

EPISIL-PRECISION INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS WITH REPORT OF
INDEPENDENT AUDITORS
FOR THE NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2024 AND 2023

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Preface

We have reviewed the accompanying consolidated balance sheets of Episil-Precision Inc. and its subsidiary (the "Group") as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for the nine-month periods ended September 30, 2024 and 2023, 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 September 30, 2024 and 2023, the total assets of such subsidiaries were NT\$66,227 thousand and NT\$172,778 thousand respectively, accounting for 0.85% and 2.47% of the consolidated total assets respectively; the total liabilities were NT\$16,485 thousand and NT\$3,736 thousand respectively, accounting for 0.59% and 0.17% of the total consolidated liabilities respectively; the total

comprehensive profit and loss for the three-month and nine-month periods ended September 30, 2024 and 2023 were NT\$1,333 thousand、(NT\$60) thousand、NT\$298 thousand and (NT\$1) thousand respectively, which represented 2.86%、(0.14%)、0.126%) and (0.001%) 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 September 30, 2024 and 2023, and the consolidated financial performance and consolidated cash flow for the nine-month periods ended September 30, 2024 and 2023.

Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan
October 31, 2024

Hsieh, Chih-Cheng

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
SEPTEMBER 30, 2024, DECEMBER 31, 2023 and SEPTEMBER 30, 2023 (SEPTEMBER 30, 2024 and 2023 are unaudited)
(Expressed in thousands of New Taiwan dollars)

Assets			September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 3,023,325	39	\$ 2,284,089	34	\$ 2,432,929	35
1136	Current financial assets at amortised cost	6(2)	-	-	-	-	2,622	
1170	Accounts receivable, net	6(3)	624,971	8	880,646	13	983,467	14
1180	Accounts receivable - related parties	6(3)and7	235,946	3	102,958	2	115,626	2
1200	Other receivables		52,856	1	27,516	-	39,060	-
1210	Other receivables due from related parties	7	9,216	-	10,452	-	10,826	-
130X	Inventories	6(4)	800,300	10	919,718	13	899,129	13
1410	Prepayments		66,904	1	76,673	1	53,355	1
1470	Other current assets		5,815	-	4,381	-	8,795	-
11XX	Current assets		4,819,333	62	4,306,433	63	4,545,809	65
Non-current assets								
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	19,470	-	13,583	-	13,565	-
1600	Property, plant and equipment	6(5)	2,366,900	30	2,020,775	30	1,979,398	28
1755	Right-of-use assets	6(6)	362,941	5	220,993	3	223,816	3
1760	Investment property - net	6(8)	151,705	2	155,397	2	156,627	1
1780	Intangible assets	6(9)	54,294	1	55,648	1	55,332	1
1840	Deferred income tax assets		38,067	-	38,067	1	32,095	-
1920	Refundable guarantee deposits		1,306	-	1,073	-	1,070	-
15XX	Non-current assets		2,994,700	38	2,505,553	37	2,461,920	35
1XXX	Total assets		\$ 7,814,033	100	\$ 6,811,986	100	\$ 7,007,729	100

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EPISIL-PRECISION INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 and SEPTEMBER 30, 2023 (SEPTEMBER 30, 2024 and 2023 are unaudited)
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	September 30,2024		December 31, 2023		September 30,2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(10)	\$ 108,250	1	\$ 266,950	4	\$ 486,583	7
2170	Accounts payable	6(11)	269,263	4	257,005	4	348,846	5
2180	Accounts payable - related parties	7	18,433	-	5,975	-	2,604	-
2200	Other payables	6(12)	352,371	5	362,648	5	299,719	4
2220	Other payables - related parties	7	469,067	6	32,581	-	31,193	-
2230	Current income tax liabilities		40,596	1	58,279	1	43,324	1
2280	Current lease liabilities		12,509	-	6,907	-	7,586	-
2320	Long-term borrowings, current portion	6(13)	496,140	6	-	-	-	-
2399	Other current liabilities, others		94,118	1	53,628	1	62,713	1
21XX	Current liabilities		<u>1,860,747</u>	<u>24</u>	<u>1,043,973</u>	<u>15</u>	<u>1,282,568</u>	<u>18</u>
	Non-current liabilities							
2530	Corporate bonds payable	6(13)	465,960	6	491,143	7	489,390	7
2570	Deferred income tax liabilities		34,868	-	34,868	1	36,148	1
2580	Non-current lease liabilities		364,000	5	225,938	3	227,619	3
2640	Accrued pension liabilities		552,021	1	57,962	1	65,786	1
2645	Guarantee deposits received		8,095	-	8,095	-	8,095	-
2670	Other liabilities, others		-	-	52,762	1	52,762	1
25XX	Non-current liabilities		<u>927,944</u>	<u>12</u>	<u>870,768</u>	<u>13</u>	<u>879,800</u>	<u>13</u>
2XXX	Total liabilities		<u>2,788,691</u>	<u>36</u>	<u>1,914,741</u>	<u>28</u>	<u>2,162,368</u>	<u>31</u>
	Equity							
	Equity attributable to owners of the parent							
	Share capital	6(15)						
3110	Share capital - common stock		2,885,418	37	2,885,394	42	2,885,394	41
	Capital surplus	6(16)						
3200	Capital surplus		1,650,774	21	1,614,778	24	1,614,778	23
	Retained earnings	6(17)						
3310	Legal reserve		187,721	2	170,583	3	170,583	2
3320	Special reserve		1,898	-	1,155	-	1,155	-
3350	Unappropriated retained earnings		301,146	4	227,233	3	175,440	3
	Other equity interest	6(18)						
3400	Other equity interest		(1,615)	-	(1,898)	-	(1,989)	-
3XXX	Total equity		<u>5,025,342</u>	<u>64</u>	<u>4,897,245</u>	<u>72</u>	<u>4,845,361</u>	<u>69</u>
	Significant commitments and contingencies	9						
	Significaut events after the reporting period	11						
3X2X	Total liabilities and equity		<u>\$ 7,814,033</u>	<u>100</u>	<u>\$ 6,811,986</u>	<u>100</u>	<u>\$ 7,009,729</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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023 are unaudited
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	For the three-month periods ended September 30,				For the nine-month periods ended September 30,			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	\$ 1,054,584	100	\$ 1,034,387	100	\$ 3,132,603	100	\$ 3,210,234	100
5000	Operating costs	(947,398)	(90)	(924,808)	(89)	(2,823,317)	(90)	(2,867,575)	(89)
5900	Operating margin	107,186	10	109,579	11	309,286	10	342,659	11
	Operating expenses								
6100	Selling and marketing expenses	(11,930)	(1)	(11,388)	(1)	(36,157)	(1)	(36,925)	(1)
6200	General and administrative expenses	(47,611)	(4)	(44,050)	(4)	(143,601)	(4)	(133,314)	(4)
6300	Research and development expenses	(17,934)	(2)	(20,345)	(2)	(57,904)	(2)	(57,070)	(2)
6000	Total operating expenses	(77,475)	(7)	(75,783)	(7)	(237,662)	(7)	(227,309)	(7)
6900	Operating profit	29,711	3	33,796	3	71,624	3	115,350	4
	Non-operating income and expenses								
7100	Interest income	9,198	1	6,206	1	26,009	1	22,499	1
7010	Other income	10,317	1	10,282	1	30,931	1	35,508	1
7020	Other gains and losses	13,951	1	12,133	1	184,238	6	(823)	-
7050	Finance costs	(6,021)	(1)	(8,196)	(1)	(17,441)	(1)	(22,554)	(1)
7000	Total non-operating income and expenses	27,445	2	20,425	2	223,737	7	34,630	1
7900	Profit before income tax	57,156	5	54,221	5	295,361	10	149,980	5
7950	Income tax expense	(11,656)	(1)	(11,242)	(1)	(59,297)	(2)	(30,394)	(1)
8200	Profit for the year	\$ 45,500	4	\$ 42,979	4	\$ 236,064	8	\$ 119,586	4

