

**EPISIL-PRECISION INC. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2026**  
**AND 2025**

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Episil-Precision Inc.

### ***Preface***

We have reviewed the accompanying consolidated balance sheets of Episil-Precision Inc. and its subsidiary (the "Group") as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for the three-month periods ended March 31, 2026 and 2025, and notes to the consolidated financial statements (including a summary of significant accounting policies). It is the management's responsibility to prepare fairly presented consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 'Interim Financial Reporting' endorsed by the FSC, and the accountant's responsibility is to draw conclusions on the consolidated financial statements based on the review results.

### ***Scope***

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

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

As mentioned in Notes 4(3) to the consolidated financial statements, the financial statements of some unimportant subsidiaries included in the above consolidated financial statements not reviewed by the accountant. As of March 31, 2026 and 2025, the total assets of such subsidiaries were NT\$37,301 thousand and NT\$63,145 thousand respectively, accounting for 0.52% and 0.87% of the consolidated total assets respectively; the total liabilities were NT\$351 thousand and NT\$9,103 thousand respectively, accounting for 0.02% and 0.40% of the total consolidated liabilities respectively; the total

comprehensive profit and loss for the three-month periods ended March 31, 2026 and 2025 were NT\$(717) thousand and NT\$(574) thousand respectively, accounting for(0.71%) and (16.45%) of the total consolidated comprehensive profit and loss respectively.

### ***Qualified conclusion***

According to the review results of the accountants, except for some unimportant subsidiaries included in the consolidated financial statements, which may be adjusted appropriately and the impacts may be disclosed, we did not find any circumstance where the consolidated financial statements referred to in paragraph 1 were not prepared in any material respect in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 ‘Interim Financial Reporting’ endorsed by the FSC, making it impossible to fairly present the consolidated financial position of Episil –Precision Inc. and its subsidiaries as of March 31, 2026 and 2025, and the consolidated financial performance and consolidated cash flow for the three-month periods ended March 31, 2026 and 2025.

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Li, Tien-Yi

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Hsieh, Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

Apr. 28 2026

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

**EPISIL-PRECISION INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2026, DECEMBER 31, 2025 and MARCH 31, 2025 (MARCH 31, 2026 and 2025 are unaudited)**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	March 31, 2026		December 31, 2025		March 31, 2025		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 2,593,190	36	\$ 2,285,955	33	\$ 2,513,282	35
1170	Accounts receivable, net	6(3)	607,081	9	647,502	9	536,852	8
1180	Accounts receivable - related parties	6(3) and 7	299,597	4	259,729	4	243,912	4
1200	Other receivables		7,574	-	20,917	-	16,881	-
1210	Other receivables due from related parties	7	15,770	-	16,702	-	20,582	-
1220	Current income tax assets		10,936	-	10,936	-	47	-
130X	Inventories	6(4)	549,094	8	590,027	9	742,818	10
1410	Prepayments		61,601	1	55,284	1	76,046	1
1470	Other current assets		4,408	-	4,162	-	2,276	-
11XX	<b>Current assets</b>		<u>4,152,696</u>	<u>58</u>	<u>3,891,214</u>	<u>56</u>	<u>4,152,696</u>	<u>58</u>
<b>Non-current assets</b>								
1517	Non-current financial assets at fair value through other comprehensive income		17	-	17	-	17	-
1535	Non-current financial assets at amortised cost	6(2) and 8	19,801		19,801	-	19,490	-
1600	Property, plant and equipment	6(5)	2,442,608	34	2,412,159	35	2,462,760	34
1755	Right-of-use assets	6(6)	3330,387	5	334,427	5	344,008	5
1760	Investment property - net	6(8)	73,205	1	145,552	2	149,243	2
1780	Intangible assets	6(9)	53,023	1	54,166	1	57,755	1
1840	Deferred income tax assets		43,555	1	43,555	-	32,224	-
1920	Refundable guarantee deposits		2,156	-	2,156	-	2,207	-
15XX	<b>Non-current assets</b>		<u>2,964,752</u>	<u>42</u>	<u>3,011,833</u>	<u>44</u>	<u>3,067,704</u>	<u>42</u>
1XXX	<b>Total assets</b>		<u>\$ 7,114,003</u>	<u>100</u>	<u>\$ 6,903,047</u>	<u>100</u>	<u>\$ 7,220,400</u>	<u>100</u>

(Continued)

**EPISIL-PRECISION INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2026, DECEMBER 31, 2025 and MARCH 31, 2025 (MARCH 31, 2026 and 2025 are unaudited)**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	March 31, 2026		December 31, 2025		March 31, 2025		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(10)	\$ 337,440	5	\$ 297,212	4	\$ -	-
2150	Notes payable		-	-	-	-	14	-
2170	Accounts payable	6(11)	298,066	4	303,131	5	272,116	4
2180	Accounts payable - related parties	7	1,218	-	2,776	-	10,637	-
2200	Other payables	6(12)	434,087	6	355,935	5	420,502	6
2220	Other payables - related parties	7	90,482	1	5,897	-	87,897	1
2230	Current income tax liabilities	6(26)	28,451	1	4,333	-	27,210	-
2280	Current lease liabilities		13,350	-	13,271	-	12,736	-
2320	Long-term borrowings, current portion	6(13)	-	-	-	-	499,700	7
2399	Other current liabilities, others		56,691	1	64,347	1	47,975	1
21XX	<b>Current liabilities</b>		<u>1,259,785</u>	<u>18</u>	<u>1,046,902</u>	<u>15</u>	<u>1,378,787</u>	<u>19</u>
<b>Non-current liabilities</b>								
2530	Corporate bonds payable	6(13)	483,682	7	480,682	7	471,794	7
2570	Deferred income tax liabilities		32,362	-	32,362	-	33,723	-
2580	Non-current lease liabilities		335,380	5	338,747	5	346,509	5
2640	Accrued pension liabilities	6(14)	36,769	1	37,722	1	45,857	1
2645	Guarantee deposits received		50,798	-	8,095	-	8,095	-
2670	Other liabilities, others		19,206	-	18,897	-	18,960	-
25XX	<b>Non-current liabilities</b>		<u>958,197</u>	<u>13</u>	<u>916,505</u>	<u>13</u>	<u>924,938</u>	<u>13</u>
2XXX	<b>Total liabilities</b>		<u>2,217,982</u>	<u>31</u>	<u>1,963,407</u>	<u>28</u>	<u>2,303,725</u>	<u>32</u>
<b>Equity</b>								
Equity attributable to owners of the parent								
Share capital								
3110	Share capital - common stock	6(15)	2,885,418	41	2,885,418	42	2,885,418	40
Capital surplus								
3200	Capital surplus	6(16)	1,615,774	23	1,650,774	24	1,615,774	23
Retained earnings								
3310	Legal reserve	6(17)	214,610	3	214,610	3	187,721	2
3320	Special reserve		2,321	-	2,321	-	1,898	-
3350	Unappropriated retained earnings		145,679	2	189,294	3	197,530	3
Other equity interest								
3400	Other equity interest	6(18)	( 2,781 )	-	( 2,777 )	-	1,666	-
3XXX	<b>Total equity</b>		<u>4,896,021</u>	<u>69</u>	<u>4,939,640</u>	<u>72</u>	<u>4,916,675</u>	<u>68</u>
Significant commitments and contingencies								
Significant post-due matters								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 7,114,003</u>	<u>100</u>	<u>\$ 6,903,047</u>	<u>100</u>	<u>\$ 7,220,400</u>	<u>100</u>

