

**EPISIL-PRECISION INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2025 AND 2024**

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

EPISIL-PRECISION INC.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2025, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the entities that are required to be included in the consolidated financial statements of the affiliates, are the same as the entities required to be included in the consolidated financial statements of Episil-Precision Inc. and subsidiary in accordance with International Financial Reporting Standard No. 10. Additionally, if relevant information that should be disclosed in the consolidated financial statements of the affiliates has all been disclosed in the consolidated financial statements of Episil-Precision Inc. and subsidiary, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Episil-Precision Inc.

Representative: Xu, Jian-Hua

March 2, 2026

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR25000408

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

Opinion

We have audited the accompanying consolidated balance sheets of Episil-Precision Inc. and its subsidiary (the "Group") as at December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these

requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2025 consolidated financial statements are stated as follows:

Inventory valuation

Description

Please refer to Note 4(12) for description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(4) for description of inventory and allowance for inventory valuation losses. As of December 31, 2025, inventory amounted to NT\$590,027 thousand.

The Group primarily engages in research and development, manufacture and sales of epitaxy wafers and compound semiconductor epitaxial wafers. The industry is characterised by rapidly evolving technology and is easily affected by fluctuation in market price, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group's inventories are measured at the lower of cost and net realisable value, and the calculation of the net realisable value used in individually obsolete inventories or inventories which are over a certain period involves subjective judgement. Since abovementioned inventories and allowance for inventory valuation

losses are significant to the financial statements, we identified allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

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

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

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Episil-Precision Inc. as at and for the years ended December 31, 2025 and 2024.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC

Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

Li, Tien-Yi

Hsieh, Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

March 2, 2026

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

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

EPISIL-PRECISION INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,285,955	33	\$ 2,638,148	36
1136	Current financial assets at amortised cost	6(2)	-	-	10,000	-
1170	Accounts receivable, net	6(3)	647,502	9	625,605	9
1180	Accounts receivable due from related parties, net	6(3) and 7	259,729	4	233,640	3
1200	Other receivables		20,917	-	19,297	-
1210	Other receivables due from related parties	7	16,702	-	9,978	-
1220	Current income tax assets		10,936	-	-	-
130X	Inventories	6(4)	590,027	9	783,835	11
1410	Prepayments		55,284	1	96,289	1
1470	Other current assets		4,162	-	7,603	-
11XX	Total current assets		<u>3,891,214</u>	<u>56</u>	<u>4,424,395</u>	<u>60</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income		17	-	17	-
1535	Non-current financial assets at amortised cost	6(2) and 8	19,801	-	19,490	-
1600	Property, plant and equipment	6(5)	2,412,159	35	2,366,182	32
1755	Right-of-use assets	6(6)	334,427	5	358,958	5
1760	Investment property - net	6(8)	145,552	2	150,474	2
1780	Intangible assets	6(9)	54,166	1	58,197	1
1840	Deferred income tax assets	6(26)	43,555	1	32,224	-
1920	Refundable guarantee deposits		2,156	-	1,278	-
15XX	Total non-current assets		<u>3,011,833</u>	<u>44</u>	<u>2,986,820</u>	<u>40</u>
1XXX	Total assets		<u>\$ 6,903,047</u>	<u>100</u>	<u>\$ 7,411,215</u>	<u>100</u>

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EPISIL-PRECISION INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 297,212	4	\$ 45,159	1
2170	Accounts payable	6(11)	303,131	5	306,247	4
2180	Accounts payable to related parties	7	2,776	-	6,469	-
2200	Other payables	6(12)	355,935	5	460,109	6
2220	Other payables to related parties	7	5,897	-	8,216	-
2230	Current income tax liabilities	6(26)	4,333	-	27,218	-
2280	Current lease liabilities		13,271	-	12,447	-
2320	Long-term liabilities, current portion	6(13)	-	-	497,917	7
2399	Other current liabilities, others		64,347	1	47,636	1
21XX	Total current liabilities		<u>1,046,902</u>	<u>15</u>	<u>1,411,418</u>	<u>19</u>
Non-current liabilities						
2530	Bonds payable	6(13)	480,682	7	468,867	6
2570	Deferred income tax liabilities	6(26)	32,362	-	33,722	1
2580	Non-current lease liabilities		338,747	5	360,940	5
2640	Net defined benefit liability, non-current	6(14)	37,722	1	50,179	1
2645	Guarantee deposits received		8,095	-	8,095	-
2670	Other non-current liabilities, others		18,897	-	20,537	-
25XX	Total non-current liabilities		<u>916,505</u>	<u>13</u>	<u>942,340</u>	<u>13</u>
2XXX	Total liabilities		<u>1,963,407</u>	<u>28</u>	<u>2,353,758</u>	<u>32</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(15)	2,885,418	42	2,885,418	39
Capital surplus						
3200	Capital surplus	6(16)	1,650,774	24	1,650,774	22
Retained earnings						
3310	Legal reserve	6(17)	214,610	3	187,721	3
3320	Special reserve		2,321	-	1,898	-
3350	Unappropriated retained earnings		189,294	3	333,967	4
Other equity interest						
3400	Other equity interest	6(18)	(2,777)	-	(2,321)	-
3XXX	Total equity		<u>4,939,640</u>	<u>72</u>	<u>5,057,457</u>	<u>68</u>
Significant commitments and contingencies						
Significaut events after the reporting period						
3X2X	Total liabilities and equity		<u>\$ 6,903,047</u>	<u>100</u>	<u>\$ 7,411,215</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
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

Items	Notes	Year ended December 31				
		2025		2024		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 3,891,698	100	\$ 4,107,470	100
5000	Operating costs	6(4) and 7	(3,585,203)	(92)	(3,725,465)	(91)
5900	Gross profit from operation		<u>306,495</u>	<u>8</u>	<u>382,005</u>	<u>9</u>
	Operating expenses	6(24)(25) and 7				
6100	Selling and marketing expenses		(44,719)	(1)	(47,394)	(1)
6200	General and administrative expenses		(187,249)	(5)	(189,507)	(4)
6300	Research and development expenses		(56,779)	(1)	(72,144)	(2)
6000	Total operating expenses		(288,747)	(7)	(309,045)	(7)
6900	Operating profit		<u>17,748</u>	<u>1</u>	<u>72,960</u>	<u>2</u>
	Non-operating income and expenses					
7100	Interest income	6(20)	33,408	1	37,424	1
7010	Other income	6(21)	40,350	1	41,315	1
7020	Other gains and losses	6(22)	(37,974)	(1)	189,892	5
7050	Finance costs	6(23)	(24,423)	(1)	(23,680)	(1)
7000	Total non-operating income and expenses		<u>11,361</u>	<u>-</u>	<u>244,951</u>	<u>6</u>
7900	Profit before income tax		<u>29,109</u>	<u>1</u>	<u>317,911</u>	<u>8</u>
7950	Income tax expense	6(26)	(8,693)	-	(53,303)	(1)
8200	Profit for the year		<u>\$ 20,416</u>	<u>1</u>	<u>\$ 264,608</u>	<u>7</u>
	Other comprehensive income, net					
8311	Gains on remeasurements of defined benefit plans	6(14)	\$ 6,494	-	\$ 4,277	-
	Items may be subsequently reclassified to profit or loss					
8361	Exchange differences on translation of foreign operations	6(18)	(456)	-	(423)	-
8300	Other comprehensive income, net		<u>\$ 6,038</u>	<u>-</u>	<u>\$ 3,854</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 26,454</u>	<u>1</u>	<u>\$ 268,462</u>	<u>7</u>
	Profit attributable to:					
8610	Owners of the parent		<u>\$ 20,416</u>	<u>1</u>	<u>\$ 264,608</u>	<u>7</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		<u>\$ 26,454</u>	<u>1</u>	<u>\$ 268,462</u>	<u>7</u>
	Basic earnings per share	6(27)				
9750	Basic earnings per share (in dollars)		<u>\$ 0.70</u>		<u>\$ 0.92</u>	
	Diluted earnings per share	6(27)				
9850	Diluted earnings per share (in dollars)		<u>\$ 0.70</u>		<u>\$ 0.92</u>	

