

Stock Code : 3707

EPISIL

EPISIL TECHNOLOGIES INC

2025 Annual General Meeting

Meeting Handbook

Date: Wednesday, June 11, 2025, 9:00 a.m. By: Meeting of Entity Shareholders

Meeting place: No. 17, Innovation 1st Road, Hsinchu Science Park

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2025 Annual General Shareholders' Meeting

MEETING AGENDA

Meeting Type: physical meeting

Time: 9:00 am., June 11, 2025 (Wednesday)

Location of Meeting: No.17 Innovation Rd.1, Science Park, Hsinchu

1.Meeting Commencement Announcement

2.Chairperson' s Address

3.Report Items

(1)Business report of 2024

(2)Audit Committee' s review report

(3)The status of private placement

4.Ratification Items

(1)2024 business report and financial statements.

(2)Distribution of 2024 retained earnings.

(3)Changes in the Use of Private Placement Funds and
Expected Benefits.

5.Discussion Item

(1)Discussion of amendments to the Company' s “Articles of
Incorporation.”

(2)The issuance plan of private placement for common shares

6.Election Item

(1)Director Elections

7.Other Motions

(1)Release the Directors and their Representatives from non-
competition restrictions

8.Extraordinary Motions

9.Meeting Adjournment

REPORT ITEMS

Item 1:

Business Report of 2024

Description:

1. Please refer to Attachment 1 (pages 10-12) for the Business Report.

Item 2:

Audit Committee' s review report

Description:

1. Please refer to Attachment 2 (page 13) for the Audit Committee' s Review Report

Item 3:

The status of private placement:

Description:

1. According to the resolution of AGM on June 14, 2024 and Article 43-6 of Securities Exchange Act, new shares within the issuance of 50,000,000 shares. Please refer to Attachment 3 (page 14-16) for the Status of Private Placement of Common Share Execution.

RATIFICATION ITEMS

Proposal 1:

To approve 2024 Business Report and Financial Statements

(Proposed by the Board of Directors)

Description:

1. The 2024 Business Report and the Financial Statements have been approved by the Board of Directors and have been reviewed by the Audit Committee. Please refer to Attachments 1、4 and 5 documents mentioned above Shareholders.
2. Adoption is respectively requested.

Resolution:

Proposal 2:

To approve the proposal for distribution of 2024 earnings.

(Proposed by the Board of Directors)

Description:

1. The Company recorded a net loss after tax of NT\$525,289,609 for the year 2024, and no dividends will be distributed for the year.
2. The Company's 2024 annual surplus distribution table is as follows.

EPISIL TECHNOLOGIES INC
2024 Profit Distribution Table

Item	Amount
Beginning retained earnings	533,166,466
Add: Profit for the year	(525,289,609)
Add: Remeasurement numbers for defined benefit plans	18,947,902
Minus: Appropriated for Legal reserve	0
Plus: Reversal for Special Reserve	0
Cumulative Earnings Available for Distribution for 2024	26,824,759
Dividends to Shareholders (\$0 per share)	0
Unappropriated Retained Earnings	26,824,759

Note: As of December 31, 2024, 383,222,653 shares were outstanding

3. Adoption is respectively requested.

Resolution:

Proposal 3:

Approval of Changes in the Use of Private Placement Funds and

Expected Benefits.

(Proposed by the Board of Directors)

Description:

1. The 2024 Shareholders' Meeting approved the private placement of common shares for the purpose of supplementing operating capital or repaying bank loans to strengthen the financial structure. Expected benefits include enhanced technology quality, improved efficiency, and expanded market presence, thereby benefiting shareholders.
2. In response to strategic collaboration with Vanguard International Semiconductor Corporation, the Board resolved on September 10, 2024, to change the use and expected benefits of private placement funds as follows:
New Use of Funds: Capital expenditures, production, R&D, and operational needs.
New Expected Benefits: Expansion of 8-inch SiC business and market expansion, providing positive benefits to shareholders.
3. This change complies with Article 9, Paragraph 1, Item 9 of the Regulations Governing the Offering and Issuance of Securities by Issuers.
4. Adoption is respectively requested.

Resolution:

DISCUSSION ITEM

Proposal 1:

Discussion on Amendments to the Company's Articles of Incorporation
(Proposed by the Board of Directors)

Description:

Certain provisions of the Articles of Incorporation are proposed to be amended. Please refer to Attachments 6 of this handbook for the comparison table of the amended articles.

Resolution:

Proposal 2:

To Propose the issuance plan of private placement for common shares
(Proposed by the Board of Directors)

Description:

1. To finance capital expenditures, repay debts, and supplement working capital, the Company proposes to privately place up to 50 million shares of common stock. The private placement may be conducted in full or in up to three separate tranches within one year from the date of shareholders' meeting approval. For details on the basis and reasonableness of the pricing, necessity of the private placement, and selection method of specific persons, please refer to Attachments 7 of this handbook.
2. In the event of any matters not covered or if adjustments are necessary due to changes in laws, competent authority opinions, or objective circumstances, the Board of Directors is authorized to handle all related matters at its full discretion.

Resolution:

Election ITEM

Proposal 1:

By-election of Two Directors

(Proposed by the Board of Directors)

Description:

1. Two directors representing Wistron Investment Co., Ltd., a current board member, resigned on June 10, 2025. Therefore, the Company proposes to hold a by-election for two director positions at the Annual Shareholders' Meeting. The term of the newly elected directors will commence on June 11, 2025, and end on June 13, 2026, the same expiration date as the current board term.
2. In accordance with Article 12 of the Company' s Articles of Incorporation, the election of directors shall adopt a candidate nomination system. The list of candidates is provided below for reference, and the election shall be conducted in accordance with the Company' s "Rules for Election of Directors."

