

**EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS WITH REPORT OF  
INDEPENDENT AUDITORS  
FOR THE SEPTEMBER-MONTH PERIODS ENDED  
SEPTEMBER 30, 2024 AND 2023**

---

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Episil Technologies Inc.

### ***Preface***

We have reviewed the accompanying consolidated balance sheets of Episil Technologies Inc. (Formerly EPISIL HOLDING INC.) and Subsidiaries as of September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2024 and 2023 and consolidated statements of changes in equity and cash flows for the nine-month periods ended September 30, 2024 and 2023, and notes to the consolidated financial statements (including the summary of significant accounting policies). It is the management's responsibility to prepare fairly presented consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 'Interim Financial Reporting' endorsed by the FSC, and the accountant's responsibility is to draw conclusions on the consolidated financial statements based on the review results.

### ***Scope***

Except as stated in the section of basis for qualified conclusion, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. The procedures performed in the review of consolidated financial statements include inquiries (primarily inquiring those responsible for financial and accounting matters), analytical procedures and other review procedures. The scope of the review work is significantly smaller than the scope of the audit work, so the accountant may not be able to identify all the material matters that can be identified by the audit work, and therefore cannot present the audit opinion.

### ***Basis for qualified conclusion***

As mentioned in Notes 4(3) to the consolidated financial statements, the financial statements of some unimportant subsidiaries included in the above consolidated financial statements not reviewed by the accountant. As of September 30, 2024 and 2023, the total assets of such subsidiaries were NT\$142 million and NT\$315 million respectively, accounting for 0.97

% and 2.58% of the total consolidated assets respectively; the total liabilities were NT\$19 million and NT\$49 million respectively, accounting for 0.40% and 1.07% of the total consolidated liabilities respectively; the total comprehensive profit and loss for the three-month and nine-month periods ended September 30, 2024 and 2023 were NT\$(0.4) million, NT\$5 million, NT\$(7) million and NT\$12 million respectively, accounting for 0.28%, 15.85%, 2.63% and 7.90% of the total consolidated comprehensive

profit and loss respectively. And as mentioned in Notes 6(5), some investments using the equity method are prepared by each company for the same period and not reviewed by the accountant. As of September 30, 2024 and 2023, the investments accounted for under the equity method balances of NT\$200 million and NT\$190 million respectively, accounting for 1.37% and 1.56% of the consolidated total assets respectively, the related shares of profit or loss from the associates in the amount of NT\$(9) million, NT\$0.5 million, NT\$(9.6) million and NT\$2 million respectively, accounting for 7.18%, 1.92%, 3.65% and 1.32% of the consolidated income from continuing operations before income tax for the three-month and nine-month periods ended September 30, 2024 and 2023, respectively,

### ***Qualified conclusion***

According to the review results of the accountants, except for some unimportant subsidiaries included in the consolidated financial statements, investments using the equity method and the relevant information disclosed, which may be adjusted appropriately and the impacts may be disclosed, we did not find any circumstance where the consolidated financial statements referred to in paragraph 1 were not prepared in any material respect in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 'Interim Financial Reporting' endorsed by the FSC, making it impossible to fairly present the consolidated financial position of Episil Technologies Inc. and its subsidiaries as of September 30, 2024 and 2023, and the consolidated financial performance for the three-month and nine-month periods ended September 30, 2024 and 2023, and consolidated cash flow for the nine-month periods ended September 30, 2024 and 2023.

---

Li, Tien-Yi

---

Hsieh, Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan  
November 1st, 2024

---

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

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.) AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 30, 2024, DECEMBER 31, 2023 and SEPTEMBER 30, 2023  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	September 30, 2024		December 31, 2023		September 30, 2023				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	5,938,030	41	\$	3,531,506	30	\$	3,963,270	33
1136	Current financial assets at	6(1)									
	amortized cost	and 8		150,000	1		-	-		2,622	-
1150	Notes receivable, net	6(3)		6,302	-		4,744	-		5,057	-
1170	Accounts receivable, net	6(3)		930,948	6		1,142,907	10		1,348,497	11
1180	Accounts receivable - related	7									
	parties			134,206	1		3,606	-		839	-
1200	Other receivables			77,219	1		45,918	-		67,927	1
1220	Current income tax assets			5,198	-		4,637	-		2,216	-
130X	Inventories	6(4)		1,316,905	9		1,593,541	14		1,638,696	13
1410	Prepayments			124,234	1		135,362	1		116,305	1
1470	Other current assets			10,179	-		11,588	-		11,587	-
11XX	Current assets			8,693,221	60		6,473,809	55		7,157,016	59
Non-current assets											
1517	Non-current financial assets at fair	6(2)									
	value through other										
	comprehensive income			9,218	-		14,842	-		17,100	-
1535	Non-current financial assets at	6(1)									
	amortized cost	and 8		36,328	-		198,262	2		198,411	2
1550	Investments accounted for using	6(5)									
	equity method			199,704	1		188,865	2		189,771	2
1600	Property, plant and equipment	6(6)		4,741,401	33		4,141,976	35		3,839,792	31
1755	Right-of-use assets	6(7)		576,923	4		446,557	4		452,963	4
1760	Investment property - net	6(9)		134,230	1		137,462	1		138,528	1
1780	Intangible assets	6(10)		46,808	-		51,822	-		53,597	-
1840	Deferred income tax assets			137,199	1		137,199	1		131,228	1
1900	Other non-current assets			2,395	-		2,208	-		1,853	-
15XX	Non-current assets			5,884,206	40		5,319,193	45		5,023,243	41
1XXX	Total assets		\$	14,577,427	100	\$	11,793,002	100	\$	12,180,259	100

(Continued)

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.) AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 30, 2024, DECEMBER 31, 2023 and SEPTEMBER 30, 2023  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 108,250	1	\$ 266,950	2	\$ 486,583	4
2130	Current contract liabilities	6(20)	113,399	1	157,004	1	286,710	2
2170	Accounts payable	6(12)	372,907	3	353,956	3	476,755	4
2180	Accounts payable - related parties	7	541	-	1,898	-	2,268	-
2200	Other payables	6(13)	677,048	5	756,313	6	661,986	6
2220	Other payables - related parties	7	466,705	3	28,741	-	27,211	-
2230	Current income tax liabilities		40,622	-	58,280	1	43,341	-
2280	Current lease liabilities		22,706	-	19,860	-	20,479	-
2320	Long-term liabilities, current portion	6(14)	1,492,250	10	88,772	1	88,609	1
2399	Other current liabilities, others		281,483	2	292,727	3	299,421	3
21XX	Current liabilities		3,575,911	25	2,024,501	17	2,393,363	20
Non-current liabilities								
2527	Contract Liabilities-non current						52,762	
2530	Corporate bonds payable	6(14)	465,960	3	1,481,445	13	1,477,764	12
2570	Deferred income tax liabilities		34,868	-	34,868	-	36,148	-
2580	Non-current lease liabilities		579,308	4	449,027	4	453,969	4
2640	Accrued pension liabilities	6(15)	147,261	1	166,285	1	186,150	2
2645	Guarantee deposits received		8,095	-	8,095	-	8,095	-
2670	Other non-current liabilities, others		5,554	-	59,277	1	6,835	-
25XX	Non-current liabilities		1,241,046	8	2,198,997	19	2,221,723	18
2XXX	Total liabilities		4,816,957	33	4,223,498	36	4,615,086	38
Equity								
Equity attributable to owners of the parent								
Share capital								
3110	Share capital - common stock	6(16)	3,832,227	26	3,332,157	28	3,332,157	27
Capital surplus								
3200	Capital surplus	6(17)	3,538,637	25	1,538,468	13	1,538,468	12
Retained earnings								
3310	Legal reserve	6(18)	122,373	1	114,149	1	114,149	1
3320	Special reserve		99,123	1	101,815	1	101,815	1
3350	Unappropriated retained earnings		172,776	1	538,696	5	552,879	5
Other equity interest								
3400	Other equity interest	6(19)	( 101,994 )	( 1 )	( 99,123 )	( 1 )	( 95,773 )	( 1 )
31XX	Equity attributable to owners of the parent		7,663,142	53	5,526,162	47	5,543,695	45
36XX	Non-controlling interest	4(3)	2,097,328	14	2,043,342	17	2,021,478	17
3XXX	Total equity		9,760,470	67	7,569,504	64	7,565,173	62
Significant commitments and contingencies								
Significant events after the reporting period								
3X2X	Total liabilities and equity		\$ 14,577,427	100	\$ 11,793,002	100	\$ 12,180,259	100

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

**EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.) AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items		Notes	For the three-month periods ended September 30,				For the nine-month periods ended September 30,			
			2024		2023		2024		2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(20) and 7	\$ 1,481,805	100	\$ 1,785,813	100	\$ 4,421,417	100	\$ 5,470,891	100
5000	Operating costs	6(4)(25)(26)								
		and 7	( 1,445,367 )	( 98 )	( 1,622,672 )	( 91 )	( 4,339,426 )	( 98 )	( 4,841,330 )	( 89 )
5900	Operating margin		36,438	2	163,141	9	81,991	2	629,561	11
	Operating expenses	6(25)(26)								
		and 7								
6100	Selling and marketing expenses		( 20,382 )	( 1 )	( 20,779 )	( 1 )	( 60,220 )	( 2 )	( 65,508 )	( 1 )
6200	General and administrative expenses		( 91,589 )	( 6 )	( 92,732 )	( 5 )	( 278,616 )	( 6 )	( 275,381 )	( 5 )
6300	Research and development expenses		( 53,757 )	( 4 )	( 56,203 )	( 3 )	( 183,825 )	( 4 )	( 154,718 )	( 3 )
6450	Expected credit impairment losses		1,150	-	-	-	( 25,850 )	( 1 )	-	-
6000	Total operating expenses		( 164,578 )	( 11 )	( 169,714 )	( 9 )	( 548,511 )	( 13 )	( 495,607 )	( 9 )
6900	Operating profit (loss)		( 128,140 )	( 9 )	( 6,573 )	-	( 466,520 )	( 11 )	133,954	2
	Non-operating income and expenses									
7100	Interest income	6(21)	11,007	1	10,669	-	37,270	1	37,359	1
7010	Other income	6(22)	10,466	1	13,814	1	29,424	1	37,580	1
7020	Other gains and losses	6(23)	8,256	11	28,646	2	236,141	5	6,453	-
7050	Finance costs	6(24)	( 10,669 )	( 1 )	( 13,251 )	( 1 )	( 29,268 )	( 1 )	( 38,034 )	( 1 )
7060	Share of profit of associates and joint ventures accounted for using equity method	6(5)	( 9,176 )	( 1 )	547	-	( 9,636 )	-	2,008	-
7000	Total non-operating income and expenses		9,884	1	40,425	2	263,931	6	45,366	1
7900	Profit (Loss) before income tax		( 118,256 )	( 8 )	33,852	2	( 202,589 )	( 5 )	179,320	3
7950	Income tax expense	6(27)	( 12,419 )	( 1 )	( 11,258 )	( 1 )	( 60,060 )	( 1 )	( 32,503 )	-
8200	Profit (Loss) for the period		( \$ 130,675 )	( 9 )	\$ 22,594	1	( \$ 262,649 )	( 6 )	\$ 146,817	3

(Continued)

**EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.) AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	For the three-month periods ended September 30,				For the nine-month periods ended September 30,			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income (loss), net</b>									
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>									
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)	( \$ 600 )	-	\$ 4,094	1	( \$ 5,624 )	-	\$ 6,318	-
8320 Affiliated entity of using equity method and other comprehensive income of joint venture-not reclassified to income statement items		1,738	-	-	-	1,738	-	-	-
8310 Components of other comprehensive (loss) income that will not be reclassified to profit or loss		1,138	-	4,094-	1	( 3,886 )	-	6,318	-
<b>Components of other comprehensive income that may be subsequently reclassified to profit or loss</b>									
8361 Exchange differences on translation of foreign operations		1,418	-	500	-	872	-	( 732 )	-
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss		343	-	1,309	-	2,000	-	105	-
8360 Components of other comprehensive income (loss) that may be reclassified to profit or loss		1,761	-	1,809	-	2,872	-	( 627 )	-
8300 <b>Other comprehensive (loss) income, net</b>		\$ 2,899	-	\$ 5,903	1	( \$ 1,014 )	-	\$ 5,691	-
8500 <b>Total other comprehensive income for the period</b>		( \$ 127,776 )	( 9 )	\$ 28,497	2	( \$ 263,663 )	( 6 )	\$ 152,508	3
Profit, attributable to:									
8610 Owners of the parent		( \$ 149,848 )	( 10 )	\$ 4,482	-	( \$ 362,126 )	( 8 )	\$ 96,423	2
8620 Non-controlling interest		19,173	1	18,112	1	99,477	2	50,394	1
Total		( \$ 130,675 )	( 9 )	\$ 22,594	1	( \$ 262,649 )	( 6 )	\$ 146,817	3
Comprehensive income attributable to:									
8710 Owners of the parent		( \$ 147,446 )	( 10 )	\$ 10,357	1	( \$ 363,259 )	( 8 )	\$ 102,466	2
8720 Non-controlling interest		19,670	1	18,140	1	99,596	2	50,042	1
Total		( \$ 127,776 )	( 9 )	\$ 28,497	2	( \$ 263,663 )	( 6 )	\$ 152,508	3
Basic (loss) earnings per share	6(28)								
9750 Basic (loss) earnings per share (in dollars)		( \$ 0.44 )		0.01		( \$ 1.08 )		\$ 0.29	
Diluted (loss) earnings per share	6(28)								
9850 Diluted (loss) earnings per share (in dollars)		( \$ 0.44 )		0.01		( \$ 1.08 )		\$ 0.29	

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

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.) AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent											

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



EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.) AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the nine-month periods ended September 30,	
		2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
(Loss) Profit before tax		(\$ 202,589 )	\$ 179,320
Adjustments			
Adjustments to reconcile (profit) loss			
Expected credit impairment losses		25,850	-
Depreciation expense	6(25)	526,765	515,311
Amortization expense	6(10) (25)	8,574	8,466
Gain on disposal of property, plant and equipment	6(23)	( 223,169 )	( 3,624 )
Share of profit of associates accounted for using equity method	6(5)	9,636	( 2,008 )
Finance costs	6(24)	23,560	32,244
Interest income	6(21)	( 37,270 )	( 37,359 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 1,558 )	39,363
Accounts receivable		186,109	2,260
Accounts receivable - related parties		( 130,600 )	( 529 )
Other receivables		( 29,522 )	( 9,093 )
Inventories		276,636	201,082
Prepayments		10,689	46,441
Other current assets		1,285	365
Changes in operating liabilities			
Contract liabilities		( 43,605 )	( 67,982 )
Accounts payable		18,951	( 77,098 )
Accounts payable - related parties		( 1,357 )	1,194
Other payables		( 72,715 )	( 318,715 )
Other payables - related parties		( 34,536 )	( 4,452 )
Other current liabilities		( 11,244 )	132,389
Other non-current liabilities		( 53,723 )	6,835
Accrued pension liabilities		( 19,024 )	( 3,427 )
Cash inflow generated from operations		227,143	640,983
Interest received		35,929	36,670
Interest paid		( 17,785 )	( 19,815 )
Income taxes paid		( 78,155 )	( 112,323 )
Net cash flows from operating activities		<u>167,132</u>	<u>545,515</u>

(Continued)

**EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.) AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the nine-month periods ended September 30,	
		2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at amortized cost		( \$ 5,887 )	( \$ 3,680 )
Disposal of financial assets at amortized cost		17,820	1,238
Acquisition of investments accounted for using equity method	6(5)	( 17,840 )	( 747 )
Acquisition of property, plant and equipment	6(29)	( 716,515 )	( 1,018,052 )
Proceeds from disposal of property, plant and equipment		310,471	4,485
Acquisition of intangible assets	6(10)	( 3,560 )	( 5,038 )
Increase in refundable deposits		( 187 )	( 17 )
Net cash flows used in investing activities		( 415,698 )	( 1,021,811 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from short-term borrowings	6(30)	895,691	1,171,466
Repayments of short-term borrowings	6(30)	( 1,054,391 )	( 863,507 )
Increase in refundable deposits received	6(30)	-	( 8,812 )
Payments of lease liabilities	6(30)	( 17,441 )	( 16,663 )
Cash Capital Increase	6(16)	2,4800,000	-
Corporate Bonds Issuing	6(30)	499,755	-
Corporate Bonds Repayment	6(30)	(88,600)	-
Cash Dividends Distribution	6(18)	-	( 333,203 )
Cash Dividends Distribution to Non-Controlling Interests		( 60,789 )	( 243,155 )
Net cash flows used in financing activities		2,654,225	( 293,874 )
Effect of exchange rate changes		865	( 774 )
Net decrease in cash and cash equivalents		2,406,524	( 770,944 )
Cash and cash equivalents at beginning of period	6(1)	3,531,506	4,734,214
Cash and cash equivalents at end of period	6(1)	<u>\$ 5,938,030</u>	<u>\$ 3,963,270</u>

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

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.) AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Episil Holding Inc. merged with former Episil Technologies Inc. on September 1, 2021. After the merger, Episil Holding Inc. was the surviving company while former Episil Technologies Inc. was the dissolved company. Meanwhile, Episil Holding Inc. was renamed to Episil Technologies Inc. (the “Company”).

The Company was established by former Episil Technologies Inc. through a share swap on October 1, 2014, and on the same date, the regulatory authority has approved for the Company’s shares to be listed on the Taipei Exchange. Former Episil Technologies Inc. became the Company’s wholly-owned subsidiary after the swap. On January 5, 2015, former Episil Technologies Inc. split its epitaxy and compounds semiconductor business to the subsidiary, Episil Semiconductor Wafer, Inc., and subsequently, Episil Semiconductor Wafer, Inc. merged with Episil-Precision Inc. in accordance with Business Mergers and Acquisitions Act on January 11, 2016. Under the merger, Episil Semiconductor Wafer, Inc. would be the dissolved company while the Episil-Precision Inc. would be the surviving company. Episil-Precision Inc. became one of the Company’s subsidiaries after the merger. As of September 30, 2024, the Company holds 57.86% equity interest in Episil-Precision Inc.

The Company is primarily engaged in general investment, research, development, manufacture and sales of epitaxial and silicon wafers, mixed-signal integrated circuit and linear integrated circuit and research and development of the following manufacturing process technology for providing 6-inch silicon wafer foundry service.

- (1) 6” SiC G3/G4 Platform Development;
- (2) SiC Schottky Diode 3300V process;
- (3) SiC MOSFET 3300V manufacturing process; and
- (4) GaN power semiconductor components combined with IC process.

2. The Date of and Procedures for Authorization for Issuance of the Financial Statements

These consolidated financial statements were authorized for issuance by the Board of Directors on November 1, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

(2) Effect of new, revised or amended IFRSs endorsed by the FSC but not yet adopted by the Group

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025
The above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment.	

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

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

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

IFRS 18, 'Presentation and disclosure in financial statements'

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

4. Summary of Significant Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparations, and basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

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

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through other comprehensive income.
  - (b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. The same principles of consolidation have been applied in the consolidated financial statements as those applied in the consolidated financial statements for the year ended December 31, 2023.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
Episil Technologies Inc. (Formerly EPISIL HOLDING INC.)	Episil-Precision Inc.	Semiconductor industry	57.86	57.86	57.86	
Episil Technologies Inc. (Formerly EPISIL HOLDING INC.)	Wei Nuo Investment Inc.	Investment company	100	100	100	1
Wei Nuo Investment Inc.	Wellknown Holding Company Ltd.	Investment company	100	100	100	1
Wellknown Holding Company Ltd.	Episil Technologies Inc. (Shanghai)	Trading company	100	100	100	1
Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	Sales of epitaxial and silicon wafer	100	100	100	1

Note: Because it does not meet the definition of an important subsidiary, its financial statements on September 30, 2024 and 2023 have not been reviewed by accountants.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of September 30, 2024, December 31, 2023 and September 30, 2023, the non-controlling interests amounted to \$2,097,328, \$2,043,342 and \$2,021,478, respectively. The information on non-controlling interests and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interests		Non-controlling interests		Description
		September 30, 2024		December 31, 2023		
		Ownership		Ownership		
		Amount	(%)	Amount	(%)	
Epsil-Precision Inc.	Taiwan	\$ 2,097,328	42.14%	\$ 2,043,342	42.14%	
				Non-controlling interests		
				September 30, 2023		

Name of subsidiary	Principal place of business	Amount	Ownership (%)	Description
Epsil-Precision Inc.	Taiwan	\$ 2,021,478	42.14%	

#### Balance sheets

Episil-Precision Inc. and its subsidiary				
	September 30, 2024	December 31, 2023	September 30, 2023	
Current assets	\$ 4,819,333	\$ 4,306,433	\$ 4,545,809	
Non-current assets	2,994,700	2,505,553	2,461,920	
Current liabilities	( 1,860,747 )	( 1,043,973 )	( 1,282,567 )	
Non-current liabilities	( 927,944 )	( 870,768 )	( 879,801 )	
Total net assets	\$ 5,025,342	\$ 4,897,245	\$ 4,845,361	

#### Statements of comprehensive income

Episil-Precision Inc. and its subsidiary		
For the three-month periods ended September 30,		
	2024	2023
Revenue	\$ 1,054,584	\$ 1,034,387
Profit before income tax	57,156	54,221
Income tax expense	( 11,656 )	( 11,242 )
Profit for the year	45,500	42,979
Other comprehensive income, net of tax	1,176	70
Total comprehensive income for the period	\$ 46,676	\$ 43,049
Comprehensive income attributable to non-controlling interests	\$ 19,670	\$ 18,140
Dividends paid to non-controlling interests	\$ 60,789	\$ 243,155
Episil-Precision Inc. and its subsidiary		
For the nine-month periods ended September 30,		
	2024	2023
Revenue	\$ 3,132,603	\$ 3,210,234
Profit before income tax	295,361	149,980
Income tax expense	( 59,297 )	( 30,394 )
Profit for the year	236,064	119,586
Other comprehensive income, net of tax	283	( 833 )
Total comprehensive income for the period	\$ 236,347	\$ 118,753
Comprehensive income attributable to non-controlling interests	\$ 99,596	\$ 50,042
Dividends paid to non-controlling	\$ 60,789	\$ 243,155

interests


## Statements of cash flows

		Episil-Precision Inc. and its subsidiary	
		For the nine-month periods ended September 30,	
		2024	2023
Net cash provided by operating activities	\$	599,425	\$ 350,961
Net cash provided by (used in) investing activities	(	49,452 )	( 482,196 )
Net cash (used in) provided by financing activities		188,980	( 276,415 )
Effect of exchange rates		283	( 832 )
Increase in cash and cash equivalents		739,236	( 408,482 )
Cash and cash equivalents at beginning of period		2,284,089	2,841,411
Cash and cash equivalents at end of period	\$	3,023,325	\$ 2,432,929

### (4) Employee benefits

#### Pensions

#### Defined benefit plan

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

### (5) Income taxes

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

### 5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

### 6. Details of Significant Accounts

#### (1) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and revolving funds	\$ 534	\$ 521	\$ 530
Checking accounts and demand deposits	837,902	787,969	902,957
Time deposits	2,508,594	1,942,416	2,260,883
Cash equivalents	2,591,000	800,600	798,900
	<u>\$ 5,938,030</u>	<u>\$ 3,531,506</u>	<u>\$ 3,963,270</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Cash and cash equivalent restricted for providing guarantee for customs and corporate bonds were reclassified to current financial assets at amortized cost and non-current financial assets at amortized cost. For their detail, please refer to Note 8.