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

EPISIL-PRECISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										
	Notes	Capital surplus					Retained earnings			Financial statements translation differences of foreign operations	Total Equity
		Share capital - common stock	Additional paid-in capital	Employee stock warrants	Restricted stocks	Others	Legal reserve	Special reserve	Unappropriated retained earnings		
2024											
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 year		-	-	-	-	-	-	-	264,608	-	264,608
Other comprehensive income (loss)	6(14)(18)	-	-	-	-	-	-	-	4,277	(423)	3,854
Total comprehensive income (loss)		-	-	-	-	-	-	-	268,885	(423)	268,462
Appropriation of 2023 earnings	6(17)										
Legal reserve		-	-	-	-	-	17,138	-	(17,138)	-	-
Special reserve		-	-	-	-	-	-	743	(743)	-	-
Cash dividends		-	-	-	-	-	-	-	(144,270)	-	(144,270)
Conversion of corporate bonds	6(13)(15)(16)	24	285	(13)	-	-	-	-	-	-	296
Issuance of corporate bonds	6(13)	-	-	35,724	-	-	-	-	-	-	35,724
Balance at December 31, 2024		<u>\$2,885,418</u>	<u>\$1,582,128</u>	<u>\$ 57,468</u>	<u>\$ 670</u>	<u>\$ 10,508</u>	<u>\$ 187,721</u>	<u>\$ 1,898</u>	<u>\$ 333,967</u>	<u>(\$ 2,321)</u>	<u>\$5,057,457</u>
2025											
Balance at January 1, 2025		\$2,885,418	\$1,582,128	\$ 57,468	\$ 670	\$ 10,508	\$ 187,721	\$ 1,898	\$ 333,967	(\$ 2,321)	\$5,057,457
Profit for the year		-	-	-	-	-	-	-	20,416	-	20,416
Other comprehensive income (loss)	6(14)(18)	-	-	-	-	-	-	-	6,494	(456)	6,038
Total comprehensive income (loss)		-	-	-	-	-	-	-	26,910	(456)	26,454
Appropriation of 2024 earnings	6(17)										
Legal reserve		-	-	-	-	-	26,889	-	(26,889)	-	-
Special reserve		-	-	-	-	-	-	423	(423)	-	-
Cash dividends		-	-	-	-	-	-	-	(144,271)	-	(144,271)
Balance at December 31, 2025		<u>\$2,885,418</u>	<u>\$1,582,128</u>	<u>\$ 57,468</u>	<u>\$ 670</u>	<u>\$ 10,508</u>	<u>\$ 214,610</u>	<u>\$ 2,321</u>	<u>\$ 189,294</u>	<u>(\$ 2,777)</u>	<u>\$4,939,640</u>

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

EPISIL-PRECISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 29,109	\$ 317,911
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(5)(6)(8)(24)	395,498	432,676
Amortisation expense	6(9)(24)	5,160	3,551
Finance costs	6(23)	24,423	23,680
Interest income	6(20)	(33,408)	(37,424)
Dividend income		(1)	-
Gain on disposal of property, plant and equipment	6(22)	(1,663)	(183,293)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(21,897)	255,041
Accounts receivable due from related parties		(26,089)	(130,682)
Other receivables		(2,443)	8,586
Other receivables due from related parties		(6,724)	474
Inventories		193,808	135,883
Prepayments		41,005	(19,616)
Other current assets		3,441	(3,222)
Changes in operating liabilities			
Accounts payable		(3,116)	49,242
Accounts payable to related parties		(3,693)	494
Other payables		(76,437)	79,752
Other payables to related parties		(2,319)	(24,365)
Other current liabilities		16,711	(38,216)
Net defined benefit liability		(5,963)	(3,506)
Other non-current liabilities		(1,640)	-
Cash inflow generated from operations		523,762	866,966
Interest received		34,545	37,038
Dividends received		1	-
Interest paid		(10,622)	(19,369)
Income taxes paid		(55,206)	(79,667)
Net cash flows from operating activities		<u>492,480</u>	<u>804,968</u>

(Continued)

EPISIL-PRECISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial asset at amortised cost	6(2)	(\$ 625)	(\$ 35,887)
Proceeds from disposal of financial assets measured at amortised cost	6(2)	10,000	20,000
Acquisition of property, plant and equipment	6(28)	(449,332)	(824,165)
Proceeds from disposal of property, plant and equipment	6(22)	1,826	270,224
Acquisition of intangible assets	6(9)	(405)	(3,220)
Increase in refundable guarantee deposits		(878)	(205)
Net cash flows used in investing activities		(439,414)	(573,253)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(29)	758,821	929,375
Decrease in short-term borrowings	6(29)	(506,768)	(1,151,166)
Proceeds from issuance of corporate bonds	6(29)	-	499,755
Payments of lease liabilities	6(29)	(12,885)	(10,927)
Repayments of corporate bonds		(499,700)	-
Cash dividends paid	6(17)	(144,271)	(144,270)
Net cash flows (used in) from financing activities		(404,803)	122,767
Effect of exchange rate changes		(456)	(423)
Net (decrease) increase in cash and cash equivalents		(352,193)	354,059
Cash and cash equivalents at beginning of year	6(1)	2,638,148	2,284,089
Cash and cash equivalents at end of year	6(1)	\$ 2,285,955	\$ 2,638,148

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 YEARS ENDED DECEMBER 31, 2025 AND 2024

(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 March 2, 2026.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027(Note)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’	January 1, 2027

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

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

IFRS 18, 'Presentation and disclosure in financial statements'

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets at fair value through other comprehensive income.
- (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) The subsidiary is included in the Group's consolidated financial statements. Subsidiary is the entity (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of the subsidiary begins from the date the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

- (b) Inter-company transactions, balances and unrealised gain or losses on transactions between companies within the Group are eliminated.

B. Subsidiary included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Note
			December 31, 2025	December 31, 2024	
Episil-Precision Inc.	PRECISION SILICON JAPAN CO., LTD.	Sales of silicon epitaxial wafer	100%	100%	

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the exchange rates prevailing at the balance sheet date;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control, such transaction should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
 - (b) Assets that are held primarily for the purpose of trading;
 - (c) Assets that are expected to be realised within twelve months after the reporting period;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled in the normal operating cycle;
 - (b) Liabilities that are held primarily for the purpose of trading;
 - (c) Liabilities that are due to be settled within twelve months after the reporting period;
 - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

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

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

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

(8) Accounts and notes receivable

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

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

(11) Leasing arrangements (lessor) – operating leases

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

(12) Inventories

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

(13) Property, plant and equipment

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

Buildings and structures	3 ~ 61 years
Machinery and equipment	3 ~ 16 years

Other equipment

2 ~ 11 years

(14) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 40 ~ 51 years.

