

**EPISIL TECHNOLOGIES INC. (Formerly
EPISIL HOLDING INC.)**

PARENT COMPANY ONLY 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.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR24000378

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

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagement 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 parent company only 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 Company's 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only 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 Company's 2024 parent company only financial statements are stated as follows:

Inventory valuation

Description

Please refer to Note 4(11) 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(3) for description of inventory and allowance for inventory valuation losses.

The Company and its subsidiary (recognised in investments accounted for using equity method), Episil-Precision Inc. are primarily engaged 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 individually obsolete inventory. The Company and Episil-Precision Inc.'s inventories are measured at the lower of cost and net realisable value, and the calculation of the net realisable value used in 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 parent company only financial statements, we identified the Company and Episil-Precision Inc.'s 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 the Company and Episil-Precision Inc.'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 Company and Episil-Precision Inc.'s inventory aging report is appropriate and in accordance with the company and Episil-Precision Inc.'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.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers, and for such internal controls as management determines are necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 the 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform 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 Company'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 Company'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 parent company only 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company'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 parent company only 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 parent company only 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 parent company only 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. (Formerly EPISIL HOLDING INC.)
PARENT COMPANY ONLY 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)	\$	2,795,477	29	\$	1,172,203	15
1136	Current financial assets at amortised cost	6(1) and 8		150,000	1		-	
1150	Notes receivable, net	6(2)		9,473	-		4,744	-
1170	Accounts receivable, net	6(2)		263,044	3		257,178	3
1180	Accounts receivable - related parties	6(2) and 7		6,268	-		11,550	-
1200	Other receivables			15,177	-		18,359	-
1210	Other receivables - related parties	7		4,616	-		4,299	-
1220	Current income tax assets			4,544	-		2,824	-
130X	Inventories	6(3)		449,783	5		673,823	9
1410	Prepayments			66,326	1		58,689	1
1470	Other current assets			3,025	-		7,208	-
11XX	Current Assets			3,767,733	39		2,210,877	28
Non-current assets								
1535	Non-current financial assets at amortised cost	6(1) and 8		16,858	-		184,678	2
1550	Investments accounted for using equity method	6(4)		3,021,686	32		3,113,631	39
1600	Property, plant and equipment	6(5)		2,410,848	25		2,101,378	26
1755	Right-of-use assets	6(6)		281,283	3		302,286	4
1760	Investment property, net	6(8)		1,764	-		1,875	-
1780	Intangible assets	6(9)		9,239	-		14,849	-
1840	Deferred income tax assets	6(25)		99,133	1		99,133	1
1900	Other non-current assets			1,088	-		1,133	-
15XX	Non-current assets			5,841,899	61		5,818,963	72
1XXX	Total assets		\$	9,609,632	100	\$	8,029,840	100

(Continued)

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
PARENT COMPANY ONLY 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										
2130	Current contract liabilities	6(18)	\$	55,988	1	\$	153,623	2		
2170	Accounts payable	6(10)		120,492	1		96,951	1		
2180	Accounts payable - related parties	7		51,228	-		67,363	1		
2200	Other payables	6(11)		282,822	3		393,319	5		
2220	Other payables - related parties	7		55,403	1		42,698	1		
2280	Current lease liabilities			15,561	-		18,477	-		
2320	Long-term borrowings, current portion	6(12)		998,053	10		88,772	1		
2399	Other current liabilities			151,079	2		239,096	3		
21XX	Current Liabilities			1,730,626	18		1,100,299	14		
Non-current liabilities										
2530	Corporate bonds payable	6(12)		-	-		990,302	12		
2580	Non-current lease liabilities			281,895	3		298,238	4		
2640	Accrued pension liabilities	6(13)		76,816	1		108,324	1		
2670	Other non-current liabilities, others			5,234	-		6,515	-		
25XX	Non-current liabilities			363,945	4		1,403,379	17		
2XXX	Total Liabilities			2,094,571	22		2,503,678	31		
Equity										
	Share capital	6(14)								
3110	Share capital - common stock			3,832,227	40		3,332,157	42		
	Capital surplus	6(15)								
3200	Capital surplus			3,538,625	37		1,538,468	19		
	Retained earnings	6(16)								
3310	Legal reserve			122,373	1		114,149	1		
3320	Special reserve			99,122	1		101,815	1		
3350	Unappropriated retained earnings			26,824	-		538,696	7		
	Other equity interest	6(17)								
3400	Other equity interest		(104,110)	(1)	(99,123)	(1)
3XXX	Total equity			7,515,061	78		5,526,162	69		
	Significant commitments and contingencies	9								
	Significant events after the reporting period	11								
3X2X	Total liabilities and equity		\$	9,609,632	100	\$	8,029,840	100		

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

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, for earnings per share amounts)

			Year ended December 31			
Items		Notes	2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(18) and 7	\$ 2,089,335	100	\$ 3,158,702	100
5000	Operating costs	6(3)(23)(24) and 7	(2,428,623)	(116)	(2,853,231)	(90)
5900	Operating margin		(339,288)	(16)	(305,471)	10
	Operating expenses	6(23)(24) and 7				
6100	Selling and marketing expenses		(32,023)	(2)	(37,205)	(1)
6200	General and administrative expenses		(175,941)	(8)	(186,961)	(6)
6300	Research and development expenses		(160,167)	(8)	(134,227)	(5)
6450	Expected credit impairment gains	12(2)	(36,866)	(2)	-	-
6000	Total operating expenses (losses)		(404,997)	(20)	(358,393)	(12)
6900	Operating (loss) profit		(744,285)	(36)	(52,922)	(2)
	Non-operating income and expenses					
7100	Interest income	6(19)	24,434	1	21,058	1
7010	Other income	6(20)	5,217	-	8,783	-
7020	Other gains and losses	6(21)	57,175	3	1,683	-
7050	Finance costs	6(22)	(14,300)	-	(14,375)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(4)				
			146,469	7	102,846	3
7000	Total non-operating income and expenses		218,995	11	119,995	4
7900	Loss (profit) before income tax		(525,290)	(25)	67,073	2
7950	Income tax expense	6(25)	-	-	-	-
8200	Loss (profit) for the year		(\$ 525,290)	(25)	\$ 67,073	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(13)	\$ 14,735	1	\$ 11,397	1
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(4)	(2,077)	-	7,830	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		12,658	1	19,227	1
	Components of other comprehensive income that may be subsequently reclassified to profit or loss					
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income (loss) that may be reclassified to profit or loss	6(4)	1,304	-	(1,367)	-
8360	Components of other comprehensive income (loss) that may be subsequently reclassified to profit or loss		1,304	-	(1,367)	-
8300	Other comprehensive income for the year		\$ 13,962	1	\$ 17,860	1
8500	Total comprehensive (loss) income for the year		(\$ 511,328)	(24)	\$ 84,933	3
	Basic (loss) earnings per share	6(26)				
9750	Basic (loss) earnings per share (in dollars)		(\$ 1.51)		\$ 0.20	
	Diluted (loss) earnings per share	6(26)				
9850	Diluted (loss) earnings per share (in dollars)		(\$ 1.51)		\$ 0.20	