Category	Shareholder Account No.	Name / Representative	Education	Experience	Shares Held
Director	327608	Vanguard International Semiconductor Corporation Representative Mark Wu	Master' s Degree, Department of Accounting and Information Technology, National Chung Cheng University	Director of Finance, Vanguard International Semiconductor Corporation Director of Financial Planning, AU Optronics Corporation	50,000,000 shares
Director	327608	Vanguard International Semiconductor Corporation Representative Jeff Chiu	Ph. D. , Graduate Institute of Electronics Engineering, National Taiwan University	Director, Automotive Sensor & Power Device Business Development Division, Vanguard International Semiconductor	50,000,000 shares

				Corporation Deputy Director, Technology Development Division, Richtek Technology Corporation	
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Resolution:

OTHER MOTIONS

Proposal 1:

Release Directors from Non-Compete Restrictions

(Proposed by the Board of Directors)

Description:

1. According to Article 209 of the Company Act: “A director who engages in activities within the business scope of the company, either for their own benefit or for others, must explain the significant aspects of such activities to the shareholders’ meeting and obtain its approval.”
2. Certain newly elected directors of the Company may concurrently serve as directors or managers in other companies operating within the same business scope. To leverage their expertise and relevant experience, it is proposed that the shareholders’ meeting approve the release of such directors from the non-compete restrictions in accordance with the law. The concurrent positions held by directors are detailed below for discussion.

Title	Name	Details of Non-Compete Exemption
Director	Vanguard International Semiconductor Corporation	corporate director of CMSC, Inc.
		corporate director of Episil-Precision Inc.
		corporate director of SHENZHEN WINSEMI MICROELECTRONICS CO., LTD
		corporate director of Qromis, Inc.
		corporate director of VIS Associates Inc.
		corporate director of VIS Investment Holding, Inc.
		corporate director of VIS Micro, Inc.
		corporate director of 世积集成电路(上海)有限公司
		Corporate director of Vanguard International Semiconductor Singapore Pte. Ltd.

Title	Name	Details of Non-Compete Exemption
		corporate director of VisionPower Semiconductor Manufacturing Company Pte. Ltd.

Resolution:

Extraordinary Motions

Meeting Adjourned

ATTACHMENTS
EPISIL TECHNOLOGIES INC
Attachment 1:2024 Annual Business Report

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

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

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

2024 Business Performance :

Implementation and Results of 2024 Business Plan:

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

Operating Performance in 2024

Consolidated financial results :

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

Item	2024Y	2023Y
Operating Revenue	5,816,920	7,080,216

Gross Profit(Gross loss)	42,101	809,484
Profit after tax(Net loss)	(413,784)	136,199
Earnings Per Share (Deficit)	(1.51)元	0.2

Research and Developments Status

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

Future Outlooks:

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

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

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

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

Chairman: JH Shyu

President : Can-Wun Liou

EPISIL TECHNOLOGIES INC
Attachment 2: Audit Committee' s Review Report

The Board of Directors has prepared and submitted to us the Company' s 2024 Business Report, Financial Statements, and proposal for earnings distribution. Financial Statements were audited by PricewaterhouseCoopers (PwC), Taiwan. and they issued an audited report accordingly. We, as the Audit Committee of the Company, have reviewed the Business Report, Financial Statements, and proposal for earnings distribution and do not find any discrepancies. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Submit to

2025Annual Meeting of Shareholders,
EPISIL TECHNOLOGIES INC.

Chairman of the Audit Committee: Jhih-Da Yan

Febuary 25,2025

EPISIL TECHNOLOGIES INC

Attachment 3: Implementation Status of Private Placement of Common Share

Item	1st private placement in 2024
Type of private placement securities	Common Shares
Shareholders' meeting approval date and quantity	The shareholders' meeting held on June 14, 2024, approved a private placement of up to 50 million shares, to be executed in one or multiple tranches (not exceeding three times in total) within one year from the date of the resolution.
Basis for determining the price and reasonability	<p>(1) The reference price shall be the higher of the following two calculated prices: The simple arithmetic average closing price of the common shares for any one of the 1, 3, or 5 business days prior to the pricing date, adjusted for ex-rights and ex-dividends, and further adjusted for reverse rights due to capital reduction; or The simple arithmetic average closing price of the common shares for the 30 business days prior to the pricing date, similarly adjusted. The actual issue price shall not be lower than 80% of the reference price.</p> <p>(2) The pricing date was set as September 10, 2024. Based on the reference price calculation method approved by the shareholders' meeting, the issue price was set at NT\$49.6 per share, which is 80.1% of the reference price.</p>
Selection method for specified person(s)	The subscription shall be limited to strategic investors who meet the qualification requirements specified in Article 43-6, Paragraph 1 of the Securities and Exchange Act and who are capable of assisting the Company in enhancing technology quality, improving operational efficiency, and expanding market presence. The relevant qualification documents shall be subject to review and approval by the Board of Directors. The subscriber is Vanguard International Semiconductor Corporation / Strategic Investor.
Reason for necessity of private placement	Considering that privately placed securities are restricted from applying for listing on the OTC market within three years, which results in lower liquidity, and taking into account factors such

	as the timeliness, convenience, and cost-effectiveness of capital raising, the Company has decided to conduct a cash capital increase through private placement of new shares.				
Payment completion date	September 24, 2024				
Specified persons	Legal person subscriber	Qualifications	Subscribed amount	Relationship with the Company*	Participation in company operations
	Vanguard International Semiconductor Corporation	Persons that comply with the provisions of Article 43-6 of the Securities and Exchange Act	50,000,000 shares	None	None
*Became a 10% major shareholder as of September 24, 2024.					
Actual subscription (or conversion) price	NT\$49.6 per share				
Actual subscription (or conversion) price and difference with reference price	Reference Price for this Private Placement: NT\$61.92 Actual Private Placement Price: NT\$49.6, which is not less than 80% of the reference price.				
The effect of private placement on shareholders' rights and interests (e.g. increases accumulated losses...)	The proceeds from this private placement will be used for capital expenditures, production, research and development, and other necessary operating expenses. The expected benefits include the expansion of 8-inch SiC (Silicon Carbide) production and broader market penetration, which will positively contribute to shareholders' equity.				
The status of private placement capital	Executed according to schedule.				

