epitaxy and compound semiconductor business

The key epitaxy technologies such as gas supply stability monitoring technology, improved machine process parameter stabilization technology, and decompression growth technology have been developed. The current process technology has been developed to 6 and 8-inch epitaxial silicon wafers and 6 and 8-inch buried layers. Epitaxy, the technical level has reached the international level, and has been certified and adopted by major semiconductor manufacturers at home and abroad. In addition to meeting the needs of customers, we provide epitaxial silicon wafers of various specifications required for buried layer epitaxy and epitaxial silicon wafers for discrete components, and improve the existing epitaxial process in response to the needs of the development of the semiconductor power electronics industry. Technology and epitaxy equipment, develop super junction epitaxy technology, so that the adjustment of the doping concentration uniformity of the epitaxy process can be carried out independently, which can reduce the adjustment time, increase the production output and improve the process stability. In addition, the company's epitaxy technology can be applied to energy-saving and carbon-reducing

power components, so it will actively develop related energy-saving products with customers. In addition to traditional silicon crystal materials, new epitaxy materials GaN gallium nitride and SiC silicon carbide have been developed and mass-produced to provide customers with more advanced and advantageous epitaxy material choices, becoming a pioneer in the energy-saving and carbon-reducing power electronics industry.

B. Components and Integrated Circuits Business

A number of process technologies for high-voltage integrated circuits have been developed and completed, mainly providing 6-inch wafer components and integrated circuit foundry business. The company has key high-voltage integrated circuits, such as dual-carrier integrated circuits, 5V CMOS logic component process technology, 40V high-voltage process technology, 700V high-voltage process technology, etc., which are the mainstream high-voltage process technologies in the market, and are used in Power adapter, lighting, Portable power controller and many other aspects. The company also has key high-voltage discrete components process technology, including Power Mosfet, IGBT, FRD diode, Schottky diode, etc. In the next five years, high-voltage integrated circuits and high-voltage discrete components will still be the mainstream of the market. Among them, high-end 600V and 1200V high-speed high-voltage components will move to wide bandgap, especially GaN and SiC materials. At present, the company is one of the few companies in the world that produces GaN HEMTs and SiC MOSFETs, and will continue to develop high-voltage integrated circuits and high-voltage discrete components in depth and breadth.

2. R&D expenses invested in the most recent year and up to the publication date of the annual report

Unit : NT\$ thousand ; %

Item \ Year	2023	2024	2025Q1
R&D Expenses	222,572	232,311	48,225
net operating income	7,080,216	5,816,920	1,277,317
R&D Expenses to Revenue %	3.14	3.99	3.78

3. Technologies or products successfully developed in the last years

Annual	R & D achievements
2021	4" SiC G2 650V/1200V/1700V SBD Research and development technology. 4" SiC G2 650V/1200V/1700V MOS Research and development technology. 6" SiC G2 650V/1200V/1700V SBD Research and development technology. 6" SiC G2 650V/1200V/1700V MOS Research and development technology. 4" SiC Trench 800V MOS Mass Production Technology. RF Gallium Nitride (GaN on SiC) Epitaxy Mass Production Technology. Ultra-high resistance silicon epitaxy mass production technology.
2022	4" SiC G2 650V/1200V/1700V SBD mass production technology. 4" SiC G2 650V/1200V/1700V MOS mass production technology. 6" SiC G2 650V/1200V/1700V SBD mass production technology. 6" SiC G2 650V/1200V/1700V MOS mass production technology. RF GaN (GaN-on-Silicon) epitaxial wafers. Gen 2 650V GaN-on-Silicon epitaxial wafers. Reduced pressure process for high resistance silicon epitaxial wafers.
2023	6" SiC G3 650V/1200V/1700V MOS research and development technology.

Annual	R & D achievements
	6" SiC G2 650V/1200V/1700V MOS High temperature reliability improvement development. 6" SiC G2 3300V MOS mass production technology. 6" SiC Trench 1200V MOS mass research and development technology. Gen 2 650V GaN-on-Silicon research and development technology 6" Si 650V/1200V/1700V FRD research and development technology. Gen 2 High Grade SiC epitaxial wafer RF GaN (GaN-on-Silicon) epitaxial wafers. Gen 2 650V GaN-on-Silicon epitaxial wafers. Reduced pressure process for high resistance silicon epitaxial wafers.
2024	6-inch SiC G3 650V/1200V/1700V MOS mass production technology 6-inch SiC G2 650V/1200V/1700V MOS high quality and high reliability mass production technology 6-inch SiC G4 650V/1200V/1700V MOS research and development technology 6-inch SiC Trench 1200V MOS research and development technology 6-inch 650V GaN-on-Silicon mass production technology 6-inch G2 MV GaN-on-Silicon product development technology 6-inch Si 650V/750V/1200V FRD mass production technology Gen 2 High Grade SiC epitaxial wafer RF GaN (GaN-on-Silicon) epitaxial wafers. Gen 2 650V GaN-on-Silicon epitaxial wafers. Reduced pressure process for high resistance silicon epitaxial wafers.

(IV) Long- and short-term business development plans

1. Short-term business development plan

A. Epitaxy and compound semiconductor business

The short-term business plan is to continue to maintain good customer relationships, deepen the niche market, use high quality as the market segment, avoid price-cutting competition, improve the company's profitability, and continue the competitive advantage.

B. Components and Integrated Circuits Business

In terms of business development, we will carry out a series of simplification and quality improvement projects for existing mature processes, provide customers with various analog and power product process services, continue to expand sales markets such as Europe, America and mainland China, increase the proportion of export sales, and move towards high The expansion and application of gross profit products has successfully entered the market trend of emerging electronic products, and actively promoted the progress of 6" SiC customer product verification, while strengthening R&D process capabilities to increase product value and enhance market competitiveness.

2. Long-term business development plan.

A. Epitaxy and compound semiconductor business

Due to the company's long-term efforts in business internationalization, service and quality

refinement, it has been recognized by customers. In recent years, in response to the steady growth of the needs of Asian customers and the rapid rise of the semiconductor market in mainland China, the company's management team will continue to expand the customer base and actively develop the mainland and emerging markets, and produce other types of epitaxy such as SOI, SiC and GaN/Si , hoping to make the epitaxy business expand and grow stronger day by day

B. Components and Integrated Circuits Business

Maintain the development of high-margin niche products, develop high-voltage, high-frequency or high-power products, such as BiCMOS, BCD, through cooperation or alliances with international integrated device manufacturers (IDMs) or design companies, combined with the advantages of epitaxial processes, HV-COMS, TVS, FRED, FR MOS, SiC and GaN power components, etc., to accumulate leading technologies to avoid falling into the rut of price competition. At present, there are quite a lot of analog and high-frequency and high-voltage component 6-inch factories in Europe and the United States. The planned closure of factories or the transfer of production bases to the Asia-Pacific region, coupled with the high growth of emerging markets such as mainland China, India and Latin America, is helpful for analogy and The demand for high-voltage processes continues to grow, and a 1-3 year expansion plan is planned for 6" SiC to meet the strong market demand in the future. Therefore, the expansion of the 6" SiC production line will be the goal of Episil's future development.

II. Market and Sales Overview

(I) Market analysis

1. Sales areas of the main product

Unit : NT\$ thousands

Area		Year	2023		2024	
			Amount	%	Amount	%
Taiwan			2,223,066	31.40	2,410,684	41.44
Export	Asia		3,078,229	43.48	1,521,702	26.16
	Americas		1,485,617	20.98	1,343,213	23.09
	Other		293,304	4.14	541,320	9.31
Total			7,080,216	100.00	5,816,920	100.00

2. Market share, market supply and demand situation and future growth

A. Epitaxial wafer and compound semiconductor business :

With the vigorous development of electric vehicles, green energy, and 5G-related applications, the world's dependence on semiconductors is increasing day by day. In the next few years, the size of the semiconductor market is bound to continue to expand. Coupled with higher energy efficiency requirements, it will also drive power semiconductors. Quantitative increase. Since the silicon epitaxy products and compound semiconductor epitaxy products produced by Jiajing are indispensable raw materials for the production of power semiconductors, it is optimistic that the demand for epitaxy products will continue to grow steadily.

B. Components and integrated circuit business :

With the development of environmental protection and energy saving issues, energy saving technology is one of the important development topics at present, and the power management IC in the analog IC is playing an indispensable key role. Control and maintain proper current and voltage supply in the system at any time, and power components are responsible for power conversion processing. Power management ICs and power components are widely used, such as consumer electronics, 5G network communications, mobile Internet, cloud servers, and industrial applications are currently the most important markets. Energy, high efficiency of energy conversion, application of new materials and the development needs of national infrastructure will drive the growth of related markets.