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

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings			Other equity interest		Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
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
Profit for the year		-	-	-	-	67,073	-	-	67,073
Other comprehensive income (loss)		-	-	-	-	15,167	(1,367)	4,060	17,860
Total comprehensive income (loss)		-	-	-	-	82,240	(1,367)	4,060	84,933
Appropriation of 2022 earnings	6(16)								
Legal reserve		-	-	83,793	-	(83,793)	-	-	-
Special reserve		-	-	-	29,675	(29,675)	-	-	-
Cash dividends		-	-	-	-	(333,203)	-	-	(333,203)
Changes in ownership interest in subsidiaries	6(15)	-	(525)	-	-	-	-	-	(525)
Conversion of convertible bonds	6(14)(15)	122	771	-	-	-	-	-	893
Balance at December 31, 2023		<u>\$ 3,332,157</u>	<u>\$ 1,538,468</u>	<u>\$ 114,149</u>	<u>\$ 101,815</u>	<u>\$ 538,696</u>	<u>(\$ 6,209)</u>	<u>(\$ 92,914)</u>	<u>\$ 5,526,162</u>
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
Profit (loss) for the year		-	-	-	-	(525,290)	-	-	(525,290)
Other comprehensive income (loss)	6(13)(17)	-	-	-	-	18,949	1,304	(6,291)	13,962
Total comprehensive income (loss)		-	-	-	-	(506,341)	1,304	(6,291)	(511,328)
Appropriation of 2023 earnings	6(16)								
Legal reserve		-	-	8,224	-	(8,224)	-	-	-
Special reserve		-	-	-	(2,693)	2,693	-	-	-
Changes in ownership interest in subsidiaries	6(15)	-	20,840	-	-	-	-	-	20,840
Changes in ownership interest in associates	6(15)	-	(1,114)	-	-	-	-	-	(1,114)
Cash capital increase	6(14)	500,000	1,980,000	-	-	-	-	-	2,480,000
Conversion of convertible bonds	6(12)(14)(15)	70	431	-	-	-	-	-	501
Balance at December 31, 2024		<u>\$ 3,832,227</u>	<u>\$ 3,538,625</u>	<u>\$ 122,373</u>	<u>\$ 99,122</u>	<u>\$ 26,824</u>	<u>(\$ 4,905)</u>	<u>(\$ 99,205)</u>	<u>\$ 7,515,061</u>

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

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
PARENT COMPANY ONLY 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 OPERATING ACTIVITIES			
(Loss) profit before tax		(\$ 525,290)	\$ 67,073
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(23)	272,749	204,006
Amortisation expense	6(23)	7,869	8,740
Expected credit impairment gain	12(2)	36,866	-
Gains on disposal of property, plant and equipment	6(21)	(39,878)	(21,047)
Share of profit of associates accounted for using equity method	6(4)	(146,469)	(102,846)
Finance costs	6(22)	7,198	6,965
Interest income	6(19)	(24,434)	(21,058)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(4,729)	22,580
Accounts receivable		(42,732)	60,602
Accounts receivable - related parties		5,282	(4,515)
Other receivables		4,716	11,984
Other receivables - related parties		(317)	729
Inventories		224,040	218,879
Prepayments		(9,795)	7,361
Other current assets		4,183	(5,022)
Changes in operating liabilities			
Contract liabilities		(97,635)	(53,627)
Accounts payable		23,541	(37,751)
Accounts payable - related parties		(16,135)	(113,721)
Other payables		(88,773)	(104,464)
Other payables - related parties		12,705	6,893
Other current liabilities		(88,017)	94,494
Other non-current liabilities		(1,281)	6,515
Accrued pension liabilities		(16,773)	(2,518)
Cash (outflow) inflow generated from operations		(503,109)	250,252
Dividends received	6(4)	88,142	339,909
Interest received		23,337	20,952
Interest paid		(6,870)	(6,310)
Net cash flows (used in) from operating activities		(398,500)	604,803

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EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
PARENT COMPANY ONLY 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
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		\$ -	(\$ 1,195)
Proceeds of disposal of financial assets at amortised cost		17,820	1,543
Acquisition of property, plant and equipment	6(27)	(576,335)	(851,027)
Proceeds from disposal of property, plant and equipment		40,249	21,047
Acquisition of intangible assets	6(9)	(2,259)	(409)
Decrease (increase) in refundable deposits		45	(407)
Proceeds from capital reduction of investments accounted for using equity method		169,225	-
Net cash flows used in investing activities		(351,255)	(830,448)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings		160,153	37,358
Repayments of short-term borrowings		(160,153)	(37,358)
Payments of lease liabilities	6(28)	(18,371)	(17,989)
Cash capital increased	6(14)	2,480,000	-
Repayments of bonds	6(28)	(88,600)	-
Cash dividends paid	6(16)	-	(333,203)
Net cash flows from (used in) financing activities		2,373,029	(351,192)
Net increase (decrease) in cash and cash equivalents		1,623,274	(576,837)
Cash and cash equivalents at beginning of year		1,172,203	1,749,040
Cash and cash equivalents at end of year		<u>\$ 2,795,477</u>	<u>\$ 1,172,203</u>

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

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE 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 chips, 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 parent company only 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 ("IASB")</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 Company's financial condition and financial performance based on the Company's assessment.

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

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 Company's financial condition and financial performance based on the Company'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:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendment to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
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 IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

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 Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
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 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") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and 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 the company, 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.

(4) 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.

(5) 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.

(6) 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 Company'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 Company 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 Company'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.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company 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.

(8) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company 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 Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company 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 Company 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 Company has not retained control of the financial asset.

(10) 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.

(11) 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 costs of completion and the estimated costs necessary to make the sale.

(12) Investments accounted for using equity method—subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- B. Unrealised gains and losses on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' 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 Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. If changes in the Company's ownership interests in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity

transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.

- E. Associates are all entities over which the Company 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.
- F. The Company'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 Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. 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 Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in "Capital surplus" in proportion to its ownership.
- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.
- I. When the Company 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.
- J. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(13) 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 Company 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

(14) 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 Company. 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 Company 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.

(15) 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 years.

(16) Intangible assets

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

(17) Impairment of non-financial assets

The Company 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. 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.

(18) 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.

(19) 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.

(20) Convertible corporate bonds

Convertible corporate bonds issued by the Company 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 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.

(21) Derecognition of financial liabilities

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

(22) 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 Company 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 Company'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 Company 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' remuneration

Employees' compensation and directors' 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 Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) 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.

(24) 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 shareholders 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 parent company only 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 Company 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.

(25) 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.

(26) 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.

(27) Revenue recognition

- A. The Company manufactures and sells 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 Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Sales revenue was recognised 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 Company 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.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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 Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Inventory valuation

The Company 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 Company 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 Company'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 \$449,783.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and revolving funds	\$ 144	\$ 138
Checking accounts and demand deposits	156,351	523,657
Time deposits	1,898,382	639,308
Cash equivalents-bonds sold under repurchase agreement	740,600	9,100
	<u>\$ 2,795,477</u>	<u>\$ 1,172,203</u>

- A. The Company 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) Notes and accounts receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable	\$ 9,473	\$ 4,744
Accounts receivable	306,157	263,425
Accounts receivable- related parties	6,268	11,550
Less: Loss allowance	(43,113)	(6,247)
	<u>\$ 269,312</u>	<u>\$ 268,728</u>

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

	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 258,939	\$ 9,473	\$ 245,259	\$ 4,744
Up to 30 days	7,729	-	24,652	-
31 to 90 days	103	-	623	-
91 to 180 days	15,136	-	-	-
Over 180 days	30,518	-	4,441	-
	<u>\$ 312,425</u>	<u>\$ 9,473</u>	<u>\$ 274,975</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 \$358,386.

C. 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 Company's notes and accounts receivable was \$9,473 and \$4,744 ; \$269,312 and \$268,728, respectively.

