

**EPISIL TECHNOLOGIES INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 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.

EPISIL TECHNOLOGIES INC.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2024, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements under International Financial Reporting Standard No. 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliated enterprises has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliated enterprises.

Hereby declare,

Episil Technologies Inc.

Representative: Jian-Hua Syu

February 25, 2025

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR24000383

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

Opinion

We have audited the accompanying consolidated balance sheets of Episil Technologies Inc. and subsidiaries (the “Group”) as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

Inventory valuation

Description

Please refer to Note 4(13) for description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(4) for description of inventory and allowance for inventory valuation losses. As of December 31, 2024, inventory and allowance for inventory valuation losses amounted to NT\$1,476,239 thousand and NT\$242,621 thousand, respectively.

The Group primarily engages in research and development, manufacture and sales of epitaxial and silicon wafer, mixed-signal integrated circuit and linear integrated circuit. The industry is characterised by rapidly evolving technology and is easily affected by fluctuation in market price, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group's inventories are measured at the lower of cost and net realisable value, and the calculation of the net realisable value used in individually obsolete inventories or inventories which are over a certain period involves subjective judgement. Since abovementioned inventories and allowance for inventory valuation losses are significant to the consolidated financial statements, we identified allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

For inventory valuation losses against inventories that are over a certain period or individually obsolete, we tailored the audit scope as follows:

1. Obtained an understanding and assessed the reasonableness of Group's policies and procedures related to the provision of allowance for inventory valuation losses and the identification of obsolete and slow-moving inventory;
2. Verified whether the systematic logic used in the Group's inventory aging report is appropriate and in accordance with the Group's policies; and
3. Verified a sample of separately numbered inventory items against the clearance of those inventory items and respective historical data of discounts, and compared the sample to recorded allowance for inventory valuation losses to assess the reasonableness of allowance for inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Episil Technologies Inc. as at and for the years ended December 31, 2024 and 2023.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Li, Tien-Yi

Hsieh, Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2025

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

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

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

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 5,545,353	40	\$ 3,531,506	30
1136	Current financial assets at amortised cost	6(1) and 8	160,000	1	-	-
1150	Notes receivable, net	6(3)	9,473	-	4,744	-
1170	Accounts receivable, net	6(3)	888,649	7	1,142,907	10
1180	Accounts receivable - related parties	7	137,283	1	3,606	-
1200	Other receivables		34,495	-	45,918	-
1220	Current income tax assets		6,411	-	4,637	-
130X	Inventories	6(4)	1,233,618	9	1,593,541	14
1410	Prepayments		162,614	1	135,362	1
1470	Other current assets		10,628	-	11,588	-
11XX	Current assets		8,188,524	59	6,473,809	55
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	8,551	-	14,842	-
1535	Non-current financial assets at amortised cost	6(1) and 8	36,348	-	198,262	2
1550	Investments accounted for using equity method	6(5)	-	-	188,865	2
1600	Property, plant and equipment	6(6)	4,796,121	35	4,141,976	35
1755	Right-of-use assets	6(7)	569,420	4	446,557	4
1760	Investment property - net	6(9)	133,156	1	137,462	1
1780	Intangible assets	6(10)	48,761	-	51,822	-
1840	Deferred income tax assets	6(27)	131,357	1	137,199	1
1900	Other non-current assets		2,366	-	2,208	-
15XX	Non-current assets		5,726,080	41	5,319,193	45
1XXX	Total assets		\$ 13,914,604	100	\$ 11,793,002	100

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

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 45,159	-	\$ 266,950	2
2130	Current contract liabilities	6(20)	87,857	1	157,004	1
2170	Accounts payable	6(12)	426,739	3	353,956	3
2180	Accounts payable - related parties	7	286	-	1,898	-
2200	Other payables	6(13)	743,278	5	756,313	6
2220	Other payables - related parties	7	4,315	-	28,741	-
2230	Current income tax liabilities		27,218	-	58,280	1
2280	Current lease liabilities		16,802	-	19,860	-
2320	Long-term borrowings, current portion	6(14)	1,495,970	11	88,772	1
2399	Other current liabilities, others		198,717	2	292,727	3
21XX	Current liabilities		<u>3,046,341</u>	<u>22</u>	<u>2,024,501</u>	<u>17</u>
Non-current liabilities						
2530	Corporate bonds payable	6(14)	468,868	4	1,481,445	13
2570	Deferred income tax liabilities	6(27)	33,723	-	34,868	-
2580	Non-current lease liabilities		578,891	4	449,027	4
2640	Accrued pension liabilities	6(15)	126,994	1	166,285	1
2645	Guarantee deposits received		8,095	-	8,095	-
2670	Other non-current liabilities, others		25,771	-	59,277	1
25XX	Non-current liabilities		<u>1,242,342</u>	<u>9</u>	<u>2,198,997</u>	<u>19</u>
2XXX	Total liabilities		<u>4,288,683</u>	<u>31</u>	<u>4,223,498</u>	<u>36</u>
Equity						
Equity attributable to owners of the parent						
Share capital		6(16)				
3110	Share capital - common stock		3,832,227	28	3,332,157	28
Capital surplus		6(17)				
3200	Capital surplus		3,538,625	25	1,538,468	13
Retained earnings		6(18)				
3310	Legal reserve		122,373	1	114,149	1
3320	Special reserve		99,123	1	101,815	1
3350	Unappropriated retained earnings		26,823	-	538,696	5
Other equity interest		6(19)				
3400	Other equity interest		(104,110)	(1)	(99,123)	(1)
31XX	Equity attributable to owners of the parent		<u>7,515,061</u>	<u>54</u>	<u>5,526,162</u>	<u>47</u>
36XX	Non-controlling interest	4(3)	<u>2,110,860</u>	<u>15</u>	<u>2,043,342</u>	<u>17</u>
3XXX	Total equity		<u>9,625,921</u>	<u>69</u>	<u>7,569,504</u>	<u>64</u>
Significant commitments and contingencies		9				
Significant events after the reporting period		11				
3X2X	Total liabilities and equity		<u>\$ 13,914,604</u>	<u>100</u>	<u>\$ 11,793,002</u>	<u>100</u>

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

EPISIL TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(20) and 7	\$	5,816,920	100	\$ 7,080,216	100
5000 Operating costs	6(4)(25)(26) and 7	(	5,774,819)	(99)	(6,270,732)	(89)
5900 Operating margin			42,101	1	809,484	11
Operating expenses	6(25)(26) and 7					
6100 Selling and marketing expenses		(	79,733)	(2)	(85,086)	(1)
6200 General and administrative expenses		(	368,218)	(6)	(366,214)	(5)
6300 Research and development expenses		(	232,311)	(4)	(222,572)	(3)
6450 Expected credit impairment losses	12(2)	(	36,866)	(1)	-	-
6000 Total operating expenses		(	717,128)	(13)	(673,872)	(9)
6900 Operating (loss) profit		(	675,027)	(12)	135,612	2
Non-operating income and expenses						
7100 Interest income	6(21)		62,449	1	52,549	1
7010 Other income	6(22)		38,997	1	47,099	1
7020 Other gains and losses	6(23)		254,626	5	13,125)	-
7050 Finance costs	6(24)	(	36,495)	(1)	(44,709)	(1)
7060 Share of profit of associates and joint ventures accounted for using equity method	6(5)	(	4,269)	-	2,446	-
7000 Total non-operating income and expenses			315,308	6	44,260	1
7900 Loss (profit) before income tax		(	359,719)	(6)	179,872	3
7950 Income tax expense	6(27)	(	54,065)	(1)	(43,673)	(1)
8200 Loss (profit) for the year		(\$	413,784)	(7)	\$ 136,199	2
Other comprehensive income (loss), net						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311 Gains (losses) on remeasurements of defined benefit plans	6(15)	\$	19,012	-	\$ 18,737	-
8316 Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(2)	(	6,291)	-	4,060	-
8320 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income (loss) that will not be reclassified to profit or loss			1,737	-	(476)	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss			14,458	-	22,321	-
Components of other comprehensive income that may be subsequently reclassified to profit or loss						
8361 Exchange differences on translation of foreign operations		(	176)	-	(918)	-
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income (loss) that may be reclassified to profit or loss			1,304	-	(763)	-
8360 Components of other comprehensive income (loss) that may be reclassified to profit or loss			1,128	-	(1,681)	-
8300 Other comprehensive income, net		\$	15,586	-	\$ 20,640	-
8500 Total other comprehensive (loss) income for the year		(\$	398,198)	(7)	\$ 156,839	2
Profit (loss) attributable to:						
8610 Owners of the parent		(\$	525,290)	(9)	\$ 67,073	1
8620 Non-controlling interest			111,506	2	69,126	1
Total		(\$	413,784)	(7)	\$ 136,199	2
Comprehensive income (loss) attributable to:						
8710 Owners of the parent		(\$	511,328)	(9)	\$ 84,933	1
8720 Non-controlling interest			113,130	2	71,906	1
Total		(\$	398,198)	(7)	\$ 156,839	2
Basic (loss) earnings per share	6(28)					
9750 Basic (loss) earnings per share (in dollars)		(\$	1.51)		\$ 0.20	
Diluted (loss) earnings per share	6(28)					
9850 Diluted (loss) earnings per share (in dollars)		(\$	1.51)		\$ 0.20	