Prospect the market of compound semiconductor, MIC (Market Intelligence & Consulting Institute) stated that there' ll be new growth momentum of SiC power devices in 2024 which is mainly from the successive openings of 8-inch new plants, the large scale launch of EV planned by car manufacturers in 2025 and the demand for renewable energy. There' s a sustainable growth of medium voltage (MV) and low voltage (LV) products in information markets which was observed via GaN power devices. In contrast, high voltage (HV) products are waiting for the development of the EV charger markets. The target of reaching net zero carbon emissions by 2050 of every country and the trend of product electrification are driving the growth of emerging markets for electric transportation propelling the high efficiency transformation of energy and industrial manufacturing, and the trends

such as 5G/6G demand, all navigating the rapid growth of compound semiconductor market.

In terms of supply, due to the consideration of capital expenditure and cost reduction in recent years, most international IDM manufacturers have given priority to new products with higher gross profit margins, and even developed SiC and GaN with large electric current and small size high-end products, thus withdrawing from mid- and low-end products which have been changed to outsourced orders, increasing the proportion of outsourcing. As a result, mature power devices haven't been met in demand in recent years, while the production line of 6-inch wafer foundries has benefited from the redirect orders.

3 、Competitive niche

A. Possess excellent epitaxy production technology and independent research and development capabilities

With the trend of end consumer electronic products toward light, thin and short, manufacturers continue to introduce products with features such as more power saving, low power and fast data transmission, and semiconductor material manufacturers must also provide silicon substrates that meet future trends to assist component manufacturers. To achieve the best performance, and epitaxial silicon wafer is an indispensable key material for the trend of energy saving, the company's epitaxial technology can be applied to energy-saving and carbon-reducing power components, and actively develop related energy-saving products. In addition to traditional silicon materials, we have developed and mass-produced new epitaxial materials GaN gallium nitride and SiC silicon carbide, providing customers with more advanced and advantageous epitaxial material choices, becoming a pioneer in the power electronics industry with energy saving and carbon reduction B. Key technologies through strategic alliances

B. Highly flexible product line and market reputation

Episil has excellent epitaxy production technology, research and development capabilities and market reputation. It is an important supplier of silicon epitaxy materials in the world. It can provide complete services in response to the needs of different customers. All of them are customized products, so they have highly flexible, fast and closely coordinated technical service capabilities and machine configuration, and the product quality is well recognized by customers and has become quite famous in the international market.

C. Introduce key technologies through strategic alliances

In addition to engaging in industry-academia research projects, the company also cooperates with customers and internationally renowned manufacturers of alliance companies to develop process technology, and cooperate with its own technical capabilities to upgrade the transferred technology, strive to reduce production costs, improve product yield, and increase industrial competitiveness. Over the years, a long-term cooperative relationship has been established with it. In addition, employees are rewarded to apply for domestic and foreign patents with their research results, so that the company can obtain intellectual property rights.

D. Continue to develop more advanced and competitive processes advanced and competitive manufacturing processes

The company's process and R&D capabilities in linear dual-carrier integrated circuits and high-power field effect transistors are already above the industry level due to accumulated long-term experience. In order to expand new product areas and meet the diverse needs of the market, actively develop separate high-power IGBT, diode,

BiCMOS and BCD processes for special purposes to meet the needs of foundry and strengthen competitiveness. At the same time, combining existing technologies and introducing 40V and 700V power driver IC technology, a single chip has a complete driver Mobile phones, driving motors, driving solid-state light source functions, and then establishing the process OEM capability of linear Power ICs to expand future profit sources and growth space.

E. A solid link in Taiwan's vertically integrated IC industry chain

Taiwan is a leading country in the global semiconductor supply chain, while the Company and its subsidiaries are the links for integrating upstream and downstream companies within the supply chain. Therefore, we create mutual benefits and raise global competitiveness and become more efficient in developing new markets.

F. Excellent product quality highly praised by customers

In addition to obtaining ISO 9001:2015 and ISO/TS16949:2016 certifications, the Company and its subsidiaries have also obtained ISO 14001:2015 and ISO 45001:2018 certification and Sony Green Partner Certification. The Company is currently under VDA 6.3 certification for automotive, and in November 2020, it was officially certified by VDA6.3

4 · Favorable development prospects, unfavorable factors and countermeasures

A. Favorable factors

- (a) For silicon epitaxial foundry, EPISIL and the subsidiaries have long-term cooperation with customers and have established good relationships, to optimize the capacity and expansion plans.
- (b) EPISIL and the subsidiaries have been researching and manufacturing on epitaxy for more than 30 years and has accumulated mature technology in terms of quality and talent. The complete foundry service enables well-known companies at home and abroad to participate in technical cooperation. We have obtained a large number of orders and long-term orders in Japan market, and also made great efforts to develop European, American and mainland Chinese markets, gradually diversifying the market concentration
- (c) The continued growth in demand in the global semiconductor market will stimulate the growth of the silicon wafer material market. Due to the impact of the demand for handheld devices such as terminal smartphones and tablet computers, related IC components such as memory, processors and communication chips will continue to be in short supply. , and indirectly make semiconductor materials continue to grow.
- (d) Episil and its subsidiaries have a fairly complete foundry process for small and medium-sized wafers, and the process stability and production capacity have been gradually improved, and diversified process technologies are available to provide customers with fast and complete foundry services, dispersing the risks of a single process industry and increasing. The output value of integrated circuits.
- (e) For the development of compound semiconductors, 6" SiC and GaN have made the company the only foundry with mass production scale in Asia. With the integration of resources in the future, it will be able to have a good competitive advantage.

B. Unfavorable factors and countermeasures

- (a) Domestic and foreign peers are gradually planning to enter the ranks of silicon epitaxy and analog foundry. In addition, mainland China is actively supporting its domestic semiconductor industry, and the market

competition is becoming more and more fierce.

Countermeasures

Cooperate closely with customers to develop and improve process technology, increase product breadth and process precision, in order to reduce R&D labor costs, maintain competitiveness and strengthen the efficiency of the management team.

Research and develop next-generation power semiconductor materials GaN, SiC epitaxy and component manufacturing technology, establish an economical-scale production line, increase the added value of products to avoid price competition

- (b) With the expansion of industrial competition, the speed of product replacement is accelerated, and the pressure on sales prices is increasing.

Countermeasures

Continue to promote various operating strategies to maintain product market competitiveness, enhance customer market competitiveness and adjust product mix to increase product added value.

- (c) Some products have the risk of higher concentration of sales.

Countermeasures

Actively expand business, develop domestic and European and American customers with long-term strategy, in order to reduce the operational risk of excessive business concentration, and strengthen the understanding of the needs of the mainland market, and selectively develop potential mainland customers by combining epitaxy with high-voltage and other superior processes. Expand and increase production capacity to improve overall operational efficiency

- (d) Silicon wafers and wafer foundry are a part of the semiconductor industry. Affected by the semiconductor business cycle, the business cycle is getting shorter and shorter, which is especially detrimental to the operation of the semiconductor industry.

Countermeasures

By prudently evaluating investment plans and the planning of personnel, machines, capital, and technology, we can flexibly respond to the impact of a large number of orders brought about by prosperity and the impact of reduced orders during recession, and keep abreast of the pulse of downstream application industries or terminal application products , so that production capacity can be fully and stably utilized to reduce the risk of business cycle

(II) Main products' important functions

The Company's main businesses and its subsidiaries include manufacturing of Silicon Epitaxial Wafer, Buried Layer Epitaxial Wafer, GaN Epitaxial Wafer, SiC Epitaxial Wafer, for semiconductor process on Bipolar IC, Power MOSFET, mixed type integrated circuit (logic device), PMIC and Insulated Gate Bipolar Transistor (IGBT). It is an indispensable basic material used in the production of power components such as high-power field-effect transistors (Power MOSFET), diodes (Diodes), insulated gate bipolar transistors (IGBT), and power management ICs (PMIC). The downstream derivative products are widely used, with applications in consumer electronics, automotive

electronics, ICS, telecommunications and computers. Products such as dual-carrier integrated circuits and power integrated circuits belong to the downstream process technologies, which can be used to manufacture high-speed and high-precision analog circuits as well as high-voltage analog circuits. High voltage field-effect transistors have the advantages of low power consumption and low heat dissipation. The transistors are mainly used in NBs and smartphones, while logic components are used in consumer electronics, communication products and industrial systems, as described in the following table:

