Stock code：6568

Rafael Microelectronics, Inc.

2025 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System：http://newmops.twse.com.tw

Printed on March 31, 2026

I. Spokesperson & deputy spokesperson name, title, Tel. No. and email:

	Spokesperson	Act Sopokesperson
Name	JJ Chen	Su, Chin-Ya
Job title	General Manager	Manager
Tel. No.	(03)550-6258	(03)550-6258
Email	rafael.ir@rafaelmicro.com	rafael.ir@rafaelmicro.com

II. Headquarters, branches, plants and telephone numbers:

Headquarters: 8F, No.28, Chenggong 12th St., Zhubei City, Hsinchu County

Tel. No.: +886-3-550-6258

Branch address and telephone numbers: None

Plants address and telephone numbers: None

III. Name, address, website and telephone number of stock transfer agency:

Name: CTBC Transfer Agency Dept.

Address: 5F., No.83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City

Website:https://www.ctbcbank.com

Tel. No.:+886-2-6636-5566

IV. Name of CPA attesting the latest annual financial statement and name, address, website and telephone number of the accounting firm:

Name of CPA: Liao, A-Shen, CPA; Lee, Tien-Yi, CPA

Firm Name: PwC Taiwan

Address: 22F, No. 95, Mintzu 2nd Road, Kaohsiung City

Website: http://www.pwc.tw

Tel. No.: +886-7-237-3116

V. Name of any exchanges where the Company’s securities are traded offshore, and the method by which to access information on said offshore securities:

None.

VI. Company website:

http://www.rafaelmicro.com。

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One. Chairman’s Statement

I. Implementation achievement and profit results of the 2025 business plan

In 2025, the overall market conditions of the IC design industry showed varying demand performance across different application segments. Benefiting from emerging applications such as AI and high-performance computing, demand in related fields maintained growth momentum. However, the recovery of traditional consumer electronics applications was relatively moderate, and the pace of rebound differed among various end markets. The Company’s main product lines include RF tuner, optical communication, and wireless networking-related chips, and the market demand for each product line is influenced by the development trends of their respective end applications.

With respect to RF tuner products, overall global demand in the consumer electronics and digital television markets remained relatively stable. However, emerging markets and specific niche applications continued to drive replacement and adoption demand, providing certain support to the Company’s shipment momentum and enabling RF tuner product shipments to remain stable in the current year. In terms of the optical communication product line, the Company’s optical communication products have successfully entered data center and high-speed transmission application scenarios, driving a gradual increase in shipment volume and effectively supporting overall revenue performance. As for wireless networking-related products, with the continued development of applications such as the IoT, smart homes, and various connected devices, market demand showed moderate growth. However, market competition remains intense, posing challenges to product differentiation and cost control capabilities.

Overall, despite the still challenging industry environment, the Company has focused on product lines with growth potential and higher added value, and has demonstrated stable operating results through product portfolio optimization, integration of R&D resources, and enhancement of operational efficiency. The Company’s consolidated operating revenue for 2025 amounted to NT$1,137,288 thousand, representing an increase of 6.74% compared to NT$1,065,491 thousand in 2024. The annual revenue reached the second highest level since the Company’s establishment, demonstrating that the Company’s efforts in core product lines and key customer deployment have gradually materialized. In response to pricing pressure and rising raw material costs, the Company continued to optimize its product portfolio, increase the proportion of high value-added products, and improve operational efficiency, resulting in a gross margin of 40% for the year, an increase of 1% from 39% in 2024. In terms of profitability, net income for the period was NT$122,007 thousand, representing an increase of 4.19% compared to NT$117,105 thousand in 2024. Earnings per share was NT$4.00, an increase of NT$0.15 from NT$3.85 in 2024.

II. R&D Status in 2025

In terms of research and development, the Company continued to integrate R&D and production resources, strengthening cross-project synergies to enhance overall technical capabilities and R&D efficiency. The USB 4.0 Type-C consumer active optical cable (AOC) product has entered the final development testing stage. This product is designed in accordance with the USB 4 standard and achieves high-speed and long-distance data transmission through optical signals, while supporting high-power charging and multi-protocol integration. It effectively addresses the signal attenuation issues of traditional copper cables in long-distance transmission. Its application scope includes 4K/8K high-resolution video transmission, high-speed external storage devices, multi-display connectivity, and gaming-related equipment, and it is expected to become a key driver for the Company in expanding optical communication application scenarios.

Meanwhile, the Company continues to invest in the development of next-generation AIoT chips featuring low power consumption, high computing performance, and high reliability to strengthen overall product competitiveness. The automotive television receiver chip project in collaboration with a Japanese company has officially entered the mass production and shipment stage, although subsequent shipment momentum will still depend on changes in end market demand from customers. In addition, the security chip project in collaboration with a North American startup is progressing in accordance with the established schedule.

III. Operating policies and plans for 2026

For the operating plan of 2026, the Company adopts prudent operations and the strengthening of long-term competitiveness as its core focus, responding to the rapidly changing industry environment through strategies such as product portfolio adjustment, enhancement of supply chain resilience, technological innovation, and talent development.

In terms of short-term operational planning, the Company will continue to optimize its product portfolio and focus on application areas with growth potential and higher added value, thereby expanding the overall potential market size and enhancing the quality of its revenue structure. At the same time, the Company will deepen its cooperative relationships with existing foundry and packaging and testing partners, while actively developing diversified sources of supply to establish flexible capacity allocation and inventory management mechanisms, thereby enhancing supply chain stability and operational resilience. In terms of finance, the Company will continue to maintain sound cash flow management and prudent foreign exchange risk control to ensure a stable overall financial structure.

In terms of mid-term and long-term development strategies, the Company will take technological leadership as the foundation of its core competitiveness, continue to increase investment in R&D, and focus on the upgrading and innovation of wireless communication and optical fiber communication-related technologies. Through product differentiation and market positioning, the Company aims to strengthen its competitive advantages and expand market share. At the same time, to ensure product quality and cost competitiveness, the Company will continue to optimize its global manufacturing and supply chain systems, establish closer and more stable cooperative relationships with suppliers, and enhance production efficiency while reducing overall operating costs through refined management.

In addition, the Company recognizes that talent is key to technological development and innovation, and will continue to cultivate and recruit outstanding R&D talent, deepen the development of key technologies, and advance intellectual property deployment to strengthen the technological foundation of IC design and system integration. While pursuing operational growth, the Company also regards environmental protection, social responsibility, and corporate governance (ESG) as important operating principles, actively promoting green manufacturing and energy conservation and carbon reduction measures, and implementing corporate sustainability goals to enhance the Company’s long-term enterprise value.

IV. Future development strategies of the Company, impacts from the external competition, regulations, and overall macroeconomic environment

(I) Future development strategies

Looking ahead, the Company will continue to deepen its strategies of technological innovation and product differentiation. Through closer integration of R&D resources and investment in key technologies, it will provide the market with high-performance, low-power, and cost-competitive chip and modular solutions. The Company will build on its existing core technologies to continue expanding into optical communication and smart application-related fields, and will establish long-term cooperative relationships with strategic customers to enhance revenue stability and long-term growth momentum.

(II) Impacts of the external competitive environment

The semiconductor industry is highly competitive, with both international major companies and startups continuing to invest resources in advanced process technologies and the development of new applications, resulting in persistently high market competitive pressure. The Company will differentiate itself from large industry peers through niche product positioning, customized service capabilities, and flexibility in rapidly responding to customer needs, thereby reducing the impact of price competition on operations.

(III) Impact of the regulatory environment and the overall macroeconomic environment

In terms of the regulatory environment, global requirements for corporate governance, information disclosure, and sustainable development are increasing. The Company will continue to strengthen internal controls and compliance management to meet relevant regulations and stakeholder expectations. In terms of the overall macroeconomic environment, the future may still be affected by interest rate policies, exchange rate fluctuations, and geopolitical risks. The Company will mitigate the impact of external uncertainties on its operations through prudent financial management and flexible operational allocation.

In summary, based on prudent operations, the Company will continue to strengthen its core competitiveness and grasp industry development trends, with the aim of creating long-term and sustainable value for shareholders and all stakeholders in a rapidly changing global market.

Finally, I would like to wish you all good health and may all your wishes come true!

Chairman Cheng, David　　President: JJ Chen　　Chief Accountant: Su, Chin-Ya

Two. Corporate Governance Report

I. Information on Directors, Independent Directors, the President, Vice Presidents, Assistant Vice Presidents, and heads of departments and branches

(I) Directors and Independent Directors

1. Information of Directors and Independent Directors

March 31, 2026; unit: shares; %

Title	Nationality or place of registration	Name	Gender Age	Date of election (assumption of office)	Term of office	Date of initial appointment	Shareholding at the time of election		Number of shares held at present (Note 1)		Shares held by spouse and minors at present (Note 1)		Shares held in the name of others (Note 1)		Major work experience (educational background)	Other concurrent positions held in the Company and other companies	Other supervisors, Directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Corporate shareholder	Republic of China	Flexium Interconnect, Inc.	–	2024.01.19	3 years	2024.01.19	9,221,976	30.01	9,221,976	29.91	–	–	–	–	None	None	–	–	–	
Corporate Director (Chairman)	The U.S.	Flexium Interconnect, Inc. Representative: Cheng David	Male 31 to 40 years old	2024.01.19	3 years	2024.01.19	–	–	6,000	0.02	–	–	–	–	University of California, Irvine Electrical Engineering.	Directors, President, Head of Sales Division, and Head of Product R&D Division of Flexium Interconnect, Inc. CSO, QuantumZ Inc. Responsible person, Flexium Interconnect America LLC. Director, Etherdyne Technologies Inc.	Director	Walter Cheng	Father and son	Note 2
Corporate Director	Republic of China	Flexium Interconnect, Inc. Representative: Walter Cheng	Male 61 to 70 years old	2024.01.19	3 years	2024.01.19	–	–	–	–	–	–	–	–	Chairman, Tai-Peng Development Co., Ltd. EMBA, National Sun Yat-Sen University	Chairman, Flexium Interconnect, Inc. Chairman, Tai-Peng Development Co., Ltd. Chairman, QuantumZ Inc. The directors of investees of Flexium Interconnect, Inc. are as follows: FLEXIUM INTERCONNECT INC., UFLEX TECHNOLOGY CO., LTD., SUCCESS GLORY INVESTMENTS LIMITED, BOOM BUSINESS LIMITED, CLEAR SUCCESS GLOBAL LIMITED The chairmen of investees of Flexium Interconnect, Inc. are as follows: Junfeng Investment Co., Ltd., Flexium Interconnect (Kunshan), Inc., Flexium Interconnect (Suzhou), Inc., and Universe Energy Co., Ltd.	Chairman	Cheng David	Father and son	

Title	Nationality or place of registration	Name	Gender Age	Date of election (assumption of office)	Term of office	Date of initial appointment	Shareholding at the time of election		Number of shares held at present (Note 1)		Shares held by spouse and minors at present (Note 1)		Shares held in the name of others (Note 1)		Major work experience (educational background)	Other concurrent positions held in the Company and other companies	Other supervisors, Directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Corporate Director	The U.S.	Flexium Interconnect, Inc. Representative: Moffatt, Robert Alexander	Male 31 to 40 years old	2024.01.19	3 years	2024.01.19	–	–	–	–	–	–	–	–	Massachusetts Institute of Technology, B.S. in Physics Stanford University, Ph.D. in Physics	Chief Science Officer (CSO) & Co-Founder of Etherdyne Technologies Inc. (ETI)	–	–	–	
Corporate Director	Republic of China	Flexium Interconnect, Inc. Representative: Lin, Pei-Ru	Female 51 to 60 years old	2024.01.19	3 years	2024.01.19	–	–	–	–	–	–	–	–	Department of Foreign Languages, National Chung Hsing University Responsible person, Shense Corporation	Director, Flexium Interconnect, Inc. Chairman, Tai-Sheng International Investment Co., Ltd. Chairman, Ho-Sheng Investment Co., Ltd.	–	–	–	
Corporate Director	Republic of China	Flexium Interconnect, Inc. Representative: JJ Chen	Male 41 to 50 years old	2026.02.12	3 years	2026.02.12	–	–	6,000	0.02	–	–	–	–	Associate researcher, National Center for Instrumentation Research, NCIR Ph.D., Institute of Mechanical and Electrical Engineering, Tamkang University	Representative of Corporate Director, Flexium Interconnect, Inc. Consultant, QuantumZ Inc. Director and President, Orangetek Corporation The directors of investees of the Company are as follows: Han Tang Co., Ltd., Hong Yu Co., Ltd., ShenZhen Rafael Microsystems, Inc., Shenzhen Hongzhixin Technology Co., Ltd., and ShenZhen Aluksen Hongxin Technology Co., Ltd.	–	–	–	
Director	Republic of China	Quincy Lin	Male 71 to 80 years old	2024.01.19	3 years	2024.01.19	936,962	3.05	936,962	3.04	100,742	0.33	179,365	0.58	PhD in Business Administration, University of Kentucky MBA, National Chiao Tung University Bachelor in Electronic Engineering, National Chiao Tung University Independent director, Powertech Technology Inc. Independent director, CChroma ATE Inc. Chairman, Rafael Microelectronics, Inc. Chairman and CEO, New Solar Power Technology Co., Ltd. Senior vice president, Taiwan Semiconductor Manufacturing Co., Ltd.	Chairman, V5 Technologies Co., Ltd. Honorary Chairman, Rafael Microelectronics, Inc. Vice chairman, V5med Inc. Director, United Renewable Energy Co., Ltd.	–	–	–	

Title	Nationality or place of registration	Name	Gender Age	Date of election (assumption of office)	Term of office	Date of initial appointment	Shareholding at the time of election		Number of shares held at present (Note 1)		Shares held by spouse and minors at present (Note 1)		Shares held in the name of others (Note 1)		Major work experience (educational background)	Other concurrent positions held in the Company and other companies	Other supervisors, Directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Huang Shui-Tong	Male 71 to 80 years old	2024.01.19	3 years	2024.01.19	—	—	—	—	—	—	—	—	Chairman, Taiwan Law Society Prosecutor of District Prosecutors Office, judge of courts for first and second trials, and Division-Chief Judge Director-General, Criminal Court, Judicial Yuan Chief Judge of Jinmen, Penghu, Yilan, and Banqiao District Courts Chief Judge of Taiwan High Court Taichung Branch Court Member, Public Functionary Disciplinary Sanction Commission Passed the Senior Examination for Judge/Attorney in 1972 Completed the 12th session of the Academy for the Judiciary Master in Law, Chinese Culture University	Independent director, Audit Committee member, and Remuneration Committee member, Flexium Interconnect, Inc.	—	—	—	
Independent Director	Republic of China	Anson Tseng	Male 41 to 50 years old	2024.01.19	3 years	2024.01.19	—	—	—	—	—	—	—	—	Independent director and Audit Committee member, Flexium Interconnect, Inc. Vice president, BNP Paribas Director, Gemtek Technology Co., Ltd. MBA, University of Chicago Master, Graduate Institute of Communication Engineering, National Taiwan University Bachelor, Department of Communication, National Chiao Tung University	Partner, Hwawei International Technology Consulting Co., Ltd. Supervisor, Castec International Corporation Director of Marketing and New Business Development, Landmark Optoelectronics Corporation Supervisor, Ninja Silicone (Taiwan) Co., Ltd. Independent director, audit committee member, and remuneration committee member, Zeitec Semiconductor Co., Ltd.	—	—	—	
Independent Director	Republic of China	CH Chen	Male 81 to 90 years old	2024.01.19	3 years	2024.01.19	40,000	0.13	33,000	0.11	—	—	—	—	Master, Institute of Electronics, National Chiao Tung University Bachelor, Department of Electronic Engineering, National Chiao Tung University President, ASML Taiwan Ltd. Non-executive president, ASML Taiwan Ltd. Vice president, Phillips Taiwan Limited	None	—	—	—	

Note 1: The number of shares held by the Directors and their spouses, minors, and in the name of others is calculated based on the book closure date (March 28, 2026).