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

Items	Notes	For the three-month periods ended September 30,				For the nine-month periods ended September 30,			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income (loss), net									
Components of other comprehensive income that may be subsequently reclassified to profit or loss									
8361 Exchange differences on translation of foreign operations	6(18)	1,176	-	69	-	283	-	(834)	-
8300 Other comprehensive (loss) income, net		<u>\$ 1,176</u>	<u>-</u>	<u>\$ 69</u>	<u>-</u>	<u>\$ 283</u>	<u>-</u>	<u>(\$ 834)</u>	<u>-</u>
8500 Total other comprehensive income for the year		<u>\$ 46,676</u>	<u>4</u>	<u>\$ 43,048</u>	<u>4</u>	<u>\$ 236,347</u>	<u>8</u>	<u>\$ 118,752</u>	<u>4</u>
Profit, attributable to:									
8610 Owners of the parent		<u>\$ 45,500</u>	<u>4</u>	<u>\$ 42,979</u>	<u>4</u>	<u>\$ 236,064</u>	<u>8</u>	<u>\$ 119,586</u>	<u>4</u>
Comprehensive income attributable to:									
8710 Owners of the parent		<u>\$ 46,676</u>	<u>4</u>	<u>\$ 43,048</u>	<u>4</u>	<u>\$ 236,347</u>	<u>8</u>	<u>\$ 118,752</u>	<u>4</u>
Basic earnings per share	6(27)								
9750 Basic earnings per share (in dollars)		<u>\$ 0.16</u>		<u>\$ 0.15</u>		<u>\$ 0.82</u>		<u>\$ 0.41</u>	
Diluted earnings per share	6(27)								
9850 Diluted earnings per share (in dollars)		<u>\$ 0.16</u>		<u>\$ 0.15</u>		<u>\$ 0.82</u>		<u>\$ 0.41</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 NINEE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023 are unaudited
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Capital Reserves				Retained Earnings			Financial statements translation differences of foreign operations	Total equity	
Notes	Share capital - common stock	Additional paid-in capital	Warrants	Restricted stocks	Others	Legal reserve	Special reserve	Unappropriated retained earnings			
Balance at January 1, 2023		\$ 2,885,394	\$ 1,581,843	\$ 21,757	\$ 670	\$ 10,508	\$ 101,319	\$ 910	\$ 702,441	(\$ 1,155)	\$ 5,303,687
Profit for the nine-month ended September 30,2023		-	-	-	-	-	-	-	119,586	-	119,586
Other comprehensive income (loss)	6(18)	-	-	-	-	-	-	-	-	(834)	(834)
Total comprehensive income (loss)		-	-	-	-	-	-	-	119,586	(834)	118,752
Appropriation of 2022 earnings	6(17)										
Legal reserve		-	-	-	-	-	69,264	-	(69,264)	-	-
Special reserve reversed		-	-	-	-	-	-	245	(245)	-	-
Cash dividends		-	-	-	-	-	-	-	(577,078)	-	(577,078)
Balance at September 30, 2023		\$ 2,885,394	\$ 1,581,843	\$ 21,757	\$ 670	\$ 10,508	170,583	\$ 1,155	\$ 175,440	(\$ 1,989)	\$ 4,845,361
Balance at January 1, 2024		\$ 2,885,394	\$ 1,581,843	\$ 21,757	\$ 670	\$ 10,508	\$ 170,583	\$ 1,155	\$ 227,233	(\$ 1,898)	\$ 4,897,245
Profit for the six-month ended September 30,2024		-	-	-	-	-	-	-	236,064	-	236,064
Other comprehensive income (loss)	6(18)	-	-	-	-	-	-	-	-	283	283
Total comprehensive income (loss)		-	-	-	-	-	-	-	236,064	283	236,347
Appropriation of 2023 earnings	6(17)										
Legal reserve		-	-	-	-	-	17,138	-	(17,138)	-	-
Special reserve reversed		-	-	-	-	-	-	743	(743)	-	-
Cash dividends		-	-	-	-	-	-	-	(144,270)	-	(144,270)
Conversion of convertible bonds	6(13)(15)	24	285	(13)	-	-	-	-	-	-	296
Issuance of corporate bonds	6(13)	-	-	35,724							35,724
Balance at September 30, 2024		\$ 2,885,418	\$ 1,582,128	\$ 57,468	\$ 670	\$ 10,508	\$ 187,721	\$ 1,898	\$ 301,146	(\$ 1,615)	\$ 5,025,342

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

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

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax		\$	295,361	\$	149,980
Adjustments					
Adjustments to reconcile (profit) loss					
Depreciation expense	6(5)(6)(8)(24)		340,136		371,181
Amortisation expense	6(9)(24)		2,654		1,817
Finance costs	6(23)		17,441		22,554
Interest income	6(20)	(26,009)	(22,499)
Gain on disposal of property, plant and equipment	6(22)	(183,291)	(1,599)
Changes in operating assets and liabilities					
Changes in operating assets					
Accounts receivable			255,675		42,473
Accounts receivable - related parties		(132,988)		92,173
Other receivables		(24,974)	(10,972)
Other receivables - related parties			1,236	(2,354)
Inventories			119,418		47,947
Prepayments			9,769		40,135
Other current assets		(1,434)		971
Changes in operating liabilities					
Accounts payable			12,258	(70,293)
Accounts payable - related parties			12,458		719
Other payables			20,714	(176,118)
Other payables - related parties		(36,013)	(4,890)
Other current liabilities		(12,271)	(26,594)
Accrued pension liabilities		(2,941)	(1,552)
Cash inflow generated from operations			667,199		453,079
Interest received			25,643		21,994
Interest paid		(16,437)	(16,378)
Income taxes paid		(76,980)	(107,733)
Net cash flows from operating activities			<u>599,425</u>		<u>350,962</u>

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

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of financial assets at amortised cost	6(2)	(\$ 5,887)	(\$ 2,622)
Acquisition of property, plant and equipment	6(28)	(312,254)	(477,444)
Proceeds from disposal of property, plant and equipment	6(22)	270,222	2,460
Acquisition of intangible assets	6(9)	(1,300)	(4,629)
(Increase) Decrease in refundable deposits		(233)	39
Net cash flows used in investing activities		<u>49,452</u>	<u>(482,196)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from short-term borrowings	6(29)	895,691	1,110,530
Repayments of short-term borrowings	6(29)	(1,054,391)	(802,571)
Issuance of corporate bonds	6(29)	499,755	-
Payments of lease liabilities	6(29)	(7,805)	(7,295)
Cash dividends paid	6(17)	(144,270)	(577,078)
Net cash flows from financing activities		<u>188,980</u>	<u>(276,414)</u>
Effect of exchange rate changes		<u>283</u>	<u>(834)</u>
Net (decrease) increase in cash and cash equivalents		<u>739,236</u>	<u>(408,482)</u>
Cash and cash equivalents at beginning of year	6(1)	<u>2,284,089</u>	<u>2,841,411</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 3,023,325</u>	<u>\$ 2,432,929</u>

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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(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 October 31, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IFRS16 'Lease liability in a sales and leaseback'	January 1, 2024
Amendments to IAS 1 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
The above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment.	