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

EPISIL TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent										
		Retained earnings				Other equity interest				
							Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings			Total	Non-controlling interest
										Total equity
2023										
Balance at January 1, 2023		\$ 3,332,035	\$ 1,538,222	\$ 30,356	\$ 72,140	\$ 903,127	(\$ 4,842)	(\$ 96,974)	\$ 5,774,064	\$ 2,214,591
Profit for the year		-	-	-	-	67,073	-	-	67,073	69,126
Other comprehensive income (loss)	6(15)	-	-	-	-	15,167	(1,367)	4,060	17,860	2,780
Total comprehensive income (loss)		-	-	-	-	82,240	(1,367)	4,060	84,933	71,906
Appropriation of 2022 earnings	6(18)									
Legal reserve		-	-	83,793	-	(83,793)	-	-	-	-
Special reserve		-	-	-	29,675	(29,675)	-	-	-	-
Cash dividends		-	-	-	-	(333,203)	-	-	(333,203)	(333,203)
Changes in ownership interest in associates	6(17)	-	(525)	-	-	-	-	-	(525)	(525)
Conversion of convertible bonds	6(16)(17)	122	771	-	-	-	-	-	893	893
Cash dividends paid by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	(243,155)
Balance at December 31, 2023		\$ 3,332,157	\$ 1,538,468	\$ 114,149	\$ 101,815	\$ 538,696	(\$ 6,209)	(\$ 92,914)	\$ 5,526,162	\$ 2,043,342
2024										
Balance at January 1, 2024		\$ 3,332,157	\$ 1,538,468	\$ 114,149	\$ 101,815	\$ 538,696	(\$ 6,209)	(\$ 92,914)	\$ 5,526,162	\$ 2,043,342
Loss (profit) for the year		-	-	-	-	(525,290)	-	-	(525,290)	111,506
Other comprehensive income (loss)	6(15)	-	-	-	-	18,949	1,304	(6,291)	13,962	1,624
Total comprehensive income (loss)		-	-	-	-	(506,341)	1,304	(6,291)	(511,328)	113,130
Appropriation of 2023 earnings	6(18)									
Legal reserve		-	-	8,224	-	(8,224)	-	-	-	-
Special reserve		-	-	-	(2,692)	2,692	-	-	-	-
Changes in ownership interest in subsidiary	6(17)	-	20,840	-	-	-	-	-	20,840	15,177
Changes in ownership interest in associates	6(17)	-	(1,114)	-	-	-	-	-	(1,114)	(1,114)
Cash capital increased by cash	6(16)(17)	500,000	1,980,000	-	-	-	-	-	2,480,000	-
Conversion of convertible bonds	6(16)(17)	70	431	-	-	-	-	-	501	501
Cash dividends paid by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	(60,789)
Balance at December 31, 2024		\$ 3,832,227	\$ 3,538,625	\$ 122,373	\$ 99,123	\$ 26,823	(\$ 4,905)	(\$ 99,205)	\$ 7,515,061	\$ 2,110,860

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

EPISIL TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		(\$ 359,719)	\$ 179,872
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment losses		36,866	-
Depreciation expense	6(25)	699,527	697,858
Amortisation expense	6(10)(25)	11,421	11,260
Gain on disposal of property, plant and equipment	6(23)	(223,171)	(22,647)
Share of profit of associates accounted for using equity method	6(5)	4,269	(2,446)
Finance costs	6(24)	29,163	37,149
Interest income	6(21)	(62,449)	(52,549)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(4,729)	39,676
Accounts receivable		217,392	207,850
Accounts receivable - related parties		(133,677)	(3,296)
Other receivables		12,954	12,733
Inventories		359,923	246,237
Prepayments		(27,252)	27,384
Other current assets		960	364
Changes in operating liabilities			
Contract liabilities		(69,147)	(130,811)
Accounts payable		72,783	(199,897)
Accounts payable - related parties		(1,612)	824
Other payables		(2,595)	(250,863)
Other payables - related parties		(24,426)	(2,922)
Other current liabilities		(94,010)	83,121
Other non-current liabilities		(33,506)	(17,788)
Accrued pension liabilities		(20,279)	(4,555)
Cash inflow generated from operations		388,686	856,554
Interest received		60,918	52,043
Interest paid		(31,281)	(29,995)
Income taxes paid		(82,203)	(118,224)
Net cash flows from operating activities		<u>336,120</u>	<u>760,378</u>

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EPISIL TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(\$ 15,906)	(\$ 3,914)
Proceeds from disposal of financial assets at amortised cost		17,820	4,243
Acquisition of investments accounted for using equity method	6(5)	(17,867)	(747)
Proceeds from capital reduction of investments accounted for using equity method	6(5)	204,055	-
Acquisition of property, plant and equipment	6(29)	(1,400,498)	(1,459,715)
Proceeds from disposal of property, plant and equipment		310,473	23,508
Acquisition of intangible assets	6(10)	(5,480)	(6,057)
Increase in refundable deposits		(158)	(372)
Net cash flows used in investing activities		(907,561)	(1,443,054)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	6(30)	1,047,246	1,498,638
Repayments of short-term borrowings	6(30)	(1,269,037)	(1,410,312)
Decrease in refundable deposits received	6(30)	-	(8,812)
Payments of lease liabilities	6(30)	(23,762)	(22,224)
Cash capital increased	6(16)	2,480,000	-
Issuance of corporate bonds		499,755	-
Repayments of corporate bonds		(88,600)	-
Cash dividends paid	6(18)	-	(333,203)
Cash dividends paid by a subsidiary to non-controlling interests		(60,789)	(243,155)
Net cash flows from (used in) financing activities		2,584,813	(519,068)
Effect of exchange rate changes		475	(964)
Net increase (decrease) in cash and cash equivalents		2,013,847	(1,202,708)
Cash and cash equivalents at beginning of year	6(1)	3,531,506	4,734,214
Cash and cash equivalents at end of year	6(1)	<u>\$ 5,545,353</u>	<u>\$ 3,531,506</u>

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

EPISIL TECHNOLOGIES INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

1. History and Organisation

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 December 31, 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 Authorisation for Issuance of the Financial Statements

These consolidated financial statements were authorised for issuance by the Board of Directors on February 25, 2025.