Note 2: Where the Chairman and the President or any other person of an equivalent post (the top-level manager) of the Company are the same person, spouses or relatives within the 1st degree of kinship, the reasons, rationality, necessity, and measures to be taken in response thereto shall be explained.

The Chairman is also the Company's CSO and is responsible for planning and implementing sustainable management and long-term development strategies and leading the management team in reporting to the Board. The President or any other person of an equivalent post is responsible for planning and managing the Company's daily operations. The powers of duties between the Chairman, who is concurrently the CSO, and the President or any other person of an equivalent post are clearly delineated. To implement corporate governance according to laws and regulations, over half of the Directors of the Company are not employees or managers so as to improve the operation of the Board’s functions and strengthen the supervisory functions.

2. Major shareholders of corporate shareholders

March 31, 2026

Name of corporate shareholder	Major shareholders of corporate shareholder	
	Shareholder	Shareholding ratio (%)
Flexium Interconnect, Inc.	Tai-Peng Development Co., Ltd.	4.77%
	Nan Shan Life Insurance Co., Ltd.	2.84%
	Chang Gung Medical Foundation	2.56%
	Standard Chartered International Commercial Bank Business Department as entrusted with custody of Prodigy Fund SPC Investment Account	1.74%
	Walter Cheng	1.47%
	Citibank (Taiwan) Limited in Custody for UBS Europe SE Investment Account	1.43%
	HSBC Bank (Taiwan) Limited in Custody for Morgan Stanley & Co. International Plc Investment Account	1.00%
	Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.97%
	Investment account of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds, managed by JPMorgan Chase Bank N.A., Taipei Branch	0.91%
	Chilien Investment Co., Ltd.	0.87%

3. Major shareholders of major shareholders who are corporations

March 31, 2026

Name corporate shareholder	Major shareholders of corporation	
	Shareholder	Shareholding ratio (%)
Tai-Peng Development Co., Ltd.	Youben Investment Co., Ltd.	24.70%
	Chu Yang Investment Co., Ltd.	22.50%
	Yao Hsiang International Investment Co., Ltd.	21.67%
	Tai-Cheng Investment Corporation	20.00%
	Zhang, Zhi-Cheng	5.00%
	Zhang, Jing-Yi	3.33%
	Walter Cheng	2.50%
	Zhang, Chen-Feng	0.30%
Nan Shan Life Insurance Co., Ltd.	Run Chen Investment Holdings Co., Ltd.	89.55%
	Ruen Hua Dyeing & Weaving Co., Ltd.	1.34%
	Y.T.Du	1.16%
	Runtex Xing Co., Ltd.	0.97%
	Ruentex Development Co., Ltd.	0.23%
	Ruentex Industries Limited	0.21%
	Yen Sin Corporation	0.16%
	Ruentex Leasing Co., Ltd.	0.12%
	Chi-Pin Investment Company	0.11%
	Pan City Co., Ltd.	0.09%
Chilien Investment Co., Ltd.	Zhixing Investment Co., Ltd.	100.00%

(II) Information disclosure on the professional qualifications of Directors and independence of Independent Directors

1. Information disclosure on the professional qualifications of Directors and independence of Independent Directors

March 31, 2026

<table>
<tr><th>Condition / Name</th><th>Professional qualifications and experience</th><th>Independence</th><th>Number of other public companies where he/she also serves as an independent director</th></tr>
<tr><td>Flexium Interconnect, Inc. Representative: Cheng David</td><td rowspan="8">For the professional qualification and experience of Directors, please refer to “I(I)1. Information of Directors and Independent Directors” on pages 4 to 6 of the annual report.</td><td>There is no condition described in Article 30 of the Company Act that occurred.</td><td>0</td></tr>
<tr><td>Flexium Interconnect, Inc. Representative: Walter Cheng</td><td>There is no condition described in Article 30 of the Company Act that occurred.</td><td>0</td></tr>
<tr><td>Flexium Interconnect, Inc. Representative: Moffatt, Robert Alexander</td><td>There is no condition described in Article 30 of the Company Act that occurred.</td><td>0</td></tr>
<tr><td>Flexium Interconnect, Inc. Representative: Lin, Pei-Ru</td><td>There is no condition described in Article 30 of the Company Act that occurred.</td><td>0</td></tr>
<tr><td>Flexium Interconnect, Inc. Representative: JJ Chen</td><td>There is no condition described in Article 30 of the Company Act that occurred.</td><td>0</td></tr>
<tr><td>Quincy Lin</td><td>There is no condition described in Article 30 of the Company Act that occurred.</td><td>0</td></tr>
<tr><td>Huang Shui-Tong (Note 1)</td><td rowspan="2">In accordance with Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies":
1. During the two years before being elected and during the term of office, the following criteria for independence have been met:
(1) Not an employee of the Company or its affiliates.
(2) Not a Director or supervisor of the Company or its affiliates.
(3) Not a natural person shareholder who holds 1% or more of the total number of issued shares of the Company or ranks among the top ten in shareholdings and his/her spouse, minors, or shares held in the name of others.
(4) Not a spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship of any of the managers listed in (1) or any of the persons listed in (2) or (3).
(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of issued shares of the Company, or ranks among the top five in shareholdings, or has appointed a representative to act as a Director or supervisor of the Company</td><td>1</td></tr>
<tr><td>Anson Tseng (Note 1)</td><td>1</td></tr>
</table>

Condition / Name	Professional qualifications and experience	Independence	Number of other public companies where he/she also serves as an independent director
CH Chen (Note 1)		under paragraph 1 or 2, Article 27 of the Company Act. (6) ot a director, supervisor, or employee of another company in which over half of the number of Directors or shares with voting rights in the Company and the other company is controlled by the same person. (7) ot a director, supervisor, or employee of another company or institution in which the Chairman, President, or a person of equivalent post of the Company and the other company or institution are the same person or are spouses. (8) ot a director, supervisor, manager, or shareholder holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the Company. (9) Not a professional, business owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or its affiliates or receives an accumulated compensation amount less than NT$0.5 million in the most recent two years for providing business, legal affairs, financial, accounting, or related services to the Company or its affiliates, or a spouse thereof. However, this does not apply to members of the Remuneration Committee, Public Acquisitions Review Committee, or M&A Special Committee who perform their duties and powers in accordance with the Securities and Exchange Act or the Business Mergers And Acquisitions Act and relevant laws and regulations. (10) Not a spouse or relative within the second degree of kinship of another Director. (11) There is no condition described in Article 30 of the Company Act that occurred. (12) None of the government, corporation, or its representative as defined in Article 27 of the Company Act is elected. 2. If the public company and its parent company, subsidiary or subsidiary under the same parent company have appointed independent directors in accordance with the Act or the local laws and regulations, the requirements in subparagraphs 2, 5 to 7 of the preceding paragraph and in subparagraph 1 of paragraph 4 shall not apply.	0

Note 1: He is an Independent Director and also serves as a member of the Audit Committee and the Remuneration Committee.

2. Board diversification and independence

(1) Board diversification

According to the "Corporate Governance Best Practice Principles" of the Company, to implement the diversification policy for Board members, Directors shall generally possess the knowledge, skills, and literacy required for the execution of their duties To achieve the ideal goal of corporate governance, the abilities that the overall Board shall have include but are not limited to operational judgment ability, accounting and financial analysis ability, business management ability, industry knowledge, and legal expertise.

Besides implementing the diversification policy for board members, directors possess extensive experience and professionalism in industry knowledge, financial and legal affairs, management, and other fields. At present, there are nine Directors, of which two are employees (accounting for 22%), two are foreign Directors (accounting for 22%), and three are Independent Directors (accounting for 33%); the consecutive term of office of the three Independent Directors is less than nine years. The Company also places great emphasis on gender equality in the composition of the Board. Currently, there is one female Director (accounting for 11%). Due to the industry's characteristics, talent recruitment is not easy. In the future, the Company will actively seek an appropriate number of female Directors to strengthen the board's diversification. The relevant implementation status is set out in the table below:

Name of Director	Basic composition					Industry experience				Professional ability		
	Nationality	Gender	Age	He/she is an employee	Years of service of Independent Directors	Finance and taxation	Business management	Law	Industry knowledge	Law	Finance and accounting	Business management
Flexium Interconnect, Inc. Representative: Cheng David	The U.S.	Male	31~40	V	-	-	V	-	V	-	-	V
Flexium Interconnect, Inc. Representative: Walter Cheng	Republic of China	Male	61~70	-	-	V	V	-	V	-	V	V
Flexium Interconnect, Inc. Representative: Moffatt, Robert Alexander	The U.S.	Male	31~40	-	-	-	V	-	V	-	-	V
Flexium Interconnect, Inc. Representative: Lin, Pei-Ru	Republic of China	Female	51~60	-	-	-	V	-	V	-	-	V
Flexium Interconnect, Inc. Representative: JJ Chen	Republic of China	Male	41~50	V	-	-	V	-	V	-	-	V
Quincy Lin	Republic of China	Male	71~80	-	-	V	V	-	V	-	V	V
Huang Shui-Tong	Republic of China	Male	71~80	-	Less than three years	-	-	V	-	V	-	-
Anson Tseng	Republic of China	Male	41~50	-	Less than three years	-	V	-	-	-	V	V
CH Chen	Republic of China	Male	81~90	-	Less than three years	-	V	-	V	-	-	V

(2) Independence of the Board:

The Company currently has nine Board members, including three Independent Directors, who account for 33% of the Board. There is no relationship between Directors and Independent Directors, as defined in paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act. In addition, Independent Directors comply with the specifications related to Independent Directors of the Securities and Futures Bureau, FSC. For the independence of the Board of the Company, please refer to "(II) Information disclosure on the professional qualifications of Directors and independence of Independent Directors" on page 8 to 9 of the annual report. Regarding the experience, academic backgrounds, gender, and work experience of Directors, please refer to "I(I)1. Information of Directors and Independent Directors" on pages 4 to 6 of the annual report.

(III) Information on managers and heads of branches

March 31, 2026; unit: shares; %

Title	Nationality	Name	Gender	Date of election (assumption of office)	Shares held (Note 1)		Shares held by spouse and minors (Note 1)		Shares held in the name of others (Note 1)		Major work experience (educational background)	Other concurrent positions held in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman and CSO	The U.S.	Cheng David	Male	2024.01.19	6,000	0.02	—	—	—	—	University of California, Irvine Electrical Engineering.	Directors, President, Head of Sales Division, and Head of Product R&D Division of Flexium Interconnect, Inc. CSO, QuantumZ Inc. Responsible person, Flexium Interconnect America LLC. Director, Etherdyne Technologies Inc.	—	—	—	Note 2
President	Republic of China	JJ Chen	Male	2024.01.19	6,000	0.02	—	—	—	—	Associate researcher, National Center for Instrumentation Research, NCIR Ph.D., Institute of Mechanical and Electrical Engineering, Tamkang University	Representative of Corporate Director, Flexium Interconnect, Inc. Consultant, QuantumZ Inc. Director and President, Orangetek Corporation The directors of investees of the Company are as follows: Han Tang Co., Ltd., Hong Yu Co., Ltd., ShenZhen Rafael Microsystems, Inc., Shenzhen Hongzhixin Technology Co., Ltd., and ShenZhen Aluksen Hongxin Technology Co., Ltd.	—	—	—	
Vice President	Republic of China	Max Lee	Male	2020.02.26	66,120	0.21	—	—	—	—	Master, Department of Electrical Engineering, National Tsing Hua University Director, Leiling Technology Co., Ltd. Director, Luoda Technology Co., Ltd.	-	—	—	—	
Vice President	Republic of China	Charles Hsu	Male	2023.3.22	14,100	0.05	—	—	—	—	Masterin Electrical Engineering, National Taiwan University Bachelor in Electronic Physics, National Chiao Tung University Director, Technical Division and Design Division, Amiccom Electronics Corporation Project manager, Wireless Products Business Division, Land San Electric Co., Ltd. Chief engineer, Wistron Neweb Corporation	-	—	—	—	Note 3

Title	Nationality	Name	Gender	Date of election (assumption of office)	Shares held (Note 1)		Shares held by spouse and minors (Note 1)		Shares held in the name of others (Note 1)		Major work experience (educational background)	Other concurrent positions held in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Assistant Vice President	Republic of China	CC Wang	Male	2026.03.02	46,072	0.15	–	–	–	–	Master, Institute of Electronics, National Chiao Tung University Bachelor, Department of Electronic Engineering, National Chiao Tung University Senior Manager of Digital Design, Airoha Technology Corp.	-	–	–	–	Note 3
Manager	Republic of China	Su, Chin-Ya	Female	2023.11.08	3,648	0.01	–	–	–	–	Bachelor, Department of Accounting, Tunghai University Chief Internal Auditor, Rafael Microelectronics, Inc. Auditor, New Solar Power Technology Co., Ltd. CPA, Ernst & Young	The supervisors of investees of the Company are as follows: Universal Plastic & Pack S. DE R. L., ShenZhen Rafael Microsystems, Inc., Shenzhen Hongzhixin Technology Co., Ltd., and ShenZhen Aluksen Hongxin Technology Co., Ltd.	–	–	–	

Note 1: The number of shares held by the managers and their spouses, minors, and in the name of others is calculated based on the book closure date (March 28, 2026).

Note 2: Where the President or any other person of an equivalent post (the top-level manager) and the Chairman of the Company are the same person, spouses or relatives within the 1st degree of kinship, the reasons, rationality, necessity, and measures to be taken in response thereto shall be disclosed.
The Chairman is also the Company's CSO and is responsible for planning and implementing sustainable management and long-term development strategies and leading the management team in reporting to the Board. The President or any other person of an equivalent post is responsible for planning and managing the Company's daily operations. The powers of duties between the Chairman, who is concurrently the CSO, and the President or any other person of an equivalent post are clearly delineated. To implement corporate governance according to laws and regulations, over half of the Directors of the Company are not employees or managers so as to improve the operation of the Board's functions and strengthen the supervisory functions.

Note 3: On March 2, 2026, the Board of Directors resolved to approve the promotion of Mr. Charles Hsu to Vice President of the Company and the appointment of Mr. CC Wang as Associate Vice President of the Company.