(2) Financial assets at fair value through other comprehensive income

Items	September 30, 2024	December 31, 2023	September 30, 2023
Non-current items:			
Unlisted stocks	\$ 107,756	\$ 107,756	\$ 107,756
Valuation adjustment	( 98,538)	( 92,914)	( 90,656)
	<u>\$ 9,218</u>	<u>\$ 14,842</u>	<u>\$ 17,100</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$9,218, \$14,842 and \$17,100 as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.
- B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month periods ended September 30,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ 600)	\$ 4,094
Dividend income recognized in profit or loss held at end of period	\$ -	\$ -

	For the nine-month periods ended September 30,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ 5,624)	\$ 6,318
Dividend income recognized in profit or loss held at end of period	\$ -	\$ -

- C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(3) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 6,302	\$ 4,744	\$ 5,057
Accounts receivable	\$ 963,198	\$ 1,149,307	\$ 1,354,897
Accounts receivable-Related Parties	134,206	3,606	839
Less: Loss allowance	( 32,250)	( 6,400)	( 6,400)
	<u>\$ 1,065,154</u>	<u>\$ 1,146,513</u>	<u>\$ 1,349,336</u>

- A. The ageing analysis of accounts receivable and notes receivable is as follows:

	September 30, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 1,002,751	\$ 6,302	\$ 1,078,159	\$ 4,744
Up to 30 days	47,155	-	64,433	-
31 to 90 days	12,698	-	5,880	-
91 to 180 days	7,161	-	-	-
Over 180 days	27,639	-	4,441	-
	<u>\$ 1,097,404</u>	<u>\$ 6,302</u>	<u>\$ 1,152,913</u>	<u>\$ 4,744</u>

	September 30, 2023	
	Accounts receivable	Notes receivable
Not past due	\$ 1,178,489	\$ 5,057
Up to 30 days	162,292	-
31 to 90 days	10,221	-
91 to 180 days	-	-
Over 180 days	4,734	-
	<u>\$ 1,355,736</u>	<u>\$ 5,057</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2024, December 31, 2023 and September 30, 2023, notes and accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$1,395,487.

C. As of September 30, 2024, December 31, 2023 and September 30, 2023, collaterals held by the Group as security for accounts receivable amounted to \$1,000, \$1,000 and \$5,000, respectively.

D. As of September 30, 2024, December 31, 2023 and September 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$6,302, \$4,744 and \$5,057, \$1,097,404, \$1,152,913 and \$1,355,736, respectively.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

	September 30, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 540,278	(\$ 114,692)	\$ 425,586
Supplies	648,707	( 69,858)	578,849
Work in progress	207,524	( 5,235)	202,289
Finished goods	126,830	( 16,649)	110,181
	<u>\$ 1,523,339</u>	<u>(\$ 206,434)</u>	<u>\$ 1,316,905</u>

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 657,803	(\$ 93,229)	\$ 564,574
Supplies	635,112	( 68,102)	567,010
Work in progress	288,271	( 6,839)	281,432
Finished goods	190,485	( 9,960)	180,525
	<u>\$ 1,771,671</u>	<u>(\$ 178,130)</u>	<u>\$ 1,593,541</u>

September 30, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 729,685	(\$ 63,333)	\$ 666,352
Supplies	578,097	( 68,796)	509,301
Work in progress	349,427	( 7,347)	342,080
Finished goods	132,823	( 11,860)	120,963
	<u>\$ 1,790,032</u>	<u>(\$ 151,336)</u>	<u>\$ 1,638,696</u>

The cost of inventories recognized as expense for the year:

For the three-month periods ended September 30,			
	2024	2023	
Cost of goods sold	\$ 1,052,038	\$ 1,226,788	
Unamortized manufacturing expenses	392,914	391,587	
Reversal of inventory valuation loss	307	4,049	
Inventory scrapped	108	248	
	<u>\$ 1,445,367</u>	<u>\$ 1,622,672</u>	

For the nine-month periods ended September 30,			
	2024	2023	
Cost of goods sold	\$ 3,116,888	\$ 3,907,397	
Unamortized manufacturing expenses	1,192,705	900,803	
Reversal of inventory valuation loss	28,304	31,855	
Inventory scrapped	1,529	1,275	
	<u>\$ 4,339,426</u>	<u>\$ 4,841,330</u>	

(5) Investments accounted for using equity method

	2024	2023
At January 1	\$ 188,865	\$ 187,436
Addition of investments accounted for using equity method	17,840	747

Share of profit or loss of investments accounted for using equity method	(	9,636)	2,008
Changes in capital surplus	(	1,103)	(525)
Other equity interest		3,738	105
At September 30	\$	199,704	\$ 189,771

	September 30, 2024	December 31, 2023	September 30, 2023
Taiwan Hi-Tech Corp.	\$ 199,704	\$ 188,865	\$ 189,771

The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

	For the three-month periods ended September 30,	
	2024	2023
Profit from continuing operations	(\$ 9,176)	\$ 547
Other comprehensive income (loss), net of tax	2,081	1,309
Total comprehensive income	(\$ 7,095)	\$ 1,856

	For the nine-month periods ended September 30,	
	2024	2023
Profit from continuing operations	(\$ 9,636)	\$ 2,008
Other comprehensive income (loss), net of tax	3,738	105
Total comprehensive income	(\$ 5,898)	\$ 2,113

The Group is the single largest shareholder of Taiwan Hi-Tech Corp. with a 45.20% equity interest. Given that other shareholders (non-related parties) hold more shares than the Group, which indicates that the Group has no current ability to direct the relevant activities of Taiwan Hi-Tech Corp., the Group has no control, but only has significant influence, over the investee.

(6) Property, plant and equipment

2024

	Buildings and structures	Machinery and equipment	Computer and telecommunication equipment	Transportation equipment	Office equipment	Other equipment	Construction in process and equipment to be inspected	Total
At January 1								
Cost	\$ 4,911,368	\$ 9,103,950	\$ 121,768	\$ 4,461	\$ 3,092	\$ 119,824	\$ 1,516,279	\$ 15,780,742
Accumulated depreciation	( 3,244,160 )	( 7,575,810 )	( 66,044 )	( 2,759 )	( 3,079 )	( 115,854 )	-	( 11,007,706 )
Accumulated impairment	( 376,292 )	( 254,766 )	-	( 2 )	-	-	-	( 631,060 )
	<u>\$ 1,290,916</u>	<u>\$ 1,273,374</u>	<u>\$ 55,724</u>	<u>\$ 1,700</u>	<u>\$ 13</u>	<u>\$ 3,970</u>	<u>\$ 1,516,279</u>	<u>\$ 4,141,976</u>
At January 1	\$ 1,290,916	\$ 1,273,374	\$ 55,724	\$ 1,700	\$ 13	\$ 3,970	\$ 1,516,279	\$ 4,141,976
Additions	486,968	142,983	7,456	650	-	745	551,244	1,190,046
Disposals	-	( 87,302 )	-	-	-	-	-	( 87,302 )
Reclassifications	84,372	635,359	-	-	-	-	( 719,731 )	-
Depreciation expenses	( 127,475 )	( 359,823 )	( 14,118 )	( 367 )	( 6 )	( 1,530 )	-	( 503,319 )
At September 30	<u>\$ 1,734,781</u>	<u>\$ 1,604,591</u>	<u>\$ 49,062</u>	<u>\$ 1,983</u>	<u>\$ 7</u>	<u>\$ 3,185</u>	<u>\$ 1,347,792</u>	<u>\$ 4,741,401</u>
At September 30								
Cost	\$ 5,481,988	\$ 9,340,342	\$ 127,246	\$ 4,747	\$ 3,092	\$ 120,569	\$ 1,347,792	\$ 16,425,776
Accumulated depreciation	( 3,370,915 )	( 7,481,794 )	( 78,184 )	( 2,763 )	( 3,085 )	( 117,384 )	-	( 11,054,125 )
Accumulated impairment	( 376,292 )	( 253,957 )	-	( 1 )	-	-	-	( 630,250 )
	<u>\$ 1,734,781</u>	<u>\$ 1,604,591</u>	<u>\$ 49,062</u>	<u>\$ 1,983</u>	<u>\$ 7</u>	<u>\$ 3,185</u>	<u>\$ 1,347,792</u>	<u>\$ 4,741,401</u>

2023

	Buildings and structures	Machinery and equipment	Computer and telecommunication equipment	Transportation equipment	Office equipment	Other equipment	Construction in process and equipment to be inspected	Total
At January 1								
Cost	\$ 4,740,593	\$ 8,595,057	\$ 84,866	\$ 2,646	\$ 3,092	\$ 120,100	\$ 956,792	\$ 14,503,146
Accumulated depreciation	( 3,113,715 )	( 7,134,504 )	( 51,115 )	( 2,644 )	( 3,067 )	( 114,233 )	-	( 10,419,278 )
Accumulated impairment	( 380,515 )	( 264,221 )	-	( 2 )	-	-	-	( 644,738 )
	<u>\$ 1,246,363</u>	<u>\$ 1,196,332</u>	<u>\$ 33,751</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 5,867</u>	<u>\$ 956,792</u>	<u>\$ 3,439,130</u>
At January 1	\$ 1,246,363	\$ 1,196,332	\$ 33,751	\$ -	\$ 25	\$ 5,867	\$ 956,792	\$ 3,439,130
Additions	92,293	124,342	16,198	615	-	220	660,529	849,197
Disposals	-	( 861 )	-	-	-	-	-	( 861 )
Reclassifications	57,301	166,404	3,430	-	-	-	( 227,135 )	-
Depreciation expenses	( 111,927 )	( 368,181 )	( 10,866 )	( 77 )	( 9 )	( 1,614 )	-	( 492,674 )
At September 30	<u>\$ 1,284,030</u>	<u>\$ 1,118,036</u>	<u>\$ 42,513</u>	<u>\$ 538</u>	<u>\$ 16</u>	<u>\$ 4,473</u>	<u>\$ 1,390,186</u>	<u>\$ 3,839,792</u>
At September 30								
Cost	\$ 4,881,158	\$ 8,826,316	\$ 104,463	\$ 3,261	\$ 3,092	\$ 119,824	\$ 1,390,186	\$ 15,328,300
Accumulated depreciation	( 3,217,834 )	( 7,452,269 )	( 61,950 )	( 2,721 )	( 3,076 )	( 115,351 )	-	( 10,853,201 )
Accumulated impairment	( 379,294 )	( 256,011 )	-	( 2 )	-	-	-	( 635,307 )
	<u>\$ 1,284,030</u>	<u>\$ 1,118,036</u>	<u>\$ 42,513</u>	<u>\$ 538</u>	<u>\$ 16</u>	<u>\$ 4,473</u>	<u>\$ 1,390,186</u>	<u>\$ 3,839,792</u>

- A. For the three-month and nine-month periods ended September 30, 2024 and 2023, the amounts capitalized were \$1,771, \$0, \$9,896 and \$0, respectively, and the ranges of the interest rates for such capitalization were 2.49%~5.74%, 0%, 0.06%~6.79% and 0%, respectively.
- B. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group has no property, plant and equipment pledged to others as collateral.

(7) Lease transaction – lessee

A. The Group leases various assets, including land, buildings and structures and machinery and equipment. Lease agreements are typically made for periods of 3 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise other equipment.

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Land	\$ 539,011	\$ 420,505	\$ 425,344
Buildings and structures	37,912	26,052	27,619
	<u>\$ 576,923</u>	<u>\$ 446,557</u>	<u>\$ 452,963</u>

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 5,342	\$ 4,867
Buildings and structures	1,710	1,571
	<u>\$ 7,052</u>	<u>\$ 6,438</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 15,020	\$ 14,716
Buildings and structures	5,195	4,549
Machinery and equipment	-	149
	<u>\$ 20,215</u>	<u>\$ 19,414</u>

D. For the three-month and nine-month periods ended September 30, 2024 and 2023, the additions to right-of-use assets were \$133,527, \$1,418, \$151,680 and \$5,995, respectively.