(16) Intangible assets

A. Computer software

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

B. Goodwill

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

C. Other intangible assets

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

(17) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(18) Borrowings

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

(19) Accounts and notes payable

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

(20) Convertible corporate bonds

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

financial asset, a financial liability or an equity in accordance with the substance of the contractual arrangement.

- A. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to “Finance costs” over the period of circulation using the effective interest method.
- B. The embedded conversion options which meet the definition of equity are initially recognised in “Capital surplus—warrants” at the residual amount of total issue price less the amount of bonds payable as stated above. Conversion options are not subsequently remeasured.
- C. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- D. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable) shall be remeasured on the conversion date. The carrying amount of common shares issued due to the conversion shall be based on the adjusted carrying amount of the abovementioned liability component plus the carrying amount of capital surplus - warrants.

(21) Derecognition of financial liabilities

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

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep

market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

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

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

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

(23) Employee share-based payment

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

(24) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology and research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

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

(26) Dividends

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

(27) Revenue recognition

- A. The Group manufactures and sells silicon epitaxy wafers and compound semiconductor epitaxial wafers. Revenue is measured at the fair value of the consideration received or receivable for the sale of goods to external customers in the ordinary course of the Group's activities. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(28) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Inventory valuation

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Therefore, there might be material changes to the inventory valuation in the future.

As of December 31, 2025, the carrying amount of inventories was \$590,027.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 338	\$ 370
Checking accounts and demand deposits	276,927	324,806
Time deposits	883,690	1,165,972
Bonds sold under repurchase agreements	1,125,000	1,147,000
	<u>\$ 2,285,955</u>	<u>\$ 2,638,148</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 Group classifies time deposits held for more than three months but less than one year as financial assets measured at amortized cost - current.
- C. The Company's cash and cash equivalents pledged to others as collateral for customs guarantee were classified as non-current financial assets at amortised cost. Refer to Note 8.

(2) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Time deposits-maturing in over three months	\$ -	\$ 10,000
Non-current items:		
Pledged time deposits	19,801	19,490
	<u>\$ 19,801</u>	<u>\$ 29,490</u>

- A. As of December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$19,801 and \$29,490, respectively.
- B. The counterparties of the Group's investments have good credit risk.

(3) Accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable	\$ 647,654	\$ 625,757
Accounts receivable due from related parties	259,729	233,640
Less: Loss allowance	(152)	(152)
	<u>\$ 907,231</u>	<u>\$ 859,245</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	Accounts receivable (including related parties)	Accounts receivable (including related parties)
Not past due	\$ 845,534	\$ 791,118
Up to 30 days	53,613	68,014
31 to 90 days	8,236	265
	<u>\$ 907,383</u>	<u>\$ 859,397</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2025 and 2024, accounts receivable (including due from related parties) were all from contracts with customers. As of January 1, 2024, the balance of receivables from contracts with customers amounted to \$983,756.

C. As of December 31, 2025 and 2024, collateral held by the Group as security for accounts receivable both amounted to \$1,000.

D. As of December 31, 2025 and 2024, 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 accounts receivable was \$907,231 and \$859,245, respectively.

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

(4) Inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	Book value	Book value
Raw materials	\$ 161,687	\$ 227,614
Supplies	308,749	465,324
Work in progress	33,593	33,992
Finished goods	85,998	56,905
	<u>\$ 590,027</u>	<u>\$ 783,835</u>

The cost of inventories recognised as expense for the year:

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Cost of goods sold	\$ 2,915,354	\$ 3,055,926
Unamortised manufacturing expenses	613,603	671,555
Loss on the decline (recovery benefits) in the value of inventories	55,958 (5,944)
Inventory scrapped	288	3,928
	<u>\$ 3,585,203</u>	<u>\$ 3,725,465</u>

During 2024, the Group reversed a previous inventory writedown and accounted for as reduction of cost of goods sold because of disposal of inventories that had been previously written down for devaluation and obsolescence losses.

(5) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2025					
Cost	\$ 3,070,016	\$ 4,188,698	\$ 99,596	\$ 268,687	\$ 7,626,997
Accumulated depreciation and impairment	(1,657,565)	(3,528,447)	(74,803)	-	(5,260,815)
	<u>\$ 1,412,451</u>	<u>\$ 660,251</u>	<u>\$ 24,793</u>	<u>\$ 268,687</u>	<u>\$ 2,366,182</u>
<u>2025</u>					
At January 1	\$ 1,412,451	\$ 660,251	\$ 24,793	\$ 268,687	\$ 2,366,182
Additions	78,335	106,155	3,110	233,792	421,392
Disposals	-	(163)	-	-	(163)
Reclassifications	179,941	73,210	3,840	(257,714)	(723)
Depreciation expense	(180,505)	(182,506)	(11,518)	-	(374,529)
At December 31	<u>\$ 1,490,222</u>	<u>\$ 656,947</u>	<u>\$ 20,225</u>	<u>\$ 244,765</u>	<u>\$ 2,412,159</u>
At December 31, 2025					
Cost	\$ 3,325,940	\$ 4,264,829	\$ 104,876	\$ 244,765	\$ 7,940,410
Accumulated depreciation and impairment	(1,835,718)	(3,607,882)	(84,651)	-	(5,528,251)
	<u>\$ 1,490,222</u>	<u>\$ 656,947</u>	<u>\$ 20,225</u>	<u>\$ 244,765</u>	<u>\$ 2,412,159</u>
	Buildings and structures	Machinery and equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2024					
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>
<u>2024</u>					
At January 1	\$ 903,538	\$ 787,985	\$ 25,468	\$ 303,784	\$ 2,020,775
Additions	535,253	53,128	8,591	252,497	849,469
Reclassifications	107,922	176,792	-	(287,594)	(2,880)
Disposals	-	(86,932)	-	-	(86,932)
Depreciation expense	(134,262)	(270,722)	(9,266)	-	(414,250)
At December 31	<u>\$ 1,412,451</u>	<u>\$ 660,251</u>	<u>\$ 24,793</u>	<u>\$ 268,687</u>	<u>\$ 2,366,182</u>
At December 31, 2024					
Cost	\$ 3,070,016	\$ 4,188,698	\$ 99,596	\$ 268,687	\$ 7,626,997
Accumulated depreciation and impairment	(1,657,565)	(3,528,447)	(74,803)	-	(5,260,815)
	<u>\$ 1,412,451</u>	<u>\$ 660,251</u>	<u>\$ 24,793</u>	<u>\$ 268,687</u>	<u>\$ 2,366,182</u>

A. The Group has capitalization of interest attributable to the property, plant and equipment for the years ended December 31, 2025 and 2024 amounting to \$4,029 and \$7,706, respectively.

The capitalized interest rates ranged from 2.49% and 2.49%~6.79%, respectively.

B. As of December 31, 2025 and 2024, there was no property, plant and equipment pledged to others as collateral.

(6) Lease transactions – lessee

A. The Group leases various assets, including land, buildings and structures and transport 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>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Book value</u>	<u>Book value</u>
Land	\$ 318,348	\$ 343,319
Buildings and structures	13,851	15,639
Transport equipment	2,228	-
	<u>\$ 334,427</u>	<u>\$ 358,958</u>

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 11,130	\$ 9,237
Buildings and structures	4,331	4,266
Transport equipment	586	-
	<u>\$ 16,047</u>	<u>\$ 13,503</u>

D. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$5,357 and \$151,468, respectively.