Product		Function	Purpose
Silicon epitaxial wafer (Buried layer epitaxial wafer)		It can increase the breakdown voltage and maintain the fast response time of the transistor	Essential materials for power FET (field-effect transistor), small signal transistors, FRD (fast recovery diodes), CMOS (Complementary Metal-Oxide-Semiconductor), VLSI (very-large-scale integration)
Multilayer epitaxial wafer		Achieve ultra-low MOSFET on-resistance	For ultra-low resistance power FET manufacturing.
Silicon epitaxy on SOI (Silicon on Insulator)		High speed devices	For RF IC manufacturing
GaN epitaxy wafer		It can increase the breakdown voltage and 10 times better than silicon wafer, and increase the operating frequency	Suitable for applications on communication, military, aerospace, high-speed/high-voltage/high-current power
SiC epitaxy wafer		It can increase the breakdown voltage and better than GaN wafer, and reduce on-resistance	Suitable for applications on high-speed/high-voltage/ultra-high-current power, such as 1200V applications
Dual in-line (DIP) integrated circuit	Standard Linear Bipolar Process Technology	Manufacturing high-voltage analog circuits with the function of withstanding voltage	Operational amplifier, instrument converter, comparator, dual PWM controller, and IC voltage regulator
	Bipolar double-diffusion MOS transistor process technology (BIDMOS)	1. For high-voltage, high-current intelligent power IC manufacturing 2. Manufacturing of electric power components with special impurity methods to achieve high voltage and low leakage current.	Switch Mode Power Supply, general consumer electronics
	Bipolar Complementary Metal Oxide Semiconductor (BICMOS)	For high-speed and high-precision analog circuit manufacturing	Control circuits of high-definition television (HDTV), precision motors, and high-density hard disk drives
Metal Oxide Semiconductor Field Effect Transistor (MOSFET)		Possess the advantages of low power consumption and low heat dissipation	Applications in NBs, mobile devices, TVs and other backlight supplies, Power supply and battery chargers
GaN HEMT		Ultra-low power consumption, ultra-high frequency	Applications in 5G communication base stations, UPS workstations, and industrial/ aerospace amplifiers
High power GaN Schottky diodes		Ultra-low conduction voltage, ultra-low power consumption	Applications in DC-DC and DC-AC for power conversion of 600V to 1200V. Especially suitable for power conversion

Product		Function	Purpose
			of solar and hydroelectric companies
High power SiC Schottky diodes		High breakdown voltage, low on-resistance	Applications in DC-DC and DC-AC for power conversion of 600V to 1200V. Especially suitable for power conversion of solar and hydroelectric companies
SiC high-power MOSFET		High breakdown voltage, low on-resistance, and high operating temperature	Applicable for charging piles of 600V 1200V power conversion, electric vehicles, and hybrid electric vehicles.
High power fast recovery diode		Fast switching characteristics are arranged in parallel circuits with IGBT to reduce power loss.	Used with IGBT for AC110V, 230V induction cooker, and AC380V industrial motor control system
TVS protection components		Overvoltage and overcurrent protection components	Application in ESD (electrostatic discharge) protection of communication interface
Insulated Gate Bipolar Transistor (IGBT)		High power switching element	Mainly used in AC110V, 230V induction cooker, and AC380V industrial motor control system
Linear high voltage integrated circuit	700V BCD process	Controllers and switches with the advantages of low power consumption and low heat dissipation	Handheld consumer power supply circuit, energy efficient lighting for household lights and industrial motor drives
	700V HVIC process	Ultra high withstand voltage and high power components	Mainly used in AC110V, 230V power control

(III) Raw materials supply chain

EPISIL is committed to stabilizing the supply of raw materials, and managing and certifying suppliers. There are more than 2 suppliers to purchase raw materials with reasonable price, high quality and fast delivery to enhance competitiveness. The company has established a long-term cooperative relationship with suppliers and regularly evaluates them to ensure the stability of quality and delivery.

(IV) List of major purchasing and selling customers

1、Name, amount and proportion of suppliers with more than 10% of the net purchase amount

Unit:NT\$ thousands

Item	2023				2024			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Supplier D	470,574	17.67	NA	Supplier B	387,855	18.14	NA
2	Supplier B	352,140	13.22	NA	Supplier C	245,366	11.47	NA
3	Supplier A	310,115	11.64	NA	Supplier A	235,403	11.01	NA
	Others	1,530,730	57.47	—	Others	1,269,828	59.38	—
	Net Total Supplies	2,663,559	100.00	—	Net Total Supplies	2,138,454	100.00	—

2、Name, amount and proportion of suppliers with more than 10% of net sales

Unit:NT\$ thousands

Item	2023				2024			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Customer A	797,501	11.26	—	Customer B	604,997	10.40	—
	Others	6,282,715	88.74	—	Others	5,211,923	89.60	—
	Net Sales	7,080,216	100.00	—	Net Sales	5,816,920	100.00	—

III. Number of employees, average years of service, average age and education distribution ratio :

Year		2023(Note)	2024(Note)	As of April 13,2025(Note)
Numbers Of Employees	Operators	579	570	553
	Indirect	978	998	1,008
	Total	1,557	1,568	1,561
Average Age		40.29	40.85	41.60
Average Years of Employment		10.42	10.85	11.36
Level of Education(%)	Ph.D.	0.26%	0.26%	0.19%
	Master' s Degree	16.51%	17.35%	17.68%
	University/College Degree	67.50%	67.66%	67.78%
	Senior High School	14.96%	13.97%	13.58%
	Other	0.77%	0.76%	0.77%

Note : the data source is the employee information of EPISIL and subsidiaries.

IV. Disbursements for environmental protection :

(I) Losses (including remedial measures) and the total amount of penalties (including remedies) due to failure in taking responsive action to environmental pollution : None (as of the time of printing this report and whole 2024).

(II) Response measures and expenditures :

1、Environmental protection management

In terms of environmental protection management, each factory has appointed dedicated staff with qualified licenses to be responsible for handling environmental protection related matters and implement the following protection measures.

A. Air pollution prevention and management:

The exhaust gas of all plants of the company is classified into exhaust gas from the manufacturing process and thermal exhaust, among which exhaust gas from the manufacturing process is divided into acidic gas and organic gas.

Thermal exhaust does not contain any harmful substances and is emitted directly to the atmosphere.

The organic gas is emitted into the atmosphere after being treated by the zeolite runner concentration system or an activated carbon adsorption tower based on different plants, And flow meters are installed at all sites.

In accordance with the "Air Pollution Control and Emission Standards for Semiconductor Manufacturing," the Company entrust the laboratory accredited by Environmental Protection Agency to perform annual inspections. The inspection items include hydrochloric acid, nitric acid, hydrofluoric acid, sulfuric acid, phosphoric acid, ammonia, hydrogen chloride, chlorine and hydrocarbons, ensuring that the efficiency of waste gas treatment facilities and inspection results meet legal requirements.

B. Water pollution prevention and control measures and water resources management:

The wastewater discharged from the Company includes wastewater from the manufacturing process, domestic wastewater, and wastewater from cooling systems.

Wastewater treatment in each plants is processed by the pre-treatment system and adjusted to near neutral pH (pH 5-9), and was then discharged into the wastewater pipeline of Hsinchu Science Industrial Park at the discharge point, entering the wastewater treatment plant of Hsinchu Science Park Bureau for treatment. In addition, the treated wastewater shall meet EPA's Effluent Discharge Guidelines before being discharged outside the Science Park. The Company has been charged a wastewater treatment fee by the Wastewater Treatment Plant of the Science Park Administration Office based on its fee-charging standards. In addition, each plant's wastewater quality is continuously monitored for its pH value and fluoride ion for 24 hours in order to ensure that wastewater quality meets the science park management standards.

The Company regularly entrust qualified inspection agencies or laboratories approved by the Environmental Protection Administration to perform water quality testing on a regular basis according to the law. The inspection items are based on the requirements of the water pollution prevention license and other items, and the test results meet the legal requirements. In addition, the monthly wastewater inspection conducted by the Science Park Administration Office also meets the science park management standards.

To comply with the science park management standards, the Company are still committed to water conservation and multiple uses of reclaimed water to increase water recycling. The recycling rate of

wastewater from the manufacturing process has been far greater than 50% of the Science Park Administration Office standards.

C. Business waste treatment, waste reduction and recycling:

All kinds of wastes of the Company are collectively stored in specific storage sites to prevent environmental pollution and are properly treated by qualified recycling or waste treatment agencies approved by the Environmental Protection Administration.

Waste reduction mainly starts from the source, from packaging and filling materials, waste reduction during the manufacturing process, followed by the waste classification, recycling and reuse (applications to the Environmental Protection Administration for general or individual cases, depending on the characteristics of waste) to minimize landfill waste. All processes of waste treatment are carried out by the waste removal, cleaning, waste treatment or recycling companies approved by the Environmental Protection Administration, which fully complies with the environmental protection regulations.