E. Information on profit or loss in relation to lease agreements is as follows:

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,957	\$ 2,522
Expense on short-term lease agreements	<u>\$ 1,165</u>	<u>\$ 599</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		

Interest expense on lease liabilities	\$	7,993	\$	7,718
Expense on short-term lease agreements	\$	2,828	\$	1,807

F. For the three-month and nine-month periods ended September 30, 2024 and 2023, the Group's total cash outflow for leases were \$28,262, \$26,188, respectively.

G. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Lease arrangements – lessor

A. The Group leases various assets, including buildings and structures. Lease agreements are typically made for periods of 1 and 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required from leases.

B. Gain arising from operating lease agreements for the three-month and nine-month periods ended September 30, 2024 and 2023 are as follows:

For the three-month periods ended September 30,				
		2024		2023
Rental revenue	\$	8,690	\$	8,602

For the nine-month periods ended September 30,				
		2024		2023
Rental revenue	\$	26,093	\$	25,677

C. The maturity analysis of the lease payments under the operating leases is as follows:

	September 30, 2024		December 31, 2023	
2024	\$	8,516	\$	33,326
2025		34,063		33,002
2026		24,663		23,988
2027		1,451		1,200
2028		1,451		1,200
2029		1,347		1,200
Over 2030		12,750		12,750
	\$	84,241	\$	106,666

	September 30, 2023	
2023	\$	8,355
2024		33,326
2025		33,002
2026		23,988
2027		1,200
2028		1,200
Over 2029		13,950
	\$	115,021



(9) Investment property

	2024		2023	
	<u>Buildings and structures</u>		<u>Buildings and structures</u>	
At January 1				
Cost	\$	173,428	\$	173,428
Accumulated depreciation and impairment	(	35,966)	(	31,677)
	<u>\$</u>	<u>137,462</u>	<u>\$</u>	<u>141,751</u>
At January 1	\$	137,462	\$	141,751
Depreciation expenses	(	3,232)	(	3,223)
At September 30	<u>\$</u>	<u>134,230</u>	<u>\$</u>	<u>138,528</u>
At September 30				
Cost	\$	173,428	\$	173,428
Accumulated depreciation and impairment	(	39,198)	(	34,900)
	<u>\$</u>	<u>134,230</u>	<u>\$</u>	<u>138,528</u>

A. Rental revenue from investment property.

	For the three-month periods ended September 30,	
	2024	2023
Rental revenue from investment property	<u>\$ 8,484</u>	<u>\$ 8,269</u>
Direct operating expenses arising from the investment property that generated rental revenue during the period	<u>\$ 3,455</u>	<u>\$ 1,890</u>
	For the nine-month periods ended September 30,	
	2024	2023
Rental revenue from investment property	<u>\$ 25,451</u>	<u>\$ 24,808</u>
Direct operating expenses arising from the investment property that generated rental revenue during the period	<u>\$ 7,531</u>	<u>\$ 5,973</u>

B. The fair value of the investment property held by the Group as of September 30, 2024, December 31, 2023 and September 30, 2023, was \$203,764, \$167,172 and \$167,940, respectively. Valuations were made using the income approach which is categorized within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Discount rate	10.09% ~11.48%	8.65% ~11.65%	8.52% ~ 11.55%
Annual rent (net income)	\$ 29,754	\$ 29,052	\$ 29,057
Duration	10 years	10 years	10 years

C. The Group has no interest capitalization for the three-month and nine-month periods ended

September 30, 2024 and 2023.

D. The significant components of investment property include buildings and renovation, which are depreciated over 42~51 years and 46 years, respectively.

E. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group has no investment property pledged to others as collateral.

(10) Intangible assets

	2024			
	Computer software	Goodwill	Others	Total
At January 1				
Cost	\$ 86,245	\$ 29,694	\$ 46,160	\$ 162,099
Accumulated amortization	( 65,637 )	-	( 44,640 )	( 110,277 )
	<u>\$ 20,608</u>	<u>\$ 29,694</u>	<u>\$ 1,520</u>	<u>\$ 51,822</u>
At January 1	\$ 20,608	\$ 29,694	\$ 1,520	\$ 51,822
Additions	3,560	-	-	3,560
Amortization expenses	( 8,205 )	-	( 369 )	( 8,574 )
At September 30	<u>\$ 15,963</u>	<u>\$ 29,694</u>	<u>\$ 1,151</u>	<u>\$ 46,808</u>
At September 30				
Cost	\$ 89,805	\$ 29,694	\$ 46,160	\$ 165,659
Accumulated amortization	( 73,842 )	-	( 45,009 )	( 118,851 )
	<u>\$ 15,963</u>	<u>\$ 29,694</u>	<u>\$ 1,151</u>	<u>\$ 46,808</u>

2023				
	Computer software	Goodwill	Others	Total
At January 1				
Cost	\$ 117,131	\$ 29,694	\$ 45,531	\$ 192,356
Accumulated amortization	( 91,334 )	-	( 43,997 )	( 135,331 )
	<u>\$ 25,797</u>	<u>\$ 29,694</u>	<u>\$ 1,534</u>	<u>\$ 57,025</u>
At January 1	\$ 25,797	\$ 29,694	\$ 1,534	\$ 57,025
Additions	4,409	-	629	5,038
Amortization expenses	( 7,946 )	-	( 520 )	( 8,466 )
At September 30	<u>\$ 22,260</u>	<u>\$ 29,694</u>	<u>\$ 1,643</u>	<u>\$ 53,597</u>
At September 30				
Cost	\$ 121,540	\$ 29,694	\$ 46,160	\$ 197,394
Accumulated amortization	( 99,280 )	-	( 44,517 )	( 143,797 )
	<u>\$ 22,260</u>	<u>\$ 29,694</u>	<u>\$ 1,643</u>	<u>\$ 53,597</u>

Details of amortization of intangible assets are as follows:

For the three-month periods ended September 30,			
	2024	2023	
Operating costs	\$ 1,870	\$ 2,638	
General and administrative expenses	855	280	
	<u>\$ 2,725</u>	<u>\$ 2,918</u>	
For the nine-month periods ended September 30,			
	2024	2023	
Operating costs	\$ 6,069	\$ 7,526	
General and administrative expenses	2,505	940	
	<u>\$ 8,574</u>	<u>\$ 8,466</u>	

(11) Short-term borrowings

Type of borrowings	September 30, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 108,250</u>	5.50%~5.83%	None
Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 266,950</u>	6.12%~6.50%	None

Type of borrowings	September 30, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ <u>486,583</u>	5.88%~6.39%	None

(12) Accounts payable

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable	\$ 332,738	\$ 304,967	\$ 403,179
Estimated accounts payable	40,169	48,989	73,576
	<u>\$ 372,907</u>	<u>\$ 353,956</u>	<u>\$ 476,755</u>

(13) Other payable

	September 30, 2024	December 31, 2023	September 30, 2023
Accrued expenses-expendables	\$ 185,697	\$ 206,049	\$ 169,384
Accrued expenses-bonus	126,561	219,110	163,912
Employees' compensation and directors' remuneration payable	29,184	26,913	24,320
Payables for equipment	139,068	147,933	120,029
Accrued expenses-others	196,538	156,308	184,341
	<u>\$ 677,048</u>	<u>\$ 756,313</u>	<u>\$ 661,986</u>

(14) Bonds payable

	September 30, 2024	December 31, 2023	September 30, 2023
The Company's third secured convertible bonds (Note)	\$ -	\$ 600,000	\$ 600,000
The Company's fourth secured convertible bonds	1,000,000	1,000,000	1,000,000
Episil-Precision Inc.'s fourth unsecured convertible bonds	500,000	500,000	500,000
Episil-Precision Inc.'s fifth unsecured convertible bonds	<u>500,000</u>	<u>-</u>	<u>-</u>
	2,000,000	2,100,000	2,100,000
Less: Bonds payable converted	( 300 )	( 510,900 )	( 510,900 )
Less: Discount on bonds payable	<u>( 41,490 )</u>	<u>( 18,883 )</u>	<u>( 22,727 )</u>
	1,958,210	1,570,217	1,566,373
Less: Current portion	<u>( 1,492,250 )</u>	<u>( 88,772 )</u>	<u>( 88,609 )</u>
	<u>\$ 465,960</u>	<u>\$ 1,481,445</u>	<u>\$ 1,477,764</u>

Note: The Company's third secured convertible bonds will be repaid ten business days after maturity in accordance with the issuance and conversion method, and the expected repayment date is July 3, 2024.

A. The issuance terms of the Company's third domestic secured convertible bonds are as follows:

(a) The regulatory authority has approved the third domestic secured convertible corporate bonds issued by the Company. The bonds are with a total issuance amount of \$600,000 and a coupon

rate of 0%, covering a 3-year period of issuance and a circulation period from June 22, 2021 to June 22, 2024 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on June 22, 2021.

- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three month of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
  - (c) The effective date for the conversion price of the convertible was set on June 11, 2021. The conversion price was set up based on multiplying a benchmark price which was the closing price of the Company's common share calculated at simple arithmetic mean of \$73.8 (in dollars) in either 1, 3 or 5 business days before the effective date (effective date is excluded) by convertible premium rate of 105.67% (round to the nearest tenth). If there is an ex-right or ex-dividend before the pricing effective date, the closing price adopted to calculate conversion price shall be imputed with ex-right or ex-dividend; if there is an ex-right or ex-dividend during the period that the conversion price was set up but prior to share issuance, the conversion price shall be adjusted based on the conversion price adjustment formula. The conversion price was adjusted to \$72.4 (in dollars) per share on July 23, 2023 as the Company distributed dividend.
  - (d) All convertible bonds repurchased, redeemed or converted by the Company from securities trading markets shall be retired, which are not allowed to resell or reissue, and conversion rights attached to the bonds are also extinguished.
  - (e) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$14,895 were separated from the liability component and were recognised in "Capital surplus-warrants" in accordance with IAS 32.
  - (f) The convertible bonds were terminated on June 22, 2024, and delisted from the Taipei Exchange on June 24, 2024 after the accumulated conversion of the bonds amounting to \$511,400 (face value) into 6,949 thousand shares of common stock.
- B. The issuance terms of the Company's forth domestic secured convertible bonds are as follows:
- (a) The regulatory authority has approved the third domestic secured convertible corporate bonds issued by the Company. The bonds are with a total issuance amount of \$1,000,000 and a coupon rate of 0%, covering a 3-year period of issuance and a circulation period from April 7, 2022 to April 7, 2025 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on April 7, 2022.
  - (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three month of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
  - (c) The effective date for the conversion price of the convertible was set on March 16, 2022. The conversion price was set up based on multiplying a benchmark price which was the closing price of the Company's common share calculated at simple arithmetic mean of \$118.8 (in dollars) in either 1,3 or 5 business days before the effective date (effective date is excluded) by convertible premium rate of 102.5% (round to the nearest tenth). If there is an ex-right or ex-dividend before the pricing effective date, the closing price adopted to calculate conversion price shall be imputed with ex-right or ex-dividend; if there is an ex-right or ex-dividend during the period that the conversion price was set up but prior to share issuance, the conversion price shall be adjusted based on the conversion price adjustment formula. The conversion price was adjusted to \$117 (in dollars) per share on July 23, 2023 as the Company distributed dividend.
  - (d) All convertible bonds repurchased, redeemed or converted by the Company from securities trading markets shall be retired, which are not allowed to resell or reissue, and conversion

rights attached to the bonds are also extinguished.

- (e) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$267,416 were separated from the liability component and were recognised in “Capital surplus-warrants” in accordance with IAS 32.

- (f) Through September 30, 2024, no bonds were converted into common shares.