II. Remuneration paid to Directors, Independent Directors, President, and Vice Presidents in the most recent year

(I) Remuneration of Directors and Independent Directors

December 31, 2025; unit: NT$ thousand; %

Title	Name	Emolument of Directors								Sum of A, B, C, and D, and sum as a percentage of net profit after tax		Remuneration for concurrently serving as an employee								Sum of A, B, C, D, E, F, and G, and sum as a percentage of net profit after tax		Remuneration received from investees other than subsidiaries or the parent company
		Compensation (A)		Severance pay and pension (B)		Remuneration of Directors (C) (Note 1)		Business execution fees (D)				Salaries, bonuses, and special allowances(E)		Severance pay and pension (F)		Remuneration of employees (G) (Note 1)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Director	Flexium Interconnect, Inc. Representative: Cheng David Flexium Interconnect, Inc. Representative: Walter Cheng Flexium Interconnect, Inc. Representative: Moffatt, Robert Alexander Flexium Interconnect, Inc. Representative: Lin, Pei-Ru Flexium Interconnect, Inc. Representative: Ted Sun Quincy Lin	-	-	-	-	2,070	2,070	175	175	2,245 (1.84%)	2,245 (1.84%)	4,163	4,163	-	-	1,000	-	1,000	-	7,408 (6.07%)	7,408 (6.07%)	-
Independent Director	Huang Shui-Tong Anson Tseng CH Chen	-	-	-	-	2,160	2,160	85	85	2,245 (1.84%)	2,245 (1.84%)	-	-	-	-	-	-	-	-	2,245 (1.84%)	2,245 (1.84%)	-

1. Please specify the policy, system, standard and structure for the payment of remuneration to Independent Directors and explain the correlation between the amount of remuneration and their responsibilities, risks, time invested and other factors:
   The total amount of remuneration of Directors shall be no more than 4% of the profits of the year (i.e., gains of net profit before tax less the distribution of remuneration of employees and Directors), in principle, according to the Articles of Incorporation. The Remuneration Committee proposes recommendations on the remuneration payment standards by reviewing the level of participation in the Company's operations and the value of contributions of each Director with reference to the operating performance of the Company and the general standard payments among peers and submits them to the Board for resolution.
2. Other than the disclosure in the above table, remuneration received by the Company's Directors for providing services (such as serving as a non-employee consultant) in the most recent year: None.

Note 1: This column discloses the proposal for the distribution of remuneration of Directors and remuneration of employees for 2025 resolved by the Board on March 2, 2026, and the proposal has not been reported at the annual shareholders' meeting on May 26, 2026.

Table of Remuneration Range of Directors

December 31, 2025

Remuneration range paid to each Director of the Company	Name of Director			
	Sum of the first four remunerations (A+B+C+D)		Sum of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements (H)	The Company	All companies in the financial statements (I)
Less than NT$1,000,000	Cheng David; Walter Cheng; Moffatt, Robert Alexander; Lin, Pei-Ru; Ted Sun; Quincy Lin; Huang Shui-Tong; Anson Tseng; CH Chen	Cheng David; Walter Cheng; Moffatt, Robert Alexander; Lin, Pei-Ru; Ted Sun; Quincy Lin; Huang Shui-Tong; Anson Tseng; CH Chen	Walter Cheng; Moffatt, Robert Alexander; Lin, Pei-Ru; Ted Sun; Quincy Lin; Huang Shui-Tong; Anson Tseng; CH Chen	Walter Cheng; Moffatt, Robert Alexander; Lin, Pei-Ru; Ted Sun; Quincy Lin; Huang Shui-Tong; Anson Tseng; CH Chen
NT$1,000,000 (inclusive) - NT$2,000,000 (non-inclusive)	Flexium Interconnect, Inc.	Flexium Interconnect, Inc.	Flexium Interconnect, Inc.	Flexium Interconnect, Inc.
NT$2,000,000 (inclusive) - NT$3,500,000 (non-inclusive)	–	–	–	–
NT$3,500,000 (inclusive) - NT$5,000,000 (non-inclusive)	–	–	–	–
NT$5,000,000 (inclusive) - NT$10,000,000 (non-inclusive)	–	–	Cheng David	Cheng David
NT$10,000,000 (inclusive) - NT$15,000,000 (non-inclusive)	–	–	–	–
NT$15,000,000 (inclusive) - NT$30,000,000 (non-inclusive)	–	–	–	–
NT$30,000,000 (inclusive) - NT$50,000,000 (non-inclusive)	–	–	–	–
NT$50,000,000 (inclusive) - NT$100,000,000 (non-inclusive)	–	–	–	–
Over NT$100,000,000	–	–	–	–
Total	10	10	10	10

Note: The remuneration of Directors of the Company is fully collected by corporate Directors, and the representatives of corporate Directors who are concurrently employees have salaries and remuneration of employees.

(II) Remuneration of the President and Vice Presidents

December 31, 2025; unit: NT$ thousand; %

Title	Name	Salaries (A)		Severance pay and pension (B)		Bonuses and special allowances (C)		Remuneration of employees (D) (Note 1)				Sum of A, B, C, and D, and sum as a percentage of net profit after tax		Remuneration received from investees other than subsidiaries or the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chairman and CSO	Cheng David	10,348	10,348	324	324	5,202	5,202	4,000	-	4,000	-	19,874 (16.29%)	19,874 (16.29%)	-
President	JJ Chen													
Vice President	Max Lee													
Vice President	Charles Hsu													

Note 1: This column discloses the proposal for the distribution of remuneration of Directors and remuneration of employees for 2025 resolved by the Board on March 2, 2026, and the proposal has not been reported at the annual shareholders' meeting on May 26, 2026.

Table of Remuneration Range of the President and Vice Presidents

December 31, 2025

Remuneration range paid to each President and Vice Presidents of the Company	Name of the President and Vice Presidents	
	The Company	All companies in the financial statements
Less than NT$1,000,000	—	—
NT$1,000,000 (inclusive) - NT$2,000,000 (non-inclusive)	—	—
NT$2,000,000 (inclusive) - NT$3,500,000 (non-inclusive)	—	—
NT$3,500,000 (inclusive) - NT$5,000,000 (non-inclusive)	Max Lee; Charles Hsu	Max Lee; Charles Hsu
NT$5,000,000 (inclusive) - NT$10,000,000 (non-inclusive)	Cheng David; JJ Chen	Cheng David; JJ Chen
NT$10,000,000 (inclusive) - NT$15,000,000 (non-inclusive)	—	—
NT$15,000,000 (inclusive) - NT$30,000,000 (non-inclusive)	—	—
NT$30,000,000 (inclusive) - NT$50,000,000 (non-inclusive)	—	—
NT$50,000,000 (inclusive) - NT$100,000,000 (non-inclusive)	—	—
Over NT$100,000,000	—	—
Total	4	4

(III) Names of managers receiving employee remuneration and the distribution of the remuneration:

December 31, 2025; Unit: NT$ thousand

<table>
<tr><th colspan="2">Title</th><th>Name</th><th>Amount in stock</th><th>Amount in cash (Note 1)</th><th>Total</th><th>As a percentage of net profit after tax (%)</th></tr>
<tr><td rowspan="6">Manager</td><td>Chairman and CSO</td><td>Cheng David</td><td rowspan="6">–</td><td rowspan="6">5,500</td><td rowspan="6">5,500</td><td rowspan="6">4.51</td></tr>
<tr><td>President</td><td>JJ Chen</td></tr>
<tr><td>Vice President</td><td>Max Lee</td></tr>
<tr><td>Vice President</td><td>Charles Hsu</td></tr>
<tr><td>Assistant Vice President</td><td>CC Wang</td></tr>
<tr><td>Manager</td><td>Su, Chin-Ya</td></tr>
</table>

Note 1: This column discloses the proposal for the distribution of remuneration of Directors and remuneration of employees for 2025 resolved by the Board on March 2, 2026, and the proposal has not been reported at the annual shareholders' meeting on May 26, 2026.

(IV) Analysis of the total amount of remuneration paid to the Company's Directors, Independent Directors, the President, and Vice Presidents in the most recent two years by the Company and all companies in the consolidated financial statements as a percentage of the net profit after tax, and a description of the policy, standard, and package for the payment of remuneration, the procedure for determining remuneration, and their correlation with operating performance and future risks

(1) Analysis of the total amount of remuneration paid to the Company's Directors, Independent Directors, the President, and Vice Presidents by the Company and all companies in the consolidated financial statements in the most recent two years as a percentage of net profit after tax

Unit: %

<table>
<tr><th rowspan="2">Title</th><th colspan="2">2024</th><th colspan="2">2025</th></tr>
<tr><th>The Company</th><th>All companies in the financial statements</th><th>The Company</th><th>All companies in the financial statements</th></tr>
<tr><td>Directors and Independent Directors</td><td>3.84</td><td>3.84</td><td>3.68</td><td>3.68</td></tr>
<tr><td>President and Vice Presidents</td><td>11.77</td><td>11.77</td><td>16.29</td><td>16.29</td></tr>
</table>

(2) The policy, standard, and package for the payment of remuneration, the procedure for determining remuneration, and their correlation with operating performance and future risks

The Board refers to the standards of relevant peers and listed companies to determine the traffic allowance of Directors, the compensation of Independent Directors, and the salary of the Chairman. Directors' remuneration includes directors' remuneration and expenses for the execution of duties, with such expenses primarily consisting of transportation allowances. The allocation ratio of directors' remuneration is determined in accordance with Article 28-1 of the Company's Articles of Incorporation: "If the Company records profits in the current year (i.e., profit before tax prior to the appropriation of employee remuneration and directors' remuneration), no less than 4% shall be appropriated as employee remuneration and no more than 4% as directors' remuneration. Of the employee remuneration amount referred to in the preceding paragraph, no less than 0.5% of the profits shall be appropriated for distribution to non-executive employees." However, if the Company has accumulated losses, it shall preserve the amount for compensation. The remuneration of employees may be distributed in stocks or cash, and the distribution target may include employees of companies controlled by or subordinate to the Company that comply with certain conditions; the Board is authorized to establish certain conditions. The remuneration of directors is distributed in cash. The remuneration of employees and the remuneration of Directors, as mentioned in the preceding paragraph, shall be resolved by receiving the consent from over half of the attending Directors at a Board meeting attended by over two-thirds of the Directors and shall be reported to the shareholders' meeting." The remuneration of each Director is determined based on the performance evaluation results of the Directors of the Company, which serve as the basis for the distribution of the remuneration of individual Directors. The evaluation aspects include: Alignment with the Company's goals and missions, awareness of the duties of Directors, level of participation in the Company's operations, management of internal relationships and communication, professions and continuing education of Directors, and internal control. The Company has completed the 2025 performance evaluation of Directors and established the principles for the distribution of Directors' remuneration in accordance with the Regulations for Board Performance Evaluation. Subsequently, the performance evaluation score of individual Directors is converted to the weights to calculate the distribution amount before distribution based on the principles for distribution.

The remuneration paid to the President and Deputy Presidents includes salary, bonus, pension and severance pay, and remuneration of employees. The payroll and personnel cycle is the distribution basis for the remuneration. At the beginning of the year, business targets and performance evaluation items are set based on the duties and positions, and bonuses and compensation are granted at the end of the year based on the achievements and the level of contribution. The reasonableness of the performance evaluation and compensation shall be reviewed by the Remuneration Committee and the Board, and examinations are made based on the operating status and changes in laws and regulations in due course.

III. Operation of corporate governance

(I) Operation of the Board

In 2025 and up to the publication date of the annual report in 2026, the Board held seven meetings, and the attendance of the Directors is as follows:

Title	Name	Number of attendance (presence) in person	Number of attendance by proxy	Attendance (presence) in person	Remarks
Chairman	Flexium Interconnect, Inc. Representative: Cheng David	7	0	100	
Director	Flexium Interconnect, Inc. Representative: Walter Cheng	7	0	100	
Director	Flexium Interconnect, Inc. Representative: Moffatt, Robert Alexander	7	0	100	
Director	Flexium Interconnect, Inc. Representative: Lin, Pei-Ru	7	0	100	
Director	Flexium Interconnect, Inc. Representative: Ted Sun	6	0	100	Dismissed on February 12, 2026
Director	Flexium Interconnect, Inc. Representative: JJ Chen	1	0	100	New appointment on February 12, 2026
Director	Quincy Lin	6	1	86	
Independent Director	Huang Shui-Tong	7	0	100	
Independent Director	Anson Tseng	5	2	71	
Independent Director	CH Chen	7	0	100	

Other information to be disclosed:

I. If any of the following circumstances exists with respect to the operation of the Board, the date and session of the Board meeting, the content of the proposal, the opinions of all Independent Directors, and the Company's handling of the opinions shall be specified:
 (I) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established its Audit Committee; therefore, Article 14-3 of the Securities and Exchange Act does not apply.
 (II) Board meeting resolutions to which Independent Directors raised objections or qualified opinions recorded or stated in writing, other than those aforementioned:

II. Implementation of Directors' recusal from proposals due to conflicts of interest; the name of the Director, the content of the proposal, the reason for the recusal for the conflicts of interest, and the participation in voting:
 (I) 7th meeting of the 7th session of the Board on February 14, 2025
 17th proposal for discussion: Approved the proposal for the distribution of the remuneration of managers for 2024
 Chairman Cheng David and Director Walter Cheng recused themselves from the proposal due to the conflicts of interest, and the remaining Directors have voted for approval.
 18th proposal for discussion: Approved the proposal for the review of the drawing lot bonuses at the year-end dinner for managers
 Chairman Cheng David and Director Walter Cheng recused themselves from the proposal due to the conflicts of interest, and the remaining Directors have voted for approval.
 (II) 8th meeting of the 7th session of the Board on April 15, 2025
 1st proposal for discussion: Approved the proposal for the cancellation of non-competition restrictions of the Company's Directors
 Director Anson Tseng recused himself from the proposal due to the conflicts of interest, and the remaining Directors have voted for approval
 (III) 11th meeting of the 7th session of the Board on July 30, 2025
 4th proposal for discussion: Approval of the review of salary adjustments for managers
 Chairman Cheng David and Director Walter Cheng recused themselves from the proposal due to the conflicts of interest, and the remaining Directors have voted for approval.
 (IV) 13th meeting of the 7th session of the Board on March 2, 2026

10th proposal for discussion: Approved the proposal for the cancellation of non-competition restrictions of the Company's newly appointed corporate director representative

Director JJ Chen recused himself from the proposal due to the conflicts of interest, and the remaining Directors have voted for approval.

15th proposal for discussion: Approved the proposal for the distribution of the remuneration of managers for 2025

Chairman Cheng David, Director Walter Cheng and JJ Chen recused themselves from the proposal due to the conflicts of interest, and the remaining Directors have voted for approval.

III. TWSE/TPEx listed companies shall disclose the cycle, period, scope, method, and items of the self-evaluation (or peer evaluation) of the Board:

Assessment cycle and duration	Scope of evaluation	Method of evaluation	Evaluation content	Evaluation results
2025 (November 2024 to October 2025)	The overall Board	Internal self-evaluation of the Board	A. Level of participation in the Company's operations B. Improvement in the quality of the Board's decision-making C. Board composition and structure D. Election and continuing education of Directors E. Internal control	The rating results showed an excellent rating (with an average score of 4.96), indicating that the Company's overall Board operation is favorable and is in compliance with the spirit of corporate governance.
	Individual Board member	Self-evaluation of Directors	A. Alignment with the Company's goals and missions B. Awareness of the duties of Directors C. Level of participation in the Company's operations D. Management of internal relationships and communication E. Profession and continuing education of Directors F. Internal control	The rating results showed an excellent rating (with an average score of 4.74), indicating that the Company's Board members have positive comments about the implementation of the operation of various indicators.
	Audit Committee	Self-evaluation of peers	A. Level of participation in the Company's operations B. Awareness of the duties of functional committees C. Improvement in the quality of functional committees' decision-making D. The composition and functional committees and the election of members E. Internal control	The rating results showed an excellent rating (with an average score of 4.63), indicating that the Company's members have positive comments for the implementation of the operation of various indicators.
	Remuneration Committee	Self-evaluation of peers	A. Level of participation in the Company's operations B. Awareness of the duties of functional committees C. Improvement in the quality of functional committees' decision-making D. The composition and functional committees and the election of members	The rating results showed an excellent rating (with an average score of 4.60), indicating that the Company's members have positive comments for the implementation of the operation of various indicators.