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

Attachment 4: INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Inventory valuation

Description

Please refer to Note 4(13) for description of accounting policy on inventory valuation. Please refer to Note

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

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

How our audit addressed the matter

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

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

Other matter – Parent company only financial reports

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

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

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

financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events

or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Li, Tien-Yi

Hsieh, Chih-Cheng

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 25, 2025

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

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

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

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

(Continued)

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

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

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

EPISIL TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

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

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

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

		Equity attributable to owners of the parent									
		Retained Earnings				Other equity interest					
			Capital surplus, additional paid- in capital				Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		Non-controlling interest	Total equity
	Notes	Share capital - common stock		Legal reserve	Special reserve	Unappropriated retained earnings			Total		
<u>2023</u>											
		\$ 3,332,035	\$ 1,538,222	\$ 30,356	\$ 72,140	\$ 903,127	(\$ 4,842)	(\$ 96,974)	\$ 5,774,064	\$ 2,214,591	\$ 7,988,655
		-	-	-	-	67,073	-	-	67,073	69,126	136,199
	6(15)	-	-	-	-	15,167	(1,367)	4,060	17,860	2,780	20,640
		-	-	-	-	82,240	(1,367)	4,060	84,933	71,906	156,839
<u>2023</u>											
	6(18)										
		-	-	83,793	-	(83,793)	-	-	-	-	-
		-	-	-	29,675	(29,675)	-	-	-	-	-
		-	-	-	-	(333,203)	-	-	(333,203)	-	(333,203)
	6(17)	-	(525)	-	-	-	-	-	(525)	-	(525)
	6(16)(17)	122	771	-	-	-	-	-	893	-	893
		-	-	-	-	-	-	-	-	(243,155)	(243,155)
		<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>	<u>\$ 2,043,342</u>	<u>\$ 7,569,504</u>
<u>2024</u>											
		\$ 3,332,157	\$ 1,538,468	\$ 114,149	\$ 101,815	\$ 538,696	(\$ 6,209)	(\$ 92,914)	\$ 5,526,162	\$ 2,043,342	\$ 7,569,504
		-	-	-	-	(525,290)	-	-	(525,290)	111,506	(413,784)
	6(15)	-	-	-	-	18,949	1,304	(6,291)	13,962	1,624	15,586
		-	-	-	-	(506,341)	1,304	(6,291)	(511,328)	113,130	(398,198)
<u>2024</u>											
	6(18)										
		-	-	8,224	-	(8,224)	-	-	-	-	-
		-	-	-	(2,692)	2,692	-	-	-	-	-
	6(17)	-	20,840	-	-	-	-	-	20,840	15,177	36,017
	6(17)	-	(1,114)	-	-	-	-	-	(1,114)	-	(1,114)
	6(16)(17)	500,000	1,980,000	-	-	-	-	-	2,480,000	-	2,480,000
	6(16)(17)	70	431	-	-	-	-	-	501	-	501
		-	-	-	-	-	-	-	-	(60,789)	(60,789)
		<u>\$ 3,832,227</u>	<u>\$ 3,538,625</u>	<u>\$ 122,373</u>	<u>\$ 99,123</u>	<u>\$ 26,823</u>	<u>(\$ 4,905)</u>	<u>(\$ 99,205)</u>	<u>\$ 7,515,061</u>	<u>\$ 2,110,860</u>	<u>\$ 9,625,921</u>

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

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

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

(Continued)

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

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

Attachment 5: INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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, Taiwan 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, except as otherwise indicated)

			Year ended December 31			
			2024		2023	
Items	Notes		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						
9750	Basic (loss) earnings per share (in dollars)	6(26)	(\$ 1.51)		\$ 0.20	
Diluted (loss) earnings per share						
9850	Diluted (loss) earnings per share (in dollars)	6(26)	(\$ 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)

				Retained Earnings			Other equity interest		
								Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		Total equity
2023									
Balance at January 1, 2023		\$ 3,332,035	\$ 1,538,222	\$ 30,356	\$ 72,140	\$ 903,127	(\$ 4,842)	(\$ 96,974)	\$ 5,774,064
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		\$ 3,332,157	\$ 1,538,468	\$ 114,149	\$ 101,815	\$ 538,696	(\$ 6,209)	(\$ 92,914)	\$ 5,526,162
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		\$ 3,832,227	\$ 3,538,625	\$ 122,373	\$ 99,122	\$ 26,824	(\$ 4,905)	(\$ 99,205)	\$ 7,515,061

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
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(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

(Continued)

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
<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		\$ 2,795,477	\$ 1,172,203