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IFRS21 'Lack of convertibility'	January 1, 2025

(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
Board Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial Instruments'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2027
2027 IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
2025 Annual Improvements to IFRS Accounting Standards-Volume 11	January 1, 2026

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

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets at fair value through other comprehensive income.
 - (b) Defined benefit liabilities 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, 2022.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
Episil-Precision Inc.	Precision SILICON JAPAN Co., Ltd.	Sales of epitaxial and silicon wafer	100	100	100	1

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

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

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

(4) Employee benefits

Pensions

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 September 30, 2024. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash on hand and revolving funds	\$ 387	\$ 379	\$ 375
Checking accounts and demand deposits	255,344	243,655	450,444
Time deposits	908,594	1,292,555	1,450,110
Cash equivalents	<u>1,859,000</u>	<u>747,500</u>	<u>532,000</u>
	<u>\$ 3,023,325</u>	<u>\$ 2,282,089</u>	<u>\$ 2,432,929</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. 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.

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

(2) Financial assets at amortised cost

Items	September 30, 2024	December 31, 2023	September 30, 2023
Current items:			
Other	\$ -	\$ -	\$ 2,622
Non-current items:			
Pledged time deposits	19,470	13,583	13,565
	<u>\$ 19,470</u>	<u>\$ 13,583</u>	<u>\$ 16,187</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$19,470, \$13,583 and \$16,187 as at September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

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

(3) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	\$ 625,123	\$ 880,798	\$ 983,619
Accounts receivable due from related parties	235,946	102,958	115,626
Less: Loss allowance	(152)	(152)	(152)
	<u>\$ 860,917</u>	<u>\$ 983,604</u>	<u>\$ 1,099,093</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
	Accounts Receivable (including related parties)	Accounts Receivable (including related parties)	Accounts Receivable (including related parties)
Not past due	\$ 813,096	\$ 925,851	\$ 949,296
Up to 30 days	47,973	54,987	131,046
31 to 90 days	-	2,918	7,140
91 to 180 days	-	-	-
over 180 days	-	-	11,763
	<u>\$ 861,069</u>	<u>\$ 983,756</u>	<u>\$ 1,099,245</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2024, December 31, 2023 and September 30, 2023, notes and accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$1,233,891.

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

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

D. As of September 30, 2024, December 31, 2023 and September 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$860,917 、\$983,604 and \$1,099,093, respectively.

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

(4) Inventories

September 30, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 311,362	(\$ 60,696)	\$ 250,666
Supplies	480,620	(32,876)	447,744
Work in progress	31,785	(1,096)	30,689
Finished goods	72,139	(938)	71,201
	<u>\$ 895,906</u>	<u>(\$ 95,606)</u>	<u>\$ 800,300</u>

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 413,705	(\$ 60,994)	\$ 352,711
Supplies	467,932	(42,705)	425,227
Work in progress	66,614	(2,674)	63,940
Finished goods	79,711	(1,871)	77,840
	<u>\$ 1,027,962</u>	<u>(\$ 108,244)</u>	<u>\$ 919,718</u>

September 30, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 463,372	(\$ 39,286)	\$ 424,086
Supplies	424,321	(40,289)	384,032
Work in progress	55,301	(1,759)	53,542
Finished goods	39,478	(2,009)	37,469
	<u>\$ 982,472</u>	<u>(\$ 83,343)</u>	<u>\$ 899,129</u>

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

The cost of inventories recognised as expense for the year:

	For the three-month periods ended September 30,	
	2024	2023
Cost of goods sold	\$ 787,540	\$ 761,017
Unamortised manufacturing expenses	164,581	166,682
Ggain from price recovery of inventory	(4,831)	(3,139)
Inventory scrapped	108	248
	<u>\$ 947,398</u>	<u>\$ 924,808</u>

	For the nine-month periods ended September 30,	
	2024	2023
Cost of goods sold	\$ 2,333,207	\$ 2,474,652
Unamortised manufacturing expenses	501,219	367,283
(Recovery benefits) Loss on the decline in the value of inventories	(12,638)	24,365
Inventory scrapped	1,529	1,275
	<u>\$ 2,823,3179</u>	<u>\$ 2,867,575</u>

The Group was responsible for the period from July 1 to September 30, 2024 and from January 1 to September 30, 2024. The net realised value of inventories has recovered and been written off due to the removal of inventories that have been provided for depreciation and sluggish losses reduced cost of goods.

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

(5) Property, plant and equipment

		2024				
		Buildings and structures	Machinery and equipment	Other equipment	Construction in process and equipment to be inspected	Total
At January 1						
Cost		\$ 2,428,011	\$ 4,490,365	\$ 91,369	\$ 303,784	\$ 7,313,529
Accumulated depreciation and impairment		(1,524,473)	(3,702,380)	(65,901)	-	(5,292,754)
		<u>\$ 903,538</u>	<u>\$ 787,985</u>	<u>\$ 25,468</u>	<u>\$ 303,784</u>	<u>\$ 2,020,775</u>
At January 1		\$ 903,538	\$ 787,985	\$ 25,468	\$ 303,784	\$ 2,020,775
Additions		463,466	25,091	8,591	262,832	759,980
Reclassifications		70,542	167,093	-	(237,635)	-
Disposals		-	(86,931)	-	-	(86,931)
Depreciation expenses		(95,868)	(224,385)	(6,671)	-	(326,924)
At September 30		<u>\$ 1,341,678</u>	<u>\$ 668,853</u>	<u>\$ 27,388</u>	<u>\$ 328,981</u>	<u>\$ 2,366,900</u>
At September 30						
Cost		\$ 2,962,019	\$ 4,151,522	\$ 99,597	\$ 328,981	\$ 7,542,119
Accumulated depreciation and impairment		(1,620,341)	(3,482,669)	(72,209)	-	(5,175,219)
		<u>\$ 1,341,678</u>	<u>\$ 668,853</u>	<u>\$ 27,388</u>	<u>\$ 328,981</u>	<u>\$ 2,366,900</u>
		2023				
		Buildings and structures	Machinery and equipment	Other equipment	Construction in process and equipment to be inspected	Total
At January 1						
Cost		\$ 2,301,420	\$ 4,190,767	\$ 71,335	\$ 268,329	\$ 6,831,851
Accumulated depreciation and impairment		(1,413,734)	(3,349,440)	(60,292)	-	(4,823,466)
		<u>\$ 887,686</u>	<u>\$ 841,327</u>	<u>\$ 11,043</u>	<u>\$ 268,329</u>	<u>\$ 2,008,385</u>
At January 1		\$ 887,686	\$ 841,327	\$ 11,043	\$ 268,329	\$ 2,008,385
Additions		48,604	30,251	10,610	241,081	330,546
Reclassifications		45,197	107,708	-	(152,905)	-
Disposals		-	(861)	-	-	(861)
Depreciation expenses		(85,505)	(269,118)	(4,049)	-	(358,672)
At September 30		<u>\$ 895,982</u>	<u>\$ 709,307</u>	<u>\$ 17,604</u>	<u>\$ 356,505</u>	<u>\$ 1,979,398</u>
At September 30						
Cost		\$ 2,392,504	\$ 4,318,733	\$ 81,914	\$ 356,505	\$ 7,149,656
Accumulated depreciation and impairment		(1,496,522)	(3,609,426)	(64,310)	-	(5,170,258)
		<u>\$ 895,982</u>	<u>\$ 709,307</u>	<u>\$ 17,604</u>	<u>\$ 356,505</u>	<u>\$ 1,979,398</u>

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

- A. The Group has capitalization of interest attributable to the property, plant and equipment for the three-month and nine-month periods ended September 30, 2024 and 2023 were \$1,771 、 \$0 、 \$6,028 and \$0, respectively. The capitalized interest rates ranged from 2.49%~5.74% 、 0% 、 2.49%~6.79% and 0% respectively.
- B. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group has no property, plant and equipment pledged to others as collateral.