IV. Targets of the enhancement of the functionality of the Board in the current year and the most recent year and the evaluation of the implementation

(I) To implement corporate governance, improve supervisory functions and strengthen management functions, the Company has established its Audit Committee, Remuneration Committee, and other functional committees to review relevant proposals based on their powers and submit them to the Board for resolutions so as to improve supervisory functions and strengthen management functions.

(II) The Company has purchased liability insurance for its Directors and managers to diversify the legal liability risks of its Directors and managers and improve the corporate governance ability.

(III) In 2025 and up to the publication date of the annual report in 2026, the Board held seven meetings, and at least two Independent Directors attended the meetings in person for each Board meeting.

(IV) The Company regularly arranges for Directors to participate in professional continuing education courses to allow Directors to maintain their core values, professional advantages and abilities.

(V) The Company uploads important resolutions to the MOPS immediately after Board meetings to protect the rights and interests of shareholders. The Company has appointed dedicated personnel to collect and disclose information related to the Company and established a spokesperson system to ensure that all material information is properly disclosed for shareholders and stakeholders to refer to information related to the finance and business of the Company.

(II) Operation of the Audit Committee

In 2025 and up to the publication date of the annual report in 2026, the Audit Committee held five meetings, and the attendance of Independent Directors is as follows:

Title	Name	Number of attendance in person	Number of attendance by proxy	Attendance (%)	Remarks
Independent Director	Huang Shui-Tong	5	0	100	
Independent Director	Anson Tseng	4	1	80	
Independent Director	CH Chen	5	0	100	

Other information to be disclosed:

I. If any of the following circumstances exists with respect to the operation of the Audit Committee, the date and session of the Board meeting, the content of the proposal, the resolution results of the Audit Committee, and the Company's handling of the opinions shall be specified:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act: Please refer to pages 44 to 48 of the annual report.

(II) Except for the abovementioned matters, other resolutions not passed by the Audit Committee but approved by two-thirds or more of all Directors, other than those aforementioned: None.

II. Implementation of Independent Directors' recusal from proposals due to conflicts of interest; the name of the Independent Director, the content of the proposal, the reason for the recusal for the conflicts of interest, and the participation in voting: None.

III. Communication between the Independent Directors, Chief Internal Auditor, and the CPAs:

(I) The Company's Chief Internal Auditor reports quarterly to Independent Directors on the Company's internal audit status and internal control operations. The Independent Directors provide their professional opinions on the reported matters. The communication status in the most recent year and up to the publication date of the annual report is as follows:

Date	Communication method	Communication matter	Results of Communication
2025/02/14	Audit Committee	Internal audit report for Q4 2024.	No objection
2025/05/02	Audit Committee	Internal audit report for Q1 2025.	No objection
2025/07/30	Audit Committee	Internal audit report for Q2 2025.	No objection
2025/10/31	Audit Committee	Internal audit report for Q3 2025.	No objection
2025/12/23	Seminars (separate communication)	Report on the implementation of the 2025 corporate governance evaluation.	No objection
2026/03/02	Audit Committee	Internal audit report for Q4 2025.	No objection

(II) The Company's CPAs communicate with the Audit Committee from time to time every year and report to the members of the Audit Committee on the latest laws and regulations or the results of the review or audit of financial statements and the internal control audit status. The communication in the most recent year and up to the publication date of the annual report is as follows:

Date	Communication method	Communication matter	Results of Communication
2025/12/23	Seminars (separate communication)	Annual audit planning.	No objection

IV. Targets of the functionality of the Audit Committee in the current year and the most recent year and the operating status:

(I) The functional targets of the Audit Committee

1. The Audit Committee aims to promote corporate governance and assist the Board in fulfilling its supervision of the Company's integrity in accounting, auditing, financial statements and the control of internal operating procedures.
2. The Committee's review powers include financial statements, audit, internal control system, acquisition or

disposal of significant assets or derivatives trading, material loaning of funds and endorsements or guarantees, offering or issuance of securities, compliance with relevant laws and regulations, managers and Directors' related party transactions and possible conflicts of interest, fraud investigation reports, the Company's risk management, the appointment, dismissal or remuneration of CPAs, and the appointment and dismissal of Chief Financial, Accounting, or Intern Audit Officer.

(II) Implementation evaluation

100% of the Company’s Independent Directors participated in the Audit Committee meetings and Board meetings in 2025 and up to the publication date of the annual report in 2026 and provided professional opinions on the content of proposals; please refer to pages 44 to 48 of the annual report.

(III) The operation of corporate governance, any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor

Assessment item	Operation status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor
	Yes	None	Summary	
I. Has the Company established and disclosed its Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established the "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to implement relevant specifications based on the spirit of corporate governance.	No significant difference.
II. The Company's shareholding structure and shareholders' rights and interests				
(I) Has the Company established internal operating procedures to handle shareholders' recommendations, doubts, disputes and litigation matters and implement the procedures accordingly?	✓		(I) The Company has designated personnel for spokesperson and acting spokesperson, and has also set up a mailbox for investors to handle shareholders' recommendations, disputes, or other issues.	No significant difference.
(II) Does the Company keep track of a list of major shareholders who control the Company and their ultimate controllers?	✓		(II) The Company has stock affairs personnel to manage related information, has appointed a professional stock affairs agency to assist in the stock affairs-related matters, and has kept track of the list of a list of major shareholders who control the Company and their ultimate controllers, and maintained favorable relationships with major shareholders.	No significant difference.
(III) Has the Company established and implemented risk control and firewall mechanisms with its affiliates?	✓		(III) The finance and accounting of the assets of the Company's affiliates are operated independently, and there are auditors to perform independent reviews. The Company has also established "related party transaction management," "Rules Governing Financial and Business Matters with Related Parties," and other internal control regulations to ensure the implementation of risk control and firewall mechanisms.	No significant difference.
(IV) Has the Company established internal regulations to prohibit insiders from trading securities using undisclosed information in the market?	✓		(IV) The Company has established the "Procedures for Prevention of Insider Trading" and "Ethical Corporate Management Best Practice Principles" that specify the prohibition of insider trading and confidentiality agreement.	No significant difference.
III. Board composition and duties				

Assessment item	Operation status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor
	Yes	None	Summary	
(I) Has the Board formulated and implemented any diversification policies, set specific management goals, and implemented the goals?	✓		(I) The Company has established its "Corporate Governance Best Practice Principles" and implemented the diversification policy for Board members. Apart from possessing extensive experience and profession in finance, business, legal affairs, management, and other fields, attention is also attached to the gender equality of the Board members. The Company held the re-election of the 7th session of its Board on January 19, 2024. At present, there are nine Directors (including three Independent Directors). Currently, there is one female Director (accounting for 11%); please refer to page 10 of the annual report for the implementation status.	No significant difference.
(II) In addition to establishing the Remuneration Committee and Audit Committee as required by laws, Has the Company set up other functional committees voluntarily?	✓		(II) The Company established the Remuneration Committee and Audit Committee in December 2015 and February 2016, respectively. Other functional committees will be established based on the requirements of the Company.	No significant difference.
(III) Has the Company established procedures and methods for evaluating the performance of the Board, conducted annual performance evaluations regularly, reported the results of the performance evaluations to the Board, and used them as a reference for individual Directors' remuneration and nomination for re-appointment?	✓		(III) The Board approved the establishment of the “Regulations for Board Performance Evaluation” on October 25, 2019, to implement the performance evaluation of the overall Board, individual Board members, and functional committees once every year. The evaluation results for the Board performance in 2025 have been reported to the Board on March 2, 2026; for the implementation status of the Board evaluation, please refer to page 20 of the annual report.	No significant difference.
(IV) Does the Company regularly evaluate the independence of CPAs?	✓		(IV) The Company evaluates the independence and competence of CPAs once every year with reference to the “Audit Quality Indicator (AQI) Disclosure Framework and Sample” and obtains the AQI information and statement of independence provided by the CPA firm. The proposal for the evaluation of the independence and competence of CPAs for 2026 has been submitted to and approved by the Board on March 2, 2026. For the “Evaluation Table for the Independence and Competence of CPAs,” please refer to page 28 of the annual report.	No significant difference.
IV. Has the TWSE/TPEx listed company appointed an appropriate number of competent corporate governance personnel and designated a Chief Corporate Governance Officer to be in charge of corporate governance-related matters (including but not limited to providing Directors with the	✓		The Board approved the addition of the Chief Corporate Governance Officer on March 9, 2022; currently, the manager of the Finance Department is concurrently the Chief Corporate Governance Officer to provide Directors with the information needed to perform their duties. The manager of the Finance Department of the Company possesses experience in finance, stock affairs, and corporate governance-related affairs, and the Financial Department is jointly responsible for corporate governance-related affairs as	No significant difference.

Assessment item	Operation status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor
	Yes	None	Summary	
information needed to perform their duties, assisting them in compliance with laws and regulations, handling matters related to Board meetings and shareholders' meetings in accordance with laws, and preparing minutes of Board meetings and shareholders' meetings).			set out below: 1. Formulate and plan for corporate governance-related measures and implement legal compliance. 2. Provide Directors with the information needed to perform their duties and assist them in compliance with laws and regulations. 3. Research and plan for the agenda and preliminary content of proposals for the Board meeting and the shareholders' meeting of the year. 4. Before each Board meeting, plan for and formulate the content of proposals, notify Directors of the attendance seven days before meetings, and provide materials related to the agenda for Directors to have sufficient time to understand the content of proposals. If there is any recusal of Directors due to the conflicts of interest in the proposals, notices will be made in advance and before the meeting, and the minutes of Board meetings are dispatched within 20 days from the meetings. 5. Register the date of the shareholders' meeting in accordance with the law early, prepare the meeting notice, meeting handbook, and meeting minutes within the statutory period, and complete the alteration registration after amending the Articles of Incorporation or the re-election of Directors. 6. Purchase liability insurance for Directors and key personnel. 7. Responsible for the announcement of material information of important resolutions of the Board meetings and shareholders' meetings, ensuring the legality, accuracy and timeliness of the content, and compliance with the spirit of information equivalence to protect the rights and interests of investors.	
V. Has the Company created channels for communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and appropriately responded to important corporate social responsibility issues of stakeholders' concern?	✓		The Company has a spokesperson and acting spokespersons in place to act as the communication channel with the public. Stakeholders may contact the Company at any time by phone, in writing, by fax, and by e-mail.	No significant difference.
VI. Has the Company commissioned a professional stock affairs agency to handle shareholders' meeting affairs?	✓		The professional stock affairs agency of the CTBC Bank Co., Ltd. has been commissioned for the affairs of shareholders' meetings.	No significant difference.
VII. Information disclosure				

Assessment item	Operation status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor
	Yes	None	Summary	
(I) Has the Company set up a website to disclose its financial, business, and corporate governance information?	✓		(I) The Company has set up a website and an investor relations page to update financial, business and corporate governance information on a regular basis. Inquiry link: (https://www.rafaelmicro.com.tw); the Company also filed its corporate overview and various financial information on MOPS according to the requirements of the competent authority.	No significant difference.
(II) Has the Company adopted other means of information disclosure (e.g., setting up an English website, appointing dedicated personnel to collect and disclose information on the Company, implementing a spokesperson system, and posting the course of investor conferences on the Company's website)?	✓		(II) The Company has set up Chinese and English websites, and has an investor relations page in place. There are also dedicated personnel responsible for information collection and updating financial and business information regularly. The Company has a spokesperson and acting spokespersons in place, regularly holds investor conferences, and discloses relevant information on the Company's website.	No significant difference.
(III) Has the Company announced and reported its annual financial statements within two months after the end of each fiscal year and announced and reported its financial statements for Q1, Q2, and Q3 and the operations of each month prior to the prescribed deadline?	✓		(III) The Company makes public announcements of its financial statements in accordance with the deadline stipulated in Article 36 of the Securities and Exchange Act.	No significant difference.
VIII. Does the Company have other important information that is helpful in understanding the implementation of corporate governance (including but not limited to employees' rights and interests, employee care, investor relations, supplier relations, stakeholders' rights and interests, Directors' continuing education, the implementation status of risk management policies and risk measurement standards, the implementation status of customer policies, and the purchase of liability insurance for Directors by the Company)?	✓		(I) Employees' rights and interests: In addition to complying with the Labor Standards Act and related laws and regulations, the Company also provides subsidies for marriages, funerals, childbirths, employees' continuing education, and departmental gatherings and regularly organizes other recreational activities, such as company trips. (II) Employee care: The Company's various management regulations are based on the benefits of employees; it cares for employees' lives and welfare and sets reasonable salary packages. (III) Investor relations: The Company has a spokesperson and acting spokespersons in place who are responsible for the communication of the Company with external parties. The Company also has dedicated personnel in place to disclose the Company's information on the MOPS according to laws and regulations. (IV) Supplier relations: The Company has healthy supply chain relationships with suppliers to achieve the overall production cost optimization. (V) Stakeholders' rights: The Company maintains favorable communication channels	No significant difference.

Assessment item	Operation status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor
	Yes	None	Summary	
			with stakeholders and respects and protects their legal rights. There is also a spokesperson and acting spokesperson system in place to handle shareholders' questions and recommendations. (VI) The continuing education of Directors: The Directors and Independent Directors of the Company participate in the continuing education of securities, regulation seminars, and other courses according to the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies” and comply with the continuing education hours. The Company will regularly arrange appropriate continuing education courses for Directors from time to time. (VII) Implementation status of risk management policies and risk measurement standards: Establish various internal regulations and internal control systems according to laws and regulations and conduct various risk management and assessments. The internal audit department performs the audit of the implementation of the internal control system regularly and from time to time. (VIII) Implementation status of customer policies: The Company maintains favorable relationships with customers, provides services to customers in accordance with various internal management measures, and includes "customer satisfaction" as the important content of its quality policy. (IX) Purchase of liability insurance for Directors: The Company had purchased liability insurance for all Directors.	
IX. Please describe the improvements made based on the corporate governance evaluation results published by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year and propose prioritized enhancements and measures for deficiencies that have not yet been corrected.	✓		With reference to the description of the evaluation indicators, the Company has enhanced the disclosure of financial, business, and corporate governance information on its website. In the future, it will continue to improve information transparency and realize the evaluation indicators of corporate social responsibility and the content of corrections.	No significant difference.