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

(3) Inventories

December 31, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 206,056	(\$ 53,667)	\$ 152,389
Supplies	169,828	(44,209)	125,619
Work in progress	145,673	(6,387)	139,286
Finished goods	68,548	(36,059)	32,489
	<u>\$ 590,105</u>	<u>(\$ 140,322)</u>	<u>\$ 449,783</u>

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 244,098	(\$ 32,235)	\$ 211,863
Supplies	167,180	(25,397)	141,783
Work in progress	221,656	(4,165)	217,491
Finished goods	110,775	(8,089)	102,686
	<u>\$ 743,709</u>	<u>(\$ 69,886)</u>	<u>\$ 673,823</u>

The cost of inventories recognised as expense for the year :

	Year ended December 31	
	2024	2023
Cost of goods sold	\$ 1,411,661	\$ 2,105,627
Unamortised manufacturing expenses	946,526	738,221
Loss on decline in market value	70,436	9,383
	<u>\$ 2,428,623</u>	<u>\$ 2,853,231</u>

(4) Investments accounted for using equity method

	2024	2023
At January 1	\$ 3,113,631	\$ 3,344,756
Decrease in investments accounted for using equity method	(169,225)	-
Share of profit of subsidiaries and associates accounted for using equity method	146,469	102,846
Dividends received from subsidiaries and associates accounted for using equity method	(88,142)	(339,909)
Changes in ownership interest in subsidiaries and associates	19,726	(525)
Share of other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	(2,077)	7,830
Other equity interest	1,304	(1,367)
At December 31	<u>\$ 3,021,686</u>	<u>\$ 3,113,631</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries		
Episil-Precision Inc.	\$ 2,932,249	\$ 2,839,178
Wei Nuo Investment Inc.	89,437	101,794
Associates		
Taiwan Hi-Tech Corp.	-	172,659
	<u>\$ 3,021,686</u>	<u>\$ 3,113,631</u>

The Company and subsidiaries hold 45.2% equity interest in Taiwan Hi-Tech Corp and are the single largest shareholder of the entity. Given that other shareholders (non-related parties) hold more shares than the Company, which indicates that the Company has no current ability to direct the relevant activities of Taiwan Hi-Tech Corp., the Company has no control, but only has significant influence, over the investee.

Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2024 for the information regarding the Company's subsidiaries.

(5) 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	\$ 2,446,282	\$ 4,613,584	\$ 79,345	\$ 1,865	\$ 2,527	\$ 73,961	\$ 1,212,494	\$ 8,430,058
Accumulated depreciation	(1,702,842)	(3,874,367)	(44,616)	(664)	(2,527)	(73,961)	-	(5,698,977)
Accumulated impairment	(375,872)	(253,830)	-	(1)	-	-	-	(629,703)
	<u>\$ 367,568</u>	<u>\$ 485,387</u>	<u>\$ 34,729</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,212,494</u>	<u>\$ 2,101,378</u>
At January 1	\$ 367,568	\$ 485,387	\$ 34,729	\$ 1,200	\$ -	\$ -	\$ 1,212,494	\$ 2,101,378
Additions	47,967	285,834	260	-	-	-	228,302	562,363
Reclassifications	35,608	799,881	-	-	-	-	(835,489)	-
Depreciation expense	(42,233)	(197,881)	(12,108)	(300)	-	-	-	(252,522)
At December 31	<u>\$ 408,910</u>	<u>\$ 1,372,850</u>	<u>\$ 22,881</u>	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 605,307</u>	<u>\$ 2,410,848</u>
At December 31								
Cost	\$ 2,528,292	\$ 5,611,906	\$ 77,627	\$ 1,865	\$ 2,527	\$ 73,961	\$ 605,307	\$ 8,901,485
Accumulated depreciation	(1,743,510)	(3,988,518)	(54,746)	(964)	(2,527)	(73,961)	-	(5,864,226)
Accumulated impairment	(375,872)	(250,538)	-	(1)	-	-	-	(626,411)
	<u>\$ 408,910</u>	<u>\$ 1,372,850</u>	<u>\$ 22,881</u>	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 605,307</u>	<u>\$ 2,410,848</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	\$ 2,402,098	\$ 4,404,290	\$ 61,642	\$ 665	\$ 2,527	\$ 74,457	\$ 688,462	\$ 7,634,141
Accumulated depreciation	(1,683,863)	(3,786,000)	(33,064)	(664)	(2,527)	(74,457)	-	(5,580,575)
Accumulated impairment	(380,095)	(263,286)	-	(1)	-	-	-	(643,382)
	<u>\$ 338,140</u>	<u>\$ 355,004</u>	<u>\$ 28,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 688,462</u>	<u>\$ 1,410,184</u>
At January 1	\$ 338,140	\$ 355,004	\$ 28,578	\$ -	\$ -	\$ -	\$ 688,462	\$ 1,410,184
Additions	53,018	155,832	14,273	1,200	-	-	650,700	875,023
Reclassifications	12,104	111,134	3,430	-	-	-	(126,668)	-
Depreciation expense	(35,694)	(136,583)	(11,552)	-	-	-	-	(183,829)
At December 31	<u>\$ 367,568</u>	<u>\$ 485,387</u>	<u>\$ 34,729</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,212,494</u>	<u>\$ 2,101,378</u>
At December 31								
Cost	\$ 2,446,282	\$ 4,613,584	\$ 79,345	\$ 1,865	\$ 2,527	\$ 73,961	\$ 1,212,494	\$ 8,430,058
Accumulated depreciation	(1,702,842)	(3,874,367)	(44,616)	(664)	(2,527)	(73,961)	-	(5,698,977)
Accumulated impairment	(375,872)	(253,830)	-	(1)	-	-	-	(629,703)
	<u>\$ 367,568</u>	<u>\$ 485,387</u>	<u>\$ 34,729</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,212,494</u>	<u>\$ 2,101,378</u>

A. For the years ended December 31, 2024 and 2023, the amounts capitalised were \$7,751 and \$7,691, respectively, and the ranges of the interest rates for such capitalisation were 0.72% and 0.72%, respectively.

B. As of December 31, 2024 and 2023, there was no property, plant and equipment pledged to others as collateral.

(6) Lease transaction – lessee

- A. The Company 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	\$ 189,899	\$ 201,475
Buildings and structures	91,384	100,811
	<u>\$ 281,283</u>	<u>\$ 302,286</u>
	Year ended December 31	
	2024	2023
	Depreciation expense	Depreciation expense
Land	\$ 11,576	\$ 11,576
Buildings and structures	8,540	8,508
	<u>\$ 20,116</u>	<u>\$ 20,084</u>

- D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$212 and \$4,855, 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	<u>\$ 5,864</u>	<u>\$ 6,204</u>
Expense on short-term lease agreements	<u>\$ 825</u>	<u>\$ 652</u>

- F. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases were \$25,060 and \$24,845, respectively.
- G. Extension and termination options

In determining the lease term, the Company 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.