(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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Land	\$ 346,218	\$ 219,030	\$ 220,975
Buildings and structures	16,723	1,963	2,841
	<u>\$ 362,941</u>	<u>\$ 220,993</u>	<u>\$ 223,816</u>

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 2,448	\$ 1,974
Buildings and structures	1,083	878
	<u>\$ 3,531</u>	<u>\$ 2,852</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 6,338	\$ 6,035
Buildings and structures	3,182	2,632
Machinery and equipment	-	149
	<u>\$ 9,520</u>	<u>\$ 8,816</u>

- D. For the three-month and nine-month periods ended September 30, 2024 and 2023, the additions to right-of-use assets were \$133,525 、 \$0 、 \$151,468 and \$1,140, respectively.

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

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

	For the three-month periods ended September 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,873	\$ 1,372
Expense on short-term lease agreements	546	437
	For the nine-month periods ended September 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,683	\$ 4,238
Expense on short-term lease agreements	1,605	1,320

F. For the nine-month periods ended September 30, 2024 and 2023, the Group's total cash outflow for leases were \$14,093 and \$12,853, 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.

(7) Lease arrangements – lessor

- A. The Group leases various assets, including buildings and structures. Lease agreements are typically made for periods of 1 and 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required from leasees.
- B. For the three-month and nine-month periods ended September 30, 2024 and 2023, the Group recognised rental revenue is as follows:

	For the three-month periods ended September 30,	
	2024	2023
Rental revenue	\$ 10,279	\$ 10,147
	For the nine-month periods ended September 30,	
	2024	2023
Rental revenue	\$ 30,859	\$ 30,314

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
2023	\$ -	\$ -	\$ 9,901
2024	10,104	39,134	39,134
2025	39,870	38,811	38,811
2026	30,472	29,797	29,797
2027	7,260	7,008	7,008
2028	7,260	7,008	7,008
2029	7,115	7,008	7,008
Over 2030	49,059	49,059	49,059
	<u>\$ 151,180</u>	<u>\$ 177,825</u>	<u>\$ 187,726</u>

(8) Investment property

	<u>2024</u>	<u>2023</u>
	<u>Buildings and structures</u>	<u>Buildings and structures</u>
At January 1		
Cost	\$ 206,227	\$ 206,227
Accumulated depreciation and impairment	(50,830)	(45,907)
	<u>\$ 155,397</u>	<u>\$ 160,320</u>
At January 1	\$ 155,397	\$ 160,320
Depreciation expenses	(3,692)	(3,693)
At September 30	<u>\$ 151,705</u>	<u>\$ 156,627</u>
At September 30		
Cost	\$ 206,227	\$ 206,227
Accumulated depreciation and impairment	(54,522)	(49,600)
	<u>\$ 151,705</u>	<u>\$ 156,627</u>

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

A. Rental revenue from investment property.

	For the three-month periods ended September 30,	
	2024	2023
Rental revenue from investment property	\$ 10,056	\$ 9,815
Direct operating expenses arising from the investment property that generated rental revenue during the period	\$ 2,470	\$ 2,330
	For the nine-month periods ended September 30,	
	2024	2023
Rental revenue from investment property	\$ 30,159	\$ 29,445
Direct operating expenses arising from the investment property that generated rental revenue during the period	\$ 7,446	\$ 7,293

- B. The fair value of the investment property held by the Group as of September 30, 2024, December 31, 2023 and September 30, 2023, was \$203,764 、 \$197,614 and \$198,469, respectively. Valuations were made using the income approach which is categorised within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Discount rate	11.48%	11.65%	11.55%
Annual rent (net income)	\$ 35,300	\$ 34,475	\$ 34,475
Duration	10 years	10 years	10 years

- C. The Group has no interest capitalisation for the three-month and nine-month periods ended September 30, 2024 and 2023.
- D. The significant components of investment property include buildings and renovation, which are depreciated over 51 years and 46 years, respectively.
- E. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group has no investment property pledged to others as collateral.

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

(9) Intangible assets

		2024			
		Computer software	Goodwill	Others	Total
At January 1					
Cost	\$	10,638	\$ 48,369	\$ 39,898	\$ 98,905
Accumulated amortisation	(4,878)	-	(38,379)	(43,257)
	\$	<u>5,760</u>	<u>48,369</u>	<u>1,519</u>	<u>55,648</u>
At January 1	\$	5,760	\$ 48,369	\$ 1,519	\$ 55,648
Additions		1,300	-	-	1,300
Amortisation expenses	(2,285)	-	(369)	(2,654)
At September 30	\$	<u>4,775</u>	<u>48,369</u>	<u>1,150</u>	<u>54,294</u>
At September 30					
Cost	\$	11,938	\$ 48,369	\$ 39,899	\$ 100,205
Accumulated amortisation	(7,163)	-	(38,748)	(45,911)
	\$	<u>4,775</u>	<u>48,369</u>	<u>1,150</u>	<u>54,294</u>
		2023			
		Computer software	Goodwill	Others	Total
At January 1					
Cost	\$	5,618	\$ 48,369	\$ 39,270	\$ 93,257
Accumulated amortisation	(3,001)	-	(37,736)	(40,737)
	\$	<u>2,617</u>	<u>48,369</u>	<u>1,534</u>	<u>52,520</u>
At January 1	\$	2,617	\$ 48,369	\$ 1,534	\$ 52,520
Additions		4,000	-	629	4,629
Amortisation expenses	(1,297)	-	(520)	(1,817)
At September 30	\$	<u>5,320</u>	<u>48,369</u>	<u>1,643</u>	<u>55,332</u>
At September 30					
Cost	\$	9,618	\$ 48,369	\$ 39,899	\$ 97,886
Accumulated amortisation	(4,298)	-	(38,256)	(42,554)
	\$	<u>5,320</u>	<u>48,369</u>	<u>1,643</u>	<u>55,332</u>

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

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

	For the three-month periods ended		September 30,	
	2024		2023	
Operating costs	\$	282	\$	294
General and administrative expenses		615		422
	\$	<u>897</u>	\$	<u>716</u>
	For the nine-month periods ended		September 30,	
	2024		2023	
Operating costs	\$	845	\$	996
General and administrative expenses		1,809		821
	\$	<u>2,654</u>	\$	<u>1,817</u>

B. The Group has no interest capitalisation for the three-month and the nine-month September 30, 2024 and 2023.

C. As of September 30, 2024 , December 31, 2023 and September 30, 2023, the Group has no intangible assets pledged to others as collateral.