The statistical output of waste produced in 2024 years is about 427.27 tons, of which 153 tons of non-harmful business waste, accounting for 35.85% of the total, 274.07 harmful business waste, accounting for 64.15% of the total, the main treatment of waste is recycling and reuse accounting for 83% of the total, Hanlei will improve the proportion of waste recycling as the goal. Maximize all resource benefits to reduce the use of source resources.

D. The impact of the EU' s RoHS (Restriction of Hazardous Substances) Directive on the Company:

The products of the Company and its subsidiaries (silicon and IC wafers) comply with the following standards:

1.RoHS (Restriction of Hazardous Substances) Directive 2015/863/EU:

2.EU' s Registration, Evaluation, Authorization and Restriction of Chemicals (REACH):.

3.Management Regulations for The Environment-Related Substances to Be Controlled which are included in Parts and Materials of Sony (SS-00259). Our company Episil Technology Inc is one of SONY's Green Partners.

E. GHG emission control and reduction:

The Company' s greenhouse gas inventory is in compliance with the measures of the Taiwan Semiconductor Industry Association (TSIA). The statistical data started in 2000, followed by annual emissions inspection and certification according to ISO14064.

For GHG reduction, the main source of greenhouse gas in semiconductor plants is perfluorocompounds (PFC). The wafer of the Company is less than 150mm. Please refer to the International SEMATECH Status Report (Current State of Technology): Perfluorocompound (PFC) Emissions Reduction using the best technologies including Process Optimization and Alternative Chemistries.

Greenhouse gas reduction has become one of the most important goals for enterprises to achieve sustainable operation. In addition to the international carbon reduction trend, we will also work out strategies to meet the needs of the national 2050 carbon net-zero emission policy, and put forward reasonable reduction policies and targets for enterprises to gradually achieve reduction results

The Company's greenhouse gas management targets for all plant areas are an annual reduction in energy intensity, an electricity saving rate of over 1% and an annual reduction in direct carbon

emissions of 1%

The following policies have been implemented in 2024:

1. The source of raw materials uses raw materials with lower carbon emissions to reduce greenhouse gas emissions.
2. Purchase greenhouse gas reduction equipment, continue to improve energy efficiency, and reduce greenhouse gas emissions during product production.
3. Optimize factory equipment, improve equipment energy efficiency, and reduce power usage.
4. Purchase energy-saving pumps and gradually complete the equipment replacement project.

In 2024, the R&D Site has started to replace C3F8 with C4F8, and will continue to do so in 2025 to achieve the goal of improving gas use efficiency and reducing PFCs gas emission.

GHG inspection data in the 3 plants of Episil Technology Inc. in 2023 is as follows(The inspection of 2024 was completed in August 2025 according to the law.):

- I. Inspection standards: ISO 14064-1/CNS 14064-1 Greenhouse Gases - Part 1: Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals of the Environmental Protection Administration, Executive Yuan.
- II. Certification scope/ period covered: Episil Technology Inc./ From January 1, 2023 to December 31, 2023.
- III. Inspection data: According to IPCC' GWP value in the Fourth Assessment Report (AR5), the emissions are as follows:

Company Name	CAS No.	Direct GHG Emissions (Scope 1)	Indirect GHG Emissions from Electricity (Scope 2)	Total GHG emissions (Unit: MtCO ₂ e)
Innovation Site	J6300146	3,745.7844	5,856.6664	9,602.451
Creation Site	O1701115	4,281.3156	7,151.8239	11,433.140
R&D Site	J6300299	18,669.1332	22,850.4640	41,519.597

F. Energy resource saving and management:

Through the implementation of the ISO14001 environmental management system, the Company has carried out improvement programs in energy conservation and waste reduction. Power conservation is carried out in an optimized way, starting from office electricity (lighting, air conditioning), and then to develop the plant system equipment to implement energy saving programs, in 2024 in the case of continuous growth in production capacity, the factory is still trying to carry out tap water saving and power saving measures, the electricity consumption was reduced by 1,858.4 kilowatts, and the energy resources (gases, chemicals and water, etc.) are still continuously improved (Continuous Improvement Program, CIP) mode of implementation.

Greenhouse gas emissions, water consumption and total waste weight over the past two years, and the formulation of policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction or other waste management, as follows:

project	2023	2024
Greenhouse gas emissions	62,555tons of CO ₂ equivalent	60,233 tons of CO ₂ equivalent
Water	755.176 10 ⁶ L	684.089 10 ⁶ L

Total waste weight	410.45 tons	427.27 tons
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G. Formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction or other waste management

The quantitative policies for energy saving, carbon reduction, reduced GHG emission and water consumption, or other waste management policies	Measures	Quantitative achievements
Device Foundry 6A 2024 power savings	1. 2RT-01 冷却气体 GN2 CDA 气体	Reduce GN2 usage and cost by \$15,630/ year
Device Foundry 6A 2024power savings	1. ULPA and FFU replacement project(G and H tunnels)	Annual power saving (50%) : 33,344 KWH
Device Foundry 6A 2024 power savings	1. Clean room luminaire replacement LED type engineering	Annual power saving 50571.48 KWH
Device Foundry DF1 2024 power savings	Lighting energy saving (LED lamps) : 1. 395 40W T8 lamps in the factory were replaced with 15.5W LED lamps.	About 220,617.08 degrees less in 2024
Device Foundry 6B 2024 power savings	1. Constant frequency air compressor (200HP) added	electricity saving 33,842 degrees, carbon reduction 16.717 tons of CO2e in 2024
Device Foundry 6B 2024 power savings	VOCs zeolite runner replacement	VOCs zeolite runner replacement In 2024, the VOCs reduction rate increased from 87.5% to 93%, an increase of 5.5%

2. Working environment and occupational safety :

The safety and health policies and requirements of the Company and its subsidiaries: The Company and its subsidiaries commit to creating a safe, hygienic and comfortable working environment with the participation of all employees and continuous improvement, in order to achieve overall safety, the physical and mental health of employees, and corporate sustainability. The relevant implementations are as follows:

A. Occupational safety and health and environmental management system certification:

The Company obtained the ISO45001 certification, which has been valid since 2001. In 2008, the Company integrated the ISO14001 and ISO 45001 systems, covering all of the Company' s factories since then. The latest periodic verification of ISO14001 and ISO45001 is in June 2024 and valid until June 2027.

B. Safety and health management

The Company promoted a self-protection plan, adding and repairing the Carbon Dioxide fire protection systems for the equipment with high fire risk (chemical tanks for organic solvents) in the R&D plant.

In order to protect the safety of colleagues and reduce the risks and hazards of chemicals, in 2024, Device Foundry 6B and 6A have completed the manual acid addition of the pipe washer HF in the equipment unit and changed it to a central supply improvement project plan. In addition, Foundry 6B and 6A respectively Prevent fires, improve fire safety in the factory, carry out heat-damage replacement of FAB machine HOT

DI discharge pipe materials, and improve the explosion-proof function of DSC&NH₃ gas cylinder cabinets. The fireproof filling of the pipeline and the fire detector setting have been reviewed and evaluated, and improvement plans and improvement costs have been added.

In 2024, the Innovation Factory also simultaneously implemented a project to install N₂O gas cylinder cabinets and gas detectors, committed to proactively preventing disasters, eliminating hazards, and effectively reducing occupational safety and health risks.

The safety and health management of the Company is in compliance with the safety analysis and evaluation of the ISO45001 system, covering buildings, equipment, machines, manufacturing processes, chemicals, gases, materials, and personnel. The implementation is divided into two aspects: hardware improvement and software enhancement, which are mainly described as follows:

Hardware improvement: We evaluate the safety status and facilities of the whole factory on a regular and irregular basis and analyze hardware protection (damage prevention) against potential hazards. The main scope of inspection includes assessing the appropriateness of fixed firefighting facilities such as fire barriers and fire alarms, smoke detectors, differential pressure sensors, foams, sprinklers, fire hydrants, emergency smoke extraction facilities, and VESDA, as well as gas detectors, emergency shutdown valves and UV-IR flame detectors for chemicals and gases in the factory. In addition, the inspection also involves assessing whether personal protective equipment in these areas is adequate.

Software enhancement: This part is mainly education and training, including occupational safety and environmental protection education and training for all employees, hazard education and training, education and training and certification on supervision, contractor move-in management and education and training, special operation inspection and control, on-site supervision, audits by construction unit supervisors and occupational safety personnel on an irregular basis, emergency drills under various situations, and strengthening the “Production Frontline” firefighting and protection wear training for domestic/ foreign employees.