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

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 8,680	\$ 6,963
Expense on short-term lease agreements	1,834	2,079

F. For the years ended December 31, 2025 and 2024, the Group's total cash outflow for leases were \$23,399 and \$19,969, 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. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(7) Leasing arrangements – lessor

- A. The Group leases various assets, including buildings and structures. Lease agreements are typically made for periods of 1 to 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. The recognition based on operating lease contracts for the years ended December 31, 2025 and 2024 is as follows:

	Years ended December 31,	
	2025	2024
Rental revenue	\$ 40,334	\$ 41,243

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

	December 31, 2025	December 31, 2024
2025	\$ -	\$ 39,870
2026	15,278	30,472
2027	7,260	7,260
2028	7,260	7,260
2029	7,155	7,155
2030	7,008	7,008
Over 2031	42,051	42,051
	<u>\$ 86,012</u>	<u>\$ 141,076</u>

(8) Investment property

	<u>2025</u>	<u>2024</u>
	<u>Buildings and Structures</u>	<u>Buildings and Structures</u>
At January 1		
Cost	#REF!	\$ 206,227
Accumulated depreciation and impairment	#REF!	(50,830)
	<u>#REF!</u>	<u>\$ 155,397</u>
At January 1	#REF!	\$ 155,397
Depreciation expense	(4,922)	(4,923)
At December 31	<u>#REF!</u>	<u>\$ 150,474</u>
At December 31		
Cost	\$ 206,227	\$ 206,227
Accumulated depreciation and impairment	(60,675)	(55,753)
	<u>\$ 145,552</u>	<u>\$ 150,474</u>

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

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Rental revenue from investment property	<u>\$ 38,876</u>	<u>\$ 41,243</u>
Direct operating expenses arising from the investment property that generated rental revenue during the year	<u>\$ 9,198</u>	<u>\$ 9,945</u>

B. The fair value of the investment property held by the Group as at December 31, 2025 and 2024 was \$212,427 and \$201,351, respectively. Valuations were made using the income approach which is categorised within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	11%	11.76%
Annual rent (net income)	\$36,068	\$35,284
Duration	10 years	10 years

C. The Group has no interest capitalisation for the years ended December 31, 2025 and 2024.

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

E. As at December 31, 2025 and 2024, the Group has no investment property pledged to others as collateral.

(9) Intangible assets

	2025			
	Computer software	Goodwill	Others	Total
At January 1				
Cost	\$ 16,738	\$ 48,369	\$ 39,898	\$ 105,005
Accumulated amortisation and impairment	(7,937)	-	(38,871)	(46,808)
	<u>\$ 8,801</u>	<u>\$ 48,369</u>	<u>\$ 1,027</u>	<u>\$ 58,197</u>
At January 1	\$ 8,801	\$ 48,369	\$ 1,027	\$ 58,197
Additions	1,129	-	-	1,129
Amortisation expense	(4,667)	-	(493)	(5,160)
At December 31	<u>\$ 5,263</u>	<u>\$ 48,369</u>	<u>\$ 534</u>	<u>\$ 54,166</u>
At December 31				
Cost	\$ 17,867	\$ 48,369	\$ 39,898	\$ 106,134
Accumulated amortisation and impairment	(12,604)	-	(39,364)	(51,968)
	<u>\$ 5,263</u>	<u>\$ 48,369</u>	<u>\$ 534</u>	<u>\$ 54,166</u>
	2024			
	Computer software	Goodwill	Others	Total
At January 1				
Cost	\$ 10,638	\$ 48,369	\$ 39,898	\$ 98,905
Accumulated amortisation and impairment	(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	3,220	-	-	3,220
Transfer	2,880	-	-	2,880
Amortisation expense	(3,059)	-	(492)	(3,551)
At December 31	<u>\$ 8,801</u>	<u>\$ 48,369</u>	<u>\$ 1,027</u>	<u>\$ 58,197</u>
At December 31				
Cost	\$ 16,738	\$ 48,369	\$ 39,898	\$ 105,005
Accumulated amortisation and impairment	(7,937)	-	(38,871)	(46,808)
	<u>\$ 8,801</u>	<u>\$ 48,369</u>	<u>\$ 1,027</u>	<u>\$ 58,197</u>

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

	Years ended December 31,	
	2025	2024
Operating costs	\$ 2,556	\$ 1,127
Administrative expenses	2,604	2,424
	<u>\$ 5,160</u>	<u>\$ 3,551</u>

B. The Group has no interest capitalisation for the years ended December 31, 2025 and 2024.

C. As of December 31, 2025 and 2024, the Group has no intangible assets pledged to others as collateral.

(10) Short-term borrowings

Type of borrowings	December 31, 2025	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 297,212	4.493% ~ 4.979%	None
Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 45,159	5.180% ~ 5.430%	None

For the years ended December 31, 2025 and 2024, interest expenses arising from short-term borrowings that were recognised in profit or loss amounted to \$5,853 and \$12,156, respectively.

(11) Accounts payable

	December 31, 2025	December 31, 2024
Accounts payable	\$ 286,837	\$ 275,002
Estimated accounts payable	16,294	31,245
	<u>\$ 303,131</u>	<u>\$ 306,247</u>

(12) Other payables

	December 31, 2025	December 31, 2024
Accrued expenses-expendables	\$ 139,613	\$ 156,721
Payables for equipment	72,720	104,689
Accrued expenses-bonus	48,024	73,671
Employees' compensation and directors' remuneration payable	3,596	31,440
Accrued expenses-others	91,982	93,588
	<u>\$ 355,935</u>	<u>\$ 460,109</u>

(13) Bonds payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bonds payable		
The Group's fourth domestic unsecured convertible bonds	\$ -	\$ 500,000
The Group's fifth domestic unsecured convertible bonds	<u>500,000</u>	<u>500,000</u>
	<u>500,000</u>	<u>1,000,000</u>
Less: Bonds payable converted	-	(300)
Discount on bonds payable	(19,318)	(32,916)
	480,682	966,784
Less: Current portion	-	(497,917)
	<u>\$ 480,682</u>	<u>\$ 468,867</u>

A. The unsecured convertible bonds issued by the Group

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 December 31, 2025 and 2024, the carrying amounts were both \$21,744.
 - (f) The convertible bond matured on March 29, 2025, and trading on the Taipei Exchange was terminated on March 31, 2025. The bonds totaling \$300 (face value) had been converted into 3 thousand shares of common stock, and the balance of \$499,700 was repaid to the bondholders on April 15, 2025.
- B. The issuance terms of the Company’s fifth domestic unsecured convertible bonds are as follows:
- (a) The regulatory authority has approved the fifth domestic unsecured convertible corporate bonds issued by the Company. The bonds are with a total issuance amount of \$500,000 and a coupon rate of 0%, covering a 3-year period of issuance and a circulation period from July 26, 2024 to July 26, 2027, and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 26, 2024.
 - (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - (c) The effective date for the conversion price of the convertible was set on July 18, 2024. The conversion price was set up based on multiplying a benchmark price which was the closing price of the Company’s common share calculated at simple arithmetic mean in 1, 3 or 5 business day(s) before the effective date (effective date is excluded) by convertible premium rate of 105.68% (round to the nearest tenth). If there is an ex-right or ex-dividend before the pricing effective date, the closing price adopted to calculate conversion price shall be imputed with ex-right or ex-dividend; if there is an ex-right or ex-dividend during the period that the conversion price was set up but prior to share issuance, the conversion price shall be adjusted based on the conversion price adjustment formula. The conversion price was NT\$72.6 (in dollars) per share based on the aforementioned method. As the Company distributed cash dividends, conversion price of the convertible bonds adjusts to NT\$71.4 (in dollars) per share from July 15, 2025.
 - (d) All convertible bonds repurchased, redeemed or converted by the Company from securities trading markets shall be retired, which are not allowed to resell or reissue, and conversion rights attached to the bonds are also extinguished.