Evaluation Table for the Independence and Competence of CPAs				
Aspect	AQI	Measurement focus	Yes	None
Professionalism	Audit experience	Whether the senior auditors are equipped with sufficient audit experience to perform the audit work.	V	
	Training hours	Do the CPAs and the senior auditors receive sufficient education and training every year to continue to obtain professional knowledge and skills?	V	
	Turnover	Does the CPA firm maintain sufficient senior human resources?	V	
	Professional support	Does the CPA firm possess sufficient professional personnel (e.g., valuation personnel) to support the audit team?	V	
Quality control	Load on CPAs	Whether the workload of CPAs is excessive?	V	
	Investment in audit	Whether the members of the audit team make appropriate investments in each audit stage?	V	
	Quality control review for cases	Have EQCR CPAs invested sufficient hours in executing the reviews of cases?	V	
	Quality control support ability	Does the CPA firm have sufficient quality control personnel to support the audit team?	V	
Independence	Independence of CPAs	Are the CPAs Directors of the Company or affiliates?	V	
		Are the CPAs shareholders of the Company or affiliates?	V	
		Do CPAs receive salaries from the Company or affiliates?	V	
		Did CPAs confirm whether the firm that they belong to complied with the independence requirements?	V	
		Is the co-practicing CPA of the CPA firm a Director or manager of the Company or holds a position that has material effects on the audit case within one year from the dismissal?	V	
		The CPAs have not been providing the Company with audit services for seven consecutive years.	V	
		Are the CPAs qualified for the requirements of the Norm of Professional Ethics for Certified Public Accountants 10 regarding independence requirements?	V	
	Non-audit service fees	Whether the ratio of non-audit service fees cause an impacts on independence?	V	
	Customer familiarity	Whether the accumulated years of the annual financial report of an individual audit case that is certified by the CPA firm are too long and cause impacts on the independence?	V	
Supervision	Defects of external inspection and disposition	Are the quality control and individual audit cases of the CPA firm implemented in accordance with relevant laws, regulations and standards?	V	
	Letters issued by the competent authority for improvement	Same as above.	V	
Innovation ability	Innovation planning or advocacy	Whether the commitment of the CPA firm to improving the audit quality include the innovation ability and planning of the CPA firm?	V	

(IV) If the Company has established a Remuneration Committee, its composition, duties, and operation shall be disclosed

1. Information on Remuneration Committee members

March 31, 2026

Identity \ Name \ Condition		Professional qualifications and experience	Independence	Number of other public companies where he/she also serves as a Remuneration Committee member
Independent Director (Convener)	Huang Shui-Tong	For (II) Information disclosure on the professional qualifications of Directors and independence of Independent Directors: 1. Information disclosure on the professional qualifications of Directors and independence of Independent Directors, please refer to page 8 to9 of the annual report		1
Independent Director	Anson Tseng			1
Independent Director	CH Chen			0

2. Duties of the Remuneration Committee
   The Remuneration Committee shall exercise the due care of a good administrator to faithfully perform the following duties and shall submit its recommendations to the Board for discussion:
   (1) Regularly examine the Company's remuneration regulations and propose amendment recommendations.
   (2) Formulate and regularly examine the performance and remuneration policies, systems, standards and structures of the Company's Directors, Audit Committee members and managers.
   (3) Regularly evaluate the remuneration of Directors, Audit Committee members, and managers of the Company.

   In addition, the Remuneration Committee shall exercise its powers in accordance with the following standards:
   (1) Ensure that the Company's remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talent.
   (2) The performance evaluation and remuneration of Directors, Audit Committee members and managers shall be based on the general standards among peers with reference to the reasonableness of the linkage of individual performance to the Company's operating performance and future risks.
   (3) It shall not guide Directors and managers to engage in behaviors that exceed the risk appetite of the Company in the pursuit of remuneration.
   (4) The ratio of bonus distribution for short-term performance of Directors and senior managers and the payment time of partial remuneration shall be determined by taking into account the industry characteristics and the business nature of the Company.
   (5) A member of the Committee may not join the discussion and vote for his/her own individual remuneration.
3. Operation of the Remuneration Committee
   (1) The Company's Remuneration Committee consists of three members.
   (2) In 2025 and up to the publication date of the annual report in 2026, the Remuneration Committee held four meetings, and the attendance of the

members is as follows:

Title	Name	Number of attendance in person	Number of attendance by proxy	Attendance (%)	Remarks
Convener	Huang Shui-Tong	4	0	100	
Member	CH Chen	4	0	100	
Member	Anson Tseng	3	0	75	

Other information to be disclosed:

1. If the Board does not adopt or amend the recommendations of the Remuneration Committee, the date and session of the Board meeting, the content of the proposal, the resolutions of the Board, and the Company's handling of the opinions shall be disclosed: None.
2. If a member has a dissenting or qualified opinion on a resolution of the Remuneration Committee and it is on record or stated in writing, the date and session of the Remuneration Committee meeting, the content of the proposal, the opinions of all members, and the handling of the opinions shall be specified: None.

4. Discussion subjects and resolution results of the Remuneration Committee:

Major resolutions of the Remuneration Committee			
Session (date)	Major resolution	Resolution result	The Company's handling of the Remuneration Committee's opinions
3rd meeting of the 4th session (February 14, 2025)	1. Approved the proposal for the distribution of remuneration of Directors and remuneration of employees for 2024 2. Approved the proposal for the distribution of remuneration of managers for 2024 3. Proposal for the review of the drawing lot bonuses at the year-end dinner for managers	Approved by all attending members after discussions	Submitted to the Board and approved by attending Directors through voting
4th meeting of the 4th session (July 30, 2025)	1. Approved the salary adjustment plan for managers	Approved by all attending members after discussions	Submitted to the Board and approved by attending Directors through voting
5th meeting of the 4th session (March 2, 2026)	1. Approved the review of the appointment of new managers 2. Approved the distribution of remuneration of Directors and remuneration of employees for 2025 3. Approved the proposal for the distribution of remuneration of managers for 2025	Approved by all attending members after discussions	Submitted to the Board and approved by attending Directors through voting
6th meeting of the 4th session (March 18, 2026)	1. Approval of the parent company’s grant of restricted stock to the Company’s managers	Approved by all attending members after discussions	Submitted to and approved by resolution of the parent company’s Board with the consent of the attending directors

(V) Implementation of sustainable development, any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation status</th><th rowspan="2">Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor</th></tr>
<tr><th>Yes</th><th>None</th><th>Summary</th></tr>
<tr><td>I. Has the Company established a governance structure for the promotion of sustainable development and set up a dedicated (part-time) department to promote sustainable development, with the senior management authorized by the Board to manage the department? How the Board supervises the department?</td><td>✓</td><td></td><td>The Company has established a sustainable development promotion team. The President is the convener, and the R&D Department, Business Planning Department, Quality Management Department, Finance Department, and Audit Office appoint personnel to be members of the team to compile opinions that environmental, social, and corporate issues have material effects reflected by investors or other stakeholders and make evaluations and examinations to propose countermeasures to ensure the effectiveness of the sustainable development work promoted and risk management.
In 2025, quarterly reports on the GHG inventory and verification schedule were presented to the Board of Directors on February 14, May 2, July 30, and October 31, 2025. Among these, the results of the 2024 GHG inventory were reported to the Board of Directors on February 14, 2025, and the 2024 sustainability report was submitted to the Board of Directors for discussion on July 30, 2025. By regularly reporting GHG management matters to the Board of Directors, the Company strengthens the Board of Directors' oversight of climate-related issues and continues to promote the implementation of sustainability-related strategies.</td><td>No significant difference.</td></tr>
<tr><td>II. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to its operations in accordance with the principle of materiality and established relevant risk management policies or strategies?</td><td>✓</td><td></td><td>The sustainable development risk assessment boundary of the Company includes the headquarters, the Shenzhen Office in Mainland China, and the Korea Office. The sustainable development promotion team regularly evaluates risks of environmental, social, and corporate issues related to the operations of the Company based on the principle of materiality, establishes management policies that can effectively identify, measure, evaluate, supervise, and control risks, and adopts concrete action plans to reduce the effects of relevant risks.
The Company conducts risk assessments on material issues based on the principle of materiality of sustainable development and has formulated relevant risk management policies or strategies based on the assessed risks as follows:
<table>
<tr><th>Aspect</th><th>Material issue</th><th>Risk assessment</th><th>Risk management policy and strategy</th></tr>
<tr><td>Environment</td><td>Climate change</td><td>The regulations require enterprises to reduce carbon. If no active response is made, there may be punishments.</td><td>➢ Regularly perform GHG emissions inventory, examine impacts faced by the Company's operations, continue to implement carbon reduction measures according to the results of carbon inventory, and commit to reducing the Scope 2 indirect GHG emissions caused by the consumption of electricity.</td></tr>
</table></td><td>No significant difference.</td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation status</th><th rowspan="2">Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor</th></tr>
<tr><th>Yes</th><th>None</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td>Product Responsibility</td><td>The production of products not in line with environmental protection may cause economic losses, punishments under regulations, and other impacts.</td><td>➢ Establish specifications for the management of environmentally restricted substances to ensure that the products provided by outsourcing suppliers comply with international environmental protection regulations and the green product certification requirements of customers.
➢ Evaluate products and procedures of new suppliers and qualified suppliers, and they shall comply with the requirements of the environmentally restricted substances of the Company.</td></tr>
<tr><td rowspan="2">Society</td><td>Occupational safety and health</td><td>The ignorance of working environment safety and employees' physical and mental health may result in economic losses, punishments under regulations, and damages to goodwill, affecting the Company's operations.</td><td>➢ Set up fire control facilities and fire control routes, regularly carry out safety inspections, and realize the purpose of preventing fire, earthquakes, and other disasters.
➢ Participate in "fire insurance and public accident insurance" to protect the Company's property and equipment; employees participate in "group insurance" to provide life protection and medical quality.
➢ Regular health inspections are arranged to maintain employees' physical health.</td></tr>
<tr><td>Talent attraction and retention</td><td>1. The competition in the semiconductor industry is fierce, with a shortage of talents.
2. The provision of favorable salaries and welfare by other companies affects employee retention.</td><td>➢ Establish a fair, reasonable and premium remuneration system to shape a good employer brand image.
➢ Provide professional training and internal promotion mechanisms to retain key talent.</td></tr>
<tr><td rowspan="2">Corporate governance</td><td>Social economy and legal compliance</td><td>The increase in the risk of improper benefits obtained by employees may lead to economic losses and damage to goodwill.</td><td>➢ Ensure compliance with relevant laws and regulations of all personnel and operations of the Company through the establishment of the governance organization and the implementation of the internal control system.</td></tr>
<tr><td>Information security</td><td>The increase in the risk of cyber-attacks and external threats may cause economic losses, regulatory penalties and other impacts.</td><td>➢ Regularly review the information security protection framework and conduct protection measures and drills.
➢ Implement information security and social engineering training to enhance the information security awareness of personnel.</td></tr>
</table>
</td><td></td></tr>
</table>

Promotion item	Implementation status			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor
	Yes	None	Summary	
III. Environmental Issues				
(I) Has the Company established appropriate environmental management systems based on the industry characteristics?	✓		(I) The Company is a professional IC design company, and the main business is IC R&D and design. All procedures are outsourced for production and manufacturing. Therefore, the ISO 14001 environmental management system is not applicable to the Company after the evaluation. To establish an applicable environmental management system, the Company has established the "Procedures for Hazardous Substances," which state that the raw materials and packaging materials used by suppliers shall fully comply with RoHS (Directive 2011/65/EU), REACH, and Halogen Free of the RU, and the environmental protection requirements of customers to jointly commit to the improvement in the development of environmental sustainability.	No significant difference.
(II) Is the Company committed to improving energy efficiency and using renewable materials with low impact on the environmental burden?	✓		(II) The Company actively promotes various energy reduction measures, selects high-energy-efficiency and energy-saving equipment, and reduces the energy consumption of the enterprise and products so as to optimize energy efficiency. All raw materials used in the products are compliant with the relevant environmental protection laws and regulations, such as RoHS, REACH, and halogen-free specifications of the EU, to reduce environmental impact.	No significant difference.
(III) Has the Company assessed potential risks and opportunities of enterprises of climate change at present and in the future and adopted relevant countermeasures?	✓		(III) In response to the potential crisis of insufficient energy supply brought by climate change, the Company promotes energy conservation, carbon reduction and water conservation measures, evaluates the risks and opportunities that respond to climate change, implements GHG inventory, fully develops high-efficiency, energy-saving green products and comprehensive services, and establishes eco-friendly targets that enhance climate change responses so as to build a sustainability culture that co-exist with the environment harmoniously.	No significant difference.
(IV) Has the Company kept statistics on the GHG emissions, water consumption and total weight of waste in the most recent two years and formulated policies on GHG reduction, water consumption reduction or other waste management?	✓		(IV) The Company is a professional IC design company, primarily engaged in IC R&D and design, with all manufacturing processes outsourced. Therefore, its operating sites do not have stationary combustion equipment, nor do they have process emission sources, process waste, or process wastewater discharges. The main source of GHG emissions is purchased electricity (Scope 2), with the remainder consisting of minor mobile and fugitive emission sources (Scope 1). A. GHG emissions: For GHG emissions, reduction targets, strategies, and specific action plans for the most recent two years, please refer to pages 39 to 40 of this annual report. B. Water consumption: The Company's water usage is primarily for domestic and public use in office buildings, and the resulting wastewater mainly consists of general domestic sewage, posing relatively	No significant difference.

<table>
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<tr><th>Yes</th><th>None</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>low environmental pollution risk. The Company will continue to monitor water resource management issues and implement internal initiatives such as water conservation, improving water use efficiency, and reducing unnecessary water consumption, in order to enhance the efficiency of water resource use and reduce overall water consumption and environmental impact.
<table>
<tr><td>Year / Item</td><td>2024</td><td>2025</td></tr>
<tr><td>Data boundary</td><td colspan="2">The Company</td></tr>
<tr><td>Water consumption (metric tons)</td><td>797.78</td><td>598.48</td></tr>
<tr><td>Water use intensity (metric tons/NT$ million in revenue)</td><td>0.7485</td><td>0.5262</td></tr>
</table>
C. Total weight of waste:
The Company’s products are manufactured by commissioning foundries to produce wafers, followed by outsourced packaging and testing by packaging and testing service providers; therefore, no process waste is generated. Waste is primarily generated from domestic garbage, which is categorized into general waste, food waste, and recyclables. Employees place waste in designated temporary storage areas, and it is then handled uniformly by the building management committee through qualified environmental protection companies. As the office premises are located in a shared building where waste is centrally managed, the quantity of domestic waste cannot be separately measured. In addition, the Company continues to digitalize approval forms to reduce paper usage and move toward a paperless objective.</td><td></td></tr>
<tr><td>IV. Social Issues
(I) Has the Company established relevant management policies and procedures in accordance with applicable laws and international human rights conventions?</td><td>✓</td><td></td><td>(I) The Company has formulated its human rights policies (please refer to the Company's website), protects the human rights of employees in accordance with the Universal Declaration of Human Rights, and has formulated working rules, complaint and whistleblowing regulations, workplace sexual harassment prevention measures, complaint and punishment regulations, and relevant management policies and procedures based on the Labor Standards Act and relevant labor laws and regulations to protect the legal rights and interests of employees.</td><td>No significant difference.</td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation status</th><th rowspan="2">Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor</th></tr>
<tr><th>Yes</th><th>None</th><th>Summary</th></tr>
<tr><td>(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, leave, and other welfare)? Has the Company reflected the operating performance or achievement in remuneration of employees appropriately?</td><td>✓</td><td></td><td>(II) The Company has established a reasonable remuneration policy and a clear reward and punishment system. Regarding the annual salary adjustment, year-end bonuses, and remuneration of employees, the distribution of bonuses and the limit of bonuses are determined based on the operating status of the Company, the personal performance of employees and department performance, and other relevant factors; please refer to pages 52 to 53 and 68 to 70 of the annual report.</td><td>No significant difference.</td></tr>
<tr><td>(III) Does the Company provide employees with a safe and healthy working environment and give them safety and health education on a regular basis?</td><td>✓</td><td></td><td>(III) The Company regularly implements labor safety and health promotion and measures for employees and regular inspections of working environments; please refer to pages 68 to 70 of the annual report.</td><td>No significant difference.</td></tr>
<tr><td>(IV) Has the Company developed an effective career development training program for employees?</td><td>✓</td><td></td><td>(IV) The Company arranges on-the-job training for employees from time to time for employees based on work requirements; please refer to pages 68 to 70 of the annual report.</td><td>No significant difference.</td></tr>
<tr><td>(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services and establish relevant policies and complaint procedures for the protection of consumer rights and interests?</td><td>✓</td><td></td><td>(V) The Company complies with relevant intellectual property regulations and international standards on the health and safety of customers, customer privacy, marketing and labeling of products and services in order to protect the rights and interests of customers. The Company also values customer opinions and feedback. The dedicated department handles customer service procedures for customers’ opinions to ensure that optimal services are provided to customers and that the protection of customers' rights and interests is achieved.</td><td>No significant difference.</td></tr>
</table>