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[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
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) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

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

Except for the following, the above standards and interpretations have no significant impact to the Group's financial 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 Material Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(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 recognised 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. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

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

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 December 31, 2024 and 2023, the non-controlling interests amounted to \$2,110,860 and \$2,043,342, respectively. The information on non-controlling interests and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interests December 31, 2024		Non-controlling interests December 31, 2023		Description
		Amount	Ownership (%)	Amount	Ownership (%)	
Episil-Precision Inc.	Taiwan	\$ 2,110,860	42.14%	\$ 2,043,342	42.14%	

Balance sheets

	Episil-Precision Inc. and its subsidiary	
	December 31, 2024	December 31, 2023
Current assets	\$ 4,424,395	\$ 4,306,433
Non-current assets	2,986,820	2,505,553
Current liabilities	(1,411,418)	(1,043,973)
Non-current liabilities	(942,340)	(870,768)
Total net assets	<u>\$ 5,057,457</u>	<u>\$ 4,897,245</u>

Statements of comprehensive income

	Episil-Precision Inc. and its subsidiary	
	Year ended December 31, 2024	Year ended December 31, 2023
Revenue	\$ 4,107,470	\$ 4,236,502
Profit before income tax	317,911	205,615
Income tax expense	(53,303)	(41,576)
Profit for the year	264,608	164,039
Other comprehensive income, net of tax	3,854	6,597
Total comprehensive income for the year	<u>\$ 268,462</u>	<u>\$ 170,636</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 113,130</u>	<u>\$ 71,906</u>
Dividends paid to non-controlling interests	<u>\$ 60,789</u>	<u>\$ 243,155</u>

Statements of cash flows

	Episil-Precision Inc. and its subsidiary	
	Year ended December 31, 2024	Year ended December 31, 2023
Net cash provided by operating activities	\$ 804,968	\$ 553,668
Net cash used in investing activities	(573,253)	(611,841)
Net cash provided by (used in) financing activities	122,767	(498,406)
Effect of exchange rates	(423)	(743)
Increase (decrease) in cash and cash equivalents	354,059	(557,322)
Cash and cash equivalents at beginning of year	<u>2,284,089</u>	<u>2,841,411</u>
Cash and cash equivalents at end of year	<u>\$ 2,638,148</u>	<u>\$ 2,284,089</u>

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within "Other gains and losses".

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities held mainly for trading purposes;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in "Capital surplus" in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3~60 years
Machinery and equipment	3~10 years
Computer and telecommunication equipment	2~5 years
Transportation equipment	2~5 years
Office equipment	2~5 years
Other equipment	2~5 years

(16) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.
The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 10 ~ 51 years.

(18) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 ~ 5 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Other intangible assets

Separately acquired intangible assets with a finite useful life are stated at cost, net of accumulated amortisation and accumulated impairment. Intangible assets acquired in a business combination are recognised at fair value at acquisition date and are amortised on a straight-line basis over their estimated useful lives of 2 ~ 5 years.

(19) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(20) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(21) Accounts and notes payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Convertible corporate bonds

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares). The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity in accordance with the substance of the contractual arrangement.

- A. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to "Finance costs" over the period of circulation using the effective interest method.
- B. The embedded conversion options which meet the definition of equity are initially recognised in "Capital surplus-warrants" at the residual amount of total issue price less the amount of bonds payable as stated above. Conversion options are not subsequently remeasured.
- C. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

D. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable) shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus-warrants.

(23) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged, cancelled or expires.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

(a) Defined contribution plan

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(26) Income taxes

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities, stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

- A. The Group manufactures and sells epitaxial and silicon wafers, mixed-signal integrated circuit and linear integrated circuit and providing 6-inch silicon wafer foundry service of Bipolar IC, Bipolar-Complementary Metal-Oxide-Semiconductor and High power integrated circuit process. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Sales revenue was recognized based on the contract price net of sales discount. Sales discounts granted to customers are based on aggregate sales over a 12-month period. Sales discounts are estimated using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for estimated sales discounts payable to customers in relation to sales made until the end of the reporting period. Goods are sold with a credit term of 30 to 90 days after delivery.
- C. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- D. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the general manager.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Inventory valuation

The Group is primarily engaged in development, manufacture and sale of epitaxy and silicon wafer, mixed-signal integrated circuit and linear integrated circuit. As inventories are stated at the lower of cost and net realisable value, the Group applies judgments and estimates in determining the net realisable value of inventories on balance sheet date. Because the industry changes rapidly and is easily affected by the market price, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group's inventories were measured at the lower of cost and net realisable value, and the determination of the net realisable value used in obsolete inventories or inventories which are over a certain period at balance sheet date involves subjective judgement, therefore, there may have significant changes on the inventory valuation.

As of December 31, 2024, the carrying amount of inventories was \$1,233,618.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and revolving funds	\$ 520	\$ 521
Checking accounts and demand deposits	519,879	787,969
Time deposits	3,064,354	1,942,416
Cash equivalents	1,960,600	800,600
	<u>\$ 5,545,353</u>	<u>\$ 3,531,506</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 non-current financial assets at amortised cost. For their details, please refer to Note 8.

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

Items	December 31, 2024	December 31, 2023
Non-current items:		
Unlisted stocks	\$ 107,756	\$ 107,756
Valuation adjustment	(99,205)	(92,914)
	<u>\$ 8,551</u>	<u>\$ 14,842</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 \$8,551 and \$14,842 as at December 31, 2024 and 2023, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 6,291)	\$ 4,060
Dividend income recognised in profit or loss held at end of year	<u>\$ -</u>	<u>\$ -</u>

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

(3) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	<u>\$ 9,473</u>	<u>\$ 4,744</u>
Accounts receivable	\$ 931,915	\$ 1,149,307
Accounts receivable-Related Parties	137,283	3,606
Less: Loss allowance	(43,266)	(6,400)
	<u>\$ 1,025,932</u>	<u>\$ 1,146,513</u>

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

	December 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 972,459	\$ 9,473	\$ 1,078,159	\$ 4,744
Up to 30 days	50,716	-	64,433	-
31 to 90 days	369	-	5,880	-
91 to 180 days	15,136	-	-	-
Over 180 days	30,518	-	4,441	-
	<u>\$ 1,069,198</u>	<u>\$ 9,473</u>	<u>\$ 1,152,913</u>	<u>\$ 4,744</u>

The above ageing analysis was based on past due date.

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

D. As at December 31, 2024 and 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 was \$9,473 and \$4,744; \$1,025,932 and \$1,146,513, respectively.

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

(4) Inventories

December 31, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 499,675	(\$ 119,672)	\$ 380,003
Supplies	669,291	(78,348)	590,943
Work in progress	180,669	(7,392)	173,277
Finished goods	126,604	(37,209)	89,395
	<u>\$ 1,476,239</u>	<u>(\$ 242,621)</u>	<u>\$ 1,233,618</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>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2024	2023
Cost of goods sold	\$ 4,088,318	\$ 4,956,711
Unamortised manufacturing expenses	1,618,081	1,250,675
Loss on decline in market value	64,491	58,649
Inventory scrapped	3,929	4,697
	<u>\$ 5,774,819</u>	<u>\$ 6,270,732</u>

(5) Investments accounted for using equity method

	2024	2023
At January 1	\$ 188,865	\$ 187,436
Acquisition of investments accounted for using equity method	17,867	747
Decrease in investments accounted for using equity method	(204,055)	-
Share of profit or loss of investments accounted for using equity method	(4,269)	2,446
Changes in capital surplus	(1,114)	(525)
Other equity interest	2,706	(1,239)
At December 31	<u>\$ -</u>	<u>\$ 188,865</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Associates		
Taiwan Hi-Tech Corp.	<u>\$ -</u>	<u>\$ 188,865</u>