In 2024, in order to enhance colleagues' understanding of safety, environmental protection and fire protection, we will organize a fun prize-winning activity on industrial safety and environmental protection, integrating safety, environmental protection, fire protection and other knowledge into the lives of colleagues through fun activities, effectively improving Colleagues are aware of concepts such as hazard prevention and risks.

In addition, the occupational safety and health committee in each plant was held quarterly to review safety in the factory. Currently, occupational safety tasks mainly include precautions, while the occupational safety personnel shall participate in the inspection of new processes, new equipment or new materials to ensure its safety.

In 2024, in order to improve the emergency response capability of the ERT team, the Company conducted education and training for the commander and evacuation team to strengthen their cognition and response capabilities, with actual emergency response drills on a quarterly basis and annual evacuation drills, improving the emergency response capacity of the factory and reducing disaster losses.

Promoting work environment safety and health and employee health: Safety in the factory and employee health are equally important. The Company conduct physical and chemical property measurement and testing in the working environment every six months in order to ensure that the working environment will not pose health hazards to employees.

Work environment safety and hygiene and employee health protection and promotion:

Safety in a factory is no less important than the health of employees. In response to the update of explosion-proof area configuration in 2023, the company hired qualified safety and health consultant technicians to carry out correction evaluation in all the factory areas of the company, And complete the setting of explosion-proof electrical equipment ,and implemented explosion-proof area division and electrical equipment selection in accordance with the Occupational Safety and Health Act and relevant regulations, so as to maintain the safety of the working environment for employees.

The physical and chemical measurements of the working environment are carried out every six months, and the test results are far lower than the legal limits, so as to ensure that the working environment has no health hazards for employees. Any area with health hazard concerns, such as high noise area or restricted space, will be included in the controlled area. To enter such areas, protective equipment (hearing) or necessary approval procedures are required to ensure the safety and health of employees.

Employee health check-ups are carried out on an annual basis, and the inspection items and frequency exceed standard requirements. Employee health protection not only aims to prevent occupational diseases, but also to emphasize employee health, with Yoga courses, physical fitness and health lectures, and other health promotion activities held on a regular basis, in order to improve the health of employees.

V. Labor Relations

Various aspects of employee welfare measures, continuing education, job training, retirement system and its implementation, as well as labor agreements, labor rights and employment protection measures :

(I) Employee benefits

In order to clearly grasp the competitiveness and advantages of the company and its subsidiaries in terms of employee welfare, and to maximize the utilization of welfare resources, the current welfare content of the company is explained as follows:

1. Welfare restaurant: Each factory has a staff restaurant to provide buffet-style delicious meals, and Chinese food is provided free of charge.
2. Staff dormitory: The company has staff dormitory for the staff who live far away. The dormitory provides household equipment such as TV, washing machine, refrigerator, air conditioner and water dispenser, and pays special attention to the protection of staff safety.
3. Transportation vehicles: The company provides transportation vehicles from the dormitory to the company, Zhudong, Beipu, Miaoli, Toufen and the distant Xionglin, Xinfeng, Hukou, Hengshan, Nanliao and Xiangshan, etc., and cooperates with shift colleagues to go to and from get off work Time for free rides.
4. Employee health care: In order to ensure the physical and mental health of employees, in addition to regularly providing employees with a full set of health checks and health consultations, we also hold lectures and courses on physical and mental health from time to time according to employees' needs.
5. Employee insurance: labor insurance and national health insurance provide basic protection for employees as a social insurance. In order to make up for the shortage of labor and health insurance and provide employees with better insurance protection, the company also plans company employee group insurance. The premium for employee group insurance is determined by The company pays in full, and its insurance coverage includes life insurance, accident insurance, accident medical insurance, hospital medical insurance, cancer medical insurance and critical illness insurance.
6. Welfare activities: Colleagues from various departments elect representatives to organize welfare committees, which are responsible for promoting various welfare activities, such as: club activities, various competitions, travel, lectures, dances and year-end parties, etc., to fully connect employees' emotions and promote employees' centripetal force, This in turn boosts employee morale.

(II) Further studies and training

In order to implement the development of human resources, the company and its subsidiaries have planned a complete education and training management system, which is based on ISO9000 and ISO/TS 16949 international standard quality management system, ISO14000 environmental management system, OHSAS18000 occupational safety and health management system and other requirements. For the expectations of human development, there is an education and training operation procedure book, so that the company's education and training work can be based and followed. The scope of coverage includes the provisions of the company's selection of personnel to participate in various domestic, foreign or internal self-organized courses, lectures, seminars, lectures and other training activities. It includes a complete education and training system: core function training, professional function training, stratum management training, general function training, and self-enlightenment education, as well as implementation guidelines for related operations. Under the implementation of practice and the company's internal and external audit suggestions, irregular reviews and improvements are carried out to be closer to the improvement of human resources development operations. The company and its subsidiaries handled on-the-job training in 2024 as follows:

Item	Total participants	Session	Total training hours	Expenses (ThousandNT\$)
Talent development	109	9	293	\$114.1
Professional training	1,594	330	3,285	\$285.0
Management training	217	17	781	\$168.1
Others	10,494	214	9,212	\$1,104.6
Total	12,414	570	13,571	\$1,671.8

The Company has set up the "Regulations Governing Further Education of Employees" and "Regulations Governing Language Education Subsidies" in order to enhance corporate competitiveness and encourage self-development of colleagues, rewarding colleagues for their learning achievements. In addition, the Company also established the Regulations Governing the Internal Teacher Training, in order to improve the quality and efficiency of internal education and training, with proper use of internal human resources to facilitate sharing of knowledge, skills and experience. The aforementioned items are planned and implemented in accordance with the 2020 operating policy and budget, while we seek/ evaluate and introduce external resources for better effectiveness and efficiency of human resource development, and thereby bring about maximum benefits for the company and employees.

(III) Implementation of the retirement system

In order to stabilize the life of our colleagues after retirement and to reward our colleagues for their professional services, the company have cooperated with laws and regulations to provide new employees and existing employees who choose to apply the new pension regulations on a monthly basis since July 1, 2005. Pay 6% of the monthly salary to the personal pension account of the Labor Insurance Bureau, and continue to retain the old system for the old employees who choose to apply the old pension method and those who choose to apply the new pension method. Retirement according to the old employee retirement method The payment standard is calculated to allocate an appropriate amount of retirement reserves to a special bank account in Taiwan. For colleagues who are assigned by the organization and transferred to related companies, their seniority will be renewed to provide more protection for colleagues, so as to achieve the purpose of talent circulation in the group.

(IV) Labor-management agreement and various employee rights protection measures

1. Agreement between labor and management: In order to create a communication environment, in addition to the regular monthly department meetings, new employee symposiums and labor-management meetings, bimonthly meeting with foreign workers, a special telephone line and e-mail for employees' opinions are also established, and an internal employee life website is opened for employees to openly express and discuss various issues. In addition, the Human Resources Department also assigns special personnel to promote employee relations-related business, and organizes employee communication symposiums according to the topic and timing, as a basis for future improvement.

2. Circumstances of various employee rights protection measures: Maintain and implement labor insurance, health insurance-related insurance business and labor pension provision, public injury compensation and special leave in accordance with relevant laws and regulations.

In the last two years and as of the publication date of the annual report, the company has suffered losses due to labor disputes, and disclosed the estimated amount and countermeasures that may occur at present and in the future: no such situation.

VI. Information Security Management:

- (I) Information security risk management framework, information security policy, management plan and resources invested in information security management, etc.:

1. Information Security Risk Management Framework:

- A. The Information Office of the company is responsible for information security policy management and planning, and an information security team is responsible for handling and reporting information security-related incidents.
- B. Regularly report to the general manager for information security anti-virus, disaster prevention, hacking, leakage prevention and other mechanisms.

2. Information Security Policy:

Formulate information security management specifications to ensure the confidentiality and security of the company's information assets and legal compliance, and formulate procedures for handling hazards to minimize the impact.

3. Specific Management Plan:

- A. Endpoint device protection and control: install anti-virus software, keep operating system updated, import DLP mechanism, and file encryption security scheme.
- B. Central external control: establish a next-generation firewall (Firewall), mail proxy server (Mail Gateway), proxy gateway (Proxy Gateway) ... and other security protection platforms.
- C. Data protection: Important data are stored in different places and heterogeneous platforms through the backup system.
- D. The company regularly conducts information security publicity for colleagues, strengthens information security awareness, and strengthens information security protection.

4. Invest in the Safety Control of Cyber Security Management:

Tens of millions have been invested in the introduction of existing information security solutions, millions of dollars have been invested in continuous maintenance and operation every year, and the annual information security budget has been continuously invested in accordance with protection needs.