C. The issuance terms of the Episil-Precision Inc.’s forth domestic unsecured convertible bonds are as follows:

- (a) The regulatory authority has approved the third domestic unsecured convertible corporate bonds issued by Episil-Precision Inc. The bonds are with a total issuance amount of \$500,000 and a coupon rate of 0%, covering a 3-year period of issuance and a circulation period from March 29, 2022 to March 29, 2025 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on March 29, 2022.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of Episil-Precision Inc. during the period from the date after three month of the bonds issue to the next days before the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (c) The effective date for the conversion price of the convertible was set on March 21, 2022. The conversion price was set up based on multiplying a benchmark price which was the closing price of Episil-Precision Inc.’s common share calculated at simple arithmetic mean of \$128 (in dollars) in either 1, 3 or 5 business days before the effective date (effective date is excluded) by convertible premium rate of 109.22% (round to the nearest tenth). If there is an ex-right or ex-dividend before the pricing effective date, the closing price adopted to calculate conversion price shall be imputed with ex-right or ex-dividend; if there is an ex-right or ex-dividend during the period that the conversion price was set up but prior to share issuance, the conversion price shall be adjusted based on the conversion price adjustment formula. The conversion price was NT\$128 (in dollars) per share based on the aforementioned method. The conversion price was adjusted to \$122.4 (in dollars) per share on July 12, 2023 as the Episil-Precision Inc. distributed dividend.
- (d) All convertible bonds repurchased, redeemed or converted by Episil-Precision Inc. from securities trading markets shall be retired, which are not allowed to resell or reissue, and conversion rights attached to the bonds are also extinguished.
- (e) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$21,757 were separated from the liability component and were recognised in “Capital surplus-warrants” in accordance with IAS 32.
- (f) As September 30, 2024, the bonds totalling \$300 (face value) had been converted into 2 thousand shares of Episil-Precision Inc.’s common shares.

D. The issuance terms of the Episil-Precision Inc.’s fifth domestic unsecured convertible bonds are as follows:

- (a) The regulatory authority has approved the third domestic unsecured convertible corporate bonds issued by Episil-Precision Inc. The bonds are with a total issuance amount of \$500,000 and a coupon rate of 0%, covering a 3-year period of issuance and a circulation period from July 26, 2024 to July 26, 2027 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 26, 2024.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of Episil-Precision Inc. during the period from the date after three month of the bonds issue to the next days before the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

- (c) The effective date for the conversion price of the convertible was set on July 18, 2024, based on either 1, 3 or 5 business days before the effective date (effective date is excluded) by convertible premium rate of 105.68% (round to the nearest tenth). If there is an ex-right or ex-dividend before the pricing effective date, the closing price adopted to calculate conversion price shall be imputed with ex-right or ex-dividend; if there is an ex-right or ex-dividend during the period that the conversion price was set up but prior to share issuance, the conversion price shall be adjusted based on the conversion price adjustment formula. The conversion price was \$72.6 (in dollars).
- (d) All convertible bonds repurchased, redeemed or converted by Episil-Precision Inc. from securities trading markets shall be retired, which are not allowed to resell or reissue, and conversion rights attached to the bonds are also extinguished.
- (e) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$35,724 were separated from the liability component and were recognised in “Capital surplus-warrants” in accordance with IAS 32.

E. Information on the carrying amount of collateral for convertible bonds is provided in Note 8.

#### (15) Pensions

- A. (a) The Company and its domestic subsidiaries have defined benefit pension plans in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plans, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees’ monthly salaries and wages to the pension funds deposited with Bank of Taiwan, the trustee, under the name of the independent pension fund committees. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.
- (b) The pension costs recognized by the Group according to the above pension regulations for the three-month and nine-month periods ended September 30, 2024 and 2023 were \$566, \$685, \$1,685 and \$2,055, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 amount to \$7,129.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established defined contribution pension plans (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group's mainland China subsidiary, Episil Technologies Inc. (Shanghai), has a defined contribution plan. Monthly contribution to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC.) is based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the three-

month and nine-month periods ended September 30, 2024 and 2023 were \$15,927, \$15,822, \$47,401 and \$47,957, respectively.

(16) Share capital

A. The Company was established by former Episil Technologies Inc. through a share swap on October 1, 2014. As of September 30, 2024, the Company's authorized capital was \$5,000,000, consisting of 500 million shares of ordinary stock (including \$500,000, equivalent to 50 million shares, reserved for bonds conversion, preferred stocks conversion and employee stock options), and the paid-in capital was \$3,832,227 with a par value of \$10 (in dollars) per share.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

Unit: thousand shares	2024	2023
Shares issued at January 1	333,216	333,203
Share outstanding at January 1	333,216	333,203
Conversion of convertible bonds	7	13
Cash Capital Increase-Private Placement	50,000	-
Shares issued at September 30	383,223	333,216
Shares outstanding at September 30	383,223	333,216

EPISIL TECHNOLOGIES INC. passed Follow-On Offering as decided by the board of directors from Vanguard International Semiconductor Corporation on September 10, 2024, private issued 50,000 thousand ordinary shares, face value \$10 per share. Follow-On Offering effective date is September 24, 2024. Application for change registration date is October 9, 2024.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.



	2024					
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes of associates and joint ventures accounted for using equity method	Warrants	Others	Total
At January 1	\$ 734,518	\$ 506,836	(\$ 299 )	\$ 286,919	\$ 10,494	\$ 1,538,468
Changes in ownership interest in subsidiaries	-	17,462	-	3,379	-	20,841
Changes in ownership interest in associates	-	-	( 1,103 )	-	-	( 1,103 )
Conversion of convertible bonds	443	-	- ( 12 )	-	-	431
Repayments of convertible bonds	-	-	- ( 2,200 )	2,200	-	-
Cash Capital Increase-Private Placement	1,980,000					1,980,000
At September 30	<u>\$ 2,714,961</u>	<u>\$ 524,298</u>	<u>(\$ 1,402 )</u>	<u>\$ 288,086</u>	<u>\$ 12,694</u>	<u>\$ 3,538,637</u>

  

	2023					
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes of associates and joint ventures accounted for using equity method	Warrants	Others	Total
At January 1	\$ 733,725	\$ 506,836	\$ 226	\$ 286,941	\$ 10,494	\$ 1,538,222
Conversion of convertible bonds	793	-	- ( 22 )	-	-	771
Recognition changed in all equity of Subsidiaries and affiliated entities	-	-	(525)	-	-	(525)
At September 30	<u>\$ 734,518</u>	<u>\$ 506,836</u>	<u>\$ (299)</u>	<u>\$ 286,919</u>	<u>\$ 10,494</u>	<u>\$ 1,538,468</u>

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, and setting aside or reversal for special reserve in accordance with related laws, if any. The Board of Directors should propose the distribution of the remaining earnings based on the Company's dividend policy for the approval of the shareholders.  
A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the dividends and bonus all or partially distributed in the form of cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting, which is not subject to the rules in relation to the resolution of shareholders' meeting.
- B. The Company's dividend policy is summarized below: as the Company operates in high-tech industries and is in the stable growth stage, to take into consideration the business environment and growing stage of the Company and meet future capital requirements, long-term financial plan and fulfil shareholders' requirement for cash flows. The current year's earnings, if any, shall be distributed in the form of cash dividends not lower than 10% of total cash and stock dividends and bonus to be distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their

share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the dividends and bonus all or partially distributed in the form of cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.

- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. On June 14, 2023, the shareholders during their meeting resolved to distribute 2022 earnings and On June 14, 2024, the shareholders during their meeting resolved to distribute 2023 earnings Details are summarised below :

		Year ended December 31, 2022	
		Amount	Dividend per share (in dollars)
Legal reserve	\$	83,793	
Special reserve		29,675	
Cash dividends		333,203	\$ 1.00
	\$	<u>446,671</u>	

		Year ended December 31, 2023	
		Amount	Dividend per share (in dollars)
Legal reserve	\$	8,224	
Reversal of Special reserve	(	2,692 )	
Cash dividends		-	\$ -
	\$	<u>5,532</u>	

Information about the resolution of shareholders' meeting will be posted in the "Market Observation Post System".

- F. On June 14, 2024 , the shareholders' meeting resolved the appropriation of earnings for the years ended December 31, 2023, the Company did not plan to distribute earnings
- G. Because some creditors who held the third domestic secured convertible bonds converted bonds into shares, the number of outstanding shares changed. Based on the premise that keeping total cash dividends distributed unchanged, on June 30, 2023, the Board of Directors resolved to adjust the cash dividends appropriation ratio to NT\$0.99996315 (in dollars) per share.

(19) Other equity items

	2024		2023	
	Unrealized gains (losses) on valuation	Financial statements translation difference of foreign operations	Unrealized gains (losses) on valuation	Financial statements translation difference of foreign operations
At January 1	(\$ 92,914)	(\$ 6,209)	(\$ 96,974)	(\$ 4,842)
–Group	( 5,624)	753	6,318	( 380)
–Associates	-	2,000	-	105

At September 30	<u>(\$ 98,538)</u>	<u>(\$ 3,456)</u>	<u>(\$ 90,656)</u>	<u>(\$ 5,117)</u>
-----------------	--------------------	-------------------	--------------------	-------------------

(20) Operating revenue

	For the three-month periods ended September 30,	
	2024	2023
Revenue from contracts with customers	<u>\$ 1,481,805</u>	<u>\$ 1,785,813</u>
	For the nine-month periods ended September 30,	
	2024	2023
Revenue from contracts with customers	<u>\$ 4,421,417</u>	<u>\$ 5,470,891</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

For the three-month periods ended September 30, 2024

	Silicon wafers	IC	Others	Total
Revenue from external customer contracts	<u>\$ 974,158</u>	<u>\$ 498,742</u>	<u>\$ 8,905</u>	<u>\$ 1,481,805</u>
Timing of revenue recognition				
At a point in time	<u>\$ 974,158</u>	<u>\$ 498,742</u>	<u>\$ 8,905</u>	<u>\$ 1,481,805</u>

For the three-month periods ended September 30, 2023

	Silicon wafers	IC	Others	Total
Revenue from external customer contracts	<u>\$ 965,072</u>	<u>\$ 812,543</u>	<u>\$ 8,198</u>	<u>\$ 1,785,813</u>
Timing of revenue recognition				
At a point in time	<u>\$ 965,072</u>	<u>\$ 812,543</u>	<u>\$ 8,198</u>	<u>\$ 1,785,813</u>

For the nine-month periods ended September 30, 2024

	Silicon wafers	IC	Others	Total
Revenue from external customer contracts	<u>\$ 2,891,458</u>	<u>\$ 1,489,079</u>	<u>\$ 40,880</u>	<u>\$ 4,421,417</u>
Timing of revenue recognition				
At a point in time	<u>\$ 2,891,458</u>	<u>\$ 1,489,079</u>	<u>\$ 40,880</u>	<u>\$ 4,421,417</u>

For the nine-month periods ended September 30, 2023

	Silicon wafers	IC	Others	Total
--	----------------	----	--------	-------

Revenue from external customer contracts	\$ 2,957,529	\$ 2,479,047	\$ 34,315	\$ 5,470,891
Timing of revenue recognition				
At a point in time	\$ 2,957,529	\$ 2,479,047	\$ 34,315	\$ 5,470,891

B. Contract liabilities

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

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Contract liabilities:				
Contract liabilities – advance sales receipts	\$ 113,399	\$ 157,004	\$ 339,472	\$ 287,815

(b) Revenue recognized that was included in the contract liabilities balance at the beginning of the period

	For the three-month periods ended September 30,	
	2024	2023
Revenue recognized that was included in the contract liabilities balance at the beginning of the period	\$ 8,385	\$ 103,799

	For the nine-month periods ended September 30,	
	2024	2023
Revenue recognized that was included in the contract liabilities balance at the beginning of the period	\$ 103,107	\$ 251,844