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

	Year ended December 31	
	2024	2023
(Loss) profit from continuing operations	(\$ 8,685)	\$ 2,446
Other comprehensive income (loss), net of tax	3,738	(1,239)
Total comprehensive (loss) income	<u>(\$ 4,947)</u>	<u>\$ 1,207</u>

The Group is the single largest shareholder of Taiwan Hi-Tech Corp. with a 45.22% 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 progress 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	583,221	338,960	7,456	650	-	745	480,798	1,411,830
Disposals	- (87,302)	-	-	-	-	-	- (87,302)	
Reclassifications	143,531	976,673	-	-	-	-	(1,123,084)	(2,880)
Depreciation expense	(177,222)	(468,602)	(19,079)	(522)	(6)	(2,072)	-	(667,503)
At December 31	<u>\$ 1,840,446</u>	<u>\$ 2,033,103</u>	<u>\$ 44,101</u>	<u>\$ 1,828</u>	<u>\$ 7</u>	<u>\$ 2,643</u>	<u>\$ 873,993</u>	<u>\$ 4,796,121</u>
At December 31								
Cost	\$ 5,635,385	\$ 9,800,604	\$ 127,247	\$ 4,747	\$ 3,092	\$ 120,569	\$ 873,993	\$ 16,565,637
Accumulated depreciation	(3,418,647)	(7,516,028)	(83,146)	(2,918)	(3,085)	(117,926)	-	(11,141,750)
Accumulated impairment	(376,292)	(251,473)	-	(1)	-	-	-	(627,766)
	<u>\$ 1,840,446</u>	<u>\$ 2,033,103</u>	<u>\$ 44,101</u>	<u>\$ 1,828</u>	<u>\$ 7</u>	<u>\$ 2,643</u>	<u>\$ 873,993</u>	<u>\$ 4,796,121</u>

2023

	Buildings and structures	Machinery and equipment	Computer and telecommunication equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress 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	128,752	322,771	33,665	1,815	-	220	884,232	1,371,455
Disposals	- (861)	-	-	-	-	-	-	(861)
Reclassifications	67,128	254,187	3,430	-	-	-	(324,745)	-
Depreciation expense	(151,327)	(499,055)	(15,122)	(115)	(12)	(2,117)	-	(667,748)
At December 31	<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 December 31								
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>

A. For the years ended December 31, 2024 and 2023, the amounts capitalised were \$15,457 and \$7,691, respectively, and the ranges of the interest rates for such capitalisation were 0.065%~6.79% and 0.06%, respectively.

B. As of December 31, 2024 and 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:

	December 31, 2024	December 31, 2023
	Book value	Book value
Land	\$ 533,218	\$ 420,505
Buildings and structures	36,202	26,052
	<u>\$ 569,420</u>	<u>\$ 446,557</u>
	Year ended December 31	
	2024	2023
	Depreciation expense	Depreciation expense
Land	\$ 20,812	\$ 19,556
Buildings and structures	6,906	6,116
Machinery and equipment	-	149
	<u>\$ 27,718</u>	<u>\$ 25,821</u>

- D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$151,680 and \$5,995, respectively.
- E. Information on profit or loss in relation to lease agreements is as follows:

	Year ended December 31	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 11,342	\$ 10,192
Expense on short-term lease agreements	<u>\$ 4,126</u>	<u>\$ 2,473</u>

- F. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were \$39,230 and \$34,889, 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 leasees.
- B. Gain arising from operating lease agreements for the years ended December 31, 2024 and 2023 are as follows:

	Year ended December 31	
	2024	2023
Rental revenue	\$ 34,889	\$ 34,166

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

	December 31, 2024	December 31, 2023
2024	\$ -	\$ 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
	<u>\$ 75,725</u>	<u>\$ 106,666</u>

(9) Investment property

	2024	2023
	Buildings and structures	Buildings and structures
At January 1		
Cost	\$ 173,428	\$ 173,428
Accumulated depreciation and impairment	(35,966)	(31,677)
	<u>\$ 137,462</u>	<u>\$ 141,751</u>
At January 1	\$ 137,462	\$ 141,751
Depreciation expense	(4,306)	(4,289)
At December 31	<u>\$ 133,156</u>	<u>\$ 137,462</u>
At December 31		
Cost	\$ 173,428	\$ 173,428
Accumulated depreciation and impairment	(40,272)	(35,966)
	<u>\$ 133,156</u>	<u>\$ 137,462</u>

A. Rental revenue from investment property.

	Year ended December 31	
	2024	2023
Rental revenue from investment property	\$ 34,889	\$ 33,078
Direct operating expenses arising from the investment property that generated rental revenue during the year	\$ 10,300	\$ 7,955

B. The fair value of the investment property held by the Group as at December 31, 2024 and 2023 was \$170,183 and \$167,172, respectively. Valuations were made using the income approach which is categorised within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	December 31, 2024	December 31, 2023
Discount rate	9.98% ~ 11.76%	8.65% ~ 11.65%
Annual rent (net income)	\$ 29,759	\$ 29,052
Duration	10 years	10 years

C. The Group has no interest capitalisation for the years ended December 31, 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 at December 31, 2024 and 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 amortisation	(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	5,480	-	-	5,480
Transfers	2,880	-	-	2,880
Amortisation expenses	(10,928)	-	(493)	(11,421)
At December 31	<u>\$ 18,040</u>	<u>\$ 29,694</u>	<u>\$ 1,027</u>	<u>\$ 48,761</u>
At December 31				
Cost	\$ 94,605	\$ 29,694	\$ 46,160	\$ 170,459
Accumulated amortisation	(76,565)	-	(45,133)	(121,698)
	<u>\$ 18,040</u>	<u>\$ 29,694</u>	<u>\$ 1,027</u>	<u>\$ 48,761</u>

2023				
	Computer software	Goodwill	Others	Total
At January 1				
Cost	\$ 117,131	\$ 29,694	\$ 45,531	\$ 192,356
Accumulated amortisation	(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	5,428	-	629	6,057
Amortisation expenses	(10,617)	-	(643)	(11,260)
At December 31	<u>\$ 20,608</u>	<u>\$ 29,694</u>	<u>\$ 1,520</u>	<u>\$ 51,822</u>
At December 31				
Cost	\$ 86,245	\$ 29,694	\$ 46,160	\$ 162,099
Accumulated amortisation	(65,637)	-	(44,640)	(110,277)
	<u>\$ 20,608</u>	<u>\$ 29,694</u>	<u>\$ 1,520</u>	<u>\$ 51,822</u>

Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2024	2023
Operating costs	\$ 8,060	\$ 10,119
General and administrative expenses	3,361	1,141
	<u>\$ 11,421</u>	<u>\$ 11,260</u>

(11) Short-term borrowings

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 45,159</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

(12) Accounts payable

	December 31, 2024	December 31, 2023
Accounts payable	\$ 379,046	\$ 304,967
Estimated accounts payable	47,693	48,989
	<u>\$ 426,739</u>	<u>\$ 353,956</u>

(13) Other payables

	December 31, 2024	December 31, 2023
Accrued expenses-expendables	\$ 230,687	\$ 206,049
Accrued expenses-bonus	149,981	219,110
Payables on equipment	143,808	147,933
Employees' compensation and directors' remuneration payable	31,440	26,913
Accrued expenses-others	187,362	156,308
	<u>\$ 743,278</u>	<u>\$ 756,313</u>