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

**EPISIL-PRECISION INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	For the three-month periods ended March 31,				
		2026		2025		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 1,058,983	100	\$ 897,024	100
5000	Operating costs	6(4) and 7	( 870,756)	( 82)	( 840,390)	( 94)
5900	Operating margin		188,227	18	56,634	6
	Operating expenses	6(24)(25) and 7				
6100	Selling and marketing expenses		( 11,213)	( 1)	( 11,895)	( 2)
6200	General and administrative expenses		( 50,853)	( 5)	( 46,337)	( 5)
6300	Research and development expenses		( 13,932)	( 1)	( 11,377)	( 1)
6000	Total operating expenses		( 75,998)	( 7)	( 69,609)	( 8)
6900	Operating profit		112,229	11	12,975	( 2)
	Non-operating income and expenses					
7100	Interest income	6(20)	8,322	1	8,159	1
7010	Other income	6(21)	10,272	1	10,406	1
7020	Other gains and losses	6(22)	1,667	-	3,939	1
7050	Finance costs	6(23)	( 6,668)	( 1)	( 5,985)	( 1)
7000	Total non-operating income and expenses		13,593	1	16,519	2
7900	<b>Profit before income tax</b>		125,822	12	3,544	-
7950	Income tax expense	6(26)	( 25,166)	( 2)	( 710)	-
8200	<b>Profit for the year</b>		\$ 100,656	10	\$ 2,834	-

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EPISIL-PRECISION INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	For the three-month periods ended March 31,			
		2025		2024	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income (loss), net</b>					
<b>Components of other comprehensive income that may be subsequently reclassified to profit or loss</b>					
8361 Exchange differences on translation of foreign operations	6(18)	( 4)	-	655	-
8300 <b>Other comprehensive (loss) income, net</b>		<u>(\$ 4)</u>	<u>-</u>	<u>\$ 655</u>	<u>-</u>
8500 <b>Total other comprehensive income for the year</b>		<u>\$ 100,652</u>	<u>10</u>	<u>\$ 3,489</u>	<u>-</u>
Profit, attributable to:					
8610 Owners of the parent		<u>\$ 100,656</u>	<u>10</u>	<u>\$ 2,834</u>	<u>-</u>
Comprehensive income attributable to:					
8710 Owners of the parent		<u>\$ 100,652</u>	<u>10</u>	<u>\$ 3,489</u>	<u>-</u>
Basic earnings per share	6(27)				
9750 Basic earnings per share (in dollars)		<u>\$</u>	<u>0.35</u>	<u>\$</u>	<u>0.01</u>
Diluted earnings per share	6(27)				
9850 Diluted earnings per share (in dollars)		<u>\$</u>	<u>0.35</u>	<u>\$</u>	<u>0.01</u>

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

EPISIL-PRECISION INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025  
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent										
Notes	Capital surplus					Retained Earnings			Financial statements translation differences of foreign operations	Total equity
	Share capital - common stock	Additional paid-in capital	Warrants	Restricted stocks	Others	Legal reserve	Special reserve	Unappropriated retained earnings		
Balance at January 1, 2025	\$2,885,418	\$1,582,128	\$ 57,468	\$ 670	\$ 10,508	\$ 187,721	\$ 1,898	\$ 333,967	(\$ 2,321)	\$5,057,457
Profit for the three-month ended March 31,2025	-	-	-	-	-	-	-	2,834	-	2,834
Other comprehensive income (loss) 6(18)	-	-	-	-	-	-	-	-	655	655
Total comprehensive income (loss)	-	-	-	-	-	-	-	2,834	655	3,489
Appropriation of 2024 earnings 6(17)										
Cash dividends	-	-	-	-	-	-	-	( 144,271)	-	( 144,271)
Balance at March 31 2025	<u>\$2,885,418</u>	<u>\$1,582,128</u>	<u>\$ 57,468</u>	<u>\$ 670</u>	<u>\$ 10,508</u>	<u>\$ 187,721</u>	<u>\$ 1,898</u>	<u>\$ 192,530</u>	<u>(\$ 1,666)</u>	<u>\$4,916,675</u>
Balance at January 1, 2026	\$2,885,418	\$1,582,128	\$ 57,468	\$ 670	\$ 10,508	\$ 214,610	\$ 2,321	\$ 189,294	(\$ 2,777)	\$4,939,640
Profit for the three-month ended March 31,2026	-	-	-	-	-	-	-	100,656	-	100,656
Other comprehensive income (loss) 6(18)	-	-	-	-	-	-	-	-	( 4)	( 4)
Total comprehensive income (loss)	-	-	-	-	-	-	-	100,656	( 4)	100,652
Appropriation of 2025 earnings 6(17)										
Cash dividends	-	-	-	-	-	-	-	( 144,271)	-	( 144,271)
Balance at March 31, 2026	<u>\$2,885,418</u>	<u>\$1,582,128</u>	<u>\$ 57,468</u>	<u>\$ 670</u>	<u>\$ 10,508</u>	<u>\$ 214,610</u>	<u>\$ 2,321</u>	<u>\$ 145,679</u>	<u>(\$ 2,781)</u>	<u>\$4,896,021</u>

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

EPISIL-PRECISION INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the three-month periods ended March 31,	
		2026	2025
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 125,822	\$ 3,544
Adjustments			
Adjustments to reconcile (profit) loss			
Depreciation expense	6(5)(6)(8)(24)	98,788	97,138
Amortisation expense	6(9)(24)	1,143	1,347
Finance costs	6(23)	6,668	5,985
Interest income	6(20)	( 8,322 )	( 8,159 )
Gain on disposal of property, plant and equipment	6(22)	-	( 1,388 )
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		40,421	88,753
Accounts receivable - related parties		( 39,868 )	( 10,272 )
Other receivables		13,928	2,782
Other receivables - related parties		932	( 10,604 )
Inventories		40,933	41,017
Prepayments		( 6,317 )	20,243
Other current assets		( 246 )	5,327
Changes in operating liabilities			
Notes payable		-	14
Accounts payable		( 5,065 )	( 34,131 )
Accounts payable - related parties		( 1,558 )	4,168
Other payables		( 8,038 )	( 70,632 )
Other payables - related parties		1,103	( 3,800 )
Other current liabilities		( 7,656 )	( 1,239 )
Accrued pension liabilities		( 953 )	( 4,322 )
Other non-current liabilities		309	-
Cash inflow generated from operations		252,024	125,771
Interest received		7,737	7,793
Interest paid		( 2,637 )	( 2,273 )
Income taxes paid		( 1,049 )	( 764 )
Net cash flows from operating activities		<u>256,075</u>	<u>130,527</u>

(Continued)

EPISIL-PRECISION INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the three-month periods ended March 31,	
		2026	2025
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of Current financial assets at amortised Cost	6(2)	\$ -	\$ 10,000
Acquisition of property, plant and equipment	6(28)	( 28,480 )	( 218,212 )
Proceeds from disposal of property, plant and equipment	6(22)	-	1,550
Acquisition of intangible assets	6(9)	-	( 181 )
(Increase) decrease in refundable deposits		-	( 929 )
Net cash flows used in investing activities		( 28,480 )	( 207,772 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from short-term borrowings	6(29)	169,077	-
Repayments of short-term borrowings	6(29)	( 128,849 )	( 45,159 )
Guarantee deposits received	6(29)	42,704	-
Payments of lease liabilities	6(29)	( 3,288 )	( 3,116 )
Net cash flows from financing activities		79,644	( 48,275 )
Effect of exchange rate changes		( 4 )	654
Net (decrease) increase in cash and cash equivalents		307,235	( 124,866 )
Cash and cash equivalents at beginning of year	6(1)	2,285,955	2,638,148
Cash and cash equivalents at end of year	6(1)	\$ 2,593,190	\$ 2,513,282

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

EPISIL-PRECISION INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Episil-Precision Inc. (the “Company”) was incorporated as a company limited by shares on October 15, 1998 and was approved by the regulatory authority on November 9, 1998. The primary business activities have been started since December 1999.