(21) Interest income

	For the three-month periods ended September 30,	
	2024	2023
Interest income from bank deposits	\$ 11,007	\$ 10,669

	For the nine-month periods ended September 30,	
	2024	2023
Interest income from bank deposits	\$ 37,270	\$ 37,359

(22) Other income

	For the three-month periods ended September 30,	
	2024	2023
Rental revenue	\$ 8,690	\$ 8,602
Other income, others	1,776	5,212
	\$ 10,466	\$ 13,814

For the nine-month periods ended September 30,

	2024	2023
Rental revenue	\$ 26,093	\$ 25,677
Other income, others	3,331	11,903
	<u>\$ 29,424</u>	<u>\$ 37,580</u>

(23) Other gains and losses

	For the three-month periods ended September 30,	
	2024	2023
Gains on disposals of property, plant and equipment	\$ 24,502	\$ -
Net currency exchange loss	( 15,010)	29,722
Depreciation on investment property	( 1,074)	( 1,074)
Other losses	( 162)	( 2)
	<u>\$ 8,256</u>	<u>\$ 28,646</u>

	For the nine-month periods ended September 30,	
	2024	2023
Gains on disposals of property, plant and equipment	\$ 223,169	\$ 3,624
Net currency exchange gains (losses)	16,345	9,684
Depreciation on investment property	( 3,231)	( 3,223)
Other losses	( 142)	( 3,632)
	<u>\$ 236,141</u>	<u>\$ 6,453</u>

(24) Finance costs

For the three-month periods ended September 30,			
2024		2023	
Interest expense:			
Banking borrowings	\$ 2,140	\$ 5,125	
Bonds payable	5,638	3,834	
Lease liabilities	2,957	2,522	
Less : The amount of capitalization of assets that meet the requirements	( 1,771 )	-	
Other finance expenses	1,705	1,770	
	<u>\$ 10,669</u>	<u>\$ 13,251</u>	

For the nine-month periods ended September 30,			
2024		2023	
Interest expense:			
Banking borrowings	\$ 12,106	\$ 13,052	
Bonds payable	13,357	11,475	
Lease liabilities	7,993	7,718	
Less : The amount of capitalization of assets that meet the requirements	( 9,896 )	-	
Other finance expenses	5,708	5,789	
	<u>\$ 29,268</u>	<u>\$ 38,034</u>	

(25) Expenses by nature

For the three-month periods ended September 30,			
2024		2023	
Employee benefit expense	\$ 414,172	\$ 433,992	
Depreciation expenses	179,429	178,251	
Amortization expenses on intangible assets	2,725	2,918	

For the nine-month periods ended September 30,			
2024		2023	
Employee benefit expense	\$ 1,264,617	\$ 1,343,771	
Depreciation expenses	526,765	515,311	
Amortization expenses on intangible assets	8,574	8,466	

(26) Employee benefit expense

	For the three-month periods ended September 30,	
	2024	2023
Wages and salaries	\$ 337,964	\$ 358,174
Labor and health insurance fees	31,917	34,523
Pension costs	16,493	16,507
Other personnel expenses	27,798	24,788
	<u>\$ 414,172</u>	<u>\$ 433,992</u>

	For the nine-month periods ended September 30,	
	2024	2023
Wages and salaries	\$ 1,027,733	\$ 1,106,509
Labor and health insurance fees	96,009	102,085
Pension costs	49,086	50,012
Other personnel expenses	91,789	85,165
	<u>\$ 1,264,617</u>	<u>\$ 1,343,771</u>

- A. According to the Articles of Incorporation of the Company, employees' compensation and directors' remuneration shall be calculated based on current year's earnings, which should first be used to cover accumulated deficits, if any, and then, not less than 5% for employees' compensation and not more than 2% for directors' remuneration.

Employees' compensation can be distributed by stock or dividends, including distributions to certain qualifying employees within the Group.

- B. For the three-month and nine-month periods ended September 30, 2023, employees' compensation was accrued at \$394 and \$8,477, respectively; while directors' remuneration was accrued at \$49, and \$1,060, respectively. The aforementioned amounts were recognized in salary expenses and other expenses.

For the three-month and nine-month periods ended September 30, 2024, the Company incurred net loss, and thus did not accrue employees' compensation and directors' remuneration.

The employees' compensation and directors' remuneration were estimated and accrued based on 8% and 1% of earnings for the nine-month periods ended September 30, 2023, respectively.

Employees' compensation of \$5,897 and directors' remuneration of \$737 for the year ended December 31, 2023 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2023 financial statements. Abovementioned employees' compensation of 2023 will be distributed in the form of cash.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors and approved by the shareholders will be posted in the "Market Observation Post System".

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

		For the three-month periods ended September 30,	
		2024	2023
Current tax:			
Current tax on profits for the year	\$	12,419	\$ 11,258
Prior year income tax under estimation		-	-
Total current tax		12,419	11,258
Deferred tax:			
Origination and reversal of temporary differences		-	-
Total deferred tax		-	-
Income tax expense	\$	12,419	\$ 11,258

		For the nine-month periods ended Se 30,	
		2024	2023
Current tax:			
Current tax on profits for the year	\$	60,060	\$ 32,000
Prior year income tax under estimation		-	503
Total current tax		60,060	32,503
Deferred tax:			
Origination and reversal of temporary differences		-	-
Total deferred tax		-	-
Income tax expense	\$	60,060	\$ 32,503

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

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(28) (Loss) Earnings per share

For the three-month periods ended September 30, 2024			
		Weighted average number of ordinary shares outstanding	Loss per share
		(share in thousands)	(in dollars)
Amount after tax			
<u>Basic loss per share</u>			
Profit attributable to ordinary shareholders of the parent	(\$ 149,848 )	337,027	(\$ 0.44 )

For the three-month periods ended September 30, 2023



	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic loss per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,482	333,216	\$ 0.01
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,482	333,216	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	5	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 4,482	333,221	\$ 0.01

For the nine-month periods ended September 30, 2024

	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Profit attributable to ordinary shareholders of the parent	(\$ 362,126)	334,496	(\$ 1.08)

For the nine-month periods ended September 30, 2023

	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic loss per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 96,423	333,209	\$ 0.29
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 96,423	333,209	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	310	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 96,423	333,519	\$ 0.29

For the nine-month periods ended September 30, 2023, the Company's issued convertible bonds had anti-dilutive effect, thus, they were not included in the calculation of diluted earnings per share.

(29) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the nine-month periods ended September 30,	
	2024	2023
Acquisition of property, plant and equipment	\$ 1,190,046	\$ 894,197
Add: Beginning balance of payables on equipment	147,933	243,884
Less: Ending balance of payables on equipment	( 139,068 )	( 120,029 )
Less: Ending balance of payables on equipment-Related Parties	( 472,500 )	-
Less: Capitalization of interests	( 9,896 )	-
Cash paid during the period	<u>\$ 716,515</u>	<u>\$ 1,018,052</u>

B. Financing activities with no cash flow effects:

	For the nine-month periods ended September 30,	
	2024	2023
Convertible bonds being converted to capital stocks	<u>\$ 500</u>	<u>\$ 893</u>

(30) Changes in liabilities from financing activities

	2024				
	Short-term borrowings	Lease liabilities	Bonds payable	Guarantee deposits-received	Liabilities from financing activities
At January 1	\$ 266,950	\$ 468,887	\$ 1,570,217	\$ 8,095	\$ 2,314,149
Changes in cash flow from financing activities	( 158,700 )	( 17,441 )	411,155	-	235,014
Interest paid	-	( 7,993 )	-	-	( 7,993 )
)Interest expense	-	7,993	328	-	8,321
Option exercised	-	-	( 800 )	-	( 800 )
Discount on bonds payable	-	-	4	-	4
Issued bonds-					
Addition Pain-in					
Capital-Employee stock option			( 35,724 )		( 35,724 )
)_Changes in other non-cash items	-	150,568	13,030	-	163,598
At September 30	<u>\$ 108,250</u>	<u>\$ 602,014</u>	<u>\$ 1,958,210</u>	<u>\$ 8,095</u>	<u>\$ 2,676,569</u>

	2023				
	Short-term borrowings	Lease liabilities	Bonds payable	Guarantee deposits-received	Liabilities from financing activities
At January 1	\$ 178,624	\$ 496,251	\$ 1,555,791	\$ 16,907	\$ 2,247,573
Changes in cash flow from financing activities	307,959	( 16,663 )	-	( 8,812 )	282,484
Interest paid	-	( 7,718 )	-	-	( 7,718 )
Interest expense	-	7,718	11,475	-	19,193
Option exercised	-	-	( 900 )	-	( 900 )
Discount on bonds payable	-	-	7	-	7
Changes in other non-cash items	-	( 5,140 )	-	-	( 5,140 )
At September 30	<u>\$ 486,583</u>	<u>\$ 474,448</u>	<u>\$ 1,566,373</u>	<u>\$ 8,095</u>	<u>\$ 2,535,499</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Hermes-Epitek Corporation	The Company's director
Taiwan Hi-Tech Corp.	Investee accounted for using equity method
Vanguard International Semiconductor Corporation	Entity with significant influence to the group

Note: EPISIL Technology Inc. transacted private placement follow-on offering which Vanguard International Semiconductor Corporation subscribed 50 million shares, and acquired EPISIL Technology Inc. 13% equity on effective date September 24<sup>th</sup>, 2024. Vanguard International Semiconductor Corporation is a related party who has significant influence with EPISIL Technology Inc. from effective date.

### (2) Significant related party transactions

#### A. Operating revenue

	For the three-month periods ended September 30,	
	2024	2023
Sales of goods:		
-Other related parties	\$ 3,150	\$ 1,427
Entity with significant influence to the group	61,190	-
	<u>\$ 64,340</u>	<u>\$ 1,427</u>
	For the nine-month periods ended September 30,	
	2024	2023
Sales of goods:		
-Other related parties	\$ 7,549	\$ 3,180
Entity with significant influence to the group	61,190	-
	<u>\$ 68,739</u>	<u>\$ 3,180</u>

The price and terms on sales are available to third parties and the credit term is 30 to 90 days after

monthly billings.

## B. Purchases

		For the three-month periods ended September 30,	
		2024	2023
Purchases of goods:			
-Other related parties	\$	349	\$ 2,103
Entity with significant influence to the group		146	-
	\$	<u>495</u>	<u>\$ 2,103</u>
		For the nine-month periods ended September 30,	
		2024	2023
Purchases of goods:			
-Other related parties	\$	5,894	\$ 3,824
Entity with significant influence to the group		146	-
	\$	<u>6,040</u>	<u>\$ 3,824</u>

The price and terms on purchase are available to third parties and the payment term is 30 to 90 days after monthly billings.

## C. Receivables from related parties

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable:			
-Other related parties	\$ 956	\$ 3,606	\$ 839
Entity with significant influence to the group	133,250	-	-
	<u>\$ 134,206</u>	<u>\$ 3,606</u>	<u>\$ 839</u>

The receivables from related parties arise mainly from sales of goods. The receivables are due 3 months after the date of sale. The receivables are unsecured in nature and bear no interest. There are no loss allowance against receivables from related parties.

## D. Payables to related parties

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable:			
-Other related parties	\$ 359	\$ 1,898	\$ 2,268
Entity with significant influence to the group	182	-	-
Other receivables:			
-Associates	466,508	28,734	27,143
-Other related parties	197	7	68
	<u>\$ 467,246</u>	<u>\$ 30,639</u>	<u>\$ 29,479</u>

The payables to related parties arise mainly from purchase of goods and services, and payable 3 months after the date of purchase. The payables bear no interest.