**Attachment 6: Comparison Table of Amendments to the Articles of Incorporation
Episil Technologies Inc.**

Item	Original Provision	Amended Provision	Reason for Amendment
Article 5	<p>The total authorized capital of the Company is NT\$5 billion, divided into 500 million shares at a par value of NT\$10 per share. The unissued shares may be issued in installments as authorized by the Board of Directors.</p> <p>Within the total authorized capital, NT\$500 million is reserved for issuing employee stock warrants and similar instruments, totaling 50 million shares at NT\$10 per share, which may be issued in installments as resolved by the Board of Directors.</p> <p>The Company may transfer treasury shares to employees of controlled or affiliated companies meeting certain conditions. The recipients of employee stock warrants may include employees of controlled or affiliated companies meeting certain conditions.</p> <p>When issuing new shares, employees subscribing for shares may include employees of controlled or affiliated companies meeting certain conditions. The recipients of restricted employee shares may include employees of controlled or affiliated companies meeting certain conditions.</p>	<p>The total authorized capital of the Company is <u>NT\$7</u> billion, divided into <u>700</u> million shares at a par value of NT\$10 per share. The unissued shares may be issued in installments as authorized by the Board of Directors.</p> <p>Within the total authorized capital, NT\$500 million is reserved for issuing employee stock warrants and similar instruments, totaling 50 million shares at NT\$10 per share, which may be issued in installments as resolved by the Board of Directors.</p> <p>The Company may transfer treasury shares to employees of controlled or affiliated companies meeting certain conditions. The recipients of employee stock warrants may include employees of controlled or affiliated companies meeting certain conditions.</p> <p>When issuing new shares, employees subscribing for shares may include employees of controlled or affiliated companies meeting certain conditions. The recipients of restricted employee shares may include employees of controlled or affiliated companies meeting certain conditions.</p>	To increase the authorized capital to enhance flexibility for share issuance and private placements.
Article 20-1	<p>The Company shall distribute no less than 5% of the annual profit as employee compensation, and no more than 2% as director compensation, depending on the annual profit. However, if the Company still has accumulated losses, such losses shall be covered first.</p> <p>Employee compensation may be distributed in the form of shares or cash, and the recipients may include employees of controlled or affiliated companies meeting certain conditions.</p> <p>The term “annual profit” refers to the profit before tax and before deducting</p>	<p>The Company shall distribute no less than 5% of the annual profit as employee compensation, and no more than 2% as director compensation, depending on the annual profit. However, if the Company still has accumulated losses, such losses shall be covered first.</p> <p><u>Of the employee compensation mentioned above, no less than 1% shall be allocated to grassroots employees.</u></p> <p>Employee compensation may be distributed in the form of shares or cash, and the recipients may include employees of controlled or affiliated companies meeting</p>	To comply with Article 14-6 of the Securities and Exchange Act.

Item	Original Provision	Amended Provision	Reason for Amendment
	employee and director compensation. The distribution of employee and director compensation shall be resolved by a meeting of the Board of Directors attended by at least two-thirds of directors and approved by a majority of the attending directors, and shall be reported to the shareholders' meeting.	certain conditions. The term "annual profit" refers to the profit before tax and before deducting employee and director compensation. The distribution of employee and director compensation shall be resolved by a meeting of the Board of Directors attended by at least two-thirds of directors and approved by a majority of the attending directors, and shall be reported to the shareholders' meeting.	
Article 22	Articles of Incorporation established on June 6, 2014. First amendment on June 8, 2016. Second amendment on June 12, 2019. Third amendment on August 20, 2021. Fourth amendment on June 14, 2023.	Articles of Incorporation established on June 6, 2014. First amendment on June 8, 2016. Second amendment on June 12, 2019. Third amendment on August 20, 2021. Fourth amendment on June 14, 2023. Fifth amendment on June 11, 2025.	New amendment date added.

Attachment 7: The Important Content of Private Placement

(1) Fundraising Amount

To fund capital expenditures, loan repayments, and working capital, the Company proposes a private placement of common shares within a limit of 50 million shares. The private placement may be conducted in one or multiple tranches (not exceeding three times in total) within one year from the date of the shareholders' meeting resolution.

(2) The basis and rationality of Pricing:

1. The reference price shall be the higher of:

The simple arithmetic average closing price of the common shares for any one of the 1, 3, or 5 business days before the pricing date, adjusted for ex-rights and ex-dividends, and adjusted for capital reduction; or
The simple arithmetic average closing price of the common shares for the 30 business days before the pricing date, similarly adjusted. The actual issue price shall not be lower than 80% of the reference price.

2. Given the restrictions on the transfer timing, investor qualification, and volume, and the prohibition on OTC listing within three years, liquidity is limited. Therefore, determining the private placement price based on the regulations applicable to public companies is deemed reasonable.

3. The actual pricing date will be determined by the Board of Directors at a price not lower than 80% of the reference price, depending on market conditions following shareholder approval.

(3) Necessary reasons for private placement:

1. Reason for not adopting a public offering: Considering the timeliness, convenience, and cost-effectiveness of capital raising, a private placement is preferred.

2. Use of funds and expected benefits: The Company will execute the placement in up to three tranches depending on the market and investor negotiations. All proceeds will be used for capital expenditures, loan repayments, and working capital. The expected benefits include expanding business operations, strengthening the financial structure, reducing operational risk, enhancing competitiveness, improving efficiency, and market expansion—all of which are expected to positively contribute to shareholder interests.

(4) In accordance with Article 43-6 of the Securities and Exchange Act, the cash capital increase via private placement excludes the preemptive rights of existing shareholders and employees.

(5) Method of Selecting Specific Investors:

1. Subscribers must meet the qualification criteria under Article 43-6 of the Securities and Exchange Act. They may include strategic investors, insiders, or related parties. The shareholder meeting will authorize the Board of Directors to determine the list of investors at its full discretion.
2. Investors will be selected primarily based on their familiarity with the Company's operations or industry development and their potential to directly or indirectly contribute to its business.
3. Since potential investors may include insiders or related parties, a table listing their relationship with the Company will be provided.