The Company merged with Episil Semiconductor Wafer, Inc. on January 11, 2016 in accordance with the Business Mergers and Acquisitions Act and other related regulations. The Company issued new shares to Episil Semiconductor Wafer, Inc. as consideration for assuming all rights and obligations of Episil Semiconductor Wafer, Inc. The conversion ratio for this merger was one common share of Episil Semiconductor Wafer, Inc. converting to 1.867876 common shares of the Company, totalling 149,523,473 shares, and the Company was the surviving company. This merger was a reverse takeover under comprehensive assessment. Therefore, the consolidated financial statements were issued under the name of the Company, which was an extension of the subject of Episil Semiconductor Wafer, Inc.

The Company and its subsidiary (collectively referred herein as the “Group”) are primarily engaged in development, manufacture and sales of silicon epitaxy wafers and compound semiconductor epitaxial wafers.

Episil Technologies Inc. (former name: Episil Holding Inc.) holds 57.86% of the Company’s outstanding shares. Episil Technologies Inc. is the Company’s ultimate parent company.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on Apr.28 2026.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2026 are as follows:

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

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

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 18 'Presentation and disclosure in financial statement'	January 1, 2027(Note)
IFRS 19 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendment to International Accounting Standard No. 21: 'Translation into Highly Inflationary Currency'	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

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

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a

defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

#### 4. Summary of Significant Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2025, except for the compliance statement, basis of preparations, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2025.

##### (2) Basis of preparation

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

##### (3) Basis of consolidation

- A. The same principles of consolidation have been applied in the consolidated financial statements as those applied in the consolidated financial statements for the year ended December 31, 2025.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Note
			March 31, 2026	December 31, 2025	March 31, 2025	
Episil-Precision Inc.	Precision SILICON JAPAN Co., Ltd.	Sales of epitaxial and silicon wafer	100	100	100	1

Note1: Because it does not meet the definition of an important subsidiary, its financial statements on March 31, 2026 and 2025 have not been reviewed by accountants.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Pensions Defined benefit plan

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

(5) Income taxes

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

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

There have been no significant changes as of March 31, 2026. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2025.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Cash on hand and revolving funds	\$ 337	\$ 338	\$ 355
Checking accounts and demand deposits	304,898	276,927	229,754
Time deposits	704,955	883,690	916,173
Cash equivalents	<u>1,583,000</u>	<u>1,125,000</u>	<u>1,367,000</u>
	<u>\$ 2,593,190</u>	<u>\$ 2,285,955</u>	<u>\$ 2,513,282</u>

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

B. Time deposits with maturity between three months and a year held by the Company were classified as current financial assets at amortised cost.

C. The Company's cash and cash equivalents pledged to others as collateral for customs guarantee were classified as non-current financial assets at amortised cost. Refer to Note 8.

(2) Financial assets at amortised cost

<u>Items</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Non-current items:			
Pledged time deposits	<u>\$ 19,801</u>	<u>\$ 19,801</u>	<u>\$ 19,490</u>

A. As of March 31, 2026, December 31, 2025 and March 31, 2025 without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$19,801, \$19,801 and \$19,490, respectively.

B. The counterparties of the Group's investments have good credit risk.

(3) Accounts receivable

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Accounts receivable	\$ 607,233	\$ 647,654	\$ 537,004
Accounts receivable due from related parties	299,597	259,729	243,912
Less: Loss allowance	( 152)	( 152)	( 152)
	<u>\$ 906,678</u>	<u>\$ 907,231</u>	<u>\$ 780,764</u>

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
	<u>Accounts Receivable (including related parties)</u>	<u>Accounts Receivable (including related parties)</u>	<u>Accounts Receivable (including related parties)</u>
Not past due	\$ 868,225	\$ 845,534	\$ 732,984
Up to 30 days	38,605	53,613	47,932
31 to 90 days	-	8,236	-
	<u>\$ 906,830</u>	<u>\$ 907,383</u>	<u>\$ 780,916</u>

The above ageing analysis was based on past due date.

B. As of March 31, 2026, December 31, 2025 and March 31, 2025, notes and accounts receivable were all from contracts with customers. As of January 1, 2025, the balance of receivables from contracts with customers amounted to \$859,397.

C. As of March 31, 2026, December 31, 2025 and March 31, 2025, collaterals held by the Group as security for accounts receivable was \$1,000, respectively.

D. As of March 31, 2026, December 31, 2025 and March 31, 2025, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$906,678, \$907,231 and \$780,764, respectively.

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

(4) Inventories

	March 31, 2026	December 31, 2025	March 31, 2025
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Raw materials	\$ 149,188	\$ 161,687	\$ 196,310
Supplies	274,452	308,749	453,087
Work in progress	36,702	33,593	28,842
Finished goods	88,752	85,998	64,579
	<u>\$ 549,094</u>	<u>\$ 590,027</u>	<u>\$ 742,818</u>

The cost of inventories recognised as expense for the year:

	<u>For the three-month periods ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
Cost of goods sold	\$ 753,172	\$ 646,498
Unamortised manufacturing expenses	98,657	179,092
(Pick-up benefits )Reversal of inventory valuation loss	( 4,011 )	14,561
Inventory scrapped	22,938	239
	<u>\$ 870,756</u>	<u>\$ 840,390</u>

From January 1, 2026 to March 31, 2026, the Group was recognized as a decrease in the cost of goods sold due to the recovery in the net realised value of inventories due to the removal of inventories that had been included in the decline in value and sluggish losses.

(5) Property, plant and equipment

		2026				
		Buildings and structures	Machinery and equipment	Other equipment	Construction in process and equipment to be inspected	Total
At January 1						
Cost		\$ 3,325,940	\$ 4,264,829	\$ 104,876	\$ 244,765	\$ 7,940,410
Accumulated depreciation and impairment		( 1,835,718 )	( 3,607,882 )	( 84,651 )	-	( 5,528,251 )
		<u>\$ 1,490,222</u>	<u>\$ 656,947</u>	<u>\$ 20,225</u>	<u>\$ 244,765</u>	<u>\$ 2,412,159</u>
At January 1		\$ 1,490,222	\$ 659,947	\$ 20,225	\$ 244,765	\$ 2,412,159
Additions		7,632	1,434	952	42,832	52,850
Reclassifications		112,766	2,766	-	( 44,022 )	( 71,510 )
Depreciation expenses		( 46,006 )	( 45,245 )	( 2,660 )	-	( 93,911 )
At March 31		<u>\$ 1,564,614</u>	<u>\$ 615,902</u>	<u>\$ 18,517</u>	<u>\$ 243,575</u>	<u>\$ 2,442,608</u>
At March 31						
Cost		\$ 3,446,338	\$ 4,269,029	\$ 105,828	\$ 243,575	\$ 8,064,770
Accumulated depreciation and impairment		( 1,881,724 )	( 3,653,127 )	( 87,311 )	-	( 5,622,162 )
		<u>\$ 1,564,614</u>	<u>\$ 615,902</u>	<u>\$ 18,517</u>	<u>\$ 243,575</u>	<u>\$ 2,442,608</u>

		2025				
		Buildings and structures	Machinery and equipment	Other equipment	Construction in process and equipment to be inspected	Total
At January 1						
Cost		\$ 3,070,016	\$ 4,188,698	\$ 99,597	\$ 268,687	\$ 7,626,998
Accumulated depreciation and impairment		( 1,657,565 )	( 3,528,447 )	( 74,804 )	-	( 5,260,816 )
		<u>\$ 1,412,451</u>	<u>\$ 660,251</u>	<u>\$ 24,793</u>	<u>\$ 268,687</u>	<u>\$ 2,366,182</u>
At January 1		\$ 1,412,451	\$ 660,251	\$ 24,793	\$ 268,687	\$ 2,366,182
Additions		30,789	19,034	1,395	138,228	189,446
Reclassifications		151,253	61,704	3,840	( 217,522 )	( 725 )
Disposals		-	161	-	-	( 161 )
Depreciation expenses		( 43,953 )	( 45,214 )	( 2,815 )	-	( 91,982 )
At March 31		<u>\$ 1,550,540</u>	<u>\$ 695,614</u>	<u>\$ 27,213</u>	<u>\$ 189,393</u>	<u>\$ 2,462,760</u>
At March 31						
Cost		\$ 3,252,059	\$ 4,262,696	\$ 104,122	\$ 189,393	\$ 7,808,270
Accumulated depreciation and impairment		( 1,701,519 )	( 3,567,082 )	( 76,909 )	-	( 5,345,510 )
		<u>\$ 1,550,540</u>	<u>\$ 695,614</u>	<u>\$ 27,213</u>	<u>\$ 189,393</u>	<u>\$ 2,462,760</u>