- (II) List the losses, possible impacts and countermeasures suffered from major information security incidents in the last two years and up to the date of publication of the annual report. If it is impossible to estimate reasonably, the fact that it cannot be reasonably estimated shall be stated.

In recent years, there have been frequent information security incidents, but under the protection of information security policies, the company has not suffered losses due to information security incidents in the last two years and as of the date of publication of the annual report.

VII. Important Contract

April 13, 2025

Agreement	Counterparty	Period	Major Contents	Restrictions
Sales contracts	E	2024~2030	To define the terms and rights and obligations relating to the sale between the parties	None
Sales contracts	I	2020~2030	To define the terms and rights and obligations relating to the sale between the parties	None
Sales contracts	J	2020~2025	To define the terms and rights and obligations relating to the sale between the parties	None
Sales contracts	K	2023~2026	To define the terms and rights and obligations relating to the sale between the parties	None
Sales contracts	L	2024~2027	To define the terms and rights and obligations relating to the sale between the parties	None
Sales contracts	M	2022~2025	Set out the conditions and rights and obligations of both parties	None
Sales contracts	N	2023~2028	Set out the conditions and rights and obligations of both parties	None
Sales contracts	O	2024~2027	Set out the conditions and rights and obligations of both parties	None
Sales contracts	P	2024~2027	Set out the conditions and rights and obligations of both parties	None
Research and development cooperation contract	Q	2022~2025	Set out the conditions and rights and obligations of both parties	None
Research and development cooperation contract	R	2019~2024	Set out the conditions and rights and obligations of both parties	None

Five 、Review and analysis of financial position and financial performance and risk issues

I. Financial situation and analysis

Unit: NT\$ thousands

Item \ Year	2024	2023	Difference	
			Amount	%
Current Assets	8,188,524	6,473,809	1,714,715	26
Fixed Assets	4,796,121	4,141,976	654,145	16
Intangible Assets	48,761	51,822	(3,061)	(6)
Other Assets	881,198	1,125,395	(244,197)	(22)
Total Assets	13,914,604	11,793,002	2,121,602	18
Current Liabilities	3,046,341	2,024,501	1,021,840	50
Long-term Liabilities	1,242,342	2,198,997	(956,656)	(44)
Total Liabilities	4,288,683	4,223,498	65,185	2
Equity attributable to shareholders of the parent	7,515,061	5,526,162	1,988,899	36
Capital stock	3,832,227	3,332,157	500,070	15
Capital surplus	3,538,625	1,538,468	2,000,157	130
Retained Earnings	248,319	754,660	(506,341)	(67)
Other Equity	(104,110)	(99,123)	(4,987)	5
Treasury stock	0	0	0	0
Non-controlling interests	2,110,860	2,043,342	67,518	3
Total Stockholders' Equity	9,625,921	7,569,504	2,056,417	27
Analysis of changes in amount: (Not required if the difference does not exceed 20% and NT10 Million)				
1. Current Assets Increase: Due to bonds payable converted and cash capital increase.				
2. Other Assets Decrease: Due to reclassify financial assets item.				
3. Current Liabilities Increase: Due to reclassify Long-term Liabilities to Maturity within Current Year Liabilities.				
4. Non-Current Liability Decrease: Due to reclassify Long-term Liabilities to Maturity within Current Year Liabilities.				
5. Equity attributable to shareholders of the parent Increase: Due to APIC increase.				
6. Additional Paid-in Capital (APIC) Increase: Due to bonds payable issue and cash capital increase.				
7. Retain Earning Decrease: Due to net loss in current year.				
8. Total Equity Increase: Due to bonds payable issue and cash capital increase.				

II. Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2024	2023	Difference	
			Amount	%
Operating Revenue	5,816,920	7,080,216	(1,263,296)	(18)
Gross Profit	42,101	809,484	(767,383)	(95)
Operating Income	(675,027)	135,612	(810,639)	(598)
Non-operating Income and Expenses	315,308	44,260	271,048	612
Income Before Tax	(359,719)	179,872	(539,591)	(300)
Net Income from continuing Operations	(413,784)	136,199	(549,983)	(404)
Net Income	(413,784)	136,199	(549,983)	(404)
Other Comprehensive income	15,586	20,640	(6,321)	(24)
Total Comprehensive income	(398,198)	156,839	(555,037)	(354)
1. Analysis of changes in amount: (Not required if the difference does not exceed 20% and NT10 Million) (1) Operating Revenue decrease: Due to demand of semiconductor industry growth weakened. (2) Gross Profit 、Net Income from continuing Operations 、Net Income and Total Comprehensive income: Due to low fab utilization rate. (3) Non-operating Income and Expenses: Due to net currency exchange gain and sale of PPE. (4) Other Comprehensive income: Decrease of Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income. 2. Expectation of sales amount and the reason, and the plan and influence of the company financial: Under the general trend of energy conservation and carbon reduction, it is expected that the demand for semiconductor green energy and electric vehicles will still have growth momentum in the future. The company will continue to invest in the development of next-generation technologies, expand the production capacity of niche products, and strive to improve quality, increase production efficiency, inventory control, etc., to enhance operating performance.				

III. Cash Flow Analysis

(I) Cash Flow Analysis

1. Analysis of the change in cash flows for the most recent year

Unit : NT\$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
3,531,506	336,120	1,677,727	5,545,353	-	-
(1) Analysis of the change in cash flow in the next year: None					

Analysis of the Change in Cash Flow:

- (1) Operating activities: Net cash inflow is mainly due to increase in operating profit.
- (2) Investing activities: Net cash outflow is mainly due to acquisition of property, plant and equipment and intangible assets
- (3) Financing activities: Net cash outflow is mainly due to cash capital increase.

2.Under-Liquidity Improvement Plan: Not applicable.

IV. Major capital expenditures during the most recent fiscal year:

The increase in real estate, plant and equipment of the Company and its subsidiaries in 2024 is mainly due to the purchase of machinery and equipment for the normal operation of the Company, which has no adverse impact on the Company's financial business.

V. Investment policy for the most recent fiscal year, the main reasons for the profits or losses, improvement plans, and investment plans for the coming year:

- (I) Investment policy for the most recent fiscal year: The Company's investment is mainly based on strategic planning in consideration of business needs in the long term, with the aim to achieve better revenue and profit.
- (II) The main reasons for the profits or losses, improvement plans: The Company encountered investment loss as sales did not meet expectations. In addition, the Company will consider various factors and adopt appropriate management policies for invested companies with poor operations or performance in order to improve management performance and control investment losses.
- (III) Investment plans for the coming year: The Company will formulate the investment plan based on its business deployment.

VI. Risk Management :

1. The impact of interest rates, exchange rate changes, inflation on the company's profit and loss and future measures:

(1) The impact of interest rate changes and future countermeasures

The risk of interest rate changes of the company and its subsidiaries mainly comes from long-term and short-term bank loans. The interest expense of bank loans in 2024 is NT\$24,566,000. If the borrowing rate in New Taiwan dollars or US dollars increases by 25 basis points (0.25%) in 2024, the interest expense will increase by NT\$90,000; the company and its subsidiaries maintain good credit relationship with banks, and regularly evaluate bank borrowing rates. Monitor changes in market interest rates at any time, and keep in close contact with banks to strive for preferential lending rates, and take necessary measures in a timely manner to avoid the risk of rising interest rates. Therefore, changes in interest rates should not have a significant impact on the revenue and profits

of the company and its subsidiaries.

(2) Impact of exchange rate changes and future countermeasures:

The main business items of the company and its subsidiaries are the development, design, manufacturing and sales of related products such as power semiconductors and analog integrated circuit epitaxy and wafer foundry. The foreign currency transactions generated by operating activities are mainly in US dollars, so the main exchange rate risk. Due to the risk of exchange rate changes between the U.S. dollar and the New Taiwan dollar, the exchange rate for 2024 is NT\$35,886,000. The company and its subsidiaries regularly evaluate and monitor and adjust the net foreign exchange position, and conduct derivative financial product transactions for the purpose of hedging when necessary, so the exchange gains and losses are within the controllable range, and the impact on the overall profits and losses of the company and its subsidiaries is limited.

(3) The impact of inflation and future countermeasures:

The main business items of the Company and its subsidiaries are the manufacture and foundry of power semiconductors and analog integrated circuits, the price of raw materials is not greatly affected by inflation factors, and the Company and its subsidiaries maintain a good interactive relationship with suppliers and customers, and pay attention to the fluctuation of raw material market prices at any time to reduce the impact of cost and quotation changes on the profit and loss of the Company and its subsidiaries, so overall inflation has no significant impact on the Company and its subsidiaries.