Promotion item	Implementation status			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor
	Yes	None	Summary	
(VI) Does the Company have a supplier management policy in place to require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor human rights? What is the implementation status?	✓		(VI) The Company has established the "Procedures for Supplier Management" to have records of the pre-assessment, investigation, and regular evaluation of suppliers that have no impacts on the suppliers with dealings. The contracts between the Company and suppliers require suppliers to use green and eco-friendly materials, that their procedures must comply with ISO 14001 and local environmental protection regulations, and that they shall comply with the Corporate Social Responsibility Best Practice Principles.	No significant difference.
V. Has the Company prepared reports disclosing the Company's non-financial information (i.e., Sustainability Report) in accordance with international report preparation standards or guidelines? Have the said reports obtained assurance from a third-party verification body?	✓		The Company's sustainability report is prepared in accordance with the GRI Standards for the sustainability reports established by the Global Reporting Initiative (GRI). We comprehensively disclosed the efforts and commitments made by the Company for issues concerning stakeholders based on the reporting structure recognized internationally. The 2025 Sustainability Report will be completed and disclosed in accordance with the schedule set by the competent authority, and it is not necessary to obtain the assurance or guarantee opinion of a third-party verification department according to the requirements.	No significant difference.
VI. If the Company has established its own Ethical Sustainable Development Best Practice Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe any deviation between its current practices and its ethical management principles: The Company has established its Corporate Social Responsibility Best Practice Principles and is committed to the promotion of corporate social responsibility. There is no significant deviation from the Best Practice Principles.				
VII. Other important information that helps to understand the implementation of sustainable development: For information related to the Company’s sustainable development, including corporate governance, environmental, and social responsibility, please refer to the Company’s website and sustainability report.				

(VI)Climate-related information

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>I. Implementation status of climate-related information</td><td></td></tr>
<tr><td>(I) Describe the monitoring and governance of climate-related risks and opportunities by the Board and the management.</td><td>(I) To effectively respond to climate change-related issues, the Board is the highest governing body for climate issues. In the face of the challenges of climate change, the Company has formulated policies to strengthen the management and response to climate risks. The responsible departments are responsible for the assessment and management of climate risks, the formulation and confirmation of the actions based on strategies or target plans, and the Chief regularly reports to the Board regarding the current progress of the GHG inventory and verification timetable.</td></tr>
<tr><td>(II) Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short-, mid-, and long-term).</td><td>(II) Climate risks and opportunities have extensive effects on the business, strategy, and financial position of enterprises, and such effects have different characteristics in the short-, mid-, and long-term:
<table>
<tr><td>Short-term</td><td>A. Business effects: Extreme weather events (i.e., heavy rains, floods or droughts) may directly affect the production, supply chain and logistics of enterprises. For example, the supply chain interruption may lead to production stagnation, tight inventory or inability to deliver products in time.
B. Strategic adjustment: Enterprises may need to adjust their strategies in response to climate change, including emergency response measures, diversification of the supply chain, and insurance coverage. This may result in additional costs, but it will help mitigate short-term risks.
C. Financial pressure: The sudden climate event may cause additional costs and losses to enterprises (i.e., facility repair and alternative supply chains), which may cause pressure on the financial position of enterprises.</td></tr>
<tr><td>Mid-term</td><td>A. Strategic adjustment: Enterprises may review the impact of climate change on their business models and market positions in-depth and may adjust product portfolios, supply chain strategies, and market positions.
B. Investment and innovation: As climate change intensifies, enterprises may increase their investment and innovation in sustainable development and green technology fields in order to meet market demand and future development trends.
C. Financial planning: Enterprises may re-evaluate their financial planning, taking into account the long-term impact of climate risks, and adopt corresponding financial measures, such as insurance investments and risk management funds.</td></tr>
<tr><td>Long-term</td><td>A. Market competition: The performance of enterprises in response to climate change may become an important factor in market competition, which has a deep impact on the brand image and market position of enterprises.
B. Policy risk: The government may adopt more stringent environmental protection and climate policies and set higher standards for corporate management and environmental standards, and enterprises need to actively respond to policy risks.
C. New business opportunities: Enterprises may also discover new business opportunities (i.e.,</td></tr>
</table>
</td></tr>
</table>

Item	Implementation status
	(continued) renewable energy and carbon emission trading) from climate change, which will drive corporate innovation and business expansion. In summary, the impacts of climate risks and opportunities on enterprises are multi-dimensional, extending beyond short-term operational and financial pressures, and require corresponding adjustments and response measures in corporate strategy and long-term planning.
(III) Describe the impacts of extreme weather and transition actions on the finance of the Company. (IV) Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	(III) The financial impact of extreme weather events and transition actions on the Company's IC design industry may be in multiple aspects. The following are certain possible effects: A. Disruption of production and supply chain interruption: Extreme weather events (i.e., typhoons, floods or heavy rains) may lead to damage to production facilities or the inability to operate. This may cause disruption of production and supply chain interruption, affecting the delivery of products and market supply. These interruptions may result in a decrease in income or even result in legal liabilities due to the inability to perform the contract. B. Asset losses and insurance: Extreme weather events may cause damage to or losses of the Company's assets, including production facilities, equipment, and raw materials. If the Company does not have appropriate insurance coverage, these losses may directly affect the financial position and may require the Company to bear significant repair costs or compensation responsibility. C. Market demand and supply chain risk: Transition actions may lead to changes in market demand (i.e., the government's implementation of more stringent environmental regulations), which may increase the demand for low-energy-consumption and low-emission products. If the Company cannot adapt to these changes, it may lose out on market opportunities and affect income and market share. D. Cost increases and operating efficiency: Transition acts may require the Company to increase investments in environmental protection technology and equipment in order to reduce the impact on the environment. This may increase the operating cost of the Company. If the Company cannot effectively improve its operating efficiency, it may lead to a decrease in profit margin. In conclusion, the financial impact of extreme weather events and transition actions on the Company's IC design industry may be in multiple aspects, and it may be necessary for the Company to continuously pay attention to laws and regulations, energy conservation and carbon reduction, and strengthening disaster prevention equipment to reduce the possible impact of the above risks. (IV) The Company will identify the climate-related risks that may affect the operation of the Company, such as business operations, supply chain, market demand, and regulatory changes. For example, the possible risks include the impact of climate change on raw material supply, the impact of extreme weather on production and logistics, and changes in climate-related laws and regulations. Once the possible climate risks are identified, the Company shall assess the specific impact of such risks on the business and also consider the possible opportunities. This may include impacts on the Company's business model, financial position, and brand image. Climate-related risks are integrated into the overall risk management procedures to strengthen the risk monitoring and

Item	Implementation status
	reporting system. Climate-related risk management is a process of continuous improvement. The Company shall constantly monitor and assess the effectiveness of its risk management measures and make adjustments and improvements based on the circumstances.
(V) If scenario analysis is used to assess resilience in the face of climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	(V) The Company has not currently used scenario analysis to assess its resilience to climate change risks. If such analysis is implemented in the future, the scenarios, parameters, assumptions, analytical factors, and major financial impacts will be disclosed.
(VI) If there is a transition plan in response to the management of climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical risks and transition risks.	(VI) To address the physical and transition risks arising from climate change, the Company is progressively advancing transformation plans for GHG reduction and resource management, and has established relevant indicators and targets to strengthen its climate risk management capabilities. In terms of risk identification, the Company's main operating sites are office-based, and the primary physical risks involve the potential impact of extreme weather events on operational stability. Transition risks include increasingly stringent GHG management regulations, rising energy costs, and growing customer demand for low-carbon products. To address the aforementioned risks, the Company is promoting relevant transformation plans, including improving energy use efficiency, introducing energy-saving equipment, optimizing product design to reduce power consumption, and implementing resource conservation and paperless initiatives, in order to reduce carbon emissions and resource consumption in operations.
(VII) If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	(VII) The Company does not currently use internal carbon pricing as a planning tool. If such a tool is implemented in the future, the basis for price determination will be disclosed.
(VIII) If climate-related targets are set, the activities covered, the scope of GHG emissions, the planned schedule, and the progress of each year shall be described; if carbon offsets or renewable energy certificates (RECs) are used to achieve the targets, the source and amount of the carbon offsets or the amount of the RECs shall be described.	(VIII) The Company is a professional IC design company, primarily engaged in IC R&D and design, with all manufacturing processes outsourced. Therefore, its operating sites do not have stationary combustion equipment, nor do they have process emission sources, process waste, or process wastewater discharges. The main source of GHG emissions is purchased electricity (Scope 2), with the remainder consisting of minor mobile and fugitive emission sources (Scope 1). To achieve its net-zero commitment, the Company initiated its first GHG inventory in 2024 and has preliminarily established carbon reduction targets. Considering that the GHG inventory is still in its initial stage, relevant data are being continuously collected and reviewed. After completion of the inventory and verification, the base year and its emission data will be formally determined, and carbon reduction targets will be periodically reviewed and adjusted accordingly to continuously enhance GHG management performance. Currently, the Company has not used the carbon credit or renewable energy certificate (RECs) to achieve the relevant targets, and the source and quantity of the carbon reduction limit and quantity or the number of RECs will be described if they are implemented in the future.
II. GHG inventory and assurance in the most recent two years (I) GHG inventory information	 (I) The Company is a professional IC design company, primarily engaged in IC R&D and design, with all manufacturing processes outsourced. Therefore, its operating sites do not have stationary combustion equipment, nor do they have

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td></td><td>process emission sources, process waste, or process wastewater discharges. The main source of GHG emissions is purchased electricity (Scope 2), with the remainder consisting of minor mobile and fugitive emission sources (Scope 1).
<table>
<tr><th>Item / Year</th><th>2024</th><th>2025</th></tr>
<tr><td>Data boundary</td><td colspan="2">The Company, and offices in China and Korea (within the scope of the consolidated financial statements)</td></tr>
<tr><td>Scope 1 (metric tons of CO_2e)</td><td>29.2018</td><td>21.2469</td></tr>
<tr><td>Scope 2 (metric tons of CO_2e)</td><td>171.9388</td><td>156.8618</td></tr>
<tr><td>Total emissions (metric tons of CO_2e)</td><td>201.1406</td><td>178.1087</td></tr>
<tr><td>Intensity (metric tons of CO2e/NT$ million in revenue)</td><td>0.1888</td><td>0.1566</td></tr>
</table></td></tr>
<tr><td>(II) GHG assurance information</td><td>(II) According to Order Jin-Guan-Zheng-Fa-Zi No. 11203852314 of the FSC dated November 3, 2023, the Company is a company listed on TPEx with a paid-in capital of less than NT$5 billion at present, and it will complete the disclosures based on the timetable specified by the competent authority.</td></tr>
<tr><td>III. GHG reduction targets, strategies and concrete action plans</td><td>To achieve its net-zero commitment, the Company initiated its first GHG inventory in 2024 and has preliminarily established carbon reduction targets. Considering that the GHG inventory is still in its initial stage, relevant data are being continuously collected and reviewed. After completion of the inventory and verification, the base year and its emission data will be formally determined, and carbon reduction targets will be periodically reviewed and adjusted accordingly to continuously enhance GHG management performance. The specific measures for GHG reduction and resource management implemented in 2025 are as follows:
A. Product design optimization: Continuously optimizing architecture during the product design stage and adopting more advanced process technologies to effectively reduce power consumption while maintaining the same functionality, and extending device lifespan to achieve carbon reduction at the source.
B. Emissions and resource use performance management: The Company’s GHG emissions are positively correlated with the number of employees. As the Company is currently in a growth and expansion phase with increasing workforce year by year, the overall promotion of emission reduction presents certain challenges. Compared with 2024, total Scope 1 and Scope 2 GHG emissions in 2025 decreased by approximately 11%, and emissions per capita decreased by 17%. Water consumption, which is entirely attributable to public use in office buildings, decreased by approximately 25%, and per capita usage decreased by 29%. Going forward, the Company will continue to promote energy conservation and carbon reduction initiatives to reduce water and electricity consumption.
C. Introduction of energy-saving equipment and measures: In 2025, a total of 52 lighting fixtures were replaced with LED lights. Measures were also implemented to turn off lighting during lunch breaks, and energy-efficient air conditioning systems with timer-based shutdown functions were adopted to improve energy use efficiency.
D. Promotion of paperless operations and resource recycling: The Company continues to promote the electronic form system and implements the reuse of recycled paper to reduce paper consumption and enhance resource use efficiency.</td></tr>
</table>

(VII) Implementation of ethical corporate management, any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Operation status</th><th rowspan="2">Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor</th></tr>
<tr><th>Yes</th><th>None</th><th>Summary</th></tr>
<tr><td>I. Establishment of ethical corporate management policies and plans</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(I) Has the Company established an ethical corporate management policy that is approved by the Board and explicitly specified the Company’s policies and practices on ethical corporate management, as well as the commitment of the Board and senior management to actively implement management policies in its regulations or external documents?</td><td>✓</td><td></td><td>(I) The Company has established the "Ethical Corporate Management Best Practice Principles" that are approved by the Board. The Company engages in business activities based on the principles of justice, honesty, credibility and transparency. To implement the ethical corporate management policy and actively prevent unethical behaviors, the Company specified matters of notice for personnel of the Company when executing businesses according to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."</td><td>No significant difference.</td></tr>
<tr><td>(II) Has the Company developed an assessment mechanism for the risk of unethical conduct, analyzed and assessed the business activities with a higher risk of unethical behaviors within the business scope on a regular basis, and established a program for the prevention of unethical conduct accordingly, which at least cover preventive measures against the acts set forth in subparagraphs under paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?</td><td>✓</td><td></td><td>(II) The "Ethical Corporate Management Best Practice Principles" established by the Company specify the prevention programs for unethical behaviors and cover the prevention measures for the behaviors specified in subparagraphs under paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies."</td><td>No significant difference.</td></tr>
<tr><td>(III) Has the Company had operating procedures, behavioral guidelines, punishment and complaint systems specified in the program for the prevention of unethical behaviors? Are they thoroughly implemented? Is the said program regularly reviewed and amended?</td><td>✓</td><td></td><td>(III) The Company has established its "Ethical Corporate Management Best Practice Principles," which specify the operating procedures, code of conduct, disciplinary actions for violations and complaint system, and they have also been implemented accordingly.</td><td>No significant difference.</td></tr>
<tr><td>II. Implement ethical corporate management</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(I) Does the Company evaluate the record of the integrity of its counterparties and specify ethical conduct clauses in the contracts signed with the counterparties?</td><td>✓</td><td></td><td>(I) The Company has entered into confidentiality agreements with its vendors and customers to prohibit the disclosure of confidential information of either party. Integrity obligations are explicitly stipulated in the employment contracts of new hires, while confidentiality</td><td>No significant difference.</td></tr>
</table>