- A. The Group has capitalization of interest attributable to the property, plant and equipment for the three-month periods ended March 31, 2026 and 2025, amounting to \$1,750 and \$1,123, respectively. The capitalized interest rates ranged from 3.99%~4.91% and 2.49% , respectively.
- B. As of March 31, 2026, December 31, 2025 and March 31, 2025, the Group has no property, plant and equipment pledged to others as collateral.

(6) Lease transaction – lessee

- A. The Group leases various assets, including land, buildings and structures and machinery and equipment. Lease agreements are typically made for periods of 3 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise other equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Land	\$ 315,565	\$ 318,348	\$ 326,696
Buildings and structures	12,769	13,851	14,556
Transportation equipment	2,053	2,228	2,756
	<u>\$ 330,387</u>	<u>\$ 334,427</u>	<u>\$ 344,008</u>

	<u>For the three-month periods ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 2,783	\$ 2,782
Buildings and structures	1,081	1,084
Transportation equipment	176	59
	<u>\$ 4,040</u>	<u>\$ 3,925</u>

- D. For the three-month periods ended March 31, 2026 and 2025 the additions to right-of-use assets were \$0 and \$2,815, respectively.
- E. Information on profit or loss in relation to lease agreements is as follows:

	<u>For the three-month periods ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 2,134</u>	<u>\$ 2,183</u>
Expense on short-term lease agreements	<u>\$ 454</u>	<u>\$ 461</u>

- F. For the three-month periods ended March 31, 2026 and 2025 the Group's total cash outflow for leases were \$5,876 and \$5,760, respectively.
- G. Extension and termination options

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



Cost	\$	110,866	\$	206,227
Accumulated depreciation and impairment	(	37,661)	(	56,984)
	\$	<u>73,205</u>	\$	<u>149,243</u>

A. Rental revenue from investment property and direct operating expenses arising from investment property are shown below:

	For the three-month periods ended March 31,	
	2026	2025
Rental revenue from investment property	\$ <u>6,119</u>	\$ <u>10,064</u>
Direct operating expenses arising from the investment property that generated rental revenue during the year	\$ <u>1,289</u>	\$ <u>2,465</u>

B. The fair value of the investment property held by the Group as of March 31, 2026, December 31, 2025 and March 31, 2025, was \$119,529, \$212,427 and \$209,644, respectively. Valuations were made using the income approach which is categorised within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Discount rate	11.91%	11.00%	10.89%
Annual rent (net income)	\$ 21,078	\$ 36,068	\$ 35,405
Duration	10 years	10 years	10 years

C. The Group has no interest capitalisation for the three-month periods ended March 31, 2026 and 2025.

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

E. As of March 31, 2026, December 31, 2025 and March 31, 2025, the Group has no investment property pledged to others as collateral.

(9) Intangible assets

	2026			
	Computer software	Goodwill	Others	Total
At January 1				
Cost	\$ 17,867	\$ 48,369	\$ 39,898	\$ 106,134
Accumulated amortisation	( 12,604)	-	( 39,364)	( 51,968)
	<u>\$ 5,263</u>	<u>\$ 48,369</u>	<u>\$ 534</u>	<u>\$ 54,166</u>
At January 1				
Amortisation expenses	\$ 5,263	\$ 48,369	\$ 534	\$ 54,166
	( 1,021)	-	( 123)	( 1,143)
At March 31	<u>\$ 4,242</u>	<u>\$ 48,369</u>	<u>\$ 411</u>	<u>\$ 53,023</u>
At March 31				
Cost	\$ 17,687	\$ 48,369	\$ 39,898	\$ 105,910
Accumulated amortisation	( 13,625)	-	( 39,487)	( 53,111)
	<u>\$ 4,242</u>	<u>\$ 48,369</u>	<u>\$ 411</u>	<u>\$ 53,023</u>
	2025			
	Computer software	Goodwill	Others	Total
At January 1				
Cost	\$ 16,738	\$ 48,369	\$ 39,898	\$ 105,005
Accumulated amortisation	( 7,937)	-	( 38,871)	( 46,808)
	<u>\$ 8,801</u>	<u>\$ 48,369</u>	<u>\$ 1,027</u>	<u>\$ 58,197</u>
At January 1				
Additions	\$ 8,801	\$ 48,369	\$ 1,027	\$ 58,197
Amortisation expenses	905	-	-	905
	( 1,224)	-	( 123)	( 1,347)
At March 31	<u>\$ 8,482</u>	<u>\$ 48,369</u>	<u>\$ 904</u>	<u>\$ 57,755</u>
At March 31				
Cost	\$ 17,643	\$ 48,369	\$ 39,898	\$ 105,910
Accumulated amortisation	( 9,161)	-	( 38,994)	( 48,155)
	<u>\$ 8,482</u>	<u>\$ 48,369</u>	<u>\$ 904</u>	<u>\$ 57,755</u>

A. Details of amortisation on intangible assets are as follows:

	For the three-month periods ended March 31,	
	2026	2025
Operating costs	\$ 523	\$ 682
General and administrative expenses	620	665
	<u>\$ 1,143</u>	<u>\$ 1,347</u>

B. The Group has no interest capitalisation for the three-month periods ended March 31, 2026 and 2025.

C. As of March 31, 2026, December 31, 2025 and March 31, 2025, the Group has no intangible assets pledged to others as collateral.

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>March 31, 2026</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 337,440</u>	4.271%~4.683%	None

<u>Type of borrowings</u>	<u>December 31, 2025</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 297,212</u>	4.493%~4.979%	None

<u>Type of borrowings</u>	<u>March 31, 2025</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ -</u>	0%	None

For the three-month periods ended March 31, 2026 and 2025, interest expenses arising from short-term borrowings that were recognised in profit or loss amounted to \$3,213 and \$106, respectively.

(11) Accounts payable

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Accounts payable	\$ 265,288	\$ 286,837	\$ 250,873
Estimated accounts payable	32,778	16,294	21,243
	<u>\$ 298,066</u>	<u>\$ 303,131</u>	<u>\$ 272,116</u>

(12) Other payable

	<u>March 31, 2026</u>	<u>March 31, 2025</u>	<u>March 31, 2025</u>
Accrued expenses- expendables	\$ 129,622	\$ 139,613	\$ 129,751
Payables for equipment	95,340	72,720	74,800
Dividends payable	60,790	-	60,790
Accrued expenses-bonus Employees' bonus and directors'	20,634	48,024	17,439
Employees' compensation and directors' remuneration payable	19,146	3,596	31,878
Accrued expenses-others	108,555	91,982	105,844
	<u>\$ 434,087</u>	<u>\$ 355,935</u>	<u>\$ 420,502</u>

(13) Bonds payable

	<u>March 31, 2026</u>	<u>March 31, 2025</u>	<u>March 31, 2025</u>
Bonds payable			
The Croup's fourth secured convertible bonds	\$ -	\$ -	\$ 500,000
The Croup's fifth secured convertible bonds	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
	<u>500,000</u>	<u>500,000</u>	<u>1,000,000</u>
Less: Bonds payable converted	-	-	( 300 )
Less: Discount on bonds payable	<u>( 16,318 )</u>	<u>( 19,318 )</u>	<u>( 28,206 )</u>
	483,682	480,682	971,494
Less: Current portion	<u>-</u>	<u>-</u>	<u>( 499,700 )</u>
	<u>\$ 483,682</u>	<u>\$ 480,682</u>	<u>\$ 471,794</u>

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

- (a) The regulatory authority has approved the fourth domestic unsecured convertible corporate bonds issued by the Company. The bonds are with a total issuance amount of \$500,000 and a coupon rate of 0%, covering a 3-year period of issuance and a circulation period from March 29, 2022 to March 29, 2025, and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on March 29, 2022.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are

the same as the issued and outstanding common shares.