Potential Subscriber	Relationship with the Company	Top 10 Shareholders of the Subscriber	Shareholding Ratio	Relationship with the Company
Vanguard International Semiconductor Corporation	Director Candidate and Shareholder of the Company	TSMC	28.32%	
		National Development Fund , Executive Yuan	16.72%	
		Fubon Life Insurance Co. Ltd.	3.68%	Shareholder of the Company
		Cathay Life Insurance Co., Ltd.	2.82%	
		Nan Shan Life Insurance Co., Ltd.	2.48%	
		Jpmorgan Chase Bank N.A.Taipei Branch in custody for Capital Income Builder	2.11%	
		Jpmorgan Chase Bank N.A.Taipei Branch in custody for The Income Fund of America	2.06%	
		China Life Insurance Co., Ltd.	1.54%	
		Investment Account of SMALLCAP World Fund Managed by Standard Chartered Bank Business Department	1.34%	
		Jpmorgan Chase Bank N.A.Taipei Branch in custody for Jpmorgan Funds	1.28%	
Hermes-Epitek Corporation	Director and Shareholder of the Company	GREEN COVE ENTERPRISES INC.	69.13%	
		Huang,Ming-Chi	11.55%	Shareholder of the Company
		Lu,Fei-Chian	8.49%	Shareholder of the Company
		Lin,Su-Lin	4.57%	Shareholder of the Company
		Huang,Mei-Yun	2.50%	Shareholder of the Company
		HonSean-JY Company Limited	2.04%	
		VISION HOLDINGS LTD.	1.24%	Shareholder of the Company
		JadeYale-CY Company Limited	0.48%	
Strategic Investor	To be confirmed			

- (6) The rights and obligations of the newly issued shares will be the same as those of existing common shares. However, as stipulated by the Securities and Exchange Act, the privately placed shares may not be freely transferred within three years after delivery. After this period, the Company intends to apply for OTC listing in accordance with applicable regulations.
- (7) The shareholders' meeting will authorize the Board of Directors to determine the final issuance terms, project content, schedule, and anticipated benefits based on the Company's operational needs and to maximize shareholder value.

APPENDICES

Appendix 1

EPISIL TECHNOLOGIES INC Articles of Incorporation

Chapter 1. General Provisions

- Article 1 The Company shall be incorporated in accordance with the Company Act and the requirements of relevant acts, and its name is 漢磊科技股份有限公司 in Chinese, EPISIL TECHNOLOGIES INC. in English.
- Article 2 The business operated by the Company:
- I. CC01080 electronic components manufacturing industry
 - II. I501010 product design industry
 - III. IZ99990 Other industrial and commercial services (testing of linear integrated circuits and hybrid integrated circuits)
 - IV. I199990 Other Consulting Services (Consulting Services for Application Consulting Services and Semiconductor Impurity Distribution Research)
 - V. F401010 International Trade Industry
- i、
- (i) Manufacture and sales of crystalline silicon chips.
 - (ii) Leijing application consulting services.
 - (iii) Consulting services for semiconductor impurity distribution research.
 - (iv) Linear integrated circuit manufacturing services and testing.
 - (v) Manufacture and testing of mixed integrated circuits (Mixed Mode IC).
- The research and development, design, manufacture, sales, promotion, and after-sales service of the above projects and their application products.
- ii、Research and development of the following process technologies to engage in 6-inch silicon wafer foundry services:
- (i) Trench Power MOSFET and insulated gate dual-carrier transistor (IGBT) process
 - (ii) 2.0.5um below the dual load process. (Bipolar)
 - (iii) Bipolar complementary gold-oxygen semiconductor process below 3.0.5um (Bicmos)
 - (iv) High power integrated circuit process (Bipolar, CMOS, Diffusion; BCD).
- Article 2-1 The company's reinvestment is not subject to the restriction that the total amount of reinvestment shall not exceed 40% of the paid in capital as stipulated in the company law. Matters relating to reinvestment shall be handled by resolution of the board of directors.
- Article 2-2 The Company may act as a guarantor as required.
- Article 3 The company is headquartered in Hsinchu, Taiwan. If necessary, it may set up branches at home and abroad after the resolution of the board of directors and the approval of the competent authority.

- Article 4 Public notices by the Company shall be made in accordance with Article 28 of the Company Act.
- Chapter 2. Shares**
- Article 5 The total capital stock of the Company shall be in the amount of NTD5,000,000,000, divided into 500,000,000 shares, at NTD10 par value, and authorized the Board to issue in batches.
- In the first paragraph, NT \$500 million will be reserved for the issuance of employee stock warrants, with a total of 50 million shares of NT \$10 per share, which may be issued in installments in accordance with the resolution of the board of directors.
- Where the Company repurchases the shares of the Company, only qualified employees of parents or subsidiaries meeting certain specific requirements are entitled to receive shares. Only qualified employees of parents or subsidiaries meeting certain specific requirements are entitled to receive share subscription warrant of the Company.
- The company's employee stock option certificates are issued to the target, which may include employees of the controlling or subordinate companies who meet certain conditions
- When the company issues new shares, the employees who purchase the shares may include employees of the controlling or subordinate companies who meet certain conditions
- Upon issuing new restricted stock for employees of the Company, only qualified employees of parents or subsidiaries meeting certain specific requirements are entitled to receive the restricted stock.
- Article 5-1 An employee stock option certificate issued by the company with a subscription price lower than the closing price of the common stock of a Japanese company may only be issued with the consent of the shareholders' meeting representing more than half of the total number of issued shares and more than two-thirds of the voting rights of the shareholders present.
- The transfer of the company's common shares to employees at a price lower than the average price of the actual repurchase of the company's common shares shall be approved by more than half of the shareholders representing the total number of issued shares present at the latest shareholders' meeting and more than two-thirds of the voting rights of the shareholders present.
- Article 6 The share certificate of the company issued shall all be name bearing and shall be affixed with the seals or signatures by the directors representing of the company, and shall be duly authenticated pursuant to the law. Printing hard copy share certificates is not always necessary, but all shares issued should be registered in Taiwan Depository & Clearing Corporation.
- Article 7 The changes recorded in the register of shareholders shall cease within 60 days before the ordinary meeting of shareholders, 30 days

before the extraordinary meeting of shareholders, or 5 days before the base date of the company's resolution to distribute dividends, dividends or other benefits.