(14) Bonds payable

	December 31, 2024	December 31, 2023
The Company's third secured convertible bonds	\$ -	\$ 600,000
The Company's fourth secured convertible bonds	1,000,000	1,000,000
Episil-Precision Inc.'s fourth unsecured convertible bonds	500,000	500,000
Episil-Precision Inc.'s fifth unsecured convertible bonds	500,000	-
	<u>2,000,000</u>	<u>2,100,000</u>
Less: Bonds payable converted	(300)	(510,900)
Less: Discount on bonds payable	(34,862)	(18,883)
	<u>1,964,838</u>	<u>1,570,217</u>
Less: Current portion	(1,495,970)	(88,772)
	<u>\$ 468,868</u>	<u>\$ 1,481,445</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 unsecured convertible bonds are as follows:

- (a) The regulatory authority has approved the third domestic unsecured 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, and on July 3, 2024, the convertible bonds of \$88,600 were repaid to the creditors.
- B. The issuance terms of the Company's fourth domestic unsecured convertible bonds are as follows:
- (a) The regulatory authority has approved the fourth domestic unsecured 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 set at \$118.8 (in dollars) per share based on abovementioned formula and was adjusted to \$117 (in dollars) per share on July 23, 2023 as the Company distributed cash dividends.
 - (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 December 31, 2024, no bonds were converted into common shares.
- C. The issuance terms of the Episil-Precision Inc.'s fourth domestic unsecured convertible bonds are as follows:
- (a) The regulatory authority has approved the fourth 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 of December 31, 2014, the par value of these convertible corporate bonds of \$300 have been converted into 3,000 shares of common stock.
- 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 exdividend 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 amounts recognised in the balance sheet are as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 399,426	\$ 403,721
Fair value of plan assets	(272,432)	(237,436)
Net defined benefit liabilities	<u>\$ 126,994</u>	<u>\$ 166,285</u>

(c) Movements in net defined benefit liabilities are as follows:

	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
At January 1	\$ 403,721	(\$ 237,436)	\$ 166,285
Current service cost	100	-	100
Interest expense (income)	5,248	(3,087)	2,161
	<u>409,069</u>	<u>(240,523)</u>	<u>168,546</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(21,119)	(21,119)
Change in demographic assumptions	(4,095)	-	(4,095)
Experience adjustments	<u>6,202</u>	<u>-</u>	<u>6,202</u>
	<u>2,107</u>	<u>(21,119)</u>	<u>(19,012)</u>
Pension fund contribution	-	(22,540)	(22,540)
Paid pension	<u>(11,750)</u>	<u>11,750</u>	<u>-</u>
At December 31	<u>\$ 399,426</u>	<u>(\$ 272,432)</u>	<u>\$ 126,994</u>
	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
At January 1	\$ 426,343	(\$ 236,766)	\$ 189,577
Current service cost	275	-	275
Interest expense (income)	5,542	(3,078)	2,464
	<u>432,160</u>	<u>(239,844)</u>	<u>192,316</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(796)	(796)
Experience adjustments	<u>(17,941)</u>	<u>-</u>	<u>(17,941)</u>
	<u>(17,941)</u>	<u>(796)</u>	<u>(18,737)</u>
Pension fund contribution	-	(7,294)	(7,294)
Paid pension	<u>(10,498)</u>	<u>10,498</u>	<u>-</u>
At December 31	<u>\$ 403,721</u>	<u>(\$ 237,436)</u>	<u>\$ 166,285</u>

- (d) The Bank of Taiwan was commissioned to manage the funds of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the funds' annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the funds includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the funds, their minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that funds and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2024	2023
Discount rate	1.50%	1.30%
Future salary increases	3.25%	3.25%

Assumptions regarding future mortality rate are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligations	(\$ 8,647)	\$ 8,921	\$ 7,781	(\$ 7,595)
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligations	(\$ 9,480)	\$ 9,799	\$ 8,610	(\$ 8,390)

The sensitivity analysis above is based on a change in one assumption while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method utilised in sensitivity analysis is the same as the method utilised in calculating net pension liabilities on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

- (f) Expected contributions to the defined benefit pension plan of the Company and its domestic subsidiaries for the year ending December 31, 2025 amount to \$7,082.
 - (g) Through December 31, 2024, the weighted average duration of the retirement plans is 10 years.
- 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 years ended December 31, 2024 and 2023 were \$63,338 and \$63,709, respectively.

(16) Share capital

- A. The Company was established by former Episil Technologies Inc. through a share swap on October 1, 2014. As of December 31, 2024, the Company’s authorised 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 December 31	383,223	333,216
Shares outstanding at December 31	383,223	333,216

On September 10, 2024, the Board of Directors of the Company resolved to increase capital through a private placement from Vanguard International Semiconductor Corporation, by issuing 50,000 thousand shares with a par value of \$10 (in dollars) per share. The effective date of the capital increase was on September 24, 2024. The registration for the issuance of new shares has been completed on 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 capitalised 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	-	20,840	-	-	-	20,840
Changes in ownership	-	-	(1,114)	-	-	(1,114)
Conversion of convertible bonds	443	-	-	(12)	-	431
Repayments of convertible bonds	-	-	-	(2,200)	2,200	-
Cash Capital	1,980,000	-	-	-	-	1,980,000
Increase-Private	<u>\$ 2,714,961</u>	<u>\$ 527,676</u>	<u>(\$ 1,413)</u>	<u>\$ 284,707</u>	<u>\$ 12,694</u>	<u>\$ 3,538,625</u>
At December 31						
	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
Changes in ownership interest in subsidiaries and associates	-	-	(525)	-	-	(525)
At December 31	<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 summarised 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, 2023		Year ended December 31, 2022	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 8,224		\$ 83,793	
Special reserve	(2,692)		29,675	
Cash dividends	-	\$ -	333,203	\$ 1.00
	<u>\$ 5,532</u>		<u>\$ 446,671</u>	

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

- F. On February 25, 2025, the Company's Board of Directors resolved not to appropriate dividends for 2024 earnings; on June 14, 2024, the shareholders' meeting resolved not to appropriate dividends for 2023 earnings.
- G. As certain creditors of the third domestic secured convertible bonds requested to convert bonds, resulting in the changes in the number of the Company's ordinary shares outstanding. The Board of Directors resolved to adjust the cash dividend payout ratio to NT\$0.99996315 per share on June 30, 2023 while maintaining the total amount of distributed cash dividends.

(19) Other equity items

	2024		2023	
	Unrealised gains (losses) on valuation	Financial statements translation difference of foreign operations	Unrealised gains (losses) on valuation	Financial statements translation difference of foreign operations
At January 1	(\$ 92,914)	(\$ 6,209)	(\$ 96,974)	(\$ 4,842)
–Group	(6,291)	360	4,060	(604)
–Associates	-	944	-	(763)
At December 31	<u>(\$ 99,205)</u>	<u>(\$ 4,905)</u>	<u>(\$ 92,914)</u>	<u>(\$ 6,209)</u>

(20) Operating revenue

	Year ended December 31	
	2024	2023
Revenue from contracts with customers	<u>\$ 5,816,920</u>	<u>\$ 7,080,216</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:

<u>Year ended December 31, 2024</u>	<u>Silicon wafers</u>	<u>IC</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 3,800,484</u>	<u>\$ 1,970,072</u>	<u>\$ 46,364</u>	<u>\$ 5,816,920</u>
Timing of revenue recognition				
At a point in time	<u>\$ 3,800,484</u>	<u>\$ 1,970,072</u>	<u>\$ 46,364</u>	<u>\$ 5,816,920</u>
 <u>Year ended December 31, 2023</u>	 <u>Silicon wafers</u>	 <u>IC</u>	 <u>Others</u>	 <u>Total</u>
Revenue from external customer contracts	<u>\$ 3,905,580</u>	<u>\$ 3,127,407</u>	<u>\$ 47,229</u>	<u>\$ 7,080,216</u>
Timing of revenue recognition				
At a point in time	<u>\$ 3,905,580</u>	<u>\$ 3,127,407</u>	<u>\$ 47,229</u>	<u>\$ 7,080,216</u>