- (c) The effective date for the conversion price of the convertible was set on March 21, 2022. The conversion price was set up based on multiplying a benchmark price which was the closing price of the Company's common share calculated at simple arithmetic mean in 1, 3 or 5 business day(s) before the effective date (effective date is excluded) by convertible premium rate of 109.22% (round to the nearest tenth). If there is an ex-right or ex-dividend before the pricing effective date, the closing price adopted to calculate conversion price shall be imputed with ex-right or ex-dividend; if there is an ex-right or ex-dividend during the period that the conversion price was set up but prior to share issuance, the conversion price shall be adjusted based on the conversion price adjustment formula. The conversion price was NT\$128 (in dollars) per share based on the aforementioned method. Starting from July 12, 2024, the conversion price of the bonds was adjusted to NT\$121.5 (in dollars) per share due to the Company's cash dividend distribution.
  - (d) All convertible bonds repurchased, redeemed or converted by the Company from securities trading markets shall be retired, which are not allowed to resell or reissue, and conversion rights attached to the bonds are also extinguished.
  - (e) Regarding the issuance of convertible bonds, the equity conversion options were separated from the liability component and were recognised in "Capital surplus-warrants" in accordance with IAS 32. As of March 31, 2026, December 31, 2025 and March 31, 2025, the carrying amounts were \$21,744, respectively.
  - (f) The convertible bond matured on March 29, 2025, and trading on the Taipei Exchange was terminated on March 31, 2025. The bonds totaling \$300 (face value) had been converted into 3 thousand shares of common stock, and the balance of \$499,700 was repaid to the bondholders on April 15, 2025.
- B. The issuance terms of the Company's fifth domestic unsecured convertible bonds are as follows:
- (a) The regulatory authority has approved the fourth domestic unsecured convertible corporate bonds issued by the Company. The bonds are with a total issuance amount of \$500,000 and a coupon rate of 0%, covering a 3-year period of issuance and a circulation period from July 26, 2024 to July 26, 2027, and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 26, 2024.
  - (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
  - (c) The effective date for the conversion price of the convertible was set on July 18, 2024. The conversion price was set up based on multiplying a benchmark price which was the closing price of the Company's common share calculated at simple arithmetic mean in 1, 3 or 5 business day(s) before the effective date (effective date is excluded) by convertible premium

rate of 105.68% (round to the nearest tenth). If there is an ex-right or ex-dividend before the pricing effective date, the closing price adopted to calculate conversion price shall be imputed with ex-right or ex-dividend; if there is an ex-right or ex-dividend during the period that the conversion price was set up but prior to share issuance, the conversion price shall be adjusted based on the conversion price adjustment formula. The conversion price was NT\$72.6 (in dollars) per share based on the aforementioned method. As the Company distributed cash dividends, conversion price of the convertible bonds adjusts to NT\$71.4 (in dollars) per share from July 15, 2025.

- (d) All convertible bonds repurchased, redeemed or converted by the Company from securities trading markets shall be retired, which are not allowed to resell or reissue, and conversion rights attached to the bonds are also extinguished.
- (e) Regarding the issuance of convertible bonds, the equity conversion options were separated from the liability component and were recognised in “Capital surplus-warrants” in accordance with IAS 32. As of March 31, 2026, December 31, 2025 and March 31, 2025 the carrying amounts were \$35,724, respectively.

#### (14) Pensions

- A. (a) The Group (excluding overseas subsidiary) has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last month prior to retirement. The Group contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the pension fund deposited with Bank of Taiwan, the trustee, under the name of the independent pension fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group (excluding overseas subsidiary) will make contributions for the deficit by next March.
- (b) The pension costs recognized by the Group according to the above pension regulations for the three-month periods ended March 31, 2026 and 2025 were \$113 and \$188, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2026 amount to \$2,684.
- B. (a) Effective July 1, 2005, the Group has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based

on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2026 and 2025 were \$9,879 and \$13,386, respectively.

(15) Share capital

TAs of March 31, 2026, the Group's authorised capital was \$5,000,000, consisting of 500,000 thousand shares of ordinary stock, and the paid-in capital was \$2,885,418 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows: (Unit: thousand shares)

Unit: thousand shares	2026	2025
January 1/ March 31	288,542	288,542

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par

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

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, and setting aside or reversal for special reserve in accordance with related laws, if any. The Board of Directors should propose the distribution of the remaining earnings based on the Company's dividend policy for the approval of the shareholders.

A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the dividends and bonus all or partially distributed in the form of cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting, which is not subject to the rules in relation to the resolution of shareholders' meeting.

- B. The Company's dividend policy is summarised below: as the Company operates in high-tech industries and is in the stable growth stage, to take into consideration the business environment and growing stage of the Company and meet future capital requirements, long-term financial

plan and fulfil shareholders' requirement for cash flows. The current year's earnings, if any, shall be distributed in the form of cash dividends not lower than 10% of total cash and stock dividends and bonus to be distributed.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The Company's Board of Directors resolved on March 2, 2026 to distribute cash dividends of NT\$0.5(in dollars) to each common share using the unappropriated retained earnings, and the dividends came to a total of \$144,271.
- E. On June 13, 2025, the Company's shareholders resolved the distribution of 2024 earnings as follows:

	Amount	2024 Dividend per share (in dollars)
Legal reserve	\$ 26,889	
Special reserve	423	
Cash dividends	144,271	\$ 0.5
	\$ 171,583	

(18) Other equity items

	2026 Financial statements translation difference of foreign operations	2025 Financial statements translation difference of foreign operations
At January 1	(\$ 2,777)	(\$ 2,321)
Currency translation differences:		
–Group	( 4)	655
At March 31	(\$ 2,781)	(\$ 1,666)

(19) Operating revenue

	For the three-month periods ended March 31,	
	2026	2025
Revenue from contracts with customers	\$ 1,058,983	\$ 897,024

Disaggregation of revenue from contracts with customers

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

For the three-month periods ended March 31, 2026	Silicon epitaxy wafers	Others	Total
Revenue from external customer contracts	\$ 1,054,519	\$ 4,464	\$ 1,058,983
Timing of revenue recognition			
At a point in time	<u>\$ 1,054,519</u>	<u>\$ 4,464</u>	<u>\$ 1,058,983</u>
For the three-month periods ended March 31, 2025	Silicon epitaxy wafers	Others	Total
Revenue from external customer contracts	\$ 893,281	\$ 3,743	\$ 897,024
Timing of revenue recognition			
At a point in time	<u>\$ 893,281</u>	<u>\$ 3,743</u>	<u>\$ 897,024</u>

(20) Interest income

	For the three-month periods ended March 31,	
	2026	2025
Interest income from bank deposits	<u>\$ 8,322</u>	<u>\$ 8,159</u>

(21) Other income

	For the three-month periods ended March 31,	
	2026	2025
Rental revenue	\$ 6,457	\$ 10,406
Other income, others	<u>3,815</u>	<u>-</u>
	<u>\$ 10,272</u>	<u>\$ 10,406</u>