Section 3. Shareholders Meetings

- Article 8 Shareholders meetings shall be of two types, general meetings and special meetings. General meetings shall be convened once a year, within six months from the end of each fiscal year in accordance with law. Special meetings shall be convened in accordance with the law, whenever necessary.
- When the Company's Shareholders' meeting is held, it may be held by video conference or other methods announced by the central competent authority.
- Article 9 If a shareholder is unable to attend the shareholders' meeting for some reason, he may issue a power of attorney issued by the company to specify the scope of authorization and entrust an agent to attend. In addition to the provisions of article 177 of the company law, the rules for the use of power of attorney by public companies to attend shareholders' meetings promulgated by the competent authority shall apply.
- Article 10 Shareholders of the company have one voting right per share.
- Article 11 Unless otherwise stipulated by relevant laws and regulations, resolutions of the shareholders' meeting shall be made in person or by proxy on behalf of more than half of the total number of shares issued and with the consent of more than half of the voting rights of the shareholders.
- However, shares without voting rights shall not be counted as the total number of shares issued.

Section 4. Directors and audit committee

- Article 12 The company shall have seven to nine directors, who shall be elected by the board of shareholders from among the persons with capacity. The number of directors mentioned above shall include at least two independent directors, and shall not be less than one fifth of the number of directors. The directors of the company adopt the system of nomination of candidates in accordance with regulations. The audit committee shall exercise its functions and powers in accordance with Article 14-4 of the securities and exchange law and relevant laws and regulations.
- Article 13 Board meeting shall be organized by directors. When chairman election is held, there shall be over two thirds (2/3) of directors in presence, and over half of the directors in presence vote for the chairman elected. The chairman is the representative of the Company.
- Article 14 The board of directors shall be convened by the chairman of the board of directors at least once a quarter.
- Unless otherwise provided by law, a resolution of the board of directors shall be made with the consent of more than half of the

directors present.

Article 15 When the chairman of the board of directors asks for leave or is unable to exercise his powers for some reason, his agent shall act in accordance with Article 208 of the company law.

A director shall attend the meeting of the board of directors in person. If a director is unable to attend the meeting for some reason, he may entrust another director to act as his agent. The agent mentioned in the preceding paragraph shall be limited to one person. A meeting of the board of directors may be held by video conference. If a director participates in the meeting by video conference, he shall be deemed to be present in person.

Article 16 The compensation to chairman and directors is authorized to board meeting to decide based on the involvement and contribution to the operation and benchmarks in the industries as a reference.

Article 17 The company may take out liability insurance for directors and managers

Section 5. Agent

Article 18 The Company may have a president. Appointment, removal, and remuneration of the president shall be handled in accordance with Article 29 of the Company Act.

Section 6. Accounting

Article 19 After the end of each fiscal year, the Board of Directors shall have the following documents prepared and submit the same for recognition at the annual general shareholders meeting in accordance with statutory procedures.

1. The business report.
2. The financial statements.
3. The proposal for distribution of earnings or making up loss.

Article 20 The company authorizes the board of directors to present more than two-thirds of the directors and the resolution of more than half of the directors to distribute all or part of the dividends and bonus in the form of cash and report to the shareholders' meeting, which is not applicable to the provisions of the relevant shareholders' meeting resolution.

The company authorizes the board of directors to present more than two-thirds of the directors and the resolution of more than half of the directors to distribute all or part of the dividends and bonus in the form of cash and report to the shareholders' meeting, which is not applicable to the provisions of the relevant shareholders' meeting resolution.

The company is a high-tech enterprise with stable development. Considering the environment and growth stage of the company, the company's future capital demand and long-term financial planning, and meeting the shareholders' demand for cash inflow, if the company has a surplus after the annual accounts, the cash dividends and dividends

paid each year shall not be less than 10% of the total cash dividends and stock dividends and the dividends paid this year.

- Article20-1 The company shall pay not less than one ten thousandth of the profits of the current year to its employees and allocate not more than two percent of the directors' remuneration. However, if the company still has accumulated losses, it shall make up for them.
Employees may be remunerated with stock or cash, and the objects of payment of stock or cash may include employees of controlled or subordinate companies who meet certain conditions.
The profit status of the current year referred to in paragraph 1 refers to the profit of the current year before deducting the remuneration of employees and directors.
The distribution of employees' and directors' remuneration shall be made by resolution of the board of directors with more than two-thirds of the directors present and with the consent of more than half of the directors present, and shall be reported to the shareholders' meeting
- Article20-2 The company authorizes the board of directors to distribute all or part of the capital reserve or statutory surplus reserve in the form of cash in the presence of more than two-thirds of the directors and the resolution of more than half of the directors, and report to the shareholders' meeting.

Section 7. Supplementary Provisions

- Article 21 In case of any matters not covered herein, the Company Act shall govern.
- Article 22 These Articles of Incorporation were enacted on June 6, 2014.
The first amendment was made on June 8, 2016.
The second amendment was made on June 12, 2019.
The third amendment was made on August 20, 2021.
The fourth amendment was made on June 14, 2023.

Appendix 2

EPISIL TECHNOLOGIES INC

Rules and Procedures of Shareholders' Meeting

Article1 The shareholders' meeting of the company shall be conducted in accordance with these rules. Matters not stipulated in these rules shall be handled in accordance with relevant laws and regulations.