- (e) Regarding the issuance of convertible bonds, the equity conversion options were separated from the liability component and were recognised in “Capital surplus-warrants” in accordance with IAS 32. As of December 31, 2025 and 2024, the carrying amounts were both \$35,724.

(14) Pensions

A. (a) The Company 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 Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the pension fund deposited with Bank of Taiwan, the trustee, under the name of the independent pension fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	\$ 158,833	\$ 181,411
Fair value of plan assets	(121,111)	(131,232)
Net defined benefit liability	<u>\$ 37,722</u>	<u>\$ 50,179</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2025			
At January 1	\$ 181,411	(\$ 131,232)	\$ 50,179
Current service cost	-	-	-
Interest expense (income)	2,721	(1,968)	753
	<u>184,132</u>	<u>(133,200)</u>	<u>50,932</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(9,147)	(9,147)
Experience adjustments	2,653	-	2,653
	<u>2,653</u>	<u>(9,147)</u>	<u>(6,494)</u>
Pension fund contribution	-	(6,716)	(6,716)
Paid pension	(27,952)	27,952	-
At December 31	<u>\$ 158,833</u>	<u>(\$ 121,111)</u>	<u>\$ 37,722</u>

2024	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 175,318	(\$ 117,356)	\$ 57,962
Current service cost	47	-	47
Interest expense (income)	2,279	(1,526)	753
	<u>177,644</u>	<u>(118,882)</u>	<u>58,762</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(10,570)	(10,570)
Experience adjustments	6,293	-	6,293
	<u>6,293</u>	<u>(10,570)</u>	<u>(4,277)</u>
Pension fund contribution	-	(4,306)	(4,306)
Paid pension	(2,526)	2,526	-
At December 31	<u>\$ 181,411</u>	<u>(\$ 131,232)</u>	<u>\$ 50,179</u>

- (d) The Bank of Taiwan was commissioned to manage the fund of the Group's defined benefit pension plan in accordance with the fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Group has no right to participate in managing and operating that fund and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2025	2024
Discount rate	1.2%	1.5%
Future salary increases	3.25%	3.25%

For the years ended December 31, 2025 and 2024, future mortality rate was both estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2025</u>				
Effect on present value of defined benefit obligations	(\$ 3,128)	\$ 3,224	\$ 2,762	(\$ 2,698)
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligations	(\$ 3,671)	\$ 3,787	\$ 3,286	(\$ 3,208)

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

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

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2026 amount to \$2,684.

(g) As of December 31, 2025, the weighted average duration of the retirement plan is 8 years.

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 plan of the Group for the years ended December 31, 2025 and 2024 were \$35,377 and \$28,487, respectively.

(15) Share capital

As of December 31, 2025, 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)

	2025	2024
At January 1	288,542	288,539
Conversion of convertible bonds	-	3
At December 31	288,542	288,542

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the

Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

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

The Company's dividend policy is summarised below: 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 30% of total cash and stock dividends to be distributed.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the dividends and bonus all or partially distributed in the form of cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The Company's Board of Directors resolved on March 2, 2026 to distribute cash dividends of NT\$0.5(in dollars) to each common share using the unappropriated retained earnings, and the dividends came to a total of \$144,271.

E. On June 13, 2025 and May 30, 2024, the Company's shareholders resolved the distribution of 2024 and 2023 earnings, respectively, as follows:

	2024		2023	
	Amount	Earnings per share (in dollars)	Amount	Earnings per share (in dollars)
Legal reserve	\$ 26,889		\$ 17,138	
Special reserve	423		743	
Cash dividend	144,271	\$ 0.5	144,270	\$ 0.5
Total	<u>\$ 171,583</u>		<u>\$ 162,151</u>	

(18) Other equity items

	Years ended December 31,	
	2025	2024
	Financial statements translation difference of foreign operations	Financial statements translation difference of foreign operations
At January 1	(\$ 2,321)	(\$ 1,898)
Currency translation differences:		
–Group	(456)	(423)
At December 31	<u>(\$ 2,777)</u>	<u>(\$ 2,321)</u>

(19) Operating revenue

	Years ended December 31,	
	2025	2024
Revenue from contracts with customers	<u>\$ 3,891,698</u>	<u>\$ 4,107,470</u>

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:

Year ended December 31, 2025	Sales of epitaxy wafer	Others	Total
Revenue from external customer contracts	<u>\$ 3,872,649</u>	<u>\$ 19,049</u>	<u>\$ 3,891,698</u>
Timing of revenue recognition			
At a point in time	<u>\$ 3,872,649</u>	<u>\$ 19,049</u>	<u>\$ 3,891,698</u>
Year ended December 31, 2024	Sales of epitaxy wafer	Others	Total
Revenue from external customer contracts	<u>\$ 4,086,164</u>	<u>\$ 21,306</u>	<u>\$ 4,107,470</u>
Timing of revenue recognition			
At a point in time	<u>\$ 4,086,164</u>	<u>\$ 21,306</u>	<u>\$ 4,107,470</u>

(20) Interest income

	Years ended December 31,	
	2025	2024
Interest income from bank deposits	\$ 33,408	\$ 37,424

(21) Other income

	Years ended December 31,	
	2025	2024
Rental revenue	\$ 40,334	\$ 41,243
Dividend income	1	-
Other income, others	15	72
	<u>\$ 40,350</u>	<u>\$ 41,315</u>

(22) Other gains and losses

	Years ended December 31,	
	2025	2024
Gains on disposals of property, plant and equipment	\$ 1,663	\$ 183,293
Net currency exchange (loss) gain	(27,600)	18,452
Depreciation on investment property	(4,922)	(4,923)
Other losses	(7,115)	(6,930)
	<u>(\$ 37,974)</u>	<u>\$ 189,892</u>

(23) Finance costs

	Years ended December 31,	
	2025	2024
Interest expense :		
Bonds payable	\$ 13,598	\$ 11,907
Lease liabilities	8,680	6,963
Bank borrowings	5,853	12,156
Others	134	130
Less: Capitalisation of qualifying assets	(4,029)	(7,706)
Finance expenses	187	230
	<u>\$ 24,423</u>	<u>\$ 23,680</u>

(24) Expenses by nature

	Years ended December 31,	
	2025	2024
Employee benefit expense	\$ 773,148	\$ 793,587
Depreciation expenses	395,498	432,676
Amortisation expenses	5,160	3,551

(25) Employee benefit expenses

	Years ended December 31,	
	2025	2024
Wages and salaries	\$ 619,694	\$ 648,838
Labour and health insurance fees	61,238	57,945
Pension costs	36,130	29,287
Other personnel expenses	56,086	57,517
	<u>\$ 773,148</u>	<u>\$ 793,587</u>

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

Employees' compensation can be distributed by stock or dividends, including distributions to certain qualifying employees in affiliate companies.