(22) Other gains and losses

	For the three-month periods ended March 31,	
	2026	2025
Depreciation on investment property	\$ -	\$ 1,388
Net currency exchange gains	4,199	5,478
Depreciation on investment property	( 837)	( 1,231)
Other losses	( 1,695)	( 1,696)
	<u>\$ 1,667</u>	<u>\$ 3,939</u>

(23) Finance costs

	For the three-month periods ended March 31,	
	2026	2025
Interest expense:		
Banking borrowings	\$ 3,213	\$ 106
Bonds payable	3,000	4,710
Lease liabilities	2,134	2,183
Other	33	34
Less: Capitalisation of qualifying assets	( 1,750)	( 1,123)
Other finance expenses	<u>38</u>	<u>75</u>
	<u>\$ 6,668</u>	<u>\$ 5,985</u>

(24) Expenses by nature

	For the three-month periods ended March 31,	
	2026	2025
Employee benefit expense	\$ 212,448	\$ 197,951
Depreciation expenses	98,788	97,138
Amortisation expenses on intangible assets	1,143	1,347

(25) Employee benefit expense

	For the three-month periods ended March 31,	
	2026	2025
Wages and salaries	\$ 169,058	\$ 151,565
Labour and health insurance fees	14,744	16,248
Pension costs	9,992	13,574
Other personnel expenses	<u>18,654</u>	<u>16,564</u>
	<u>\$ 212,448</u>	<u>\$ 197,951</u>

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

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

- B. For the three-month periods ended March 31, 2026 and 2025, employees' compensation was accrued at \$14,137 and \$398, respectively; while directors' remuneration was accrued at \$1,414 and \$40, respectively. The aforementioned amounts were recognised in salary expenses and other expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on, 10% and 1%, of earnings for the years ended March 31, 2026 and 2025, respectively.

Employees' compensation of \$3,269 and directors' remuneration of \$326 for the year ended December 31, 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2025 financial statements. Abovementioned employees' compensation of 2025 will be distributed in the form of cash.

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

(26) Income tax

A. Income tax expense

Components of income tax expense:

	For the three-month periods ended March 31,	
	2026	2025
Current tax:		
Current tax on profits for the year	\$ 25,166	\$ 710
Prior year income tax under (over) estimation	-	-
Total current tax	25,166	710
Deferred tax:		
Origination and reversal of temporary differences	-	-
Total deferred tax	-	-
Income tax expense	\$ 25,166	\$ 710

- B. The Company's income tax returns through 2024 have been assessed and approved by the Tax Authority.

(27) Earning earnings per share

	For the three-month periods ended March 31,2026		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic loss per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 100,656	288,542	\$ 0.35
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 100,656	288,542	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	314	
Convertible bonds	2,400	7,003	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 103,056	\$ 295,859	\$ 0.35

	For the three-month periods ended March 31,2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic loss per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,834	288,542	\$ 0.01
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,834	288,542	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	337	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,834	\$ 288,879	\$ 0.01

For the three-month periods ended March 31, 2024 the Company's issued convertible bonds had anti-dilutive effect, thus, they were not included in the calculation of diluted earnings per share.

(28) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the three-month periods ended March 31,	
	2026	2025
Acquisition of property, plant and equipment	\$ 52,850	\$ 189,446
Add: Beginning balance of payables on equipment	72,720	104,689
Less: Ending balance of payables on equipment	( 95,340)	( 74,800)
Less: Interest capitalization	( 1,750)	( 1,123)
Cash paid during the year	<u>\$ 28,480</u>	<u>\$ 218,212</u>

B. Financing activities with no cash flow effects:

	For the three-month periods ended March 31,	
	2026	2025
Dividend paid	<u>\$ 144,271</u>	<u>\$ 144,271</u>

(29) Changes in liabilities from financing activities

	2026					
	Short-term borrowings	Lease liabilities	Guarantee deposits-received	Bonds payable	Dividend paid	Liabilities from financing activities
At January 1	\$ 297,212	\$ 352,018	\$ 8,095	\$ 480,682	\$ -	\$ 1,138,007
Changes in cash flow from financing activities	40,228	( 3,288 )	42,703	-	-	79,643
Interest paid	-	( 2,134 )	-	-	-	( 2,134 )
Interest expense	-	2,134	-	3,000	-	5,134
Cash dividends claimed	-	-	-	-	144,271	144,271
At March 31	<u>\$ 337,440</u>	<u>\$ 348,730</u>	<u>\$ 50,798</u>	<u>\$ 483,682</u>	<u>\$ 144,271</u>	<u>\$ 1,364,921</u>

	2025					
	Short-term borrowings	Lease liabilities	Guarantee deposits-received	Bonds payable	Dividend paid	Liabilities from financing activities
At January 1	\$ 45,159	\$ 373,387	\$ 8,095	\$ 966,784	\$ -	\$ 1,393,425
Changes in cash flow from financing activities	( 45,159 )	( 3,116 )	-	-	-	( 48,275 )
Interest paid	-	( 2,183 )	-	-	-	( 2,183 )
Interest expense	-	2,183	-	4,710	-	6,893
Changes in other non-cash items	-	( 11,026 )	-	-	-	( 11,026 )
Cash dividends claimed	-	-	-	-	144,271	144,271
At March 31	<u>\$ -</u>	<u>\$ 359,245</u>	<u>\$ 8,095</u>	<u>\$ 971,494</u>	<u>\$ 144,271</u>	<u>\$ 1,483,105</u>

## 7. Related Party Transactions

### (1) Parent and ultimate controlling party

The Company's ultimate parent company is Episil Technologies Inc. (former name: Episil Holding Inc. ) holds 57.86% of the Company's outstanding shares.

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

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Episil Technologies Inc.	The parent company
Episil Technologies Inc.(Shanghai)	The parent company's indirect wholly-owned subsidiary
Hermes-Epitek Corp.	The parent company's director is Hermes-Epitek Corp.'s director
Taiwan Hi-Tech Corp.	Investee of the parent company accounted for using equity method(Note )
Vanguard International Semiconductor Corporation	Individuals with significant influence on the Group (Note 2)

Note : The Company received the court's liquidation completion chart on February 12, 2026.

### (3) Significant related party transactions

#### A. Operating revenue

	<u>For the three-month periods ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
Sales of goods:		
-Individuals with significant influence on the Group-Vanguard International Semiconductor Corporation	\$ 231,985	\$ 168,204
-The parent company	88,538	76,949
-Affiliate company	1,040	2,405
	<u>\$ 321,563</u>	<u>\$ 247,558</u>

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

#### B. Purchases

	<u>For the three-month periods ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
Purchases of goods:		
-The parent company	\$ 3,625	\$ 10,337
-Individuals with significant influence on the Group	141	177
-Affiliate company	-	1,211
	<u>\$ 3,766</u>	<u>\$ 11,725</u>
Purchases of services:		
-The parent company	<u>\$ 3,287</u>	<u>\$ 3,004</u>

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

C. Receivables from related parties

	<u>March 31, 2026</u>		<u>December 31, 2025</u>		<u>March 31, 2025</u>
Accounts receivable:					
-Individuals with significant influence on the Group-Vanguard International Semiconductor Corporation	\$ 181,892	\$	150,588	\$	139,933
-The parent company	117,705		107,743		101,783
-Affiliate company	-		1,398		2,196
	<u>\$ 299,597</u>		<u>\$ 259,729</u>		<u>\$ 243,912</u>
Other receivables:					
-The parent company	\$ 12,023	\$	10,749	\$	11,562
-Affiliate company	3,747		5,953		9,020
	<u>\$ 15,770</u>		<u>\$ 16,702</u>		<u>\$ 20,582</u>

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

D. Payables to related parties

	<u>March 31, 2026</u>		<u>December 31, 2025</u>		<u>March 31, 2025</u>
Accounts payable:					
-The parent company	\$ 917	\$	2,490	\$	9,162
-Affiliate company	153		153		1,270
-Individuals with significant influence on the Group	148		133		205
	<u>1,218</u>		<u>2,776</u>		<u>10,637</u>
Other payable:					
-The parent company	90,482		5,890		87,897
- Affiliate company	-		7		-
	<u>\$ 90,482</u>		<u>\$ 5,897</u>		<u>\$ 87,897</u>

Other payables mainly refer to payables for dividend paid , service fees and processing fees.