Article2 Attending shareholders should submit attendance cards to sign in.
The number of shares attended is calculated according to the attendance card submitted.

Article3 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting.
The meeting may begin no earlier than 9 a.m. and no later than 3 p.m..
When convening a video-conference shareholders meeting, it is not subject to the restriction on the venue of the previous paragraph.

Article4 The company may designate lawyers, accountants or relevant personnel appointed by it to attend the shareholders' meeting. The staff handling the shareholders' meeting should wear identification cards or armbands.

Article5 The process of the shareholders' meeting shall be audio or video-recorded throughout, and shall be kept for at least one year.
If the shareholders' meeting is held by video conference, the company shall keep records of shareholders' registration, questioning, voting and company vote counting results, and the continuous and uninterrupted audio and video recording of the video conference shall be properly preserved during the existence of the company.

Article6 If the shareholders' meeting is convened by the board of directors, the chairman shall be the chairman. If the chairman is on leave or unable to exercise his powers for some reason, the vice-chairman or other directors shall act as proxy in accordance with the provisions of Article 208 of the Company Law of the Republic of China.
If the shareholders' meeting is convened by a person other than the board of directors who has the right to convene, the chairman of the meeting shall be

the convener serve as it.

Article7 When the meeting time has expired, the chairman shall announce the opening of the meeting immediately. However, if shareholders representing more than half of the total issued shares are not present, the chairman may announce the postponement of the meeting. The number of postponements shall be limited to two times, and the total delay shall not exceed one Hour. If two delays are still insufficient and there are shareholders representing more than one-third of the total issued shares present, it may be a false resolution in accordance with Article 175, Paragraph 1 of the Company Law. The execution of this dummy resolution shall be handled in accordance with the relevant provisions of the Company Law.

Before the end of the current meeting, if the number of shares represented by the attending shareholders reaches more than half of the total number of issued shares, the chairman may resubmit the false resolution made to the general meeting for voting in accordance with Article 174 of the Company Law.

Article8 If the shareholders' meeting is convened by the board of directors, the agenda shall be determined by the board of directors, and the meeting shall be conducted in accordance with the scheduled agenda, which shall not be changed without a resolution of the shareholders' meeting.

If the shareholders' meeting is convened by a person other than the board of directors who has the right to convene, the provisions of the preceding paragraph shall apply *mutatis mutandis*.

Before the conclusion of the agenda (including temporary motions) scheduled in the first two items, the chairman shall not adjourn the meeting without a resolution. After the meeting is adjourned, shareholders are not allowed to elect another chairman to continue the meeting at the original location or find another place. However, if the chairman violates the rules of procedure and announces the adjournment of the meeting, the meeting may continue with the consent of more than half of the voting rights of the present shareholders to elect one person as the chairman.

Article9 Shareholders present have the obligation to observe the rules of the meeting,

obey resolutions, and maintain order in the meeting place.

Article10 When a legal person is entrusted to attend the shareholders' meeting, the legal person may only designate one representative to attend.

Article11 When presenting shareholders make a speech, they must first fill in a speech note to specify the gist of the speech, shareholder account number (or attendance card number) and account name, and the chairman will determine the order of their speeches.

Each shareholder's speech on the same proposal shall not exceed two times without the consent of the chairman, and each time shall not exceed five minutes. If a shareholder's speech violates this provision or exceeds the scope of the topic, the chairman may stop the shareholder from speaking. Shareholders attending the meeting who only put forward speech slips but did not make a speech shall be deemed as having not made a speech. If the content of the speech is inconsistent with the record of the speech, the content of the speech shall prevail. When a shareholder present speaks, other shareholders are not allowed to interfere with the speech unless the chairman and the shareholder who speaks agree, and the chairman should stop the violation.

When a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one person may speak on the same proposal.

After attending shareholders' speeches, the chairman may reply in person or by designating relevant personnel.

If the shareholders meeting is convened by video conference, shareholders who participate in the video conference may ask questions in text on the shareholders meeting video conference platform after the chairman announces the meeting and before the meeting is closed. The number of questions for each proposal shall not exceed two times. The limit is 200 characters, and the provisions of Paragraphs 1 to 5 do not apply.

Article12 When the chairman deems that the discussion of the proposal has reached a level that can be voted on, he may announce the suspension of the discussion and put it to the vote.

Article13 Vote monitoring and counting personnel for the voting on a proposal shall be

appointed by the chairman, provided that all monitoring personnel shall be shareholders of the Company.

Immediately after vote counting has been completed, the results of the voting shall be announced on-site at the meeting and be recorded.

Article14 Unless otherwise provided for by the Company Law or the Articles of Association of the Company, voting on proposals shall be passed with the consent of more than half of the voting rights of the shareholders present. When voting, the chairman or his designee shall announce the total number of voting rights of the shareholders present on a case-by-case basis, and then the shareholders shall vote on a case-by-case basis.

The company convenes a video conference of shareholders. Shareholders participating in the video conference should vote on various proposals and election proposals through the video conferencing platform after the chairman announces the meeting. The voting should be completed before the chairman announces the end of voting. Overtime Those who do so will be deemed to have abstained.

If the shareholders' meeting is held via video conference, the votes shall be counted in one go and the voting and election results shall be announced after the chairman announces the end of the voting.

Article15 When the meeting is in progress, the chairman may announce a break at a discretionary time. If an irresistible event occurs, the chairman may rule to temporarily suspend the meeting, and announce the time for the continuation of the meeting as the case may be, or waive the notice within five days after the resolution of the shareholders' meeting. Announcement to continue the meeting.

Article16 When there is an amendment or alternative to the same proposal, the chairman shall determine the order of voting with the original proposal. If one of the proposals has been passed, the other proposals shall be deemed to be rejected, and there is no need to vote again.