Assessment item	Operation status			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor
	Yes	None	Summary	
			obligations are set forth in the intellectual property declarations signed by departing employees. These measures are implemented to uphold the principles of integrity and ethical business conduct. In 2025, a total of 12 new employees and 8 departing employees executed the aforementioned agreements, respectively.	
(II) Has the Company set up a dedicated department under the Board to promote ethical corporate management and had the unit report the Company's ethical management policies and programs for the prevention of unethical conduct as well as their supervision and implementation to the Board (at least once a year)?	✓		(II) To fulfill the supervisory responsibility of ethical corporate management, the President provides instructions to departments to implement the "Ethical Corporate Management Best Practice Principles," and the audit personnel observe and understand the implementation status of ethical corporate management of the Company and report to the Board when any anomaly occurs to ensure the effects of ethical corporate management.	No significant difference.
(III) Has the Company formulated policies to prevent conflicts of interest, provided appropriate channels for communication, and implemented them thoroughly?	✓		(III) The Company regularly promotes the ethical corporate management philosophy and has established the "Ethical Corporate Management Best Practice Principles" for compliance. If employees, investors and other stakeholders of the Company have moral concerns or conflicts of interest, they shall actively explain to the Company.	No significant difference.
(IV) Has the Company established an effective accounting system and internal control system to implement ethical corporate management, and has the internal audit unit drawn up relevant audit plans based on the assessment results for the risk of unethical conduct and audit compliance with the program for the prevention of unethical conduct accordingly, or commissioned CPAs to do so?	✓		(IV) To reasonably ensure the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with relevant laws and regulations, the Company has established an accounting system and an internal control system and regularly engaged a professional CPA firm to perform the audit and certification so as to implement the spirit of ethical corporate management.	No significant difference.
(V) Has the Company organized internal and external training on ethical corporate management on a regular basis?	✓		(V) The Company invites Directors and managers to participate in education and training regularly to allow them to fully understand the Company's determination for ethical corporate management and inform them of relevant prevention programs and the consequences of violations of unethical conduct.	No significant difference.
III. Operation of the Company's whistleblowing system				

Assessment item	Operation status			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor
	Yes	None	Summary	
(I) Has the Company established specific whistleblowing and reward systems, created a convenient channel for whistleblowing, and assigned appropriate dedicated personnel to reported subjects?	✓		(I) In case of any breach of ethics or breach of the Principles, all employees are bound to report to the management and related departments, and the Audit Office or relevant personnel will handle the case. The whistleblower is entitled to determine whether to have the whistleblowing anonymously, and the management will also protect the identity of the whistleblower.	No significant difference.
(II) Has the Company established standard operating procedures for the investigation of reported matters, specified follow-up measures to be taken after the investigation is completed, and developed relevant confidentiality mechanisms?	✓		(II) The Company has a strict confidentiality mechanism for all whistleblowers. Once the Company expands its scale, the relevant confidentiality mechanisms and relevant confidentiality procedures will be clearly defined.	No significant difference.
(III) Has the Company taken measures to protect whistleblowers from improper treatment due to whistleblowing?	✓		(III) The Company provides proper channels for whistleblowers to report. In addition to keeping the identity of the whistleblowers and the content of the report in strict confidence, the Company also protects the whistleblowers from any form of mistreatment and prohibits them from retaliation.	No significant difference.
IV. Enhance information disclosure Does the Company disclose its Ethical Corporate Management Best Practice Principles and the effectiveness of their implementation on its website and the MOPS?	✓		The Company continues to update its website, improve information transparency, and regularly disclose information on ethical corporate management in the annual report for shareholders' meetings on MOPS.	No significant difference.
V. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe any deviation between its current practices and its ethical management principles: The Company has established the "Ethical Corporate Management Best Practice Principles" and continues to actively comply with the Ethical Corporate Management Best Practice Principles.				
VI. Other important information that is helpful in understanding the implementation of the Company's ethical corporate management: : (e.g., examinations and amendments to the Ethical Corporate Management Best Practice Principles by the Company) The dedicated department for material inside information of the Company examines the Principles at all times to comply with regulatory specifications and practical management. All employees are notified of the establishment or subsequent amendments via internal e-mails. The Company honestly announces material financial information on the MOPS for investors and stakeholders to refer to.				

(VIII) Other important information that allows for a better understanding of the implementation of the Company's corporate governance may also be disclosed: None.

(IX) Matters to be disclosed regarding the implementation of the internal control system are as follows:

1. Statement on Internal Control: Please make inquiries on the information reporting website (http://mops.twse.com.tw) designated by the FSC.
2. If CPAs are engaged to revise the internal control system, disclose the CPAs' review report: Note applicable.

(X) Important resolutions of the shareholders' meeting and the Board in the most recent year and up to the publication date of this annual report

<table>
<tr><th colspan="3">Important resolutions of the shareholders' meeting and the implementation status</th></tr>
<tr><th>Meeting date</th><th>Major resolution</th><th>Implementation status</th></tr>
<tr><td rowspan="2">2025/5/27
Annual shareholders' meeting</td><td>Ratification:
1. Ratification of the 2024 business report and financial statements
2. Ratification for the earning distribution for 2024</td><td>1. Complied with the resolution results
2. Complied with the resolution results</td></tr>
<tr><td>Discussion:
1. Proposal for the amendments to partial provisions of the "Articles of Incorporation"
2. Proposal for the issuance of restricted stock awards in 2025
3. Proposal for the issuance of ordinary shares under the public offering, or the participation of global depository receipts, or the issuance of ordinary shares under the private placement, or overseas or domestic convertible corporate bonds
4. Proposal for the cancelation of non-competition restrictions of the Company's Directors</td><td>1. The MOEA approved the registration on June 20, 2025
2. The FSC approved the issuance on March 31, 2026
3. Considering the capital market condition, the Company does not intend to carry out the aforementioned proposal for a capital increase
4. Complied with the resolution results</td></tr>
</table>

<table>
<tr><th colspan="4">Important resolutions of the Board</th></tr>
<tr><th>Session (date)</th><th>Major resolution</th><th>Items listed under 14-5 of the Securities and Exchange Act</th><th>Resolution results of the Audit Committee or/and the Board</th></tr>
<tr><td rowspan="5">7th meeting of the 7th session (February 14, 2025)</td><td>1. Approved the proposal for the distribution of remuneration of Directors and remuneration of employees for 2024</td><td></td><td>Approved by the Remuneration Committee after discussions
Submitted to the Board and approved by attending Directors through voting</td></tr>
<tr><td>2. Approved the issuance of the "Statement of Internal Control System"</td><td>V</td><td>Approved by the Audit Committee after discussions
Submitted to the Board and approved by attending Directors through voting</td></tr>
<tr><td>3. Approved the 2024 business report and financial statements.</td><td>V</td><td>Approved by the Audit Committee after discussions
Submitted to the Board and approved by attending Directors through voting</td></tr>
<tr><td>4. Approved the earning distribution for 2024</td><td>V</td><td>Approved by the Audit Committee after discussions
Submitted to the Board and approved by attending Directors through voting</td></tr>
<tr><td>5. Approved the distribution of cash from the capital reserve</td><td>V</td><td>Approved by the Audit Committee after discussions
Submitted to the Board and approved by attending Directors through voting</td></tr>
</table>

Important resolutions of the Board			
Session (date)	Major resolution	Items listed under 14-5 of the Securities and Exchange Act	Resolution results of the Audit Committee or/and the Board
	6. Approved the proposal for matters related to the base day for cash dividend distribution		Resolved and approved by the attending Director through voting
	7. Approved the proposal for the amendments to the "Articles of Incorporation" of the Company	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	8. Approved the proposal for the amendments to the regulations governing the internal control system	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	9. Approved the proposal for the cancelation registration of issued restricted stock awards repurchased by the Company	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	10. Approved the proposal for the issuance of restricted stock awards in 2025	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	11. The approval for the termination of the "proposal for the issuance of ordinary shares under public offering, or the participation of global depository receipts, or the issuance of ordinary shares under private placement, or overseas or domestic convertible corporate bonds" resolved by the 2024 annual shareholders' meeting of the Company.	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	12. Approved the proposal for the issuance of ordinary shares under the public offering, or the participation of global depository receipts, or the issuance of ordinary shares under the private placement, or overseas or domestic convertible corporate bonds	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	13. Approved the proposal for the establishment of the meeting venue of the 2025 annual shareholders' meeting and the content of the proposals		Resolved and approved by the attending Director through voting
	14. Approved the proposal for the review of the 2025 capital expenditure budgets	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	15. Approved the proposal for the appointment and the proposal for the evaluation of the independence and competence of CPAs	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	16. Approved the 2025 business plan		Resolved and approved by the attending Director through voting
	17. Approved the proposal for the distribution of remuneration of managers for 2024		Approved by the Remuneration Committee after discussions Chairman Cheng David and Director Walter Cheng recused themselves from

Important resolutions of the Board			
Session (date)	Major resolution	Items listed under 14-5 of the Securities and Exchange Act	Resolution results of the Audit Committee or/and the Board
			the proposal due to the conflicts of interest, and the remaining Directors have voted for approval
	18. Approval of the proposal for the review of the drawing lot bonuses at the year-end dinner for managers		Approved by the Remuneration Committee after discussions Chairman Cheng David and Director Walter Cheng recused themselves from the proposal due to the conflicts of interest, and the remaining Directors have voted for approval
8th meeting of the 7th session (April 15, 2025)	1. Approved the proposal for the cancellation of non-competition restrictions of the Company's Directors		Following the recusal of Director Anson Tseng due to a conflict of interest, the matter was approved by the remaining directors present.
	2. Approved the proposal for the establishment of the meeting venue of the 2025 annual shareholders' meeting and the content of the proposals		Resolved and approved by the attending Director through voting
9th meeting of the 7th session (May 2, 2025)	1. Approved the Q1 consolidated financial statements in 2025	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	2. Approved the proposal for the cancelation registration of issued restricted stock awards repurchased by the Company	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	3. Approved the cancellation of treasury shares	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
10th meeting of the 7th session (May 27, 2025)	1. Approved the proposal for the Company to apply for credit facilities and foreign exchange and derivative financial instrument trading risk limits with its banks		Resolved and approved by the attending Director through voting
	2. Approved the proposal to establish the Company's "Corporate Value Enhancement Plan"		Resolved and approved by the attending Director through voting
11th meeting of the 7th session (July 30, 2025)	1. Approved the Q2 consolidated financial statements in 2025	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	2. Approved the proposal for the cancelation registration of issued restricted stock awards repurchased by the Company	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	3. Approved the Company's "2024 Sustainability Report"		Resolved and approved by the attending Director through voting
	4. Approved the review of remuneration to the managers		Approved by the Remuneration Committee after discussions Chairman Cheng David and Director Walter Cheng recused themselves from the proposal due to the conflicts of interest, and the remaining Directors have voted for approval

Important resolutions of the Board			
Session (date)	Major resolution	Items listed under 14-5 of the Securities and Exchange Act	Resolution results of the Audit Committee or/and the Board
12th meeting of the 7th session (October 31, 2025)	1. Approved the Q3 consolidated financial statements in 2025	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	2. The amendment to the Company's internal control system and the "Payroll Cycle" under the Implementation Rules of Internal Audit was temporarily deferred	V	Approved by the Audit Committee after discussions Approved by the Board of Directors to be temporarily deferred and to be resubmitted for review at the next Board meeting
	3. Approved the 2026 annual audit plan	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
13th meeting of the 7th session (March 02, 2026)	1. Approved the amendment to the Company's internal control system and the "Payroll Cycle" under the Implementation Rules of Internal Audit	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	2. Approved the proposal for the distribution of remuneration of Directors and remuneration of employees for 2025		Approved by the Remuneration Committee after discussions Submitted to the Board and approved by attending Directors through voting
	3. Approved the issuance of the "Statement of Internal Control System"	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	4. Approved the 2025 business report and financial statements.	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	5. Approved the earning distribution for 2025	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	6. Approved the proposal for matters related to the base day for cash dividend distribution		Resolved and approved by the attending Director through voting
	7. Approved the proposal for the cancelation registration of issued restricted stock awards repurchased by the Company	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	8. Approved the proposal for the issuance of restricted stock awards in 2026	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	9. The approval for the termination of the "proposal for the issuance of ordinary shares under public offering, or the participation of global depository receipts, or the issuance of ordinary shares under private placement, or overseas or domestic convertible corporate bonds" resolved by the 2025 annual shareholders' meeting of the Company is submitted for discussion	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting

Important resolutions of the Board			
Session (date)	Major resolution	Items listed under 14-5 of the Securities and Exchange Act	Resolution results of the Audit Committee or/and the Board
	and determination.		
	10. Approved the proposal for the issuance of ordinary shares under the public offering, or the participation of global depository receipts, or the issuance of ordinary shares under the private placement, or overseas or domestic convertible corporate bonds	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	11. Approved the proposal for the cancellation of non-competition restrictions of the Company's newly appointed corporate director representative.		Resolved and approved by the attending Director through voting
	12. Approved the proposal for the establishment of the meeting venue of the 2026 annual shareholders' meeting and the content of the proposals		Resolved and approved by the attending Director through voting
	13. Approved the proposal for the appointment and the proposal for the evaluation of the independence and competence of CPAs	V	Approved by the Audit Committee after discussions Submitted to the Board and approved by attending Directors through voting
	14. Approved the 2026 business plan		Resolved and approved by the attending Director through voting
	15. Approved the promotion plan for the Company's managers		Approved by the Remuneration Committee after discussions Submitted to the Board and approved by attending Directors through voting
	16. Approved the proposal for the distribution of remuneration of managers for 2025		Approved by the Remuneration Committee after discussions Chairman Cheng David, Director Walter Cheng and JJ Chen recused themselves from the proposal due to the conflicts of interest, and the remaining Directors have voted for approval

(XI) The main content of any dissenting opinion from a Director with respect to a material resolution adopted by the Board which has been on record or stated in writing in the most recent year and up to the publication date of this annual report: None.

IV. Information on CPA fees

(I) CPA fees

Unit: NT$1,000

Name of CPA firm	Name of CPA	CPA's audit period	Audit fees	Non-audit fees	Total	Remarks
PwC Taiwan	Liao A-Shen Li Tien-Yi	2025	1,965	375	2,340	Non-audit fees relate to tax attestation, inventory scrap, and the filing for the issuance of restricted employee shares

(II) The CPA firm is changed and the audit fees paid in the year of change are lower than those paid in the previous year: None.

(III) The audit fees have been reduced by 10% or more from the previous year: None.

V. Change of CPAs

(I) Predecessor CPA: No such situation.

(II) Succeeding CPA: No such situation.

(III) A letter of response from the predecessor CPAs for matters in items 1 and 2-3, subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: None.

VI. Any of the Company's Chairman, President, or managers in charge of financial or accounting affairs being employed by the CPA firm or any of its affiliates in the most recent year

None.