E. Property transactions

Disposal of property, plant and equipment:

	<u>Year ended March 31, 2026</u>		<u>Year ended March 31, 2025</u>	
	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>
-The parent company	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>      1,550</u>	\$ <u>      1,388</u>

F. Lease transactions

(a) For the three-month periods ended March 31, 2026 and 2025, rental revenue arising from leasing certain buildings and structures to affiliate companies amounted to \$1,947 and \$1,948, respectively, which is collected monthly.

(b) For the three-month periods 31, 2026 and 2025, rental expense due to leasing certain buildings and structures from affiliate companies amounted to \$132 and \$18, respectively, which is paid monthly.

(4) Key management personnel compensation

	<u>For the three-month periods ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
Salaries and other short-term employee benefits	\$ <u>      11,575</u>	\$ <u>      9,932</u>
Post-employment benefits	<u>          150</u>	<u>          172</u>
	\$ <u>      11,725</u>	\$ <u>      10,104</u>

8. Pledged Assets

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

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>	
Pledged time deposits (shown as "Non-Current financial assets at amortised cost")	\$ <u>      19,801</u>	\$ <u>      19,801</u>	\$ <u>      19,490</u>	Customs deposits and guarantee deposits for leases

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

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

	<u>March 31, 2025</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Property, plant and equipment	\$ <u>      123,184</u>	\$ <u>      115,182</u>	\$ <u>      149,160</u>

## 10. Significant Disaster Loss

None.

## 11. Others

### (1) Capital management

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

### (2) Financial instruments

#### A. Financial instruments by category

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income	\$ <u>17</u>	\$ <u>17</u>	\$ <u>17</u>
Financial assets at amortised cost			
Financial assets at amortised cost	19,801	19,801	19,490
Cash and cash equivalents	2,593,190	2,285,955	2,513,282
Accounts receivable	607,081	647,502	536,852
Accounts receivable due from related parties	299,597	259,729	243,912
Other receivables	7,574	20,917	16,881
Other receivables due from related parties	15,770	16,702	20,582
Refundable guarantee deposits	2,156	2,156	2,207
	<u>\$ 3,545,169</u>	<u>\$ 3,252,762</u>	<u>\$ 3,353,206</u>
	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 337,440	\$ 297,212	\$ -
Notes payable	-	-	14
Accounts payable	298,066	303,131	272,116
Accounts payable to related parties	1,218	2,776	10,637
Other payables	434,087	355,935	420,502
Other payables to related parties	90,482	5,897	87,897
Bonds payable (including current portion)	483,682	480,682	971,494
Guarantee deposits received	50,798	8,095	8,095
	<u>\$ 1,695,773</u>	<u>\$ 1,453,728</u>	<u>\$ 1,770,755</u>
Lease liabilities	<u>\$ 348,730</u>	<u>\$ 352,018</u>	<u>\$ 359,245</u>

## B. Policy of risk management

There are no material changes in the current period. Please refer to Note 12 to the 2025 year end Consolidated Financial Statements of the Republic of China.

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

### (a) Market risk

#### Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiary using various functional currencies, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up policies to require group companies to manage their foreign exchange risk against their functional currencies. The companies are required to hedge their entire foreign exchange risk exposure through coordination with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and JPY expenditures. Borrowing liabilities denominated in foreign currencies that are adopted to minimise the volatility of the foreign exchange.
- iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD and the subsidiary's functional currency: JPY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2025		
	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 20,230	32.011	\$ 647,583
JPY:NTD	56,460	0.201	11,348
RMB:NTD	5,823	4.630	26,960
USD: JPY	744	159.497	23,816
Non-monetary items: None.			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 16,497	32.011	\$ 528,085
JPY:NTD	76,317	0.201	15,340
RMB:NTD	8,867	4.630	41,054
USD: JPY	782	159.497	25,033

December 31, 2025

	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 17,635	31.419	\$ 554,074
JPY:NTD	67,700	0.201	13,608
RMB:NTD	7,608	4.492	34,175
USD: JPY	870	156.391	27,335
Non-monetary items: None.			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 14,765	31.419	\$ 463,902
JPY:NTD	48,793	0.201	9,807
RMB:NTD	10,555	4.492	47,413
USD: JPY	58	156.391	1,822

March 31, 2025

	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 12,223	33.199	\$ 405,791
JPY:NTD	59,384	0.223	13,243
USD: JPY	979	149.008	32,502
Non-monetary items: None.			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 3,859	33.199	\$ 128,115
JPY:NTD	9,218	0.223	2,054
RMB:NTD	12,879	4.572	58,883
USD: JPY	260	149.008	8,632
Non-monetary items: None.			

iv. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variations on the monetary items held by the Group for the three-month periods ended March 31, 2026 and 2025, amounted to \$4,199 and \$5,478, respectively.

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

Year ended March 31, 2026					
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
	Change in exchange rate		Effect on profit (loss)		Effect on other comprehensive income
USD:NTD	1%	\$	6,476	\$	-
JPY:NTD	1%		113		-
RMB:NTD	1%		270		-
USD: JPY	1%		238		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	1%	(\$	5,281)	\$	-
JPY:NTD	1%	(	153)		-
RMB:NTD	1%	(	411)		-
USD: JPY	1%	(	250)		-

Year ended March 31, 2025					
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
	Change in exchange rate		Effect on profit (loss)		Effect on other comprehensive income
USD:NTD	1%	\$	4,058	\$	-
JPY:NTD	1%		132		-
USD: JPY	1%		325		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	1%	(\$	1,281)	\$	-
JPY:NTD	1%	(	21)		-
RMB:NTD	1%	(	589)		-
USD: JPY	1%	(	86)		-

#### Price risk

- i. The Group's investments in equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income.
- ii. The The Group's investments in equity securities comprise shares issued by a domestic company. The prices of equity securities would change due to the change of the future value of investee company. If the prices of these equity securities had increased /decreased

by 10% with all other variables held constant, fair value adjustment would have increased/decreased both by \$2, as a result of the price change on equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from short-term borrowings with floating rates, which expose the Group to cash flow interest rate risk. For the three-month periods ended March 31, 2026 and 2025, the Group's borrowings at floating rates were mainly denominated in New Taiwan dollars, US dollars and Japanese yen.
- ii. If the borrowing interest rate of New Taiwan dollars and US dollars had increased/decreased by 0.25% with all other variables held constant, loss after tax For the three-month periods ended March 31, 2025 and 2024, would have increased/decreased by \$675 and \$0, respectively. Changes in interest expense mainly due from floating-rate borrowings.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Group manages their credit risk taking into consideration the entire group's perspective. Only rated banks with an optimal rating and financial institutes with investment grade are accepted. According to the Group's credit policy, each entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, and the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
  - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - (ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is treated low.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter into bankruptcy or other financial

reorganisation due to financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group categorised accounts receivable in accordance with credit risk and applied the modified approach using a provision matrix to estimate the expected credit loss.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of March 31, 2026, December 31, 2025, March 31 2025, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	over 180 days past due	Individual	Total
<u>At March 31, 2026</u>							
Expected loss rate	0.01%	0.01%	0.10%	058%	0.12%	0.12%~3.39%	
Total book value	\$ 867,931	\$ 38,388	\$ -	\$ -	\$ -	\$ 511	\$ 906,830
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	( 152)	( 152)
<u>At December 31, 2025</u>							
Expected loss rate	0.01%	0.01%	0.10%	0.59%	0.12%	0.12%~4.00%	
Total book value	\$ 842,986	\$ 53,613	\$ 8,236	\$ -	\$ -	\$ 2,548	\$ 907,383
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	( 152)	( 152)
<u>At March 31, 2025</u>							
Expected loss rate	0.01%	0.01%	0.10%	0.62%	0.12%	0.12%~4.23%	
Total book value	\$ 726,635	\$ 46,713	\$ -	\$ -	\$ -	\$ 7,568	\$ 780,916
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	( 152)	( 152)