Article17 The chairman may direct pickets or security personnel to assist in maintaining order at the venue. When pickets or security personnel are present to help maintain order, they should wear armbands with the words "Pickets".

Article18 These rules shall come into force after being passed by the shareholders' meeting, and the same shall apply when they are revised.

Article19 These rules were established on June 6, 2014.

The first amendment was made on June 14, 2023

Appendix 3

EPISIL TECHNOLOGIES INC

Regulations Governing the Election of Directors and Independent Directors

Article1 The election of directors of the company shall be conducted in accordance with these Regulations, unless otherwise stipulated by law or the articles of association.

Article2 The directors of the company are elected at the general meeting of shareholders.

The election of directors of the company adopts the cumulative voting method. When electing directors, each share has the same voting rights as the number of directors to be elected. One person may be elected collectively or a number of persons shall be allocated for election.

Article3 The election of directors of the company shall be based on the nomination system of candidates in accordance with Article 192-1 of the Company Law. The shareholders shall elect from the list of candidates, and according to the number of persons stipulated in the articles of association of the company, the person with the most electoral votes representing more voting rights shall be elected as the director.

The qualifications of the company's independent directors shall comply with the "Regulations on the Appointment of Independent Directors of Public Offering Companies and Matters to Be Followed".

Shareholders may exercise their voting rights in writing or electronically, and the method of exercise shall be specified in the shareholder meeting convening notice.

Article4 According to the number of directors stipulated in the company's articles of association, the directors who have obtained the most voting rights shall be elected in turn. If there are two or more people who have the same number of voting rights and exceed the prescribed number, the directors who have the same income rights shall be determined by drawing lots. The chairman shall draw lots on his behalf.

Article5 The ballots shall be prepared and issued by the board of directors. The board

of directors shall prepare ballots equal to the number of directors to be elected. The names of voters shall be replaced by shareholder account numbers or attendance certificate numbers, and the number of voting rights of each shareholder shall be indicated.

Article 6 At the beginning of the election, the chairman shall designate the scrutineers and clerks to perform various related duties.

Article 7 Independent directors and non-independent directors shall be elected together, and the number of elected persons shall be calculated separately. If there are two or more voters who have the same number of voting rights but exceed the prescribed quota, those who have the same number of voting rights will draw lots to decide. If they are not present, the chairman will draw lots on their behalf.

Article 8 If the candidate is a shareholder, the voter must write the account number and name of the candidate on the ballot paper; if the candidate is not a shareholder, the name and identity verification number of the candidate should be filled in, and the natural person of the country should provide the original of the national ID card. Foreign natural persons shall use the original passport as their identification document, and the number of the identification document shall be the identification number of the ballot. If the candidate is a government agency or a legal person, the full title or the name of the representative shall be filled in. If there are several representatives, the name of the representative should be added respectively, and then put into the ticket counter.

Article 9 After the election is put into the ballot box, the scrutineer will open the ballot box.

Article 10 Ballots are invalid if one of the following conditions occurs:

1. Those who do not use the ballot papers stipulated in these Regulations.
2. Blank ballots are put into the ballot box.
3. Two or more candidates are listed on the same ballot paper.

4. Those whose handwriting is illegible and illegible.
5. If the person to be elected is a shareholder, his name does not match what is listed in the shareholder register; if the person to be elected is not a shareholder, his name and identity card number do not match after verification.
6. In addition to the name of the candidate (including the name of the legal person and the name of the representative) and its shareholder account number (the unified number of the ID card), other words are inserted.
7. The name of the candidate filled in is the same as the name of other shareholders, but the shareholder account number (unified ID card number) is not filled in for identification.
8. The person to be elected is not included in the list of candidates for the election of directors.

Article 11 When ballots are in doubt, the poll inspectors shall verify whether they are valid ballots. Invalid ballots shall be marked as invalid and signed and stamped after the ballots are counted.

Article 12 After the counting result is checked by the scrutineer, the sum of the valid and invalid votes is correct, and the valid votes and voting rights are filled in the record sheet respectively, and then the chairman announces the names of the elected candidates.

Article 13 If there are any matters not covered in these regulations, they shall be handled in accordance with the provisions of the Company Law and the Articles of Association of the company.

Article 14 These measures were enacted on June 6, 2014.

First revised on June 22, 2017.

The second revision was on June 12, 2019.

Appendix 3

Shareholding of Directors and Independent Directors

1. The shareholdings of the Company's Directors of the 4th session and percentage of shareholdings required by law are listed below:

April 13, 2025 as of the 2025 general meeting of shareholders to close the account transfer date

The number of ordinary shares issued by the company is 383,222,653 shares.

All directors shall hold 15,328,906 shares

2. As of April 13, 2025, the closing date of the 2025 general meeting of shareholders, the number of shares held by all directors is as follows, which meets the percentage standards stipulated in Article 26 of the Securities Exchange Law.

Title	Name	Shares	Shareholding Ratio (%)
Director	SINCERE HOLDING COMPANY. Representative : JH Shyu	16,294,539	4.25
Director	SINCERE HOLDING COMPANY. Representative : Shu, Chin-Yung		
Director	HERMES-EPITEK CORPORATION Representative : Chen, Hsi-Hsin	18,160,870	4.74
Director	HERMES-EPITEK CORPORATION Representative : Fan, Gui Rong		
Director	VISION HOLDINGS LTD. Representative : Mark, Wu	1,771,450	0.46
Director	VISION HOLDINGS LTD. Representative : Jeff, chiu		
Independent Director	Jhih-Da Yan	0	0.00
Independent Director	Zong-Si Ke	0	0.00
Independent Director	Mao-Song Deng	0	0.00
The number and percentage of shares held by all directors		36,226,859	9.45