(10) Short-term borrowings

Type of borrowings	September 30, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ <u>108,250</u>	5.497%~5.830%	None
Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ <u>266,950</u>	6.120%~6.502%	None
Type of borrowings	September 30, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ <u>486,583</u>	5.88%~6.40%	None

For the three-month and nine-month periods ended September 30, 2024 and 2023, interest expenses arising from short-term borrowings that were recognised in profit or loss amounted to \$2,107 、\$5,048 、\$11,236 and \$12,855, respectively.

(11) Accounts payable

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable	\$ 241,922	\$ 218,597	\$ 297,442
Estimated accounts payable	27,341	38,408	51,404
	<u>\$ 269,263</u>	<u>\$ 257,005</u>	<u>\$ 348,846</u>

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

(12) Other payable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accrued expenses-expendables	\$ 109,648	\$ 122,036	\$ 94,846
Payables for equipment	56,289	87,091	52,449
Accrued expenses-bonus	506,877	61,071	47,189
Employees' compensation and directors' remuneration payable	29,184	20,279	14,784
Accrued expenses-others	106,563	72,171	90,451
	<u>\$ 352,371</u>	<u>\$ 362,648</u>	<u>\$ 299,719</u>

(13) Bonds payable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
The Croup's fourth secured convertible bonds	\$ 500,000	\$ 500,000	\$ 500,000
The Croup's fifth secured convertible bonds	500,000	-	-
Less: Bonds payable converted	(300)	-	-
Less: Discount on bonds payable	(37,600)	(8,857)	(10,610)
	962,100	491,143	489,390
Less: Current portion	(494,160)	-	-
	<u>\$ 465,960</u>	<u>\$ 491,143</u>	<u>\$ 489,390</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 September 30, 2024, December 31, 2023 and September 30, 2023, the carrying amounts were \$21,744、\$21,757 and \$21,757, respectively.
 - (f) As of September 30, 2024, the bonds totaling \$300 (face value) had been converted into 2 thousand shares of common stock.
- 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.
 - (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 September 30, 2024, the carrying amounts was \$35,724.

(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 and nine-month periods ended September 30, 2024 and 2023 were \$200 、 \$258 、 \$588 and \$774, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$3,014.
- 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 and six-month periods ended September 30, 2024 and 2023 were \$7,190, \$7,186, \$21,254 and \$21,877, respectively.

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

(15) Share capital

As of September 30, 2024, 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	2024	2023
At January 1	288,539	288,539
Conersion of convertible bonds	3	-
At September 30	<u>288,542</u>	<u>288,539</u>

(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

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

balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

- D. On May 30, 2024 and May 31, 2023, the Company's shareholders resolved the distribution of 2023 and 2022 earnings as follows:

	Year ended December 31, 2023	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 17,138	
Special reserve	743	
Cash dividends	144,270	\$ 0.5
	\$ 162,151	

	Year ended December 31, 2022	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 69,264	
Special reserve	245	
Cash dividends	577,058	\$ 2.0
	<u>\$ 646,567</u>	

(18) Other equity items

	2024	2023
	Financial statements translation difference of foreign operations	Financial statements translation difference of foreign operations
At January 1	(\$ 1,898)	(\$ 1,155)
–Group	283	(834)
At September 30	<u>(\$ 1,615)</u>	<u>(\$ 1,989)</u>

(19) Operating revenue

For the three-month periods ended September 30,	
	2024
	2023
Revenue from contracts with customers	\$ 1,054,584
	\$ 1,034,387
For the nine-month periods ended September 30,	
	2024
	2023
Revenue from contracts with customers	\$ 3,132,603
	\$ 3,210,234

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

Disaggregation of revenue from contracts with customers

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

<u>For the three-month periods ended September 30, 2024</u>	<u>Silicon epitaxy wafers</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 1,048,435</u>	<u>\$ 6,149</u>	<u>\$ 1,054,584</u>
Timing of revenue recognition			
At a point in time	<u>\$ 1,048,435</u>	<u>\$ 6,149</u>	<u>\$ 1,054,584</u>
<u>For the three-month periods ended September 30, 2023</u>	<u>Silicon epitaxy wafers</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 1,029,713</u>	<u>\$ 4,674</u>	<u>\$ 1,034,387</u>
Timing of revenue recognition			
At a point in time	<u>\$ 1,029,713</u>	<u>\$ 4,674</u>	<u>\$ 1,034,387</u>
<u>For the nine-month periods ended September 30, 2024</u>	<u>Silicon epitaxy wafers</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 3,114,624</u>	<u>\$ 17,979</u>	<u>\$ 3,132,603</u>
Timing of revenue recognition			
At a point in time	<u>\$ 3,114,624</u>	<u>\$ 17,979</u>	<u>\$ 3,132,603</u>
<u>For the nine-month periods ended September 30, 2023</u>	<u>Silicon epitaxy wafers</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 3,197,277</u>	<u>\$ 12,957</u>	<u>\$ 3,210,234</u>
Timing of revenue recognition			
At a point in time	<u>\$ 3,197,277</u>	<u>\$ 12,957</u>	<u>\$ 3,210,234</u>

(20) Interest income

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	<u>\$ 9,198</u>	<u>\$ 6,206</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	<u>\$ 26,009</u>	<u>\$ 22,499</u>

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

(21) Other income

	For the three-month periods ended September 30,	
	2024	2023
Rental revenue	\$ 10,279	\$ 10,147
Other income, others	38	135
	<u>\$ 10,317</u>	<u>\$ 10,282</u>

	For the nine-month periods ended September 30,	
	2024	2023
Rental revenue	\$ 30,859	\$ 30,314
Other income, others	72	5,194
	<u>\$ 30,931</u>	<u>\$ 35,508</u>

(22) Other gains and losses

	For the three-month periods ended September 30,	
	2024	2023
Gains on disposals of property, plant and equipment	\$ 24,502	\$ -
Net currency exchange (losses) gains	(7,453)	15,028
Depreciation on investment property	(1,230)	(1,231)
Other losses	(1,868)	(1,664)
	<u>\$ 13,951</u>	<u>\$ 12,133</u>

	For the nine-month periods ended September 30,	
	2024	2023
Gains on disposals of property, plant and equipment	\$ 183,291	\$ 1,599
Net currency exchange gains	9,878	9,451
Depreciation on investment property	(3,692)	(3,693)
Other losses	(5,239)	(8,180)
	<u>\$ 184,238</u>	<u>(\$ 823)</u>

(23) Finance costs

	For the three-month periods ended September 30,	
	2024	2023
Interest expense:		
Banking borrowings	\$ 2,107	\$ 5,048
Bonds payable	3,699	1,746
Lease liabilities	1,873	1,372
Other	33	36
Less: Assets that meet the requirements		
Capitalized amount	(1,771)	-
Other finance expenses	80	-
	<u>\$ 6,021</u>	<u>\$ 8,196</u>

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

	For the nine-month periods ended September 30,	
	2024	2023
Interest expense:		
Banking borrowings	\$ 11,236	\$ 12,855
Bonds payable	7,222	5,220
Lease liabilities	4,683	4,238
Other	98	91
Less: Assets that meet the requirements		
Capitalized amount	(6,028)	-
Other finance expenses	230	150
	<u>\$ 17,441</u>	<u>\$ 22,554</u>

(24) Expenses by nature

	For the three-month periods ended September 30,	
	2024	2023
Employee benefit expense	\$ 199,756	\$ 181,441
Depreciation expenses	106,976	126,992
Amortisation expenses on intangible assets	897	716