B. For the years ended December 31, 2025 and 2024, employees' compensation was accrued at \$3,269 and \$27,947, respectively; while directors' remuneration was accrued at \$326 and \$3,493, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on, 10% and 1%, of earnings for the years ended December 31, 2025 and 2024, respectively.

Employees' compensation of \$27,947 and directors' remuneration of \$3,493 for the year ended December 31, 2024 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2024 financial statements. Abovementioned employees' compensation of 2024 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 will be posted in the "Market Observation Post System".

(26) Income taxes

A. Components of income tax expense:

	Years ended December 31,	
	2025	2024
Current tax:		
Current tax on profits for the year	\$ 21,384	\$ 58,045
Prior year income tax overestimation	-	(9,439)
Total current tax	<u>21,384</u>	<u>48,606</u>
Deferred tax:		
Origination and reversal of temporary differences	(12,691)	4,697
Total deferred tax	<u>(12,691)</u>	<u>4,697</u>
Income tax expense	<u>\$ 8,693</u>	<u>\$ 53,303</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate	\$ 5,836	\$ 63,579
Expenses disallowed by tax regulation	1,914	1,843
Change in assessment of realisation of deferred tax assets	943 (2,680)
Prior year income tax overestimation	-	(9,439)
Income tax expense	<u>\$ 8,693</u>	<u>\$ 53,303</u>

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

	2025		
	At January 1	Recognised in profit or loss	At December 31
Temporary differences:			
Deferred income tax assets:			
Unrealised loss on inventory valuation loss	\$ 20,460	\$ 11,192	\$ 31,652
Pension liability	8,250	(1,609)	6,641
Others	3,514	1,748	5,262
	<u>\$ 32,224</u>	<u>\$ 11,331</u>	<u>\$ 43,555</u>
Deferred income tax liabilities:			
Property, plant and equipment - book-tax difference	(18,198)	578	(17,620)
Others	(15,524)	782	(14,742)
	<u>(33,722)</u>	<u>1,360</u>	<u>(32,362)</u>
	<u>(\$ 1,498)</u>	<u>\$ 12,691</u>	<u>\$ 11,193</u>

	2024		
	At January 1	Recognised in profit or loss	At December 31
Temporary differences:			
Deferred income tax assets:			
Unrealised loss on inventory valuation loss	\$ 18,464	\$ 1,996	\$ 20,460
Pension liability	9,807	(1,557)	8,250
Others	<u>9,796</u>	<u>(6,282)</u>	<u>3,514</u>
	<u>\$ 38,067</u>	<u>(\$ 5,843)</u>	<u>\$ 32,224</u>
Deferred income tax liabilities:			
Property, plant and equipment - book-tax difference	(18,665)	467	(18,198)
Others	<u>(16,203)</u>	<u>679</u>	<u>(15,524)</u>
	<u>(34,868)</u>	<u>1,146</u>	<u>(33,722)</u>
	<u>\$ 3,199</u>	<u>(\$ 4,697)</u>	<u>(\$ 1,498)</u>

D. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

(27) Earnings per share

	Year ended December 31, 2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 20,416</u>	<u>288,542</u>	<u>\$ 0.07</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	20,416	288,542	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>156</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 20,416</u>	<u>288,698</u>	<u>\$ 0.07</u>

	Year ended December 31, 2024		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 264,608	288,541	\$ 0.92
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	264,608	288,541	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	644	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 264,608	289,185	\$ 0.92

For the years ended December 31, 2025 and 2024, the Company's convertible bonds had anti-dilutive effect, thus, it was not included in the calculation of diluted earnings per share.

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2025	2024
Acquisition of property, plant and equipment	\$ 421,392	\$ 849,469
Add: Opening balance of payable on equipment	104,689	87,091
Less: Ending balance of payable on equipment	(72,720)	(104,689)
Less: Interest capitalization	(4,029)	(7,706)
Cash paid during the year	<u>\$ 449,332</u>	<u>\$ 824,165</u>

B. Financing activities with no cash flow effects:

	Years ended December 31,	
	2025	2024
Convertible bonds being converted to capital stocks	<u>\$ -</u>	<u>\$ 3</u>

(29) Changes in liabilities from financing activities

	2025				
	Short-term borrowings	Lease liabilities	Guarantee deposits received	Bonds payable (Due within one year)	Liabilities from financing activities
At January 1	\$ 45,159	\$ 373,387	\$ 8,095	\$ 966,784	\$ 1,393,425
Changes in cash flow from financing activities	252,053	(12,885)	-	-	239,168
Interest paid	-	(8,680)	-	-	(8,680)
Interest expense	-	8,680	-	13,598	22,278
Changes in other non-cash items	-	(8,484)	-	-	(8,484)
Redemption of corporate bonds	-	-	-	(499,700)	(499,700)
At December 31	<u>\$ 297,212</u>	<u>\$ 352,018</u>	<u>\$ 8,095</u>	<u>\$ 480,682</u>	<u>\$ 1,138,007</u>

2024

	Short-term borrowings	Lease liabilities	Guarantee deposits received	Bonds payable (Due within one year)	Liabilities from financing activities
At January 1	\$ 266,950	\$ 232,845	\$ 8,095	\$ 491,143	\$ 999,033
Changes in cash flow from financing activities	(221,791)	(10,927)	-	505,000	272,282
Interest paid	-	(6,963)	-	-	(6,963)
Interest expense	-	6,963	-	11,906	18,869
Conversion option exercised	-	-	-	(300)	(300)
Redemption of corporate bonds	-	-	-	4	4
Changes in other non-cash items	-	151,469	-	(40,969)	110,500
At December 31	<u>\$ 45,159</u>	<u>\$ 373,387</u>	<u>\$ 8,095</u>	<u>\$ 966,784</u>	<u>\$ 1,393,425</u>

7. Related Party Transactions

(1) Parent and ultimate controlling party

The Company's ultimate parent company is Episil Technologies 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 Group</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
Taiwan Hi-Tech Corp.	Investee of the parent company accounted for using equity method (Note 1)
Vanguard International Semiconductor Corporation	Individuals with significant influence on the Group (Note 2)

Note 1: Taiwan Hi-Tech Corp. applied for completion of liquidation proceedings with the court on December 16, 2025, awaiting court approval.

Note 2: The Company implemented a capital increase through private placement, in which Vanguard International Semiconductor Corporation subscribed 50,000 thousand shares and acquired a 13% equity interest in the Company (the effective date of the capital increase was September 24, 2024). Therefore, Vanguard International Semiconductor Corporation is listed as a related party since it has significant influence over the Company from that date.

(3) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2025	2024
Sales of goods:		
-Individuals with significant influence on the Group-Vanguard International Semiconductor Corporation	\$ 756,948	\$ 230,805
-Parent company	331,584	296,024
-Other related parties	9,361	8,085
	<u>\$ 1,097,893</u>	<u>\$ 534,914</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

	Years ended December 31,	
	2025	2024
Purchases of goods:		
-Parent company	\$ 21,698	\$ 81,458
-Other related parties	2,037	5,866
-Individuals with significant influence on the Group	701	339
	<u>\$ 24,436</u>	<u>\$ 87,663</u>
Purchases of services:		
-Parent company	<u>\$ 11,144</u>	<u>\$ 11,657</u>

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

C. Receivables from related parties

	December 31, 2025	December 31, 2024
Accounts receivable:		
-Individuals with significant influence on the Group-Vanguard International Semiconductor Corporation	\$ 150,588	\$ 136,702
-Parent company-Epsil Technologies Inc.	107,743	96,358
-Other related parties	1,398	580
	<u>\$ 259,729</u>	<u>\$ 233,640</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other receivables:		
-Parent company-Epasil Technologies Inc.	\$ 10,749	\$ 9,978
-Other related party-Hermes -Epitek Corp.	<u>5,953</u>	<u>-</u>
	<u>\$ 16,702</u>	<u>\$ 9,978</u>

The receivables from related parties arise mainly from sales of goods and service provision transactions. The receivables are due 3 months after the date of sale.