## E. Property Transaction

For the three-month periods ended September 30,	
2024	2023

Associates	\$	451,440	\$	-
For the nine-month periods ended September 30,				
		2024		2023
Associates	\$	451,440	\$	-
F. Others				
For the three-month periods ended September 30,				
		2024		2023
Testing fee:				
-Associates	\$	223	\$	42,646
For the nine-month periods ended September 30,				
		2024		2023
Testing fee:				
-Associates	\$	61,607	\$	120,489

(3) Key management personnel compensation

For the three-month periods ended September 30,				
		2024		2023
Salaries and other short-term employee benefits	\$	23,826	\$	39,903
Post-employment benefits		389		353
	\$	24,215	\$	40,256
For the nine-month periods ended September 30,				
		2024		2023
Salaries and other short-term employee benefits	\$	66,349	\$	79,178
Post-employment benefits		1,154		1,057
	\$	67,503	\$	80,235

8. Pledged Assets

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

Pledged asset	Book value			Purpose
	September 30, 2024	December 31, 2023	September 30, 2023	
Cash (shown as "Current financial assets at amortized cost")	\$ -	\$ -	\$ 2,622	Customs deposits
Pledged time deposits (shown as "Non-Current financial assets at amortized cost")	36,328	30,442	30,591	Customs deposits and guarantee deposits for leases

Pledged time deposits (shown as “Current financial assets at amortized cost”)	150,000	-	Guarantee for - convertible bonds
Pledged time deposits (shown as “Non-current financial assets at amortized cost”)	-	167,820	Guarantee for convertible bonds
	<u>\$ 186,328</u>	<u>\$ 198,262</u>	<u>\$ 201,033</u>

## 9. Significant Contingent Liabilities and Unrecognized Contract Commitments

### (1) Contingencies

None.

### (2) Commitments

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Property, plant and equipment	<u>\$ 699,385</u>	<u>\$ 817,049</u>	<u>\$ 1,092,189</u>

B. To expand production capacity by adding equipment, the Group entered into a production capacity guarantee agreement with the specific customer. In accordance with the agreement, a prepayment of US\$1,500 thousand shall be paid by the customer. The Group will refund the prepayment on a regular basis according to the agreed terms and capacity conditions.

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Production capacity guarantee agreement (Shown as “Other current liabilities, others”)	<u>\$ 10,459</u>	<u>\$ 11,791</u>	<u>\$ 11,791</u>

## 10. Significant Disaster Loss

None.

## 11. Significant Events after the Reporting Period

None.

## 12. Others

### (1) Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital or issue new shares to shareholders in order to achieve the most appropriate capital structure.

### (2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income	\$ 9,218	\$ 14,842	\$ 17,100
Financial assets at amortized cost			
Cash and cash equivalents	5,938,030	3,531,506	3,963,270
Financial assets at amortized cost	186,328	198,262	201,033
Notes receivable	6,302	4,744	5,057
Accounts receivable (including related parties)	1,065,154	1,146,513	1,349,336
Other receivables	77,219	45,918	67,927

Refundable guarantee deposits	2,395	2,208	1,853
	<u>\$ 7,284,646</u>	<u>\$ 4,943,993</u>	<u>\$ 5,605,576</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 108,250	\$ 266,950	\$ 486,583
Accounts payable (including related parties)	373,448	355,854	479,023
Other payables (including related parties)	1,143,753	785,054	689,197
Bonds payable (including current portion)	1,958,210	1,570,217	1,566,373
Guarantee deposits received	8,095	8,095	8,095
	<u>\$ 3,591,756</u>	<u>\$ 2,986,170</u>	<u>\$ 3,229,271</u>
Lease liabilities	<u>\$ 602,014</u>	<u>\$ 468,887</u>	<u>\$ 474,448</u>

## B. Policy of risk management

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Exchange rate risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, JPY and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.
- ii. Management has set up policies to require group companies to manage their foreign exchange risk against their functional currencies. The companies are required to hedge their entire foreign exchange risk exposure through coordination with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use foreign currency denominated liabilities and derivative financial instruments (foreign exchange forward contracts) to hedge exchange rate risk through Group treasury. Foreign exchange risk arises when future commercial transactions, recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD, RMB and JPY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:



September 30, 2024				
	Foreign currency amount		Book value	
	(in thousands)		Exchange rate	(NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	28,058	31.66	\$ 888,250
JPY : NTD		56,611	0.2228	12,613
RMB:NTD		11,793	4.523	53,339
Non-monetary items: None.				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	12,316	31.66	\$ 389,897
JPY:NTD		127,107	0.2228	28,319
RMB:NTD		12,155	4.523	54,978
Non-monetary items: None.				

	December 31, 2023		
	Foreign currency amount		Book value
	(in thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 39,130	30.71	\$ 1,201,612
JPY:NTD	9,546	0.2176	2,077
RMB:NTD	38,275	4.325	165,538
Non-monetary items: None.			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 17,900	30.71	\$ 549,671
JPY:NTD	93,236	0.2176	20,288
RMB:NTD	7,889	4.325	34,121
Non-monetary items: None.			

September 30, 2023			
	Foreign currency amount	Exchange rate	Book value
	(in thousands)		(NTD)

(Foreign currency: functional currency)

Financial assets

Monetary items

USD:NTD	\$	35,478	32.28	\$	1,145,127
JPY:NTD		179,994	0.2164		38,951
RMB:NTD		62,226	4.415		274,728

Non-monetary items: None.

Financial liabilities

Monetary items

USD:NTD	\$	28,511	32.28	\$	920,251
JPY:NTD		53,850	0.2164		11,653
RMB:NTD		10,025	4.415		44,259

Non-monetary items: None.

- iv. The total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variations on the monetary items held by the Group For the three-month and nine-month periods ended September 30, 2024 and 2023, amounted to \$(15,010), \$29,722, \$16,345 and \$9,684, respectively.

- v. Analysis of foreign currency market risk arising from significant foreign exchange variations:

For the nine-month periods ended September 30, 2024

	Degree of variation	Effect on profit (loss)	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 8,883	\$ -
JPY : NTD	1%	126	-
RMB:NTD	1%	533	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 3,899)	\$ -
JPY:NTD	1%	( 283)	-
RMB:NTD	1%	( 550)	-

For the nine-month periods ended September 30, 2023

Degree of variation	Effect on profit (loss)	Effect on other comprehensive income
---------------------	-------------------------	--------------------------------------

(Foreign currency: functional currency)

Financial assets

Monetary items

USD:NTD	1%	\$	11,451	\$	-
JPY:NTD	1%		39		-
RMB:NTD	1%		2,747		-

Financial liabilities

Monetary items

USD:NTD	1%	(\$	9,203)	\$	-
JPY:NTD	1%	(	117)		-
RMB:NTD	1%	(	443)		-

Price risk

- i. The Group's investments in equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, fair value adjustment would have increased/decreased by \$92 and \$171, respectively, as a result of the price change on equity investment at fair value through other comprehensive income for the nine-month periods ended September 30, 2024 and 2023.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from short-term borrowings with floating rates, which expose the Group to cash flow interest rate risk. For the nine-month periods ended September 30, 2024 and 2023, the Group's borrowings at floating rates were mainly denominated in US dollars.
- ii. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate of New Taiwan dollars and US dollars had increased/decreased by 0.25% with all other variables held constant, loss after tax for the nine-month periods ended September 30, 2024 and 2023, would have increased/decreased by \$108 and \$730, respectively. Changes in interest expense mainly due from floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- ii. The Group manages their credit risk taking into consideration the entire group's perspective. Only rated banks with an optimal rating and financial institutes with investment grade are accepted. According to the Group's credit policy, each entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization

- of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, and the default occurs when the contract payments are past due over 90 days.
  - iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
    - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
    - (ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is treated low.
  - v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
    - (i) It becomes probable that the issuer will enter into bankruptcy or other financial reorganisation due to financial difficulties;
    - (ii) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
    - (iii) Default or delinquency in interest or principal repayments;
    - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
  - vi. The Group categorized accounts receivable in accordance with credit risk and applied the modified approach using a provision matrix to estimate the expected credit loss.
  - vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
  - viii. The Group used the prospectively to adjust historical and timely information to assess the default possibility of accounts receivable. As of September 30, 2024, December 31, 2023, September 30 2023, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	over 180 days past due	Individual	Total
At September 30, 2024							
Expected loss rate	0.01~1%	0.01~0.42%	0.01%~6.30%	0.01%~44.66%	100%	0.12~4.41%	
Total book value	\$ 1,000,034	\$ 45,762	\$ 12,698	\$ 7,161	\$ 27,639	\$ 4,110	\$ 1,097,404
Loss allowance	\$ -	\$ 461	\$ 799	\$ 3,198	\$ 27,639	\$ 153	\$ 32,250
At December 31, 2023							
Expected loss rate	0.01~1%	0.01~0.44%	0.01~6.68%	0.01~38.62%	100%	0.12~4.97%	
Total book value	\$ 1,058,720	\$ 54,452	\$ 5,880	\$ -	\$ 4,441	\$ 29,420	\$ 1,152,913
Loss allowance	\$ -	\$ 1,764	\$ 42	\$ -	\$ 4,441	\$ 153	\$ 6,400
At September 30, 2023							
Expected loss rate	0.01~1%	0.01~0.18%	0.01~4.44%	0.01~38.62%	100%	0.01~4.84%	
Total book value	\$ 1,138,152	\$ 156,783	\$ 3,081	\$ -	\$ 4,734	\$ 52,986	\$ 1,355,736
Loss allowance	\$ -	\$ 1,376	\$ 137	\$ -	\$ 4,734	\$ 153	\$ 6,400

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

	2024
	Accounts receivable
At January 1	\$ 6,400
Provision for impairment	25,850
At September 30	\$ 32,250
	2023
	Accounts receivable
At January 1 and September 30,	\$ 6,400

- x. Financial assets measured at amortized cost measured by expected credit losses for 12 months are not significant impairment losses recognized for the nine-month periods ended September 30, 2024 and 2023.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management will be appropriately used and invested. The chosen instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.
- iii. The Group has the following undrawn borrowing facilities:

	September 30, 2024	December 31, 2023	September 30, 2023
Floating rate:			
Expiring within one year	\$ 246,990	\$ 210,000	\$ 210,000
Fixed rate:			
Expiring within one year	2,414,760	2,447,376	2,148,025
	\$ 2,661,750	\$ 2,657,376	\$ 2,358,025

- iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

<u>Non-derivative financial liabilities</u>	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
September 30, 2024				
Short-term borrowings	\$ 108,250	\$ -	\$ -	-
Accounts payable (including related parties)	373,448	-	-	-
Other payables (including related parties)	1,143,753	-	-	-
Lease liabilities	38,815	37,840	108,618	609,196

Bonds payable	1,492,250	-	500,000	-
Guarantee deposits received	-	-	-	8,095

<u>Non-derivative financial liabilities</u>	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
December 31, 2023				
Short-term borrowings	\$ 266,950	\$ -	\$ -	\$ -
Accounts payable (including related parties)	355,854	-	-	-
Other payables (including related parties)	785,054	-	-	-
Lease liabilities	29,500	28,772	82,979	453,306
Bonds payable	89,100	1,500,000	-	-
Guarantee deposits received	-	-	-	8,095

<u>Non-derivative financial liabilities</u>	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
September 30, 2023				
Short-term borrowings	\$ 486,583	\$ -	\$ -	\$ -
Accounts payable (including related parties)	479,023	-	-	-
Other payables (including related parties)	689,197	-	-	-
Lease liabilities	30,705	29,550	84,757	473,714
Bonds payable	89,100	1,500,000	-	-
Guarantee deposits received	-	-	-	8,095

#### Derivative financial liabilities

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group has no derivative financial liabilities.

- v. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expects the actual cash flow amount will be significantly different.