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

	2026	2025
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1 / March 31,	\$ 152	\$ 152

### (c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if

- applicable, external regulatory or legal requirements, for example, currency restrictions.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management will be appropriately used and invested. The chosen instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. As at March 31, 2026 · December 31, 2025 and March 31, 2025, the Group held money market position of \$2,592,853, \$2,285,617 and \$2,512,927, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Floating rate:			
Expiring within one year	\$ 101,324	\$ -	\$ -
Fixed rate:			
Expiring within one year	\$ 1,121,235	\$ 1,262,788	\$ 1,560,000
	<u>\$ 1,222,559</u>	<u>\$ 1,262,788</u>	<u>\$ 1,560,000</u>

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

<u>Non-derivative financial liabilities</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
March 31, 2026				
Short-term borrowings	337,440	-	-	-
Accounts payable (including related parties)	299,284	-	-	-
Other payables (including related parties)	524,569	-	-	-
Lease liabilities	21,688	21,628	54,266	386,772
Bonds payable	-	500,000	-	-
Guarantee deposits received	-	-	50,799	-
December 31, 2025				
Short-term borrowings	\$ 297,212	\$ -	\$ -	\$ -
Accounts payable (including related parties)	305,907	-	-	-
Other payables (including related parties)	361,832	-	-	-
	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities</u>	<u>21,688</u>	<u>21,688</u>	<u>55,745</u>	<u>390,863</u>
Lease liabilities	21,688	21,688	55,745	390,863
Bonds payable	-	500,000	-	-
Guarantee deposits received	-	-	8,095	-

<u>Non-derivative financial liabilities</u>	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
March 31, 2025				
Notes payable	14	-	-	-
Accounts payable (including related parties)	282,753	-	-	-
Other payables (including related parties)	508,399	-	-	-
Lease liabilities	21,328	21,148	57,667	403,138
Bonds payable	499,700	-	471,794	-
Guarantee deposits received	-	-	8,095	-

(3) Fair value information

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

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

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

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

C. Fair value information of investment property at cost is provided in Note 6(8).

C. Financial instruments not measured at fair value

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

March 31, 2026				
Financial liabilities:	Book value	Fair value		
		Level 1	Level 2	Level 3
Bonds payable	\$ 480,682	\$ -	\$ 489,850	\$ -

  

December 31, 2025				
Financial liabilities:	Book value	Fair value		
		Level 1	Level 2	Level 3
Bonds payable	\$ 480,682	\$ -	\$ 485,350	\$ -

March 31, 2025				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 971,494	\$ -	\$ 976,800	\$ -

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

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

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

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

March 31, 2026	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	\$ -	\$ -	\$ 17	\$ 17

December 31, 2025	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	\$ -	\$ -	\$ 17	\$ 17

March 31, 2025	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	\$ -	\$ -	\$ 17	\$ 17

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

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

Market quoted price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Foreign exchange forward contracts are usually valued based on the current forward exchange rate.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. As a result, the estimate generated by valuation model will be slightly adjusted based on additional inputs, such as model risk and liquidity risk. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- E. For the three-month periods ended March 31, 2026 and 2025, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 For the three-month periods ended March 31, 2026 and 2025:

	2026	2025
	Equity instruments	Equity instruments
At January1/March 31	\$ 17	\$ 17

G. For the three-month periods ended March 31, 2026 and 2025, there was no transfer into or out from Level 3.

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

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

	Fair value at March 31, 2026	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$	17	Market comparable companies	1.	The higher the multiple, the higher the fair value.

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$	17	Market comparable companies	1.	The higher the multiple, the higher the fair value.

	Fair value at March 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$	17	Market comparable companies	1.	The higher the multiple, the higher the fair value.

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

		March 31, 2026				
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>		
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Equity instrument	Price to book ratio multiple	±10%	\$ -	\$ -	\$ 2	(\$ 2)

		December 31, 2025				
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>		
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Equity instrument	Price to book ratio multiple	±10%	\$ -	\$ -	\$ 2	(\$ 2)

		March 31, 2025				
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>		
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Equity instrument	Price to book ratio multiple	±10%	\$ -	\$ -	\$ 2	(\$ 2)

## 12. Supplementary Disclosures

### (1) Significant transactions information

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

(2) Information on investees

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

(3) Information on investments in Mainland China: None.

13. Segment Information

(1) General information

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

(2) Segment Information

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

	For the three-month periods ended March 31,	
	2026	2025
Revenue from external customers	\$ 1,058,983	\$ 897,024
Inter-company revenue	\$ 16,603	\$ 29,979
Segment (loss) income	\$ 125,822	\$ 3,544
Segment assets	\$ 7,114,003	\$ 7,220,400
Segment liabilities	\$ 2,217,982	\$ 2,303,725

(3) Reconciliation for segment income (loss)

None.

Episil-Precision Inc. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

March 31, 2026

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2026				Footnote (Note 4)
				Number of shares (in thousands)	Book value (Note	Ownership (%)	Fair value	
Episil-Precision Inc.	Dah Chung Bills Fiance Corp.-common shares	None	Financial assets at fair value through other comprehensive income-non-current	1,164	\$ 17	0 \$	17	

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

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

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

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

Episil-Precision Inc. (Formerly Episil Holding Inc.) and Subsidiaries  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
For the three-month period ended March 31, 2026

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of notes/accounts receivable (payable)
Episil-Precision Inc.	Vanguard International Semiconductor Corporation	Individuals with significant influence on the Group	(Sales)	\$ 231,985	21.91%	60 days after monthly billings	-	General terms	\$ 181,892	20.06%	

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

Episil-Precision Inc. and Subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

March 31, 2026

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship	Balance of accounts receivables of related parties (Note1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Episil-Precision Inc.	Vanguard International Semiconductor Corporation	Individuals with significant influence on the Group	181,892	5.58	-	Amount collected subsequent to the balance sheet date	-	-
Episil-Precision Inc.	Episil Technologies Inc.	Parent company	117,705	3.14	24,732	Amount collected subsequent to the balance sheet date	30,437	-

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

Episil-Precision Inc. and Subsidiaries  
 Significant inter-company transactions during the reporting period  
 For the three-month period ended March 31, 2026

Table 4

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction	
						Transaction terms	consolidated total operating revenues or total assets (Note 3)
1	Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	1	Operating revenue	16,603	General terms	1.57%
1	Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	1	Accounts receivable	28,206	90~180 days after monthly billings	0.40%

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

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

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

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

Episil-Precision Inc. and Subsidiaries  
Information on investees  
For the three-month period ended March 31, 2026

Table 5

										Expressed in thousands of NTD (Except as otherwise indicated)	
										Investment income	
										Net profit (loss)	(loss) recognized by
										for	the Company for
										the three-month	the three-month
										period ended	period ended
										March 31, 2026	March 31, 2026
										(Note 2(2))	(Note 2(3))
Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2026			Net profit (loss)	(loss) recognized by	Footnote
				Balance as of March 31, 2026	Balance as of December 31, 2025	Number of shares	Ownership (%)	Book value			
Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	Japan	Sales of epitaxy and silicon wafers	\$2,740	2,740	200	100.00%	8,744	( 717)	( 717)	

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

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

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at March 31, 2025' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the three-month period ended March 31, 2025' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the year ended March 31, 2025' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.