(7) Lease arrangements – lessor

- A. The Company 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	\$ 1,200	\$ 1,200

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

	December 31, 2024	December 31, 2023
2024	\$ -	\$ 1,200
2025	1,200	1,200
2026	1,200	1,200
2027	1,200	1,200
2028	1,200	1,200
2029	1,200	1,200
Over 2030	12,750	12,750
	<u>\$ 18,750</u>	<u>\$ 19,950</u>

(8) Investment property

	2024	2023
	<u>Buildings and structures</u>	<u>Buildings and structures</u>
At January 1		
Cost	\$ 4,275	\$ 4,275
Accumulated depreciation and impairment	(2,400)	(2,307)
	<u>\$ 1,875</u>	<u>\$ 1,968</u>
At January 1	\$ 1,875	\$ 1,968
Depreciation expense	(111)	(93)
At December 31	<u>\$ 1,764</u>	<u>\$ 1,875</u>
At December 31		
Cost	\$ 4,275	\$ 4,275
Accumulated depreciation and impairment	(2,511)	(2,400)
	<u>\$ 1,764</u>	<u>\$ 1,875</u>

A. Rental revenue from investment property.

	Year ended December 31	
	2024	2023
Rental revenue from investment property	<u>\$ 1,200</u>	<u>\$ 1,200</u>
Direct operating expenses arising from the investment property that generated rental revenue during the year	<u>\$ 355</u>	<u>\$ 93</u>

B. The fair value of the investment property held by the Company as at December 31, 2024 and 2023 was \$5,017 and \$5,364, 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%	8.65%
Annual rent (net income)	\$ 815	\$ 823
Duration	10 years	10 years

C. The Company 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 years.

E. As at December 31, 2024 and 2023, the Company has no investment property pledged to others as collateral.

(9) Intangible assets

	2024	2023
	Computer software	Computer software
At January 1		
Cost	\$ 75,608	\$ 75,199
Accumulated amortisation	(60,759)	(52,019)
	<u>\$ 14,849</u>	<u>\$ 23,180</u>
At January 1	\$ 14,849	\$ 23,180
Additions	2,259	409
Amortisation expense	(7,869)	(8,740)
At December 31	<u>\$ 9,239</u>	<u>\$ 14,849</u>
At December 31		
Cost	\$ 77,867	\$ 75,608
Accumulated amortisation	(68,628)	(60,759)
	<u>\$ 9,239</u>	<u>\$ 14,849</u>

Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2024	2023
Operating costs	\$ 6,932	\$ 7,599
General and administrative expenses	937	1,141
	<u>\$ 7,869</u>	<u>\$ 8,740</u>

(10) Accounts payable

	December 31, 2024	December 31, 2023
Accounts payable	\$ 104,044	\$ 86,370
Estimated accounts payable	16,448	10,581
	<u>\$ 120,492</u>	<u>\$ 96,951</u>

(11) Other payables

	December 31, 2024	December 31, 2023
Accrued expenses-bonus	\$ 76,099	\$ 157,838
Accrued expenses-expendables	73,966	84,012
Payables for equipment	39,119	60,842
Employees' compensation and directors' remuneration payable	-	6,634
Accrued expenses-others	93,638	83,993
	<u>\$ 282,822</u>	<u>\$ 393,319</u>

(12) Bonds payable

	December 31, 2024	December 31, 2023
Bonds payable		
The Company's third secured convertible bonds	\$ -	\$ 600,000
The Company's fourth secured convertible bonds	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,600,000</u>
Less: Bonds payable converted	-	(510,900)
Less: Discount on bonds payable	(1,947)	(10,026)
	<u>998,053</u>	<u>1,079,074</u>
Less: Current portion	(998,053)	(88,772)
	<u>\$ -</u>	<u>\$ 990,302</u>

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

- (a) The regulatory authority has approved the third domestic secured convertible corporate bonds issued by the Company. The bonds are with a total issuance amount of \$600,000 and a coupon rate of 0%, covering a 3-year period of issuance and a circulation period from June 22, 2021 to June 22, 2024 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on June 22, 2021.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months 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 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 \$14,895 were separated from the liability component and were recognised in "Capital surplus-warrants" in accordance with IAS 32.
 - (f) The convertible bonds matured on June 22, 2024, and terminated 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 secured convertible bonds are as follows:
- (a) The regulatory authority has approved the fourth domestic secured convertible corporate bonds issued by the Company. The bonds are with a total issuance amount of \$1,000,000 and a coupon rate of 0%, covering a 3-year period of issuance and a circulation period from April 7, 2022 to April 7, 2025 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on April 7, 2022.
 - (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months 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 as \$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. Information on the carrying amount of collateral for convertible bonds is provided in Note 8.

(13) Pensions

A. (a) The Company renewed and continued the defined benefit pension plan in accordance with the Labor Standards Act based on the share swap plans on October 1, 2014 covering all regular employees’ service years for employees formerly employed by the Company’s subsidiary, Episil Technologies Inc., 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 plan, 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 contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the pension fund deposited with Bank of Taiwan, the trustee, under the name of the independent pension fund committee. Also, the Company 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 will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ 218,016	\$ 228,404
Fair value of plan assets	(141,200)	(120,080)
Net defined benefit liabilities	<u>\$ 76,816</u>	<u>\$ 108,324</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	\$ 228,404	(\$ 120,080)	\$ 108,324
Current service cost	53	-	53
Interest expense (income)	2,969	(1,561)	1,408
	<u>231,426</u>	<u>(121,641)</u>	<u>109,785</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(10,549)	(10,549)
Change in demographic assumptions	(4,095)	-	(4,095)
Experience adjustments	(91)	-	(91)
	<u>(4,186)</u>	<u>(10,549)</u>	<u>(14,735)</u>
Pension fund contribution	-	(18,234)	(18,234)
Paid pension	(9,224)	9,224	-
At December 31	<u>\$ 218,016</u>	<u>(\$ 141,200)</u>	<u>\$ 76,816</u>
	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
At January 1	\$ 239,844	(\$ 117,605)	\$ 122,239
Current service cost	119	-	119
Interest expense (income)	3,118	(1,529)	1,589
	<u>243,081</u>	<u>(119,134)</u>	<u>123,947</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(350)	(350)
Experience adjustments	(11,047)	-	(11,047)
	<u>(11,047)</u>	<u>(350)</u>	<u>(11,397)</u>
Pension fund contribution	-	(4,226)	(4,226)
Paid pension	(3,630)	3,630	-
At December 31	<u>\$ 228,404</u>	<u>(\$ 120,080)</u>	<u>\$ 108,324</u>

- (d) The Bank of Taiwan was commissioned to manage the fund of the Company's defined benefit pension plan in accordance with the fund's 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 fund 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 fund, its 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 fund 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 the 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	(\$ 4,976)	\$ 5,134	\$ 4,495	(\$ 4,387)
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligations	(\$ 5,546)	\$ 5,732	\$ 5,044	(\$ 4,916)

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 for the year ending December 31, 2025 amounts to \$3,998.
- (g) Through December 31, 2024, the weighted average duration of the retirement plan is 10 years.
- B. (a) Effective July 1, 2005, the Company have established a defined contribution pension plan (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 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 pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2024 and 2023 were \$34,645 and \$34,625, respectively.

(14) 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
Cash capital increase	50,000	-
Conersion of convertible bonds	7	13
Shares issued at December 31	383,223	333,216
Shares outstanding at Dceember 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.

(15) 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
Conversion of convertible bonds	443	-	- (12)	-	-	431
Conversion of convertible bonds warrants	-	-	- (2,200)	2,200	-	-
Changes in ownership interest in associates	-	- (1,114)	-	-	- (1,114)	-
Cash capital increase	1,980,000	-	-	-	-	1,980,000
Changes in ownership interest in subsidiaries	-	38,131	- (17,291)	-	-	20,840
At December 31	<u>\$ 2,714,961</u>	<u>\$ 544,967</u>	<u>(\$ 1,413)</u>	<u>\$ 267,416</u>	<u>\$ 12,694</u>	<u>\$3,538,625</u>
2023						
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes of associates and joint ventures accounted for using equity method	Warrants	Others	Total
At January 1	\$ 733,725	\$ 506,836	\$ 226	\$ 286,941	\$ 10,494	\$1,538,222
Conversion of convertible bonds	793	-	- (22)	-	-	771
Changes in ownership interest in 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>

(16) 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, 2024 and June 14, 2023, the shareholders during their meetings resolved to distribute 2023 and 2022 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	(2,693)		29,675	
Cash dividends	-	\$ -	333,203	\$ 1.00
	<u>\$ 5,531</u>		<u>\$ 446,671</u>	

- F. On February 25, 2025, the Company's Board of Directors resolved not to appropriate dividends for 2024 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.