2. Policies for engaging in high-risk, high-leverage investments, capital loans with others, endorsement guarantees and derivatives transactions, the main reasons for profit or loss and future countermeasures:

The company and its subsidiaries have not engaged in high-risk, high-leverage investments, capital loans to others and derivatives transactions, and have endorsed and guaranteed the subsidiaries based on the principle of effective use of the group's resources. The relevant operations are in accordance with the company and its subsidiaries. The endorsement guarantee operating procedures and relevant regulations are handled, and the industry is announced on a monthly basis in the public information observatory for investors' reference. In addition, the internal management regulations of the company and its subsidiaries in accordance with the relevant laws and regulations of the competent authorities include "procedures for dealing with derivatives", "procedures for acquiring or disposing of assets", "management procedures for capital lending to others", "endorsement guarantee operations" method", to be followed as a related operation.

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

(1) The estimated R&D expenditure in 2025 is about NT\$235 million

(2) Research and development work to be carried out in the future

- A. 8" GaN-on-Si medium and low voltage epitaxial technologies.
- B. 8" SiC-on-SiC epitaxial technologies.
- C. GaN-on-Engineered substrates epitaxial technologies.
- D. 6" SiC G3 platform development.
- E. GaN power semiconductor components combined with IC process
- F. SiC Schottky Diode 3300V process
- G. SiC MOSFET 3300V process
- H. Low Capacitor, Low Clamp new generation Trench TVS

I . 6” SiC G4 Platform Development

J. 6” SiC Trench Development

K. 6” high voltage Gan on Si fabrication

4. The impact of important domestic and foreign policy and legal changes on the company's financial business and countermeasures:

The company and its subsidiaries continue to pay attention to changes in domestic and foreign situations and changes in policies and laws, and the financial, accounting, auditing and other departments provide assessments, suggestions and plans for changes in important policies and laws, and coordinate the adjustment of the company's internal systems and laws. Operating activities in order to comply with laws and regulations and reduce the impact on the company's financial business. In the most recent year and up to the date of publication of the annual report, there has been no change in important domestic and foreign policies and laws, the results of which are sufficient to have a significant impact on the financial business of the Company and its subsidiaries.

5. The impact of technological changes (including information security risks) and industry changes on the company's financial business and countermeasures:

Episil and its subsidiaries keep abreast of industry changes and market trends, and pay attention to related technological developments and changes, and use more rigorous strategic planning, advanced process development, and continuous business expansion as new tools for profit. Episil has also formulated information security management specifications to ensure the confidentiality and security of the company's information assets and legal compliance, and has formulated hazard handling procedures to minimize the impact. In the most recent year and up to the date of publication of the annual report, there have been no significant technological changes (including information security risks) and industry changes, the results of which are sufficient to have a significant impact on the financial business of Episil and its subsidiaries. (VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

The Company and its subsidiaries have maintained a good corporate image and have been committed to their long-term goal of "Stable Operations" over the years.

6. The impact of corporate image change on corporate crisis management and countermeasures::

Since its establishment, Episil and its subsidiaries have actively strengthened the operation and management of the company and its subsidiaries and complied with relevant laws and regulations, in order to continue to maintain a good corporate image, with the goal of "stable operation" for a long time. In the most recent year and up to the date of publication of the annual report, there was no major change in the corporate image that caused the company to be in crisis.

7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: In the most recent year and as of the publication date of the annual report, the company and its subsidiaries have not conducted any mergers and acquisitions. If there is a plan for mergers and acquisitions in the future, the benefits and possible risks of mergers and acquisitions will be carefully evaluated to ensure the rights and interests of all shareholders.

8. Expected benefits and possible risks associated with any plant expansion and mitigation measures being or to be taken: The company has not expanded its plant in recent years as of the date of report publication.

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

The Company's largest client and its subsidiary accounts for 10.40% of net sales, indicating no consolidation of

sales. The Company's main suppliers accounted for 20% of net purchases, indicating no consolidation of purchasing operations. Meanwhile, the Company considers factors such as product quality, cost of goods purchased, and the degree of cooperation with manufacturers. In addition to long-term cooperative relationships with manufacturers, we also actively develop other new suppliers to avoid potential risks from the consolidation of purchasing operations.

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. Mitigation measures being or to be taken: In recent years, as of the date of report publication, the directors of the company or the majority shareholders who hold more than 10% of the company had made no significant transfer or replacement of shares.

11. Effect upon and risk to the company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

12. Litigious and non litigious matters. The directors, supervisors, general managers and substantial principals of the company, the majority shareholders and affiliated companies with a shareholding ratio of more than 10% have been determined or are included in the lawsuit; non-litigation or administrative litigation results that may have a significant effect on the company's shareholders' equity or securities price must be fully disclosed in detail, including the cost of litigation, date of commencement of proceedings, main litigants and the current situation: None.

13. Risk management policies:

(1) Market risk: The Company and its subsidiaries invest primarily in bonds. Bonds have lower risks due to minor price fluctuations compared to stocks, while it is flexible as it can be redeemed at any time.

(2) Credit risk: The Company and its subsidiaries trade with financial institutions with excellent credit, diversifying risks by transactions with many financial institutions.

(3) Cash flow risk associated with changes in interest rates: The short-term borrowings of the Company and its subsidiaries are floating rate loans. Changes in market rate will cause fluctuations in effective interest rates of short-term and long-term loans and changes in future cash flows. The Company and its subsidiaries assess the bank borrowing interest rate on a regular basis and kept close contact with banks in order to obtain preferential borrowing rates and reduce the impact of interest rate changes on the Company's profits/ losses.

14. Organizational structure of risk management: The Company's risk control adopts a comprehensive risk management and control system to verify all of the Company's risks (including market risk, credit risk and operational risk) and measure the value-at-risk, so that the Company's management level can effectively control and measure market risks, credit risks and operational risks. As such, a risk management team was set up to be responsible for implementing risk management in accordance with relevant laws and regulations and company rules.

The Company's market risk management objectives include optimal hedging, maintaining liquidity, and managing all market risks with consideration of the economic environment, competitive status, market risks, and the impact on net interest income.

15. Other important risks, and mitigation measures being taken or to be taken: None.

VII. Other important matters: IT security risks and management measures

A. IT security management measures

The Company has formulated IT security regulations and related management policies to maintain a secure IT system.

- (1) Regular information security advocacies: Reminding employees to abide by information security regulations and strengthen their concepts.
- (2) Establish the systems/ data storage security zone: Actively prevent data leakage.
- (3) Behavioral records and inspection: Keeping a behavioral record of employees with special authority, with regular inspections to ensure the implementation of control measures.
- (4) Introduce security protection mechanism, real-time update of computer virus patterns, strengthen network firewall and control to prevent disasters.
- (5) Remote and heterogeneous backup.

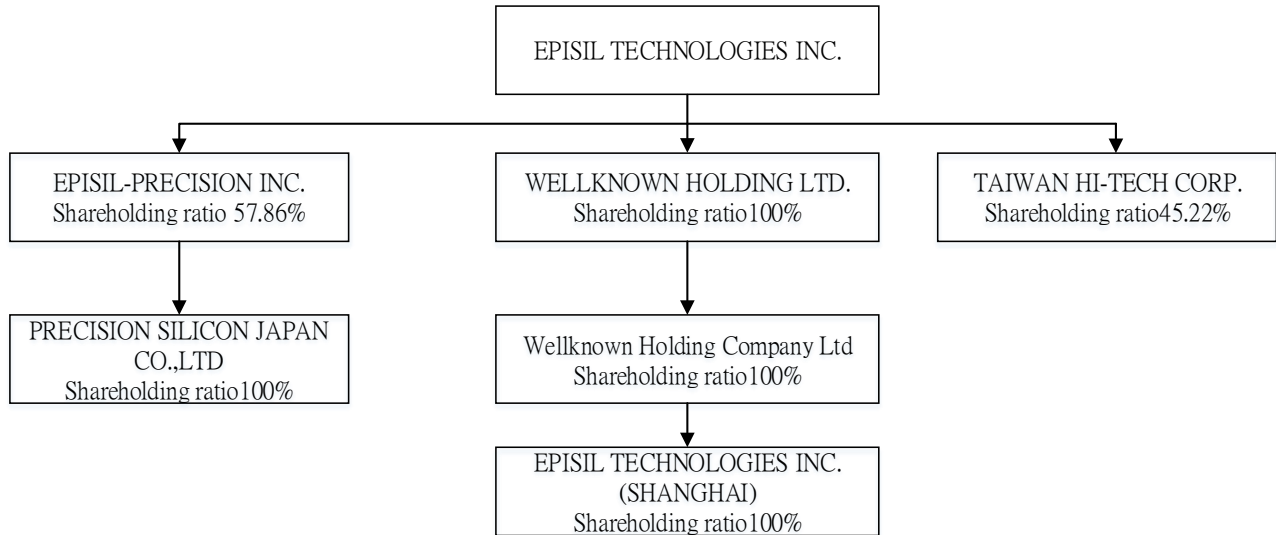
B. IT security risks

- (1) Even with the aforementioned policies, procedures and other IT security protection measures, the Company cannot ensure full avoidance of cyber attacks from a third party which paralyzed the computer system that controls or maintains the main corporate functions, such as manufacturing operations and accounting.
- (2) Information security regulations and procedures are continuously reviewed and evaluated to ensure their appropriateness and effectiveness, with budgets to introduce information security technology to keep in line with development trends. However, there may be new risks in the rapidly changing network environment, and there is still no guarantee of fully avoiding cyberattacks, including malicious software and hackers.
- (3) Although both the Company require the manufacturer/customer to comply with confidentiality and/or network security regulations, there is no guarantee that each third-party service provider/customer will strictly abide by their obligations. In case of a risk event, it may damage the Company's commitment to customers and other interested parties, with material and adverse effects on the Company's operating achievements, financial status, future trend and reputation.