Other receivables are primarily related to agency collection and payment.

D. Payables to related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable:		
-Parent company	\$ 2,490	\$ 6,183
-Other related parties	153	83
-Individuals with significant influence on the Group	<u>133</u>	<u>203</u>
	<u>\$ 2,776</u>	<u>\$ 6,469</u>
Other payables:		
-Parent company	\$ 5,890	\$ 4,196
-Other related parties	<u>7</u>	<u>4,020</u>
	<u>\$ 5,897</u>	<u>\$ 8,216</u>

Other payables mainly refer to payables for equipment, service fees, processing fees and agency collection and payment.

E. Property transactions

(a) Acquisition of property, plant and equipment:

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
-Other related parties	<u>\$ -</u>	<u>\$ 451,440</u>

(b) Disposal of property, plant and equipment:

	<u>Years ended December 31,</u>			
	<u>2025</u>		<u>2024</u>	
	<u>Disposal</u>	<u>Gain (loss)</u>	<u>Disposal</u>	<u>Gain (loss)</u>
	<u>proceeds</u>	<u>on disposal</u>	<u>proceeds</u>	<u>on disposal</u>
-Other related party- Hermes -Epitek Corp.	\$ 1,550	\$ 1,388	\$ -	\$ -
-Parent company	<u>-</u>	<u>-</u>	<u>26,568</u>	<u>-</u>
	<u>\$ 1,550</u>	<u>\$ 1,388</u>	<u>\$ 26,568</u>	<u>\$ -</u>

F. Lease transactions

(a) For the years ended December 31, 2025 and 2024, rental revenue arising from leasing certain buildings and structures to the parent company amounted to \$7,800 and \$7,550, respectively, which is collected monthly.

(b) For the years ended December 31, 2025 and 2024, rental expense due to leasing certain buildings and structures from the parent company amounted to \$126 and \$293, respectively, which is paid monthly.

G. Others (Shown as "Operating costs" and "Operating expenses")

	Years ended December 31,	
	2025	2024
Testing fee:		
-Other related parties	\$ -	\$ 46,908
Other fee:		
-Other related parties	\$ -	\$ 13,555

(4) Key management personnel compensation

	Years ended December 31,	
	2025	2024
Salaries and other short-term employee benefits	\$ 33,510	\$ 35,378
Post-employment benefits	692	695
	<u>\$ 34,202</u>	<u>\$ 36,073</u>

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2025	December 31, 2024	
Pledged time deposits (shown as "Non-current financial assets at amortised cost")	\$ 19,801	\$ 19,490	Customs deposits and guarantee deposits for leases

9. Significant Commitments and Contingencies

(1) Contingencies

None.

(2) Commitments

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

	December 31, 2025	December 31, 2024
Property, plant and equipment	\$ 115,182	\$ 307,689

10. Significant Disaster Loss

None.

11. Significant Events after the Reporting Period

The information regarding the appropriations of 2025 earnings is provide in Note 6(17).

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to meet the needs of plant expansion and equipment enhancement. The Group's capital management is to ensure it has sufficient financial resources and operating plans to maintain or adjust capital structure and to meet operational capital for future needs, capital expenditure, research and development expenses, obligation repayment and dividend distribution within the next year.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 17	\$ 17
Financial assets at amortised cost		
Financial assets at amortised cost	\$ 19,801	\$ 29,490
Cash and cash equivalents	2,285,955	2,638,148
Accounts receivable	647,502	625,605
Accounts receivable due from related parties	259,729	233,640
Other receivables	20,917	19,297
Other receivables due from related parties	16,702	9,978
Refundable guarantee deposits	2,156	1,278
	<u>\$ 3,252,762</u>	<u>\$ 3,557,436</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 297,212	\$ 45,159
Accounts payable	303,131	306,247
Accounts payable to related parties	2,776	6,469
Other payables	355,935	460,109
Other payables to related parties	5,897	8,216
Bonds payable (including current portion)	480,682	966,784
Guarantee deposits received	8,095	8,095
	<u>\$ 1,453,728</u>	<u>\$ 1,801,079</u>
Lease liability	<u>\$ 352,018</u>	<u>\$ 373,387</u>

B. Policy of risk management

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial

performance.

- (b) The Group manages foreign exchange rate risk, interest rate risk, price risk, credit risk, and liquidity risk to reduce the potential adverse impact of market uncertainties on the Group's financial performance. The Group's significant financial planning is reviewed by the Audit Committee and Board of Directors in accordance with relevant regulations and internal controls. When executing financial plans, the Group complies with the overall financial risk management and authority delegation procedures.

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:

	December 31, 2025		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 17,635	31.419	\$ 554,074
JPY:NTD	67,700	0.201	13,608
RMB:NTD	7,608	4.492	34,175
USD:JPY	870	156.391	27,335
Non-monetary items: None.			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 14,765	31.419	\$ 463,902
JPY:NTD	48,793	0.201	9,807
RMB:NTD	10,555	4.492	47,413
USD:JYP	58	156.391	1,822
Non-monetary items: None.			

December 31, 2024			
	Foreign currency amount	Exchange rate	Book value
	(in thousands)		(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 12,827	32.794	\$ 420,649
JPY:NTD	67,154	0.210	14,102
RMB:NTD	5,884	4.478	26,349
USD:JPY	789	156.013	25,874
Non-monetary items: None.			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 5,154	32.794	\$ 169,020
JPY:NTD	78,291	0.210	16,441
RMB:NTD	15,866	4.478	71,048
USD:JYP	992	156.013	32,532
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 years ended December 31, 2025 and 2024, amounted to (\$27,599) and \$18,452, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variations:

Year ended December 31, 2025			
Sensitivity analysis			
	Change in exchange rate	Effect on profit (loss)	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 5,541	-
JPY:NTD	1%	136	-
RMB:NTD	1%	342	-
USD:JPY	1%	273	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 4,639)	-
JPY:NTD	1%	(98)	-
RMB:NTD	1%	(474)	-
USD:JPY	1%	(18)	-

	Year ended December 31, 2024		
	Sensitivity analysis		
	Change in exchange rate	Effect on profit (loss)	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 4,206	\$ -
JPY:NTD	1%	141	-
RMB:NTD	1%	263	-
USD:JPY	1%	259	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 1,690)	\$ -
JPY:NTD	1%	(164)	-
RMB:NTD	1%	(710)	-
USD:JPY	1%	(325)	-