### (3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value

- (a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

September 30, 2024

Fair value

	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 1,958,210	\$ -	\$ 1,960,502	\$ -

December 31, 2023

	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 1,570,217	\$ -	\$ 1,563,165	\$ -

September 30, 2023

	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 1,566,373	\$ -	\$ 1,588,721	\$ -

(b) The methods and assumptions of fair value estimate are as follows:

Bonds payable: The fair value of the convertible bonds issued by the Group was estimated by the Binomial-Tree approach to convertible bonds.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

September 30, 2024	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	\$ -	\$ -	\$ 9,218	\$ 9,218

December 31, 2023	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	\$ -	\$ -	\$ 14,842	\$ 14,842

September 30, 2023	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through other comprehensive income				

Unlisted stocks	\$	-	\$	-	\$	17,100	\$	17,100
-----------------	----	---	----	---	----	--------	----	--------

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

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

	<u>Listed shares</u>
Market quoted price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Foreign exchange forward contracts are usually valued based on the current forward exchange rate.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. As a result, the estimate generated by valuation model will be slightly adjusted based on additional inputs, such as model risk and liquidity risk. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the nine-month periods ended September 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2024 and 2023:

	<u>Level 3</u>
	<u>Equity instruments</u>
January 1, 2024	\$ 14,842
Unrealized gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	( 5,624 )
September 30, 2024	<u>\$ 9,218</u>





	Level 3
	Equity instruments
January 1, 2023	\$ 10,782
Unrealized gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	6,318
September 30, 2023	\$ 17,100

G. For the nine-month periods ended September 30, 2024 and 2023, there was no transfer into or out from Level 3.

H. Group treasury is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 9,218	Market comparable companies	Price to book ratio multiple; Discount for lack of marketability	Price to book ratio: 2.90~3.54 Discount for lack of marketability: 0.10~0.26.	The higher the multiple, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value.

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 14,842	Market comparable companies	Price to book ratio multiple; Discount for lack of marketability	Price to book ratio: 2.99~3.43 Discount for lack of marketability: 0.10~0.26.	The higher the multiple, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value.

	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 17,100	Market comparable companies	Price to book ratio multiple; Discount for lack of marketability	Price to book ratio: 2.58~3.33. Discount for lack of marketability: 0.10~0.26.	The higher the multiple, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value.

J. The Group has assessed the valuation models and assumptions carefully used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

		September 30, 2024					
				Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change	
Financial assets							
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 92	(\$ 92)	

  

		December 31, 2023					
				Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change	
Financial assets							
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 148	(\$ 148)	

  

		September 30, 2022					
				Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change	
Financial assets							
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 171	(\$ 171)	

### 13. Supplementary Disclosures

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting period: None.
- J. Significant inter-company transactions during the reporting period: Please refer to table 4.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 5.

#### (3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to Note 8.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, who assesses performance and allocates resources of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment Information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the nine-month periods ended September 30,	
	2024	2023
Revenue from external customers	\$ 4,421,417	\$ 5,470,891
Inter-company revenue	\$ -	\$ -
Segment (loss) income	(\$ 262,649)	\$ 146,817
Segment assets	\$ 14,577,427	\$ 12,180,259

(3) Reconciliation for segment income (loss)

None.

Episil Technologies Inc. (Formerly Episil Holding Inc.) and Subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
September 30, 2024

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities ( Note 1 )	Relationship with the securities issuer ( Note 2 )	General ledger account	As of September 30, 2024				Footnote ( Note 4 )
				Number of shares (in thousands)	Book value ( Note 3 )	Ownership (%)	Fair value	
Episil-Precision Inc.	Dah Chung Bills Fiance Corp.-common shares	None	Financial assets at fair value through other comprehensive income-non-current	1,109	\$ 17	0.00%	\$ 17	
Vanguard International Semiconductor Corporation	Sequoia Microelectronics Corporation - common shares	None	Financial assets at fair value through other comprehensive income-non-current	127,500	-	4.36%	-	
Wei Nuo Investment Inc.	Chipmast Technology Co., Ltd.-common shares	None	Financial assets at fair value through other comprehensive income-non-current	298,760	1,991	6.16%	1,991	
Wei Nuo Investment Inc.	Energic Technologies Corporation - common shares	None	Financial assets at fair value through other comprehensive income-non-current	1,000,000	6,864	4.50%	6,864	
Wei Nuo Investment Inc.	CT Micro International Corp. - common shares	None	Financial assets at fair value through other comprehensive income-non-current	11,147,890	-	8.01%	-	
Wei Nuo Investment Inc.	Geo Things Inc.-common shares	None	Financial assets at fair value through other comprehensive income-non-current	125,000	346	2.60%	346	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9. "Financial instruments".

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Episil Technologies Inc. (Formerly Episil Holding Inc.) and Subsidiaries  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
For the nine-month period ended September 30, 2024

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions (Note 1)				Footnote
							Transaction		Notes/accounts receivable (payable)		
Semiconductor Corporation	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Episil Technologies Inc.	Episil-Precision Inc.	Subsidiary	Purchases	142,331	8.88%	30-90 days after monthly billings	-	Gernal terms	(55,078)	14.75%	Note1
Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	Subsidiary	(Sales)	(154,057)	3.48%	90-180 days after monthly billings	-	Gernal terms	36,398	3.42%	

Note 1 : Processing and returning materials provided by customers (related parties) were excluded from purchase/sales.

Episil Technologies Inc. (Formerly Episil Holding Inc.) and Subsidiaries  
Accounts receivable related parties reaching \$100 million or 20% of paid-in capital or more  
For the nine-month period ended September 30, 2024

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

		Relationship with the counterparty	Accounts receivable related parties balance (note 1)	Turnover rate	Accounts Receivable Overdue		Accounts receivable related parties subsequence recovery	Allowance for doubtful accounts amount
Semiconductor Corporation	Counterparty				Amount	Term		
Episil Technologies Inc.	Vanguard International Semiconductor Corporation	Entity with significant influence to the group	133,250	3.00	\$ -	Subsequence recovery	-	-

Note 1 : Please follow Accounts receivable related parties 、 notes 、 Other receivable.....to fill it.

Episil Technologies Inc. (Formerly Episil Holding Inc.) and Subsidiaries

Significant inter-company transactions during the reporting period

For the nine-month period ended September 30, 2024

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Number Vanguard	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction	
							consolidated total operating revenues or total assets (Note 3)
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Operating revenue	\$ 5,350	Gerneral terms	0.12%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Service revenue	7,350	Gerneral terms	0.17%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Processing cost	85,759	Gerneral terms	1.94%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Operating costs	142,331	Gerneral terms	3.22%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Other receivables	5,892	30~90 days after monthly billings	0.04%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Accounts payable	55,078	30~90 days after monthly billings	0.38%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Other payable	56,057	30~90 days after monthly billings	0.38%
0	Episil Technologies Inc.	Episil Technologies Inc.(SHANGHAI)	1	Operating revenue	15,776	Gerneral terms	0.36%
0	Episil Technologies Inc.	Precision Silicon Japan Co., Ltd.	1	Operating revenue	61,082	Gerneral terms	0.38%
0	Episil Technologies Inc.	Precision Silicon Japan Co., Ltd.	1	Accounts receivable	16,111	30~90 days after monthly billings	0.11%
1	Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	3	Operating revenue	154,057	Gerneral terms	3.48%
1	Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	3	Accounts receivable	36,398	90~180 days after monthly billings	0.25%

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

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Percentage of total consolidated revenues or total assets is calculated using the total consolidated assets at the end of the year when the subject of transaction is an asset/liability, and is calculated by total consolidated revenues during the year when the subject of transaction is a revenue/expense.

Note 4: Only transaction amount that exceeds \$1 million will be disclosed, otherwise will not be disclosed.



Episil Technologies Inc. (Formerly Episil Holding Inc.) and Subsidiaries

Information on investees

For the nine-month period ended September 30, 2024

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

									Investment income		
				Initial investment amount		Shares held as of September 30, 2024			Net profit (loss)	(loss) recognized by	
				Balance as of	Balance as of				of the investee for	the Company for	
				September 30,	December 31,				the nine-month	the nine-month	
				2024	2023				period ended	period ended	
									2024	2024	
d International Semiconductor Cor	Investee	Location	Main business			Ownership					
Investor	(Note 1 and 2)		activities			Number of shares	(%)	Book value	(Note 2(2))	(Note 2(3))	Footnote
Episil Technologies Inc.	Wei Nuo Investment Inc.	Taiwan	Gernal investment	\$ 250,000	\$ 250,000	15,000,000	100.00%	\$ 87,835	(\$ 3,666)	(\$ 3,666)	
Episil Technologies Inc.	Episil-Precision Inc.	Taiwan	Semiconductor industry	2,001,343	2,001,343	166,961,680	57.86%	2,913,582	236,064	130,880	
Episil Technologies Inc.	Taiwan Hi-Tech Corp.	Taiwan	Semiconductor industry	201,020	201,020	17,093,398	37.49%	167,820	147,342	( 8,073)	
Wei Nuo Investment Inc.	Wellknown Holding Company Ltd.	Samoa	Investment service of various	4,837	4,837	150,000	100.00%	4,951	( 2,515)	( 2,515)	
Wei Nuo Investment Inc.	Taiwan Hi-Tech Corp.	Taiwan	Semiconductor industry	18,980	17,296	3,515,616	7.71%	31,885	147,342	( 1,563)	
Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	Japan	Sales of epitaxy and silicon wafers	2,740	2,740	200	100.00%	10,835	579	579	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at September 30, 2024' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the six-month period ended September 30, 2024' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the nine-month periods ended September 30, 2024' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Episil Technologies Inc. (Formerly Episil Holding Inc.) and Subsidiaries

Information on investments in Mainland China

For the six-month period ended September 30, 2024

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Amount remitted from		Taiwan to Mainland China/									
				Accumulated	Amount remitted back		Accumulated			Investment income			Accumulated		
				amount of	to Taiwan for the		amount of			(loss) recognised by			amount of		
Vanguard International Semiconductor Corporation				remittance from	nine-month period ended		remittance from			the Company for the			investment income		
				Taiwan to	September 30, 2024		Taiwan to			nine-month period			remitted back to		
				Mainland China			Mainland China			ended September			Taiwan as		
Investee in	Main business	Paid-in capital	Investment method	as of	Remitted to	Remitted back	as of	investee for the	Company	ended September	Mainland China as	of September	of September	Footnote	
Mainland China	activities		(Note 1)	January 1, 2024	China	to Taiwan	30, 2024	nine-period ended	(direct or	30, 2024	September 30, 2024	30, 2024	30, 2024		
Inc. (SHANGHAI)	Trading business	\$ 4,598	2	\$ 4,598	\$ -	\$ -	\$ 4,598	(\$ 1,658)	100.00%	(\$ 1,658)	\$ 4,876	\$ 48,199			

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Episil Technologies Inc.(SHANGHAI)	\$ 4,598	\$ 4,598	\$ 4,597,885

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

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (Episil Technologies Inc. (SHANGHAI) was invested by Wellknown Holding Company Ltd. (location: Samoa).
- (3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the six-month period ended September 30, 2024' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B.The financial statements that are audited and attested by R.O.C. parent company's CPA.
  - C. The financial statements were not audited by independent accountants.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Episil Technologies Inc. (Formerly Episil Holding Inc.) and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the nine-month period ended September 30, 2024

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
									Maximum balance during the nine-month period ended		Balance at		Interest during
					Balance at		Balance at		September 30, 2024		September 30, 2024		the nine-month period ended
Investee in Mainland China	Amount	%	Amount	%	September 30, 2024	%	September 30, 2024	Purpose	September 30, 2024	September 30, 2024	Interest rate	September 30, 2024	Others
International Semiconductor Corporation Episil Technologies Inc.(SHANGHAI)	\$ 15,776	0.36%	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -	-	\$ -	

Episil Technologies Inc. (Formerly Episil Holding Inc.) and Subsidiaries

Major shareholders information

September 30, 2024

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Han Shin Corp.	21,615,907	5.64%
Han Hsin Investment Corp.	20,726,446	5.41%
Hermes- Epitek Corporation	18,160,870	4.74%
Vanguard International Semiconductor Corporation	50,000,000	13.05%