	For the nine-month periods ended September 30,	
	2024	2023
Employee benefit expense	\$ 603,761	\$ 578,785
Depreciation expenses	340,136	371,181
Amortisation expenses on intangible assets	2,654	1,817

(25) Employee benefit expense

	For the three-month periods ended September 30,	
	2024	2023
Wages and salaries	\$ 164,574	\$ 146,570
Labour and health insurance fees	14,541	15,761
Pension costs	7,391	7,444
Other personnel expenses	13,251	11,666
	<u>\$ 199,756</u>	<u>\$ 181,441</u>

	For the nine-month periods ended September 30,	
	2024	2023
Wages and salaries	\$ 493,902	\$ 470,314
Labour and health insurance fees	43,575	46,260
Pension costs	21,842	22,651
Other personnel expenses	44,442	39,560
	<u>\$ 603,761</u>	<u>\$ 578,785</u>

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

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

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

- B. For the three-month and nine-month periods ended September 30, 2024 and 2023, employees' compensation was accrued at \$5,000 、 \$4,723 、 \$25,941 and \$13,141, respectively; while directors' remuneration was accrued at \$625 、 \$591 、 \$3,243 and \$1,643, respectively. The aforementioned amounts were recognised in salary expenses and other expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 8%, 1%, 8% and 1% of earnings for the six-month periods ended September 30, 2024 and 2023, respectively.

Employees' compensation of \$18,026 and directors' remuneration of \$2,253 for the year ended December 31, 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 financial statements. Abovementioned employees' compensation of 2023 will be distributed in the form of cash.

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

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month periods ended September 30,	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ 11,656	\$ 11,242
Prior year income tax under estimation	-	-
Total current tax	11,656	11,242
Deferred tax:		
Origination and reversal of temporary differences	-	-
Total deferred tax	-	-
Income tax expense	\$ 11,656	\$ 11,242

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

	For the nine-month periods ended September 30,	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ 59,297	\$ 30,394
Prior year income tax under estimation	-	-
Total current tax	59,297	30,394
Deferred tax:		
Origination and reversal of temporary differences	-	-
Total deferred tax	-	-
Income tax expense	\$ 59,297	\$ 30,394

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

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

(27) Earning earnings per share

	For the three-month periods ended September 30, 2024		
	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	\$ 45,500	288,542	\$ 0.16
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	45,500	288,542	
Employees' compensation	-	429	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 45,500	\$ 288,971	\$ 0.16

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

For the three-month periods ended September 30,2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic loss per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 42,979	288,539	\$ 0.15
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	42,979	288,539	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	86	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 42,979	\$ 288,625	\$ 0.15

For the nine-month periods ended September 30,2024			
	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	\$ 236,064	288,541	\$ 0.82
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	236,064	288,541	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	498	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 236,064	\$ 289,039	\$ 0.82

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

For the nine-month periods ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic loss per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 119,586	288,539	\$ 0.41
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 119,586	288,539	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	435	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 119,586	\$ 288,974	\$ 0.41

For the three-month periods ended September 30, 2024 and September 30, 2023 , and for the nine-month periods ended September 30, 2024, and September 30, 2023, the Company's issued convertible bonds had anti-dilutive effect, thus, they were not included in the calculation of diluted earnings per share.

(28) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the nine-month periods ended September 30,	
	2024	2023
Acquisition of property, plant and equipment	\$ 759,980	\$ 330,546
Add: Beginning balance of payables on equipment	87,091	199,347
Less: Ending balance of payables on equipment	(528,789)	(52,449)
Less: Interest capitalization	(6,028)	-
Cash paid during the year	\$ 321,254	\$ 477,444

B. Financing activities with no cash flow effects:

	For the nine-month periods ended September 30,	
	2024	2023
Convertible bonds being converted to capital stocks	\$ 300	\$ -

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

(29) Changes in liabilities from financing activities

	2024				
	Short-term borrowings	Lease liabilities	Guarantee deposits-received	Bonds payable	Liabilities from financing activities
At January 1	\$ 266,950	\$ 252,494	\$ 8,095	\$ 491,143	\$ 999,033
Changes in cash flow from financing activities	(158,700)	(7,805)	-	499,755	333,250
Interest paid	-	(4,683)	-	-	(4,683)
Interest expense	-	4,683	-	7,222	11,905
Redemption of corporate bonds				(300)	(300)
Conversion option exercised				4	4
Changes in other non-cash items	-	151,468	-	(35,724)	115,744
At September 30	<u>\$ 108,250</u>	<u>\$ 376,509</u>	<u>\$ 8,095</u>	<u>\$ 962,100</u>	<u>\$ 1,454,953</u>
—					
	2023				
	Short-term borrowings	Lease liabilities	Guarantee deposits-received	Bonds payable	Liabilities from financing activities
At January 1	\$ 178,624	\$ 252,494	\$ 8,095	\$ 484,170	\$ 923,383
Changes in cash flow from financing activities	307,959	(7,295)	-	-	300,664
Interest paid	-	(4,238)	-	-	(4,238)
Interest expense	-	4,238	-	5,220	9,458
Changes in other non-cash items	-	(9,994)	-	-	(9,994)
At September 30	<u>\$ 486,583</u>	<u>\$ 235,205</u>	<u>\$ 8,095</u>	<u>\$ 489,390</u>	<u>\$ 1,219,273</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
Vanguard International Semiconductor Corporation	Individuals with significant influence on the Group

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

(3) Significant related party transactions

A. Operating revenue

		For the three-month periods ended September 30,	
		2024	2023
Sales of goods:			
-The parent company	\$	76,107	\$ 66,546
- Individuals with significant influence on the Group		61,190	-
-Affiliate company		2,976	1,188
	\$	<u>140,273</u>	<u>\$ 67,734</u>

		For the nine-month periods ended September 30,	
		2024	2023
Sales of goods:			
-The parent company	\$	228,090	\$ 245,697
- Individuals with significant influence on the Group		61,190	-
-Affiliate company		6,862	2,858
	\$	<u>296,142</u>	<u>\$ 248,555</u>

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

B. Purchases

		For the three-month periods ended September 30,	
		2024	2023
Purchases of goods:			
-The parent company	\$	17,991	\$ 3,002
- Individuals with significant influence on the Group		146	-
-Affiliate company		349	2,102
	\$	<u>18,486</u>	<u>\$ 5,104</u>

Purchases of services:

-The parent company	\$	2,971	\$ 3,195
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		For the nine-month periods ended September 30,	
		2024	2023
Purchases of goods:			
-The parent company	\$	64,333	\$ 4,103
- Individuals with significant influence on the Group		146	-
-Affiliate company		5,779	3,765
	\$	<u>70,258</u>	<u>\$ 7,868</u>

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

-The parent company	\$	9,050	\$	9,628
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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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts receivable:			
-The parent company	\$ 101,919	\$ 99,352	\$ 114,788
- Individuals with significant influence on the Group - Vanguard International Semiconductor Corporation	133,250	-	-
-Affiliate company	777	3,606	838
	<u>\$ 235,946</u>	<u>\$ 102,958</u>	<u>\$ 115,626</u>
Other receivables:			
- Affiliate company	\$ 9,216	\$ 10,452	\$ 10,826

The receivables from related parties arise mainly from sales of goods and service provision transactions. The receivables are due to 60 to 90 days after the date of sale.