Six 、Special Record

I 、Related information of related enterprises

(I) Relationship between the enterprise



(II) Information of related enterprises

Unit: NT\$ thousands

Company	Major business or production
EPISIL-PRECISION INC.	As a professional epitaxial process supplier, it is committed to epitaxial technology; mainly engaged in the production and foundry of 4-8 inch epitaxial silicon wafer, silicon carbide (SiC) epitaxial and gallium nitride (GaN) epitaxial.
Precision Silicon Japan Co., LTD	Trading of silicon wafers
Wellknown Holdings Ltd.	investment business
Wellknown Holding Company Ltd.	investment business
EPISIL TECHNOLOGIES INC. (SHANGHAI)	Wholesale, agency and import and export of semiconductors and related accessories, and provide related supporting services
TAIWAN HI-TECH CORP.	Various types of research and development, production, manufacturing, testing and sales of super-junction power components and epitaxial silicon, etc.

Note : As at December 31, 2024

(III) The company presumes to have the same shareholder information as the controlling and subordinate : None.

(IV) Information of directors, supervisors and general managers of related companies

Company	Title	Name or Representative	Shareholding	
			Number	(%)
EPISIL-PRECISION INC.	Chairman Director Director Director Director Director IndependentDirector IndependentDirector IndependentDirector Presidents	EPISIL TECHNOLOGIES INC Representative : JH Shyu Representative : Chen,Hsi-Hsin Representative : Winnie Liang Representative : JH Chiang Nan Ya Photonics Incorporation Representative : Rong-Huang Lu Jiacai Investment Co. Ltd Representative : Wun-Guei Ye Wei-Min Shen Ze-Peng Chen Han-Liang Hu Ching-Tzong Sune	Episil Technologies Inc. holds 166,961,680 shares	57.86
Wellknown Holding Ltd.	Chairman	Episil Technologies Inc. Representative : JH Shyu	Episil Technologies Inc. holds 15,000,000 shares	100.00
TAIWAN HI-TECH CORP.(In Liquidation)	liquidator	Ann Chen	Episil Technologies Inc. holds 170,933 shares Wellknown Holdings Ltd. holds 35,260 shares	45.22
Wellknown Holding Company Ltd.	Representative	Wellknown Holding Ltd. Representative : JH Shyu	Wellknown Holdings Ltd. holds 150,000 shares	100.00
EPISIL TECHNOLOGIES INC. (SHANGHAI)	Representative	Wellknown Holding Company Ltd. Representative : JH Shyu	Wellknown Holding Company Ltd. Capital contribution NT\$4,598,000	100.00
Precision Silicon Japan Co., LTD	Chairman Director Director Supervisors Presidents	EPISIL-PRECISION INC. Representative : Ching-Tzong Sune Representative : Hui-fen Kang Representative : Ming-Jhe Lyu Representative : Pei-Yuan Chen Ming-Jhe Lyu	Episil-Precision Inc. holds 200 shares	100.00

Note : As at December 31, 2024

(V) Operating status of each related enterprise

Unit: NT\$ thousands

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Net Operating Revenue	Operating Income	Profit/Loss for Current Period	EPS
EPISIL- PRECISION INC.	2,885,418	7,411,215	2,353,758	5,057,457	4,107,470	72,960	264,608	0.92
Wellknown Holding Ltd.	150,000	89,533	653	88,880	0	(261)	(1,708)	(1.14)
Wellknown Holding Company Ltd.	4,837	4,326	0	4,326	0	(3)	(3,131)	-
Taiwan Hi-Tech Corporation	4,560	155,402	32,204	123,198	49,630	(37,005)	141,778	310.92
EPISIL TECHNOLOGIES INC. (SHANGHAI)	4,598	36,822	32,572	4,250	16,569	(2,331)	(2,274)	-
Precision Silicon Japan Co., LTD	2,740	53,916	42,521	11,396	226,379	188	(944)	-

Note : As at December 31, 2024

II 、Private Placement of Securities in the Most Recent Year Up Till the Printing Date of This Annual Report:

Item	1st private placement in 2024
Type of private placement securities	Common Shares
Shareholders' meeting approval date and quantity	The shareholders' meeting held on June 14, 2024, approved a private placement of up to 50 million shares, to be executed in one or multiple tranches (not exceeding three times in total) within one year from the date of the resolution.
Basis for determining the price and reasonability	<p>(1) The reference price shall be the higher of the following two calculated prices: The simple arithmetic average closing price of the common shares for any one of the 1, 3, or 5 business days prior to the pricing date, adjusted for ex-rights and ex-dividends, and further adjusted for reverse rights due to capital reduction; or The simple arithmetic average closing price of the common shares for the 30 business days prior to the pricing date, similarly adjusted. The actual issue price shall not be lower than 80% of the reference price.</p> <p>(2) The pricing date was set as September 10, 2024. Based on the reference price calculation method approved by the shareholders' meeting, the issue price was set at NT\$49.6 per share, which is 80.1% of the reference price.</p>

Selection method for specified person(s)	The subscription shall be limited to strategic investors who meet the qualification requirements specified in Article 43-6, Paragraph 1 of the Securities and Exchange Act and who are capable of assisting the Company in enhancing technology quality, improving operational efficiency, and expanding market presence. The relevant qualification documents shall be subject to review and approval by the Board of Directors. The subscriber is Vanguard International Semiconductor Corporation / Strategic Investor.				
Reason for necessity of private placement	Considering that privately placed securities are restricted from applying for listing on the OTC market within three years, which results in lower liquidity, and taking into account factors such as the timeliness, convenience, and cost-effectiveness of capital raising, the Company has decided to conduct a cash capital increase through private placement of new shares.				
Payment completion date	September 24, 2024				
Specified persons	Legal person subscriber	Qualifications	Subscribed amount	Relationship with the Company*	Participation in company operations
	Vanguard International Semiconductor Corporation	Persons that comply with the provisions of Article 43-6 of the Securities and Exchange Act	50,000,000 shares	None	None
*Became a 10% major shareholder as of September 24, 2024.					
Actual subscription (or conversion) price	NT\$49.6 per share				
Actual subscription (or conversion) price and difference with reference price	Reference Price for this Private Placement: NT\$61.92 Actual Private Placement Price: NT\$49.6, which is not less than 80% of the reference price.				
The effect of private placement on shareholders' rights and interests (e.g. increases accumulated losses...)	The proceeds from this private placement will be used for capital expenditures, production, research and development, and other necessary operating expenses. The expected benefits include the expansion of 8-inch SiC (Silicon Carbide) production and broader market penetration, which will positively contribute to shareholders' equity.				
The status of private placement capital	Executed according to schedule.				

allocation and plan execution progress (Unit: NT\$ thousand)	
Manifestations of the benefits of private placement	This private placement represents a strategic collaboration with Vanguard International Semiconductor Corporation, focusing on the development and mass production of 8-inch SiC (Silicon Carbide) semiconductor wafers. Due to the material properties of SiC, which significantly enhance energy efficiency, its applications are rapidly expanding—especially in response to the global trends of energy conservation and carbon reduction. SiC is expected to become widely used in electric vehicles (xEV), AI data centers, green energy storage systems, industrial automation, and even consumer electronics. Through this partnership, Episil aims to further strengthen its competitiveness, expand its operations and business scale, and create greater value for shareholders.

III 、Holding or Disposal of the Company's Shares by Subsidiaries in the Last Financial Year, Up Till the Printing Date of this Annual Report: None.

IV 、Other Supplementary Information: None.

Seven 、Matters Affecting Shareholders' Equity or Stock Price: None.