B. Contract liabilities

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities:			
Contract liabilities – advance sales receipts	<u>\$ 87,857</u>	<u>\$ 157,004</u>	<u>\$ 287,815</u>

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

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	<u>\$ 114,233</u>	<u>\$ 254,854</u>

(21) Interest income

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	<u>\$ 62,449</u>	<u>\$ 52,549</u>

(22) Other income

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Rental revenue	<u>\$ 34,889</u>	<u>\$ 34,166</u>
Other income, others	<u>4,108</u>	<u>12,933</u>
	<u>\$ 38,997</u>	<u>\$ 47,099</u>

(23) Other gains and losses

	Year ended December 31	
	2024	2023
Gains on disposals of property, plant and equipment	\$ 223,171	\$ 22,647
Net currency exchange gains (losses)	35,886	(27,851)
Depreciation on investment property	(4,306)	(4,289)
Other losses	(125)	(3,632)
	<u>\$ 254,626</u>	<u>(\$ 13,125)</u>

(24) Finance costs

	Year ended December 31	
	2024	2023
Interest expense:		
Bank borrowings	\$ 24,566	\$ 19,329
Bonds payable	8,712	15,319
Lease liabilities	11,342	10,192
Less : The amount of capitalization of assets that meet the requirements	(15,457)	(7,691)
Other finance expenses	<u>7,332</u>	<u>7,560</u>
	<u>\$ 36,495</u>	<u>\$ 44,709</u>

(25) Expenses by nature

	Year ended December 31	
	2024	2023
Employee benefit expense	\$ 1,663,101	\$ 1,756,765
Depreciation expense	699,527	697,858
Amortisation expense on intangible assets	11,421	11,260

(26) Employee benefit expense

	Year ended December 31	
	2024	2023
Wages and salaries	\$ 1,350,557	\$ 1,447,350
Labour and health insurance fees	127,506	133,537
Pension costs	65,599	66,448
Other personnel expenses	<u>119,439</u>	<u>109,430</u>
	<u>\$ 1,663,101</u>	<u>\$ 1,756,765</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 year ended December 31, 2023, employees' compensation was accrued at \$5,897, while directors' remuneration was accrued at \$737. The aforementioned amounts were recognised in salary expenses and other expenses.

For the year ended December 31, 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 year ended December 31, 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 recognised 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:

	Year ended December 31	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ 55,948	\$ 58,074
Prior year income tax under (over) estimation	(6,580)	(7,150)
Total current tax	<u>49,368</u>	<u>50,924</u>
Deferred tax:		
Origination and reversal of temporary differences	4,697	(7,251)
Total deferred tax	<u>4,697</u>	<u>(7,251)</u>
Income tax expense	<u>\$ 54,065</u>	<u>\$ 43,673</u>

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

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2024	2023
Tax calculated based on gain or loss before tax and statutory tax rates	(\$ 41,462)	\$ 57,731
Expenses disallowed by tax regulation	-	1,395
Tax exempt income by tax regulation	(26,568)	(19,723)
Tax losses not recognised as deferred tax	133,469	6,264
Prior year income tax under (over) estimation	(6,580)	(7,150)
Change in assessment of realisation of deferred tax assets	(1,123)	5,156
Others	(3,671)	-
Income tax expense	<u>\$ 54,065</u>	<u>\$ 43,673</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2024		
	At January 1	Recognised in profit or loss	At December 31
Deferred income tax assets:			
Temporary differences:			
Unrealised loss on inventory valuation	\$ 32,441	\$ 16,083	\$ 48,524
Pension liability	31,472	(7,859)	23,613
Others	26,783	(2,473)	24,310
Tax losses	<u>46,503</u>	<u>(11,593)</u>	<u>34,910</u>
	<u>137,199</u>	<u>(5,842)</u>	<u>131,357</u>
Deferred income tax liabilities:			
Loss on investments accounted for using equity method	1,020	188	1,208
Property, plant and equipment	(18,667)	470	(18,197)
- book-tax difference			
Investment property	(17,221)	487	(16,734)
- book-tax difference	(34,868)	1,145	(33,723)
	<u>\$ 102,331</u>	<u>(\$ 4,697)</u>	<u>\$ 97,634</u>

	2023		
	At January 1	Recognised in profit or loss	At December 31
Deferred income tax assets:			
Temporary differences:			
Unrealised loss on inventory valuation	\$ 23,896	\$ 8,545	\$ 32,441
Pension liability	36,130	(4,658)	31,472
Others	21,954	4,829	26,783
Tax losses	49,248	(2,745)	46,503
	<u>131,228</u>	<u>5,971</u>	<u>137,199</u>
Deferred income tax liabilities:			
Loss on investments accounted for using equity method	1,295	(275)	1,020
Property, plant and equipment - book-tax difference	(19,220)	553	(18,667)
Investment property - book-tax difference	(17,708)	487	(17,221)
Intangible assets - book-tax difference	(515)	515	-
	<u>(36,148)</u>	<u>1,280</u>	<u>(34,868)</u>
	<u>\$ 95,080</u>	<u>\$ 7,251</u>	<u>\$ 102,331</u>

D. Expiration dates of unused tax losses and tax losses not recognised as deferred tax assets are as follows:

December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised tax losses	Expiry year
2017	\$ 902,192	\$ 549,183	\$ 316,668	2027
2021	1,772,210	1,772,210	1,772,210	2031
2023	17,593	17,593	17,593	2033
2024	609,372	609,372	609,372	2034

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised tax losses	Expiry year
2017	\$ 902,192	\$ 549,183	\$ 316,668	2027
2021	1,772,210	1,772,210	1,772,210	2031
2023	17,593	17,593	17,593	2032

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2024	December 31, 2023
Deductible temporary differences	<u>\$ 95,929</u>	<u>\$ 100,500</u>

F. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(28) (Loss) Earnings per share

Year ended December 31, 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>			
Loss attributable to ordinary shareholders of the parent	(\$ 525,290)	346,744	(\$ 1.51)
<u>Diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	(\$ 525,290)	346,744	(\$ 1.51)
Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 67,073	333,211	\$ 0.20
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 67,073	333,211	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	226	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 67,073	333,437	\$ 0.20

- A. For the years ended December 31, 2024 and 2023, the Company's issued convertible bonds had anti-dilutive effect, thus, they were not included in the calculation of diluted earnings per share.
- B. For the year ended December 31, 2024, the Company's employees' compensation had anti-dilutive effect, thus, it was not included in the calculation of diluted earnings per share.

(29) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31	
	2024	2023
Acquisition of property, plant and equipment	\$ 1,411,830	\$ 1,371,455
Add: Beginning balance of payables on equipment	147,933	243,884
Less: Ending balance of payables on equipment	(143,808)	(147,933)
Less: Capitalisation of interests	(15,457)	(7,691)
Cash paid during the year	<u>\$ 1,400,498</u>	<u>\$ 1,459,715</u>

B. Financing activities with no cash flow effects:

	Year ended December 31	
	2024	2023
Convertible bonds being converted to capital stocks	<u>\$ 501</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	(221,791)	(23,762)	411,155	-	165,602
Interest paid	-	(11,342)	-	-	(11,342)
Interest expense	-	11,342	8,712	-	20,054
Warrants on bonds payable	-	-	(801)	-	(801)
Repayments of bonds payable	-	-	4	-	4
Issued bonds-Addition					
Paid-in Capital-Employee stock option	-	-	(35,724)	-	(35,724)
Changes in other non-cash items	-	150,568	11,275	-	161,843
At December 31	<u>\$ 45,159</u>	<u>\$ 595,693</u>	<u>\$ 1,964,838</u>	<u>\$ 8,095</u>	<u>\$ 2,613,785</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	88,326	(22,224)	-	(8,812)	57,290
Interest paid	-	(10,192)	-	-	(10,192)
Interest expense	-	10,192	7,628	-	17,820
Warrants on bonds payable	-	-	(900)	-	(900)
Discount on bonds payable	-	-	7	-	7
Changes in other non-cash items	-	(5,140)	7,691	-	2,551
At December 31	<u>\$ 266,950</u>	<u>\$ 468,887</u>	<u>\$ 1,570,217</u>	<u>\$ 8,095</u>	<u>\$ 2,314,149</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Hermes-Epitek Coproration	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)

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 24th, 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

	Year ended December 31	
	2024	2023
Sales of goods:		
-Other related parties	\$ 8,772	\$ 7,973
-Entity with significant influence to the group	230,805	-
	<u>\$ 239,577</u>	<u>\$ 7,973</u>

Goods are sold to related parties on normal commercial terms and conditions.