(17) 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)
–Subsidiaries	(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>

(18) Operating revenue

	Year ended December 31	
	2024	2023
Revenue from contracts with customers	\$ 2,089,335	\$ 3,158,702

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2024	IC	Others	Total
Revenue from external customer contracts	\$ 2,049,777	\$ 39,558	\$ 2,089,335
Timing of revenue recognition			
At a point in time	\$ 2,049,777	\$ 39,558	\$ 2,089,335

Year ended December 31, 2023	IC	Others	Total
Revenue from external customer contracts	\$ 3,122,905	\$ 35,797	\$ 3,158,702
Timing of revenue recognition			
At a point in time	\$ 3,122,905	\$ 35,797	\$ 3,158,702

B. Contract liabilities

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

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities:			
Contract liabilities –			
advance sales receipts	\$ 55,988	\$ 153,623	\$ 207,250

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

	Year ended December 31	
	2024	2023
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	\$ 114,233	\$ 174,339

(19) Interest income

	Year ended December 31	
	2024	2023
Interest income from bank deposits	\$ 24,434	\$ 21,058

(20) Other income

	Year ended December 31	
	2024	2023
Rental revenue	\$ 1,200	\$ 1,200
Other income	4,017	7,583
	<u>\$ 5,217</u>	<u>\$ 8,783</u>

(21) Other gains and losses

	Year ended December 31	
	2024	2023
Net currency exchange gains (losses)	\$ 17,416	(\$ 18,829)
Gains on disposals of property, plant and equipment	39,878	21,047
Depreciation on investment property	(111)	(93)
Other losses	(8)	(442)
	<u>\$ 57,175</u>	<u>\$ 1,683</u>

(22) Finance costs

	Year ended December 31	
	2024	2023
Interest expense:		
Bank borrowings	\$ 1,006	\$ 106
Convertible bonds	8,079	8,346
Lease liabilities	5,864	6,204
The amount of capitalization of assets	(7,751)	(7,691)
Others	7,102	7,410
	<u>\$ 14,300</u>	<u>\$ 14,375</u>

(23) Expenses by nature

	Year ended December 31	
	2024	2023
Employee benefit expenses	\$ 867,559	\$ 1,004,771
Depreciation expense	272,749	204,006
Amortisation expense on intangible assets	7,869	8,740

(24) Employee benefit expense

	Year ended December 31	
	2024	2023
Wages and salaries	\$ 700,192	\$ 837,398
Labour and health insurance fees	69,339	72,976
Pension costs	36,106	36,333
Other personnel expenses	61,922	58,064
	<u>\$ 867,559</u>	<u>\$ 1,004,771</u>

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

Employees' compensation can be distributed by stock or dividends, including distributions to certain qualifying employees within subsidiaries and associates.

- B. For the year ended December 31, 2023, employees' compensation was accrued at \$5,897, respectively; while directors' remuneration was accrued at \$737. The aforementioned amounts were recognised in salary expense 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.

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.

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".

(25) Income tax

- A. Income tax expense

Components of income tax expense:

	Year ended December 31	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ -	\$ -
Total current tax	-	-
Deferred tax:		
Total deferred tax	-	-
Income tax expense	\$ -	\$ -

- B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2024	2023
Tax calculated based on gain before tax and statutory tax rates	(\$ 105,058)	\$ 13,415
Tax exempt income by tax regulation	(29,294)	(19,679)
Temporary differences not recognised as deferred tax	-	-
Tax losses not recognised as deferred tax	134,352	6,264
Change in assessment of realisation of deferred tax assets	-	-
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

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

	2024		
	January 1	Recognised in profit or loss	December 31
Deferred tax assets:			
Temporary differences:			
Unrealised loss on inventory valuation	\$ 13,978	\$ 14,087	\$ 28,065
Allowance for bad debt	818	6,490	7,308
Pension liability	21,664	(6,302)	15,362
Others	16,170	(2,682)	13,488
Tax losses	<u>46,503</u>	<u>(11,593)</u>	<u>34,910</u>
Total	<u>\$ 99,133</u>	<u>\$ -</u>	<u>\$ 99,133</u>

	2023		
	January 1	Recognised in profit or loss	December 31
Deferred tax assets:			
Temporary differences:			
Unrealised loss on inventory valuation	\$ 12,101	\$ 1,877	\$ 13,978
Pension liability	24,447	(2,783)	21,664
Others	13,337	3,651	16,988
Tax losses	<u>49,248</u>	<u>(2,745)</u>	<u>46,503</u>
Total	<u>\$ 99,133</u>	<u>\$ -</u>	<u>\$ 99,133</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	2033

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

	December 31, 2024	December 31, 2023
Deductible temporary differences	\$ <u>73,001</u>	\$ <u>77,898</u>

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

(26) (Loss) Earnings per share

Year ended December 31, 2024			
	Weighted average number of ordinary shares outstanding	Loss per share (in dollars)	
<u>Amount after tax</u>	<u>(share in thousands)</u>	<u>(in dollars)</u>	
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders	(\$ <u>525,290</u>)	<u>346,744</u>	(\$ <u>1.51</u>)
<u>Diluted loss per share</u>			
Loss attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	(\$ <u>525,290</u>)	<u>346,744</u>	(\$ <u>1.51</u>)

	Year ended December 31, 2023		
		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 67,703	333,211	\$ 0.20
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	226	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 67,703	333,437	\$ 0.20

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

(27) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31	
	2024	2023
Acquisition of property, plant and equipment	\$ 562,363	\$ 875,023
Add: Beginning balance of payables on equipment	60,842	44,537
Less: Ending balance of payables on equipment	(39,119)	(60,842)
Less: Capitalisation of interests	(7,751)	(7,691)
Cash paid during the year	\$ 576,335	\$ 851,027

B. Financing activities with no cash flow effects:

	Year ended December 31	
	2024	2023
Convertible bonds being converted to capital stocks	\$ 501	\$ 893

(28) Changes in liabilities from financing activities

	<u>Lease liabilities</u>	<u>Bonds payable</u>	<u>Liabilities from financing activities</u>
At January 1, 2024	\$316,715	\$1,079,074	\$ 1,395,789
Changes in cash flow from financing activities	(18,371)	(88,600)	(106,971)
Interest paid	(5,864)	-	(5,864)
Interest expense	5,864	329	6,193
Option exercised	-	(501)	(501)
Discount on bonds payable	-	-	-
Change in other non-cash items	(888)	7,751	6,863
At December 31, 2024	<u>\$297,456</u>	<u>\$ 998,053</u>	<u>\$ 1,295,509</u>

	<u>Lease liabilities</u>	<u>Bonds payable</u>	<u>Liabilities from financing activities</u>
At January 1, 2023	\$350,960	\$1,071,621	\$ 1,422,581
Changes in cash flow from financing activities	(17,989)	-	(17,989)
Interest paid	(6,204)	-	(6,204)
Interest expense	6,204	655	6,859
Option exercised	-	(900)	(900)
Discount on bonds payable	-	7	7
Change in other non-cash items	(16,256)	7,691	(8,565)
At December 31, 2023	<u>\$316,715</u>	<u>\$1,079,074</u>	<u>\$ 1,395,789</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Episil-Precision Inc.	The Company's subsidiary
Episil Technologies Inc. (SHANGHAI)	The Company's indirect subsidiary
Precision Silicon Japan Co., Ltd.	The Company's indirect subsidiary
Taiwan Hi-Tech Corp.	The Company's associate
Hermes- Epitek Corporation	The Company's director
Wei Nuo Investment Inc.	The Company's subsidiary