D. Payables to related parties

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts payable:			
-The parent company	\$ 17,892	\$ 4,169	\$ 336
- Individuals with significant influence on the Group	182	-	-
- Affiliate company	359	1,806	2,268
	<u>\$ 18,433</u>	<u>\$ 5,975</u>	<u>\$ 2,604</u>
Other payable:			
-The parent company	\$ 4,112	\$ 4,004	\$ 4481
-Affiliate company-Taiwan Hi-Tech Corp.	464,955	28,577	26,712
	<u>\$ 469,067</u>	<u>\$ 32,581</u>	<u>\$ 31,193</u>

Other payables mainly refer to payables for equipment 、service fees and processing fees.

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

E. Property transactions

(a) Acquisition of property, plant and equipment:

		For the three-month periods ended September 30,	
		2024	2023
-Affiliate company			
Taiwan Hi-Tech Corp	\$	451,440	\$ -
		For the nine-month periods ended September 30,	
		2024	2023
-Affiliate company			
Taiwan Hi-Tech Corp	\$	451,440	\$ -

(b) Disposal of property, plant and equipment:

		For the three-month periods ended September 30, 2024		For the three-month periods ended September 30, 2023	
		Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
-The parent company	\$	26,568	\$ -	\$ -	\$ -
		For the nine-month periods ended September 30, 2024		For the nine-month periods ended September 30, 2023	
		Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
-The parent company	\$	26,568	\$ -	\$ -	\$ -

F. Lease transactions

(a) For the three-month periods and nine-month periods ended September 30, 2024 and 2023, rental revenue arising from leasing certain buildings and structures to affiliate companies amounted to \$1,872 、 \$1,846 、 \$5,608 and \$5,537, respectively, which is collected monthly.

(b) For the three-month periods and six-month periods end September 30, 2024 and 2023, rental expense due to leasing certain buildings and structures from affiliate companies amounted to \$26 、 \$31 、 \$176 and \$92, respectively, which is paid monthly.

G. Others (Shown as “Operating costs” and “Operating expenses”)

		For the three-month periods ended March 31,	
		2024	2023
Testing fee:			
-Associates	\$	224	\$ 42,646
Other fee:			
-Associates	\$	7,514	\$ -

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

	For the nine-month periods ended March 31,	
	2024	2023
Testing fee:		
-Associates	\$ 61,608	\$ 120,489
Other fee:		
-Associates	\$ 7,514	\$ -

(4) Key management personnel compensation

	For the three-month periods ended September 30,	
	2024	2023
Salaries and other short-term employee benefits	\$ 9,051	\$ 14,421
Post-employment benefits	179	143
	\$ 9,230	\$ 14,564

	For the nine-month periods ended September 30,	
	2024	2023
Salaries and other short-term employee benefits	\$ 27,574	\$ 28,648
Post-employment benefits	522	427
	\$ 28,096	\$ 29,075

8. Pledged Assets

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

Pledged asset	Book value			Purpose
	September 30, 2024	December 31, 2023	September 30, 2023	
Restricted assets (shown as "Current financial assets at amortised cost")	\$ -	\$ -	2,622	Customs deposits
Pledged time deposits (shown as "Non-Current financial assets at amortised cost")	19,470	13,583	13,565	Customs deposits and guarantee deposits for leases
	\$ 19,470	\$ 13,583	\$ 16,187	

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:

	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment	\$ 377,670	\$ 393,906	\$ 438,113

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

10. Significant Disaster Loss

None.

11. Significant Events after the Reporting Period

None.

12. Others

(1) Capital management

There are no material changes in the current period. Please refer to Note 12 to the 2023 year end Consolidated Financial Statements of the Republic of China.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income	\$ 17	\$ 17	\$ 17
Financial assets at amortised cost			
Financial assets at amortised cost	19,470	13,583	16,187
Cash and cash equivalents	3,023,325	2,284,089	2,432,929
Accounts receivable	624,971	880,646	983,467
Accounts receivable due from related parties	235,946	102,958	115,626
Other receivables	52,856	27,516	39,060
Other receivables due from related parties	9,216	10,452	10,826
Refundable guarantee deposits	1,306	1,073	1,070
	<u>\$ 3,967,090</u>	<u>\$ 3,320,317</u>	<u>\$ 3,599,165</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 108,250	\$ 266,950	\$ 486,583
Accounts payable	269,263	257,005	348,846
Accounts payable to related parties	18,433	5,975	2,604
Other payables	352,371	362,648	299,719
Other payables to related parties	469,067	32,581	31,193
Bonds payable (including current portion)	962,100	491,143	489,390
Guarantee deposits received	8,095	8,095	8,095
	<u>\$ 2,187,579</u>	<u>\$ 1,424,397</u>	<u>\$ 1,666,430</u>
Lease liabilities	<u>\$ 376,509</u>	<u>\$ 232,845</u>	<u>\$ 235,205</u>

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

B. Policy of risk management

There are no material changes in the current period. Please refer to Note 12 to the 2023 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:

September 30, 2024					
(Foreign currency: functional currency)	Foreign currency amount		Exchange rate	Book value	
	(in thousands)			(NTD)	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	15,811	31.658	\$	500,545
JPY:NTD		55,727	0.223		12,427
RMB:NTD		4,451	4.523		20,132
USD: JPY		1,140	142.092		36,090
Non-monetary items: None.					
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	\$	6,914	31.658	\$	218,883
JPY:NTD		53,605	0.223		11,954
RMB:NTD		11,838	4.523		53,543
USD:JPY		509	142.092		16,114

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

	December 31, 2023			
	Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	19,809	30.708	\$ 608,295
JPY:NTD		9,015	0.218	1,962
RMB:NTD		21,520	4.325	93,074
USD: JPY		4,632	141.121	142,239
Non-monetary items: None.				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	12,957	30.708	\$ 397,884
JPY:NTD		73,106	0.218	15,908
RMB:NTD		7,718	4.325	33,380
USD: JPY		126	141.121	3,869

September 30, 2023				
(Foreign currency: functional currency)	Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	21,479	32.277	\$ 693,278
JPY:NTD		16,468	0.216	3,557
RMB:NTD		35,164	4.415	155,249
USD: JPY		4,539	149.154	146,505
Non-monetary items: None.				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	20,908	32.277	\$ 674,848
JPY:NTD		28,536	0.216	6,164
RMB:NTD		9,956	4.415	43,956
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 and nine-month periods ended September 30, 2024 and 2023, amounted to (\$7,453) 、\$15,028 、\$9,878 and \$9,451, respectively.