Price risk

- i. The Group's investments in equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income.
- ii. The Group's investments in equity securities comprise shares issued by 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 years ended December 31, 2025 and 2024, 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, US dollars or Japanese yen had increased/decreased by 0.25% with all other variables held constant, profit after tax for the years ended December 31, 2025 and 2024 would have decreased /increased by \$594 and \$90, 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 and financial institutes with an optimal rating are accepted. According to the Group's credit policy, each local 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:
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.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter into bankruptcy or other financial reorganisation due to financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties of the issuer ;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group categorised accounts receivable in accordance with credit risk and applies the modified approach using a provision matrix to estimate the expected credit loss.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2025 and 2024, 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>December 31, 2025</u>							
Expected loss rate	0.01%	0.01%	0.10%	0.59%	0.12%	0.12%~4.00%	
Total book value	\$ 842,986	\$ 53,613	\$ 8,236	\$ -	\$ -	\$ 2,548	\$ 907,383
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	(\$ 152)	(\$ 152)
<u>December 31, 2024</u>							
Expected loss rate	0.01%	0.01%	0.11%	0.63%	0.12%	0.12%~4.32%	
Total book value	\$ 781,658	\$ 66,849	\$ 265	\$ -	\$ -	\$ 10,625	\$ 859,397
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:

	2025	2024
	Accounts receivable	Accounts receivable
At January 1 / December 31	\$ 152	\$ 152

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Group does not breach borrowing limits or covenants 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 are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. As at December 31, 2025 and 2024, the Group held money market position of \$2,285,617 and \$2,637,778, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	December 31, 2025	December 31, 2024
Fixed rate:		
Expiring beyond one year	\$ 1,262,788	\$ 1,514,841

- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the

remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
<u>December 31, 2025</u>				
Short-term borrowings	\$ 297,212	\$ -	\$ -	\$ -
Accounts payable (including related parties)	305,907	-	-	-
Other payables (including related parties)	361,832	-	-	-
Lease liabilities	21,688	21,688	55,745	390,863
Bonds payable	-	500,000	-	-
Deposits received	-	-	8,095	-
	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities</u>				
<u>December 31, 2024</u>				
Short-term borrowings	\$ 45,159	\$ -	\$ -	\$ -
Accounts payable (including related parties)	312,716	-	-	-
Other payables (including related parties)	468,325	-	-	-
Lease liabilities	21,382	21,067	59,235	423,479
Bonds payable	499,700	-	500,000	-
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.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's convertible bonds payable is included in Level 2.

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, refundable guarantee deposits, short-term borrowings, notes payable, accounts payable, other payables and guarantee deposits received are approximate to their fair values.

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

	December 31, 2024			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable (including current portion)	\$ 966,784	\$ -	\$ 972,051	\$ -

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

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

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

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

December 31, 2025	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, 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

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

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1)

are listed below by characteristics:

	<u>Listed shares</u>	<u>Closed-end fund</u>
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. 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.
- iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- E. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
	<u>Equity instruments</u>	<u>Equity instruments</u>
At January 1 / December 31	<u>\$ 17</u>	<u>\$ 17</u>

G. For the years ended December 31, 2025 and 2024, 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 December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
		Market comparable companies	Price to book ratio multiple	1	The higher the multiple, the higher the fair value
Unlisted stocks	\$ 17				

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
		Market comparable companies	Price to book ratio multiple	1	The higher the multiple, the higher the fair value
Unlisted stocks	\$ 17				

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

		December 31, 2025			
		Recognised in profit or loss		Recognised in other comprehensive income	
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets					
Equity instrument	Price to book ratio multiple ±10%	\$ -	\$ -	\$ 2	(\$ 2)
		December 31, 2024			
		Recognised in profit or loss		Recognised in other comprehensive income	
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets					
Equity instrument	Price to book ratio multiple ±10%	\$ -	\$ -	\$ 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 significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. 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.
- E. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 3.
- F. 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.

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) Measurement of segment information

The Group is a single reportable segment, related segment profit (loss) before tax, assets and liabilities are consistent with consolidated profit (loss), assets and liabilities.

(3) Information about segment profit or loss, assets and liabilities

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

	Years ended December 31	
	2025	2024
Revenue from external customers	\$ 3,891,698	\$ 4,107,470
Inter-company revenue	\$ 118,381	\$ 139,507
Segment income	\$ 29,109	\$ 317,911
Segment assets	\$ 6,903,047	\$ 7,411,215
Segment liabilities	\$ 1,963,407	\$ 2,353,758

(4) Reconciliation for segment income (loss)

None.

(5) Information on products and services

Revenue from external customers is mainly from silicon epitaxy wafers and epitaxy wafer foundry. Details of revenue balance are as follows:

	Years ended December 31,	
	2025	2024
Sales revenue from epitaxy wafer	\$ 2,603,091	\$ 2,923,359
Epitaxy wafer foundry	1,269,558	1,162,805
Others	19,049	21,306
	<u>\$ 3,891,698</u>	<u>\$ 4,107,470</u>

(6) Geographical information

Geographical information for the years ended December 31, 2025 and 2024 is as follows:

	Years ended December 31,			
	2025		2024	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 2,283,717	\$ 2,946,304	\$ 2,238,708	\$ 2,933,811
Japan	802,156	-	914,677	-
China	43,393	-	107,521	-
Others	762,432	-	846,564	-
	<u>\$ 3,891,698</u>	<u>\$ 2,946,304</u>	<u>\$ 4,107,470</u>	<u>\$ 2,933,811</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2025 and 2024 is as follows:

	Year ended December 31, 2025			Year ended December 31, 2024	
	Revenue	Segment		Revenue	Segment
G	<u>\$ 756,948</u>	All segment	G	<u>\$ 604,997</u>	All segment
F	<u>\$ 418,433</u>	All segment			

Episil-Precision Inc. and Subsidiaries

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

December 31, 2025

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2025				Footnote (Note 4)
				Number of shares (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Episil-Precision Inc.	Dah Chung Bills Finance Corp.-common stock	None	Financial assets at fair value through other comprehensive income-non-current	1,164	\$ 17	-	\$ 17	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 "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. and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2025

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note)		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Episil-Precision Inc.	Vanguard International Semiconductor Corporation	Individuals with significant influence on the Group	(Sales)	\$ 756,948	19.45%	60 days after monthly billings	\$ -	General terms	\$ 150,588	16.60%	
Episil-Precision Inc.	Episil Technologies Inc.	Parent company	(Sales)	331,584	8.52%	30-90 days after monthly billings	-	General terms	107,743	11.87%	

Note: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Episil-Precision Inc. and Subsidiaries
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 December 31, 2025

Table 3

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2025		Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			(Note 1)	Turnover rate	Amount	Action taken		
Episil-Precision Inc.	Vanguard International Semiconductor Corporation	Individuals with significant influence on the Group	\$ 150,588	5.27	\$ 9	Amount collected subsequent to the balance sheet date	\$ 529	\$ -
Episil-Precision Inc.	Episil Technologies Inc.	Parent company	107,743	3.25	26,246	Amount collected subsequent to the balance sheet date	31,413	-

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

Episil-Precision Inc. and Subsidiaries
 Significant inter-company transactions during the reporting period
 December 31, 2025

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	1	Operating revenue	\$ 118,381	General terms	3.04%
0	Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	1	Accounts receivable	30,163	90~180 days after monthly billings	0.44%

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: The disclosure of significant transactions in this table may be determined by the company based on the materiality level.

Episil-Precision Inc. and Subsidiaries

Information on investees

December 31, 2025

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2025 (Note 2(3))	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
Episil-Precision Inc.	Precision Silicon Japan Co., Ltd.	Japan	Sales of silicon epitaxy wafer	\$ 2,740	\$ 2,740	200	100.00%	\$ 9,464	(\$ 1,475)	(\$ 1,475)	

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