B. Purchases

	Year ended December 31	
	2024	2023
Purchases of goods:		
-Other related parties	\$ 6,028	\$ 5,713
-Entity with significant influence to the group	339	-
	<u>\$ 6,367</u>	<u>\$ 5,713</u>

Goods are purchased from related parties on normal commercial terms and conditions.

C. Receivables from related parties

	December 31, 2024	December 31, 2023
Accounts receivable:		
-Other related parties	\$ 581	\$ 3,606
-Entity with significant influence to the group-Vanguard International Semiconductor Corporation	136,702	-
	<u>\$ 137,283</u>	<u>\$ 3,606</u>

The receivables from related parties arise mainly from sales of goods. The receivables are due six 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

	December 31, 2024	December 31, 2023
Accounts payable:		
-Other related parties	\$ 83	\$ 1,898
-Entity with significant influence to the group	203	-
	<u>\$ 286</u>	<u>\$ 1,898</u>
Other payables:		
-Associates-Taiwan Hi-Tech Corp.	4,315	28,734
-Other related parties	-	7
	<u>\$ 4,315</u>	<u>\$ 28,741</u>
	<u>\$ 4,601</u>	<u>\$ 30,639</u>

The payables to related parties arise mainly from purchase of goods and services and acquisitions of property, plant and equipment, and payable three months after the date of purchase. The payables bear no interest.

E. Property Transaction

	Year ended December 31	
	2024	2023
Associates-Taiwan Hi-Tech Corp.	\$ 451,440	\$ -

F. Others

	Year ended December 31	
	2024	2023
Testing fee:		
-Associates	\$ 61,607	\$ 161,036

(3) Key management personnel compensation

	Year ended December 31	
	2024	2023
Salaries and other short-term employee benefits	\$ 83,720	\$ 92,911
Post-employment benefits	1,538	1,412
	\$ 85,258	\$ 94,323

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2024	December 31, 2023	
Pledged time deposits (shown as "non-current financial assets at amortised cost")	\$ 36,348	\$ 30,442	Customs deposits and guarantee deposits for leases
Pledged time deposits (shown as "current financial assets at amortised cost")	150,000	-	Guarantee for convertible bonds
Pledged time deposits (shown as "non-current financial assets at amortised cost")	-	167,820	Guarantee for convertible bonds
	\$ 186,348	\$ 198,262	

9. Significant Contingent Liabilities and Unrecognised 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>December 31, 2024</u>	<u>December 31, 2023</u>
Property, plant and equipment	\$ <u>629,404</u>	\$ <u>817,049</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>December 31, 2024</u>	<u>December 31, 2023</u>
Production capacity guarantee agreement		
(Shown as “other current liabilities, others”)	\$ <u>10,459</u>	\$ <u>11,791</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Reporting Period

For the 2024 earnings distribution proposal, please refer to note 6(18).

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>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income	\$ 8,551	\$ 14,842
Financial assets at amortised cost		
Cash and cash equivalents	5,545,353	3,531,506
Financial assets at amortised cost	196,348	198,262
Notes receivable	9,473	4,744
Accounts receivable (including related parties)	1,025,932	1,146,513
Other receivables (including related parties)	34,495	45,918
Refundable guarantee deposits	2,366	2,208
	<u>\$ 6,822,518</u>	<u>\$ 4,943,993</u>

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 45,159	\$ 266,950
Accounts payable (including related parties)	427,025	355,854
Other payables (including related parties)	747,593	785,054
Bonds payable (including current portion)	1,964,838	1,570,217
Guarantee deposits received	8,095	8,095
	<u>\$ 3,192,710</u>	<u>\$ 2,986,170</u>
Lease liabilities	<u>\$ 595,693</u>	<u>\$ 468,887</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 minimise 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, 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, recognised 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 recognised 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, recognised 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:

	December 31, 2024		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 25,916	32.7940	\$ 849,889
JPY:NTD	67,422	0.2102	14,172
RMB:NTD	12,821	4.4780	57,412
Non-monetary items: None.			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 9,360	32.7940	\$ 306,952
JPY:NTD	78,956	0.2102	16,597
RMB:NTD	16,509	4.4780	73,927
Non-monetary items: None.			

	December 31, 2023			
	Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	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.				

- iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variations on the monetary items held by the Group for the years ended December 31, 2024 and 2023, amounted to \$35,886 and (\$27,851), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variations:

	December 31, 2024			
	Change in exchange rate	Effect on profit (loss)	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	8,499	\$ -
JPY:NTD	1%		142	-
RMB:NTD	1%		574	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	3,070)	\$ -
JPY:NTD	1%	(	166)	-
RMB:NTD	1%	(	739)	-

December 31, 2023			
	Change in exchange rate	Effect on profit (loss)	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 12,016	\$ -
JPY:NTD	1%	21	-
RMB:NTD	1%	1,655	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 5,497)	\$ -
JPY:NTD	1%	(203)	-
RMB:NTD	1%	(341)	-

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 \$86 and \$148, respectively, as a result of the price change on equity investment at fair value through other comprehensive income for the years ended December 31, 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. During 2024 and 2023, the Group's borrowings at floating rates were mainly denominated in New Taiwan dollars and US dollars.
- ii. The Group's borrowings are measured at amortised 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 years ended December 31, 2024 and 2023 would have increased/decreased by \$90 and \$534, 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 amortised 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 analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation 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 categorised 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 forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2024 and 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
<u>At December 31, 2024</u>							
Expected loss rate	0.01~1%	0.01~0.42%	0.01~0.63%	0.63~82.96%	100%	0.12~4.41%	
Total book value	\$ 962,999	\$ 49,551	\$ 369	\$ 15,136	\$ 30,518	\$ 10,625	\$ 1,069,198
Loss allowance	\$ -	\$ 35	\$ 6	\$ 12,558	\$ 30,518	\$ 149	\$ 43,266
<u>At December 31, 2023</u>							
Expected loss rate	0.01~1%	0.01~0.44%	0.01~6.68%	0.01~38.52%	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

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	36,866
At December 31	\$ 43,266
	2023
	Accounts receivable
At January 1/ At December 31	\$ 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 years ended December 31, 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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Floating rate:		
Expiring within one year	\$ 246,990	\$ 210,000
Fixed rate:		
Expiring within one year	<u>2,477,851</u>	<u>2,447,376</u>
	<u>\$ 2,724,841</u>	<u>\$ 2,657,376</u>

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>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
December 31, 2024				
Short-term borrowings	\$ 45,159	\$ -	\$ -	\$ -
Accounts payable (including related parties)	427,025	-	-	-
Other payables (including related parties)	747,593	-	-	-
Lease liabilities	38,522	37,840	107,331	600,659
Bonds payable	1,495,970	-	500,000	-
Guarantee deposits received	-	-	-	8,095
<u>Non-derivative financial liabilities</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
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

Derivative financial liabilities

As of December 31, 2024 and 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.