(2) Significant related party transactions

A. Operating revenue

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Sales of goods:		
-Episil Technologies Inc. (SHANGHAI)	\$ 16,000	\$ 311,127
-Subsidiaries	84,430	10,518
-Other related parties	687	322
	<u>\$ 101,117</u>	<u>\$ 321,967</u>

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

B.Purchases

	Year ended December 31	
	2024	2023
Purchases of goods:		
-Episil-Precision Inc.	\$ 180,929	\$ 243,437
-Other related parties	115	150
	<u>\$ 181,044</u>	<u>\$ 243,587</u>

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

C.Receivables from related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable:		
-Episil Technologies Inc. (SHANGHAI)	\$ 505	\$ 7,676
-Precision Silicon Japan Co., Ltd	5,763	3,874
	<u>\$ 6,268</u>	<u>\$ 11,550</u>
Other receivables:		
-Episil-Precision Inc.	<u>\$ 4,616</u>	<u>\$ 4,299</u>

The receivables from related parties arise mainly from sale transactions. The receivables are due two 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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable:		
-Episil-Precision Inc.	\$ 51,228	\$ 67,271
-Other related parties	-	92
	<u>\$ 51,228</u>	<u>\$ 67,363</u>
Other payables:		
-Episil-Precision Inc.	\$ 55,107	\$ 42,534
-Other related parties	-	7
-Associates	296	157
	<u>\$ 55,403</u>	<u>\$ 42,698</u>

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

E.Others

	Year ended December 31	
	2024	2023
Service revenue:		
-Episil-Precision Inc.	\$ 9,390	\$ 9,913
Processing cost:		
-Episil-Precision Inc.	\$ 115,094	\$ 71,597

The abovementioned sales of services refer to revenues arising from rendering administrative management resources and management services by the Company to the subsidiaries. Prices and terms are determined based on mutual agreement.

F. Property Transactions

Acquisition of property, plant and equipment:

	December 31, 2024	December 31, 2023
Episil-Precision Inc.	\$ 26,568	\$ -

G. Dividend revenue

	December 31, 2024	December 31, 2023
Episil-Precision Inc.	\$ 83,480	\$ 333,923
Subsidiary	4,662	5,986
	\$ 88,142	\$ 339,909

H. Taiwan Hi-Tech Corp. reduced its capital and returned \$169,225 shares in cash on November 20, 2024.

(3) Key management personnel compensation

	Year ended December 31	
	2024	2023
Short-term employee benefits	\$ 48,342	\$ 57,495
Post-employment benefits	843	840
	\$ 49,185	\$ 58,335

8. Pledged Assets

The Company'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")	\$ 16,858	\$ 16,858	Customs deposits, 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
	<u>\$ 166,858</u>	<u>\$ 184,678</u>	

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:

	December 31, 2024	December 31, 2023
Property, plant and equipment	<u>\$ 71,987</u>	<u>\$ 423,143</u>

B. To expand production capacity by acquiring equipment, the Company 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 Company will refund the prepayment on a regular basis according to the agreed terms and capacity conditions.

	December 31, 2024	December 31, 2023
Production capacity guarantee agreement (shown as "other current liabilities")	<u>\$ 11,791</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(16).

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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 Company 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 amortised cost		
Cash and cash equivalents	\$ 2,795,477	\$ 1,172,203
Financial assets at amortised cost	166,858	184,678
Notes receivable	9,473	4,744
Accounts receivable (including related parties)	269,312	268,728
Other receivable (including related parties)	19,793	22,658
Refundable guarantee deposits	1,088	1,133
	<u>\$ 3,262,001</u>	<u>\$ 1,654,144</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable (including related parties)	\$ 171,720	\$ 164,314
Other payables (including related parties)	338,225	436,017
Bonds payable	998,053	1,079,074
	<u>\$ 1,507,998</u>	<u>\$ 1,679,405</u>
Lease liabilities	<u>\$ 297,456</u>	<u>\$ 316,715</u>

B. Policy of risk management

- (a) The Company'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 Company, 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 (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company'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 Company 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 manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and JPY expenditures. Borrowing liabilities denominated in foreign currencies are adopted to minimise the volatility of the foreign exchange.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). 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	\$	13,080	32.7940	\$ 428,946
RMB:NTD		235	4.4780	1,052
Non-monetary items: None.				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	4,205	32.7940	\$ 137,899
JPY:NTD		643	4.4780	2,879
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	\$	19,312	30.71	\$ 593,041
RMB:NTD		9,525	4.325	41,195
Non-monetary items: None.				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	4,943	30.71	\$ 151,800
JPY:NTD		20,130	0.2176	4,380
Non-monetary items: None.				

- iv. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variations on the monetary items held by the Company

for the years ended December 31, 2024 and 2023, amounted to \$17,416 and (\$18,829), 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%	\$ 4,289	\$ -
RMB:NTD	1%	11	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 1,379)	\$ -
JPY:NTD	1%	(29)	-
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%	\$ 5,930	\$ -
RMB:NTD	1%	412	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 1,518)	\$ -
JPY:NTD	1%	(44)	-

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from short-term borrowings with floating rates, which expose the Company to cash flow interest rate risk.
 - ii. The Company'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.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Company 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 Company manages their credit risk taking into consideration the entire Company's perspective. Only rated banks with an optimal rating and financial institutes with investment grade are accepted. According to the Company's credit policy, each entity in the Company 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 Company adopts the assumptions under IFRS 9, and the default occurs when the contract payments are past due over 90 days.
- iv. The Company 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 Company 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 Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.
- viii. The Company 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 180days past due	Total
<u>At December 31, 2024</u>						
Expected loss rate	0~0.1%	0.01~0.41%	0.01~6.17%	0.63~82.96%	100%	
Total book value	\$ 258,939	\$ 7,729	\$ 103	\$ 15,136	\$ 30,518	\$ 312,425
Loss allowance	\$ -	\$ 32	\$ 6	\$ 12,557	\$ 30,518	\$ 43,113
<u>At December 31, 2023</u>						
Expected loss rate	0~0.1%	0.01~0.44%	0.01~6.68%	0.01~38.52%	100%	
Total book value	\$ 245,259	\$ 24,652	\$ 623	\$ -	\$ 4,441	\$ 274,975
Loss allowance	\$ -	\$ 1,764	\$ 42	\$ -	\$ 4,441	\$ 6,247

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

	<u>2024</u>
	<u>Accounts receivable</u>
At January 1	\$ 6,247
Provision for impairment	36,866
At January 1/ December 31	<u>\$ 43,113</u>
	<u>2023</u>
	<u>Accounts receivable</u>
At January 1/ December 31	<u>\$ 6,247</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company'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 Company has the following undrawn borrowing facilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Floating rate:		
Expiring within one year	\$ 210,000	\$ 210,000
Fixed rate:		
Expiring within one year	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 1,210,000</u>	<u>\$ 1,210,000</u>

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

Non-derivative financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 3	Over 3 years
December 31, 2024				
Accounts payable (including related parties)	\$ 171,720	\$ -	\$ -	\$ -
Other payables (including related parties)	338,225	-	-	-
Lease liabilities	23,818	23,450	68,791	226,238
Bonds payable	999,500	-	-	-
Non-derivative financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 3	Over 3 years
December 31, 2023				
Accounts payable (including related parties)	\$ 164,314	\$ -	\$ -	\$ -
Other payables (including related parties)	436,017	-	-	-
Lease liabilities	24,350	24,087	70,110	248,909
Bonds payable	89,100	1,000,000	-	-

Derivative financial liabilities :

As of December 31, 2024 and 2023, the Company has no derivative financial liabilities.