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

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

Year ended September 30, 2024				
	Change in		Effect on	Effect on other
	exchange rate		profit (loss)	comprehensive
				income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	5,005	\$ -
JPY:NTD	1%		124	-
RMB:NTD	1%		201	-
USD: JPY	1%		361	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	2,189)	\$ -
JPY:NTD	1%	(120)	-
RMB:NTD	1%	(535)	-
USD: JPY	1%	(161)	-
Year ended September 30, 2023				
	Change in		Effect on	Effect on other
	exchange rate		profit (loss)	comprehensive
				income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	6,933	\$ -
JPY:NTD	1%		36	-
RMB:NTD	1%		1,552	-
USD: JPY	1%		1,465	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	6,748)	\$ -
JPY:NTD	1%	(62)	-
RMB:NTD	1%	(440)	-
USD: JPY	1%		-	-

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 nine-month periods ended September 30, 2024 and 2023, 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 nine-month periods ended September 30, 2024 and 2023, would have increased/decreased by \$162 and \$730, respectively. Changes in interest expense mainly due from floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at 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

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

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 September 30, 2024, December 31, 2023, September 30 2023, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	over 180 days past due	Individual	Total
<u>At September 30, 2024</u>							
Expected loss rate	0.01%	0.01%	0.11%	0.65%	0.12%	0.12%~4.41%	
Total book value	\$ 810,379	\$ 46,580	\$ -	\$ -	\$ -	4,110	861,069
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	(152)	(152)
<u>At December 31, 2023</u>							
Expected loss rate	0.01%	0.01%	0.12%	0.69%	0.12%	0.12%~4.72%	
Total book value	\$ 906,411	\$ 45,006	\$ 2,919	\$ -	\$ -	29,420	983,756
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	(152)	(152)
<u>At September 30, 2023</u>							
Expected loss rate	0.01%	0.01%	0.12%	0.71%	0.12%	0.12%~4.84%	
Total book value	\$ 908,959	\$ 125,537	\$ -	\$ -	\$ 11,763	52,986	1,099,245
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:

	2024
	Accounts receivable
At January 1 / September 30,	\$ 152
	2023
	Accounts receivable
At January 1 / September 30,	\$ 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

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

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 September 30, 2024, December 31, 2023 and September 30, 2023, the Group held money market position of \$3,022,938, \$2,283,710 and \$2,432,554, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Group has the following undrawn borrowing facilities:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Floating rate:			
Expiring within one year	\$ 36,990	\$ -	\$ -
Fixed rate:			
Expiring within one year	<u>1,414,760</u>	<u>1,447,376</u>	<u>1,148,025</u>
	<u>\$ 1,451,750</u>	<u>\$ 1,447,376</u>	<u>\$ 1,148,025</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>
September 30, 2024				
Short-term borrowings	\$ 108,250	\$ -	\$ -	\$ -
Accounts payable (including related parties)	287,696	-	-	-
Other payables (including related parties)	821,438	-	-	-
Lease liabilities	21,517	21,067	60,245	427,736
Bonds payable	496,140	-	500,000	-
Guarantee deposits received	-	-	8,095	-
December 31, 2023				
Short-term borrowings	\$ 266,950	\$ -	\$ -	\$ -
Accounts payable (including related parties)	262,980	-	-	-
Other payables (including related parties)	395,229	-	-	-
Lease liabilities	12,158	11,693	33,894	260,464
Bonds payable	-	500,000	-	-
Guarantee deposits received	-	-	8,095	-

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

<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 5years</u>
September 30, 2023				
Short-term borrowings	\$ 486,583	\$ -	\$ -	\$ -
Accounts payable (including related parties)	351,450	-	-	-
Other payables (including related parties)	330,912	-	-	-
Lease liabilities	12,877	11,828	33,954	263,248
Bonds payable	-	500,000	-	-
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.

B. 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.

September 30, 2024				
Book value	Fair value			
	Level 1	Level 2	Level 3	
Financial liabilities:				
Bonds payable	\$ 962,100	\$ -	\$ 968,402	\$ -
December 31, 2023				
Book value	Fair value			
	Level 1	Level 2	Level 3	
Financial liabilities:				
Bonds payable	\$ 491,143	\$ -	\$ 491,800	\$ -

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

September 30, 2023				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 489,390	\$ -	\$ 490,750	\$ -

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

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

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

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

September 30, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	\$ -	\$ -	\$ 17	\$ 17

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	\$ -	\$ -	\$ 17	\$ 17

September 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
<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:

	Listed shares	Closing-end fund
Market quoted price	Closing price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
 - iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
 - iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Foreign exchange forward contracts are usually valued based on the current forward exchange rate.
 - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. As a result, the estimate generated by valuation model will be slightly adjusted based on additional inputs, such as model risk and liquidity risk. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
 - vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- E. For the nine-month periods ended September 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 For the nine-month periods ended September 30, 2024 and 2023:

	2024	2023
	Equity instruments	Equity instruments
At January 1/ September 30	\$ 17	\$ 17

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

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

H. Group treasury is in charge of valuation procedures for fair value measurements being 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 September 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	\$	17	Market comparable companies	Price to book ratio multiple;	1.	The higher the multiple, the higher the fair value.
		Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	\$	17	Market comparable companies	Price to book ratio multiple;	1.	The higher the multiple, the higher the fair value.
		Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	\$	17	Market comparable companies	Price to book ratio multiple;	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:

		September 30, 2024			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
Input	Change				
Financial assets					
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 2 (\$ 2)

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

				December 31, 2023			
				<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
				<u>Favourable</u>	<u>Unfavourable</u>	<u>Favourable</u>	<u>Unfavourable</u>
		<u>Input</u>	<u>Change</u>	<u>change</u>	<u>change</u>	<u>change</u>	<u>change</u>
Financial assets							
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 2	(\$ 2)	

				September 30, 2023			
				<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
				<u>Favourable</u>	<u>Unfavourable</u>	<u>Favourable</u>	<u>Unfavourable</u>
		<u>Input</u>	<u>Change</u>	<u>change</u>	<u>change</u>	<u>change</u>	<u>change</u>
Financial assets							
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 2	(\$ 2)	

13. Supplementary Disclosures

(1) Significant transactions information

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

(2) Information on investees

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

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

(4) Major shareholders information

Major shareholders information: Please refer to Note 6.

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

14. Segment Information

(1) General information

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

(2) Segment Information

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

	For the nine-month periods ended September 30,	
	2024	2023
Revenue from external customers	\$ 3,132,603	\$ 3,210,234
Inter-company revenue	\$ 154,977	\$ 294,139
Segment (loss) income	\$ 295,361	\$ 149,980
Segment assets	\$ 7,814,033	\$ 7,007,729
Segment liabilities	\$ 2,788,691	\$ 2,162,368

(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)
September 30, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2024				Footnote (Note 4)
				Number of shares (in thousands)	Book value (Note	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 nine-month period ended September 30, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions (Note 1)				
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction						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.	Episil Technologies Inc	Parent company	(Sales)	288,090	7.28%	30-90 days after monthly billings	-	General terms	101,919	11.84%	
Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	Subsidiary	(Sales)	154,057	4.92%	90-180 days after monthly billings	-	General terms	36,398	4.23%	

Note : 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
September 30, 2024

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.	Episil Technologies Inc.	Parent company	\$ 101,919	3.02	\$ 21,920	Amountcollected subsequent to the balance sheet date	\$ 21,920	\$ -
Episil-Precision Inc.	Vanguard International Semiconductor Corporation	Individuals with significant influence on the Group	133,250	5.33	-	Amountcollected subsequent to the balance sheet date	-	-

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 nine-month period ended September 30, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount(Note 3)	Transaction terms	consolidated total operating revenues or total assets (Note 4)
1	Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	1	Operating revenue	154,057	Gernaleral terms	4.92%
1	Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	1	Accounts receivable	36,398	90~180 days after monthly billings	0.47%

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 nine-month period ended September 30, 2024

Table 5

Table 5											Expressed in thousands of NTD (Except as otherwise indicated)
Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2024			Net profit (loss) for the nine-month period ended 30-Sep-24 (Note 2(2))	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2024 (Note 2(3))	Footnote
				Balance as of September 30, 2024	Balance as of December 31, 2023	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%	\$13,344	\$298	\$298	

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

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

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2022' 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, 2024' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Episil-Precision Inc. and Subsidiaries

Major shareholders information

September 30, 2024

Table 6

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Episil Technologies Inc.	166,961,680	57.86%