	December 31, 2024			
	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	<u>\$ 1,964,838</u>	<u>\$ -</u>	<u>\$ 1,960,502</u>	<u>\$ -</u>
	December 31, 2023			
	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	<u>\$ 1,570,217</u>	<u>\$ -</u>	<u>\$ 1,563,165</u>	<u>\$ -</u>

(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:

December 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	\$ -	\$ -	\$ 8,551	\$ 8,551
December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	\$ -	\$ -	\$ 14,842	\$ 14,842

(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 years ended December 31, 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 years ended December 31, 2024 and 2023:

	Level 3 Equity instruments
January 1, 2024	\$ 14,842
Unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	(6,291)
December 31, 2024	<u>\$ 8,551</u>

	Level 3 Equity instruments
January 1, 2023	\$ 10,782
Unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	4,060
December 31, 2023	<u>\$ 14,842</u>

- G. For the years ended December 31, 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 categorised 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:

		<u>Fair value at December 31, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:						
Unlisted shares	\$	8,551	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:0.1~0.26.	The higher the multiple, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value.
		<u>Fair value at December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
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.

J. The Group has carefully assessed the valuation models and assumptions 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 categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2024			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 86	(\$ 86)
			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 148	(\$ 148)

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:

	Year ended December 31	
	2024	2023
Revenue from external customers	\$ 5,816,920	\$ 7,080,216
Inter-company revenue	\$ -	\$ -
Segment (loss) income	(\$ 413,784)	\$ 136,199
Segment assets	\$ 13,914,604	\$ 11,793,002

(3) Reconciliation for segment income (loss)

None.

(4) Information on product

Revenue from external customers is mainly from epitaxial wafer foundry and IC foundry. Details of revenue balance are as follows:

	Year ended December 31	
	2024	2023
Epitaxial wafer	\$ 3,800,484	\$ 3,905,580
IC	1,970,072	3,127,407
Others	46,364	47,229
	\$ 5,816,920	\$ 7,080,216

(5) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	<u>Year ended December 31, 2024</u>		<u>Year ended December 31, 2023</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 2,410,685	\$ 5,547,458	\$ 2,223,066	\$ 4,777,803
Japan	918,310	-	1,498,744	-
China	603,392	-	1,535,407	14
USA	1,343,213	-	1,485,617	-
Others	541,320	-	337,382	-
	<u>\$ 5,816,920</u>	<u>\$ 5,547,458</u>	<u>\$ 7,080,216</u>	<u>\$ 4,777,817</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2024 and 2023 is as follows:

	<u>Year ended December 31, 2024</u>	
	<u>Revenue</u>	<u>Segment</u>
B	<u>\$ 604,997</u>	All segment
	<u>Year ended December 31, 2023</u>	
	<u>Revenue</u>	<u>Segment</u>
A	<u>\$ 797,501</u>	All segment

Episil Technologies Inc. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 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 December 31, 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	1,164	\$ 17	0.00%	\$ 17	
Wei Nuo Investment Inc.	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	1,841	6.16%	1,841	
Wei Nuo Investment Inc.	Energic Technologies Corporation-common shares	None	Financial assets at fair value through other comprehensive income-non-current	1,000,000	6,347	4.50%	6,347	
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. and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions (Note 1)			Notes/accounts receivable (payable)		Footnote
			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	180,929	10.51%	30-90 days after monthly billings	-	Gernal terms	(51,228)	32.07%	(Note 1)
Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	Subsidiary	(Sales)	(138,586)	7.37%	90-180 days after monthly billings	-	Gernal terms	36,418	13.30%	
Episil-Precision Inc.	Vanguard International Semiconductor Corporation	Entity with significant influence to the group	(Sales)	(230,805)	11.00%	90-180 days after monthly billings	-	Gernal terms	136,702	49.94%	

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

Episil Technologies Inc. and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2024 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Episil-Precision Inc.	Vanguard International Semiconductor Corporation	Entity with significant influence to the group	\$ 136,702	5.47	\$ -	Received in subsequent period	\$ -	\$ -

Note 1 : Please rely on the accounts receivable, bills, other receivables... Etc

Episil Technologies Inc. and Subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship	General ledger account	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
					Amount	Transaction terms	
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Operating revenue	\$ 6,895	Gerneral terms	0.12%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Service revenue	9,390	Gerneral terms	0.16%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Operating costs	180,929	Gerneral terms	3.11%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Processing cost	115,094	Gerneral terms	1.98%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Other receivables	4,616	30~90 days after monthly billings	0.03%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Accounts payable	51,228	30~90 days after monthly billings	0.37%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Other payable	55,108	30~90 days after monthly billings	0.40%
0	Episil Technologies Inc.	Episil Technologies Inc.(SHANGHAI)	1	Operating revenue	16,000	Gerneral terms	0.28%
0	Episil Technologies Inc.	Precision Silicon Japan Co., Ltd.	1	Operating revenue	77,535	Gerneral terms	1.33%
0	Episil Technologies Inc.	Precision Silicon Japan Co., Ltd.	1	Accounts receivable	5,763	30~90 days after monthly billings	0.04%
1	Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	3	Operating revenue	138,586	Gerneral terms	2.38%
1	Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	3	Accounts receivable	36,418	90~180 days after monthly billings	0.26%

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. and Subsidiaries

Information on investees

Year ended December 31, 2024

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Investment income (loss) recognized by the Company		Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2024	for the year ended December 31, 2024	
									(Note 2(2))	(Note 2(3))	
Episil Technologies Inc.	Wei Nuo Investment Inc.	Taiwan	Gernal investment	\$ 250,000	\$ 250,000	15,000,000	100.00%	\$ 89,437	(\$ 1,178)	(\$ 1,178)	
Episil Technologies Inc.	Episil-Precision Inc.	Taiwan	Semiconductor industry	2,001,343	2,001,343	166,961,680	57.86%	2,932,249	264,608	153,840	
Episil Technologies Inc.	Taiwan Hi-Tech Corp.	Taiwan	Semiconductor industry	31,795	201,020	170,933	37.49%	-	141,778	(5,833)	
Wei Nuo Investment Inc.	Wellknown Holding Company Ltd.	Samoa	Investment service of various business	4,837	4,837	150,000	100.00%	4,326	(3,131)	(3,131)	
Wei Nuo Investment Inc.	Taiwan Hi-Tech Corp.	Taiwan	Semiconductor industry	333	17,296	35,260	7.73%	-	141,778	(1,401)	
Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	Japan	Sales of epitaxy and silicon wafers	2,740	2,740	200	100.00%	11,396	(944)	(944)	

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 December 31, 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 year ended December 31, 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 year ended December 31, 2024’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised 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. and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2024

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for year ended December 31, 2024 (Note 2(2)B)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Episil Technologies Inc. (SHANGHAI)	Trading business	\$ 4,598	2	\$ 4,598	\$ -	\$ -	\$ 4,598	(\$ 2,274)	100.00%	(\$ 2,274)	\$ 4,250	\$ 48,199	
Company name		remittance	Commission of the Ministry of Economic		imposed by the Investment Commission of								
Episil Technologies Inc. (SHANGHAI)		\$ 4,598	\$	\$ 4,598	\$	4,509,037							

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 year ended December 31, 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.

Table 6, Page 1

Episil Technologies Inc. and Subsidiaries

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

Year ended December 31, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2024	%	Balance at December 31, 2024	Purpose	Maximum balance during the year ended December 31, 2024	Balance at December 31, 2024	Interest rate	Interest during the year ended December 31, 2024	Others
Episil Technologies Inc. (SHANGHAI)	(\$ 16,000)	0.28%	\$ -	-	\$ 505	0.06%	\$ -	-	\$ -	\$ -	-	\$ -	-

Episil Technologies Inc. and Subsidiaries
Major shareholders information
December 31, 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%
Vanguard International Semiconductor Corporation	50,000,000	13.05%