- v. The Company 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 Company'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.

B. 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				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 998,053	\$ -	\$ 996,000	\$ -
December 31, 2023				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 1,079,074	\$ -	\$ 1,071,365	\$ -

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

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

- C. The related information of financial and non-financial instruments measured at fair value: None.
D. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.
E. For the years ended December 31, 2024 and 2023, the Company has no Level 3 financial instruments.

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 investee

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

In accordance with IFRS 8, 'Operating segments', segment information is exempt from disclosing in the parent company only financial statements but would be disclosed in the consolidated financial statements.

Episil Technologies Inc. (Formerly Episil Holding Inc.)
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.	GeoThings Inc.-common shares	None	Financial assets at fair value through other comprehensive income-non-current	125,000	346	2.60%	346	

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

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

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

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

Episil Technologies Inc. (Formerly Episil Holding Inc.)
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		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. (Formerly Episil Holding Inc.)
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. (Formerly Episil Holding Inc.)
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	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Operating revenue	\$ 6,895	General terms	0.12%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Service revenue	9,390	General terms	0.16%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Operating costs	180,929	General terms	3.11%
0	Episil Technologies Inc.	Episil-Precision Inc.	1	Processing cost	115,094	General 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	General terms	0.28%
0	Episil Technologies Inc.	Precision Silicon Japan Co., Ltd.	1	Operating revenue	77,535	General 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	General 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. (Formerly Episil Holding Inc.)

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			Net profit (loss) of the investee for the year ended December 31, 2024 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2024 (Note 2(3))	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
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	153,480	
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. (Formerly Episil Holding Inc.)
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	\$ 48,190	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Episil Technologies Inc. (SHANGHAI)	\$ 4,598	\$ 4,598	\$ 4,509,037

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.

Episil Technologies Inc. (Formerly Episil Holding Inc.)

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. (Formerly Episil Holding Inc.)
Major shareholders information
December 31, 2024

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Han Shin Corp.	21,615,907	6.48%
Han Hsin Investment Corp.	20,726,446	6.22%
Vanguard International Semiconductor Corporation	50,000,000	13.05%

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 1

Items	Summary	Amount
Cash on hand and revolving funds		\$ 144
Demand deposits		
-NTD	TWD	156,351
Time deposits		
-NTD	TWD	1,800,000
-Foreign currencies	USD 3,000 thousand, conversion rate 32.794	98,382
Cash equivalents - Bonds sold under repurchase agreements	TWD	740,600
		\$ 2,795,477

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)

DETAILS OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars)

STATEMENT 2

Client Name	Amount	Note
General customers:		
5203 Company	\$ 64,188	
3655 Company	53,508	
9887 Company	42,104	
4643 Company	32,921	
16812 Company	30,640	
14692 Company	15,871	
Others		The balance of each customer
	66,925	has not exceeded 5% of the
	306,157	accounts receivable
Less: Loss allowance	(43,113)	
	<u>\$ 263,044</u>	
Related parties :		
Episil Technologies Inc. (SHANGHAI)	\$ 505	
Precision Silicon Japan Co., Ltd.	5,763	
	6,268	
	<u>\$ 269,312</u>	

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
DETAILS OF INVENTORY
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 3

Item	Description	Amount		Note
		Cost	Market price	
Raw materials		\$ 206,056	\$ 201,272	Use the net realisable value as market price
Supplies		169,828	174,593	"
Work in process		145,673	189,849	"
Finished goods		<u>68,548</u>	<u>95,324</u>	"
Subtotal		590,105	<u>\$ 661,038</u>	
Less: Allowance for valuation loss		<u>(140,322)</u>		
Total		<u>\$ 449,783</u>		

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
MOVEMENT OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

Name	Opening balance		Additions (reductions)		Investment (loss) profit	Ending balance			Market price or value per share		Guarantee/ pledge	Note
	Number of shares	Amount	Number of shares	Amount	Amount	Number of shares	Ownership	Price (in NTD)	Total price			
				(Note 1)			(%)			Amount		
Episil-Precision Inc.	166,961,680	\$ 2,839,178	- (\$ 60,409)	\$ 153,480	166,961,680	57.86%	\$ 2,932,249	\$ -	\$ 2,932,249	None	None	
Wei Nuo Investment Inc.	15,000,000	101,794	- (11,179)	(1,178)	15,000,000	100.00%	89,437	-	89,437	None	None	
Taiwan Hi-Tech Corp.	17,093,398	172,659	(16,922,465)	(166,826)	(5,833)	170,933	37.49%	-	-	-	None	None
Total		\$ 3,113,631		(\$ 238,414)	\$ 146,469			\$ 3,021,686		\$ 3,021,686		

Note 1: Includes investment earnings using the equity method. \$88,142, Changes in capital reserves and retained earnings not recognized based on shareholding ratio \$19,726, Share of other comprehensive income recognized (\$2,077) and other equity changes \$1,304 and proceeds from capital reduction of investments\$169,225.

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
MOVEMENT OF COSTS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 5

Item	Balance	Additions	Deductions	Transfers	Ending balance	Collateral	Note
Buildings and structures	\$ 2,446,282	\$ 47,967	(\$ 1,565)	\$ 35,608	\$ 2,528,292	None	-
Machinery and equipment	4,613,584	285,834	(87,393)	799,881	5,611,906	None	-
Computer and telecommunication equipment	79,345	260	(1,978)	-	77,627	None	-
Transportation equipment	1,865	-	-	-	1,865	None	-
Office equipment	2,527	-	-	-	2,527	None	-
Other equipment	73,961	-	-	-	73,961	None	-
Construction in progress and equipment to be inspected	1,212,494	228,302	-	(835,489)	605,307	None	-
	<u>\$ 8,430,058</u>	<u>\$ 562,363</u>	<u>(\$ 90,936)</u>	<u>\$ -</u>	<u>\$ 8,901,485</u>		

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
MOVEMENT OF ACCUMULATED DEPRECIATION CHARGES ON PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 6

Item	Beginning Balance	Additions	Deductions	Transfers	Ending balance
Buildings and structures	(\$ 1,702,842)	(\$ 42,233)	\$ 1,565	\$ -	(\$ 1,743,510)
Machinery and equipment	(3,874,367)	(197,881)	83,730	-	(3,988,518)
Computer and telecommunication equipment	(44,616)	(12,108)	1,978	-	(54,746)
Transportation equipment	(664)	(300)	-	-	(964)
Office equipment	(2,527)	-	-	-	(2,527)
Other equipment	(73,961)	-	-	-	(73,961)
	<u>(\$ 5,698,977)</u>	<u>(\$ 252,522)</u>	<u>\$ 87,273</u>	<u>\$ -</u>	<u>(\$ 5,864,226)</u>

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
MOVEMENT OF ACCUMULATED IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 7

Item	Beginning Balance	Additions	Deductions	Transfers	Ending balance
Buildings and structures	(\$ 375,872)	\$ -	\$ -	\$ -	(\$ 375,872)
Machinery and equipment	(253,830)	-	3,292	-	(250,538)
Computer and telecommunication equipment	-	-	-	-	-
Transportation equipment	(1)	-	-	-	(1)
Office equipment	-	-	-	-	-
Other equipment	-	-	-	-	-
	<u>(\$ 629,703)</u>	<u>\$ -</u>	<u>\$ 3,292</u>	<u>\$ -</u>	<u>(\$ 626,411)</u>

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
MOVEMENT OF RIGHT-OF-USE ASSET COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 8

Item	Beginning Balance	Additions	Deductions	Ending balance	Note
Land	\$ 258,230	\$ -	\$ -	\$ 258,230	
Buildings and structures	130,748	212	(1,100)	129,860	
	<u>\$ 388,978</u>	<u>\$ 212</u>	<u>(\$ 1,100)</u>	<u>\$ 388,090</u>	

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
MOVEMENT OF ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSET
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars)

STATEMENT 9

Item	Beginning Balance	Additions	Deductions	Ending balance	Note
Land	\$ 56,755	\$ 11,576	\$ -	\$ 68,331	
Buildings and structures	29,937	8,540	-	38,477	
	<u>\$ 86,692</u>	<u>\$ 20,116</u>	<u>\$ -</u>	<u>\$ 106,808</u>	

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
DETAILS OF LEASE LIABILITY
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 10

<u>Item</u>	<u>Description</u>	<u>Lease period</u>	<u>Rate</u>	<u>Ending balance</u>	<u>Note</u>
Land	Hsinchu	2000/4/30~2042/4/30	1.92%	\$ 201,009	
Buildings and structures	Hsinchu	2020/1/1~2040/8/14	1.50%~2.10%	96,447	
				297,456	
Less: Current portion				(15,561)	
				<u>\$ 281,895</u>	

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)

DETAILS OF ACCOUNTS PAYABLE

DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars)

STATEMENT 11

<u>Vendor Name</u>	<u>Amount</u>	<u>Note</u>
General vendors:		
1057644 Company	\$ 19,303	
277200 Company	8,624	
1847596 Company	8,523	
17006 Company	6,184	
		The balance of each vendor
		account has not exceeded 5%
Others	77,858	of the accounts payable
	<u>120,492</u>	
Related parties :		
Episil-Precision Inc.	<u>51,228</u>	
Total	<u>\$ 171,720</u>	

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
DETAILS OF BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 12

Bonds Name	Trustee	Issue Date	Interest Payment Date	Rate	Amount					Repayment Term	Collateral	Note
					Total issuance amount	Converted amount	Ending balance	Unamortised premiums (discounts)	Book value			
The fourth-time domestic secured convertible bonds Current portion of corporate bonds	KGI Securities Co., Ltd.	2022.4.7	-	0.00%	\$ 1,000,000	\$ -	\$ 1,000,000	(\$ 1,947)	\$ 998,053	Note	Bank deposits	
					-	-	-	-	(998,053)			
					<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>(\$ 1,947)</u>	<u>\$ -</u>			

Note: The Company will repay the bonds to bond holders in full by cash at face value at maturity.

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
DETAILS OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 13

<u>Item</u>	<u>Volume</u>	<u>Amount</u>	<u>Note</u>
Operating Revenue, Net:			
IC	223,881 pieces	\$ 2,047,559	
Others		<u>41,776</u>	
		<u>\$ 2,089,335</u>	

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
DETAILS OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 14

Item	Amount
Direct material	
Add: Beginning balance of raw materials	\$ 244,098
Materials purchased during the period	348,385
Less: Ending balance of raw materials	(206,056)
Raw materials sold	(3,616)
Reclassified as expenses	(74,630)
Consumption of materials for the period	<u>308,181</u>
Direct supplies	
Add: Beginning balance of supplies	167,180
Supplies purchased during the period	311,276
Less: Ending balance of supplies	(169,828)
Supplies sold	(48)
Reclassified as expenses	(102,316)
Supplies used	<u>206,264</u>
Direct labor	197,797
Manufacturing expense	<u>1,524,985</u>
Manufacturing cost	2,237,227
Beginning balance of work in progress	221,656
Less: Reclassified as other operating costs	(173)
Ending balance of work in progress	(145,673)
Cost of goods manufactured	2,313,037
Add: Beginning balance of finished goods	110,775
Less: Ending balance of finished goods	(68,548)
Revenue from sale of scraps	(210)
Reclassified as expenses	(704)
Reclassified as other operating costs	(2,901)
Cost of goods sold	2,351,449
Add: Cost of work in progress and finished goods sold	3,074
Gain from price recovery of inventory	70,436
Cost of raw materials and supplies sold	<u>3,664</u>
Total operating costs	<u>\$ 2,428,623</u>

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
DETAILS OF MANUFACTURING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 15

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 358,439	
Utilities expenses		347,962	
Depreciation expense		248,242	
Repair expense		217,365	
Processing fees		120,826	
Others		<u>232,151</u>	The balance of each expense account has not exceeded 5% of the manufacturing expenses
		<u>\$ 1,524,985</u>	

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
DETAILS OF SELLING AND MARKETING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 16

Item	Description	Amount	Note
Wages and salaries		\$ 19,581	
Management fees of science parks		4,021	
Other		8,422	expense account has not exceeded 5% of the selling and marketing expenses
		<u>\$ 32,024</u>	

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
DETAILS OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 17

Item	Description	Amount	Note
Wages and salaries		\$ 102,230	
Other miscellaneous expenses		19,492	
		9,384	
Depreciation expense			
			The balance of each expense account has not exceeded 5% of the
Other		44,834	general and administrative
		<u>\$ 175,940</u>	

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
DETAILS OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 18

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 67,190	
Engineering testing fees		57,918	
Depreciation expenses		15,012	
			The balance of each expense account has not exceeded 5% of the research and development expenses
Other		20,047	
		<u>\$ 160,167</u>	

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS AND DEPRECIATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

STATEMENT 19

Function Nature	Year ended December 31, 2024				Year ended December 31, 2023			
	Classified as operating costs	Classified as operating expenses	Classified as other non-operating income and expenses	Total	Classified as operating costs	Classified as operating expenses	Classified as other non-operating income and expenses	Total
Employee benefits expense								
Wages and salaries	\$ 511,192	\$ 189,000	\$ -	\$ 700,192	\$ 617,877	\$ 219,521	\$ -	\$ 837,398
Share-based payments	-	-	-	-	-	-	-	-
Labour and health insurance fees	53,355	15,984	-	69,339	55,848	17,128	-	72,976
Pension costs	26,869	9,237	-	36,106	27,295	9,038	-	36,333
Directors' remuneration	-	2,158	-	2,158	-	2,730	-	2,730
Other personnel expenses	48,677	11,087	-	59,764	45,490	9,844	-	55,334
Depreciation expenses	248,242	24,396	111	272,749	192,459	11,454	93	204,006
Amortisation expenses	6,932	937	-	7,869	7,599	1,141	-	8,740

A. As at December 31, 2024 and 2023, the Company had 857 and 860 employees, including 7 and 7 non-employee directors, respectively.

B. A company whose stock is listed for trading on the Taiwan Stock Exchange or Taipei Exchange shall additionally disclose the following information:

- (a) Average employee benefit expense in current year \$1,018.
Average employee benefit expense in previous year \$1,175.
- (b) Average employees salaries in current year \$824.
Average employees salaries in previous year \$982.
- (c) Adjustments of average employees salaries decrease 16.01%.
- (d) The Company set audit committee, therefore, there was no supervisors' remuneration.
- (e) Performance assessment and remunerations of directors and managers are determined based on a general pay level within the same industry taken into consideration personal working hours, job responsibilities, personal goal achievements and performances on other positions, remunerations that the Company paid to the same position in recent years, achievements of the Company's short-term and long-term business targets and the Company's financial condition in order to evaluate whether the individual performance and the Company's operating performance were linked to future risks reasonably. The Company's remuneration policies were made referring to a pay level within the same industry, the Company's operation development and the competition of labor market, which were not lower than the average pay level with the same industry. Personnel salary is confidential.