VII. Transfer of equity and changes in equity pledge by a Director, Independent Director, manager, or shareholder with a stake of more than 10% in the most recent year and up to the publication date of this annual report

(I) For the transfer of equity and changes in equity pledge by a Director, Independent Director, manager, or shareholder with a stake of more than 10% in the most recent year and up to the publication date of this annual report:

Job Title	Name	2025		As of March 31, 2026		Remarks
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged	
Corporate shareholder and major shareholders	Flexium Interconnect, Inc.	-	-	-	-	
Corporate Director (Chairman) and CSO	Flexium Interconnect, Inc. Representative: Cheng David	6,000	-	-	-	
Corporate Director	Flexium Interconnect, Inc. Representative: Walter Cheng	-	-	-	-	
Corporate Director	Flexium Interconnect, Inc. Representative: Moffatt, Robert Alexander	-	-	-	-	
Corporate Director	Flexium Interconnect, Inc. Representative: Lin, Pei-Ru	-	-	-	-	
Corporate Director	Flexium Interconnect, Inc. Representative: Ted Sun	-	-	-	-	Note 1
Corporate Director and President	Flexium Interconnect, Inc. Representative: JJ Chen	6,000	-	-	-	Note 1
Director	Quincy Lin	-	-	-	-	
Independent director	Huang Shui-Tong	-	-	-	-	
Independent director	Anson Tseng	-	-	-	-	
Independent director	CH Chen	-	-	(7,000)	-	
Managerial Officers	Max Lee	-	-	-	-	
Managerial Officers	Charles Hsu	4,500	-	-	-	
Managerial Officers	CC Wang	-	-	-	-	Note 2
Managerial Officers	Su, Chin-Ya	2,400	-	-	-	

Note 1: On February 12, 2026, Flexium Interconnect, Inc. appointed Mr. JJ Chen as its new Board representative.

Note 2: On March 2, 2026, the Board of Directors resolved to approve the appointment of Mr. CC Wang as Associate Vice President of the Company.

(II) Information on Directors, Independent Directors, managers, and major shareholders whose counterparties in equity transfers are related parties: None.

(III) Information on counterparties of equity pledges who are related parties: None.

VIII. Information on the top ten shareholders who are related parties, spouses, or relatives within the 2nd degree of kinship

March 28, 2026 (book closure date); unit: share; %

Name	Shares held by the person		Shares held by spouse and minors		Total shares held in the name of others		Names and relationships of top ten shareholders who are related parties, spouses, or relatives within the 2nd degree of kinship	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relationship
Flexium Interconnect, Inc. Representative: Walter Cheng	9,221,976	29.91	－	－	－	－	－	－
Quincy Lin	936,962	3.04	100,742	0.32	179,365	0.58	－	－
Tsai, Chao-Pao	614,000	1.99	－	－	－	－	－	－
Chiang, Tsang-Tseng	550,000	1.78	－	－	－	－	－	－
Ted Sun	483,554	1.57	－	－	290,118	0.94	Demei International Investment Co., Ltd.	The shareholder is the responsible person
Chang, Chin-Wei	424,000	1.38	－	－	－	－	－	－
Wang, Hsiu-Mei	420,000	1.36	－	－	－	－	－	－
Dong An Investment Co., Ltd. Representative: Huang, Mao-Xiong	407,536	1.32	－	－	－	－	－	－
SBL PB investment account of Berkeley Capital in the custodianship of Citibank	313,002	1.02	－	－	－	－	－	－
KGI Securities Co., Ltd. Representative: Hsu, Daw-Yi	304,000	0.99	－	－	－	－	－	－

IX. The number of shares of the Company, Directors, managers, and business directly or indirectly controlled by the Company in an investee, and the consolidated shareholding ratio

December 31, 2025; unit: share; %

Investee business	Investment of the Company		Investments of businesses directly or indirectly controlled by Directors or managers		Consolidated investments	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Hann Tang Co., Ltd.	707,000	100	－	－	707,000	100
Rafael Microelectronics Korea	200,000	100	－	－	200,000	100
Hong Yu Co., Ltd.	704,500	100	－	－	704,500	100
ShenZhen Rafael Microsystems, Inc.	(Note 1)	100	－	－	(Note 1)	100
ShenZhen Aluksen Hongxin Technology Co., Ltd.	(Note 1)	49	－	－	(Note 1)	49
ShenZhen Rafael Semiconductors, Inc.	(Note 1)	100	－	－	(Note 1)	100

Note 1: A limited liability company without any issuance of shares.

Three. Fundraising

I. Capital and shares

(I) Source of share capital

1. Categories of issued shares in the most recent year and as of the publication date of the annual report

Unit: thousand shares; NT$1,000

Year/month	Issuance price (NT$)	Approved share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Share payments with properties other than cash	Others
2025.03	10	50,000	500,000	31,008	310,080	Cancelation of 4 thousand shares of restricted stock awards	–	Note 1
2025.06	10	50,000	500,000	30,832	308,320	Cancelation of 8 thousand shares of restricted stock awards Cancellation of 168 thousand treasury shares	–	Note 2
2025.08	10	50,000	500,000	30,829	308,290	Cancelation of 3 thousand shares of restricted stock awards	–	Note 3
2026.03	10	50,000	500,000	30,818	308,179	Cancelation of 11 thousand shares of restricted stock awards	–	Note 4

Effective (approval) date and document number:

Note 1: Approved under Letter Jing-Shou-Shang-Zi No. 11430381550 dated March 12, 2025
Note 2: Approved under Letter Jing-Shou-Shang-Zi No. 11430592050 dated June 20, 2025
Note 3: Approved under Letter Jing-Shou-Shang-Zi No. 11430726330 dated August 25, 2025
Note 4: Approved under Letter Jing-Shou-Shang-Zi No. 11530394650 dated March 30, 2026

March 31, 2026; unit: share

Categories of shares	Approved share capital			
	Outstanding shares	Unissued shares	Total	Remarks
Ordinary shares	30,817,900	19,182,100	50,000,000	TPEx-listed stocks

Information of the shelf registration system: None.

(II) List of major shareholders

March 28, 2026 (book closure date); unit: share; %

Share / Name of major shareholder	Number of shares held	Shareholding ratio
Flexium Interconnect, Inc.	9,221,976	29.91
Quincy Lin	936,962	3.04
Tsai, Chao-Pao	614,000	1.99
Chiang, Tsang-Tseng	550,000	1.78
Ted Sun	483,554	1.57
Chang, Chin-Wei	424,000	1.38
Wang, Hsiu-Mei	420,000	1.36
Dong An Investment Co., Ltd.	407,536	1.32
SBL PB investment account of Berkeley Capital in the custodianship of Citibank	313,002	1.02
KGI Securities Co., Ltd.	304,000	0.99

(III) Impacts of stock grants discussed at the shareholders' meeting on the business performance and earnings per share of the Company: The Company did not provide a financial forecast to the public in 2025; therefore, this is not applicable.

(IV) Dividend policy of the Company and implementation status

1. Dividend policy of the Company

According to Article 28 of the Articles of Incorporation, if there are any earnings in the annual final accounts, they shall be distributed in the following order:

(1) Pay taxes.
(2) Compensate losses.
(3) Appropriate 10% as the legal reserve; however, this shall not apply when the accumulated legal reserve has reached the paid-in capital of the Company.
(4) Appropriate or reserve the special reserve according to laws and regulations or requirements of the competent authority.
(5) Regarding the balance in subparagraphs 1 to 4 in paragraph 1 of this article plus the retained earnings at the beginning of the period, retain them or distribute them as shareholders' bonuses through the resolution of the shareholders' meeting.

The Company is a technology-intensive technology business and is within its period of growth. To accommodate the long-term capital planning and satisfy the shareholders' demand for cash flow, the Company adopts a residual dividend policy to strengthen the growth and sustainable operation of the Company. The expanded operating scale and the demand for cash flow in the future shall be considered upon the distribution of shareholders' bonuses; however, cash dividends each year shall not be less than 10% of the total shareholders' bonuses of the year

2. Dividend distribution discussed at the shareholders' meeting:

The earnings distribution motion was resolved in accordance with Article 28 of the Company's Articles of Incorporation. On March 2, 2026, the Board of Directors of the Company specially resolved to distribute a cash dividend of NT$2 per share, totaling NT$61,118 thousand.

(V) Remuneration of employees and Directors

1. Ratio or ranges of remuneration of employees and Directors set forth in the Company's Articles of Incorporation:

Employee remuneration and directors' remuneration for 2025 are determined in accordance with Article 28-1 of the Company's Articles of Incorporation as of May 27, 2025:

If the Company records profits in the current year (i.e., profit before tax prior to the appropriation of employee remuneration and directors' remuneration), no less than 4% shall be appropriated as employee remuneration and no more than 4% as directors' remuneration. Of the employee remuneration amount referred to in the preceding paragraph, no less than 0.5% of the profits shall be appropriated for distribution to non-executive employees. However, if the Company has accumulated losses, it shall preserve the amount for compensation.

The remuneration of employees may be distributed in stocks or cash, and the distribution target may include employees of companies controlled by or subordinate to the Company that comply with certain conditions; the Board is authorized to establish certain conditions.

The remuneration of directors is distributed in cash.

The remuneration of employees and the remuneration of Directors, as mentioned in the preceding paragraph, shall be resolved by receiving the consent from over half of the attending Directors at a Board meeting attended by over two-thirds of the Directors and shall be reported to the shareholders' meeting.

2. Accounting treatments for the estimation basis for the estimation of remuneration of employees and Directors for the period, the calculation basis for the number of shares of remuneration of employees distributed in stocks, and differences between the distribution amount and the estimation:

The estimation of the remuneration of employees and remuneration of Directors is based on the possible amount of distribution according to past experiences. In 2025, arrangements were made based on the gain before tax (gains after deducting the distribution of remuneration of employees and remuneration of Directors) according to the Articles. On the day resolved by the Board, if there is any change in the amount, it is treated as a change in accounting estimates and adjusted and accounted for during the year in which the Board makes the resolution.

3. Distribution of remuneration approved by the Board:
   (1) If the amount of remuneration of employees and remuneration distributed in cash or stock has differences from the amount estimated during the year when the expenses are recognized, the differences, reasons, and the treatment shall be disclosed:
   On March 2, 2026, the Board of the Company approved the appropriation of NT$26,500 thousand as employee remuneration (in cash), of which NT$18,500 thousand was allocated to non-executive employees, and NT$4,230 thousand as remuneration for directors for 2025. There is no difference from the expenses recognized in 2025.
   (2) The amount of remuneration of employees distributed in stock and the ratio to the sum of net profit after tax and total remuneration of employees in the parent company only or separate financial statements of the period:
   The remuneration of employees for 2025 was distributed in cash instead of stock.

4. Regarding the distribution of remuneration of employees and Directors in the preceding year (including the number of shares distributed, amount, and stock price), if there is any difference with the remuneration of employees and Directors recognized, the difference, reason, and treatment shall be described:

   The remuneration of employees and remuneration of Directors for 2024 were appropriated according to Article 28-1 of the Articles of Incorporated and Reported at the shareholders' meeting on May 27, 2025. A remuneration of employees (cash) of NT$25,000 thousand and a remuneration of Directors of NT$2,100 thousand were distributed, which had no difference from the proposed distribution initially approved by the Board.

(VI) Shares repurchased by the Company:

1. Completed: None
2. In progress: None

II. Corporate bonds, preferred shares, global depository receipts, employee stock warrants, restricted stock awards, and consolidation or the receipt of new shares issued by other companies

(I) Corporate bonds: None.

(II) Preferred shares: None.

(III) Global depository receipts: None.

(IV) Employee stock warrants: None.

(V) Restricted stock awards (RSAs):

1. For RSAs not fully vested, the status and the impacts on the rights and interests of shareholders up to the publication date of the annual report shall be disclosed

March 31, 2026

<table>
<tr><th>Category of RSAs</th><th>2024 RSAs</th></tr>
<tr><td>Effective date of reporting and the total number of shares</td><td>July 29, 2024; 400,000 shares</td></tr>
<tr><td>Date of issuance</td><td>2024/11/15</td></tr>
<tr><td>Number of new restricted employee shares issued</td><td>400,000 shares</td></tr>
<tr><td>Number of new restricted employee shares that can be issued</td><td>0 shares</td></tr>
<tr><td>Issuance price</td><td>NT$0</td></tr>
<tr><td>Ratio of the number of RSAs to the total number of issued shares</td><td>1.31%</td></tr>
<tr><td>Vesting conditions of RSAs</td><td>After the employees receive the RSAs, they shall remain in service upon the expiry date of each of the following vesting periods, and the performance for the year during the vesting period shall achieve the following standards:
<table>
<tr><th>Vested shares</th><th>Ratio of vested shares</th><th>Performance</th></tr>
<tr><td>One year from the date of appropriation of stock to the shareholders' register</td><td>30%</td><td>The annual performance evaluation results are outstanding or excellent during the vesting period</td></tr>
<tr><td>Two years from the date of appropriation of stock to the shareholders' register</td><td>30%</td><td>The annual performance evaluation results are outstanding or excellent during the vesting period</td></tr>
<tr><td>Three years from the date of appropriation of stock to the shareholders' register</td><td>40%</td><td>The annual performance evaluation results are outstanding or excellent during the vesting period</td></tr>
</table></td></tr>
<tr><td>Vesting conditions of RSAs</td><td>1. After the issuance of RSAs, they shall be delivered to the trust immediately, and the Company or a person designated by the Company shall be the proxy to enter into and amend relevant contracts on behalf of all receiving employees and handle relevant trust affairs at its full discretion. Before the vesting conditions are met, employees may not require the trustee to return the RSAs for any reason or manner.
2. Before the fulfillment of vesting conditions in the preceding article, except for succession, employees shall not engage in the disposal, pledge, transfer, gift to others, creation of rights, or disposal via other means of RSAs.
3. Before the vesting conditions are met, the attendance, proposal, speech, voting and election rights and other related matters of shareholders' equity at the shareholders' meeting of the Company are entrusted to a trust organization for exercising.
4. Before the vesting conditions are met, employees are not entitled to the right to share profits (including but not limited to dividends, bonuses, and rights to the capital reserve)</td></tr>
</table>

Category of RSAs	2024 RSAs
	and the subscription rights for capital increases in cash. 5. Employees who fulfilled the vesting conditions during the period from 15 days before the transfer suspension day for stock grants, the transfer suspension day for cash dividends, or the transfer suspension day for a capital increase in cash through share subscription to the base, the share transfer suspension period for shareholders' meetings stated in paragraph 3, Article 165 of the Company Act, or the statutory transfer suspension period based on the occurrence to the base day for right transfers have no right to share profits. 6. If capital decreases in cash, capital decreases for the compensation of losses, and other capital decreases not due to laws organized by the Company occurred during the vesting period, RSAs shall be canceled based on the ratio of the capital decrease. For a capital decrease, cash returned thereof shall be delivered to the trust, and it will be delivered to the employees with no interest accrued after fulfilling the vesting conditions; if the vesting conditions are not fulfilled, the Company will retrieve the cash.
Custody of RSAs	Deliver to trust for custody
The handling method for employees who receive RSAs but fail to fulfill the vesting conditions	1. If employees fail to fulfill the existing conditions stated in paragraph 3 of this article, the Company will retrieve their RSAs without pay and cancel them. 2. Voluntary resignation, retirement, leave without pay, lay-off, dismissal, general death or death no due to occupational disasters: The unvested RSAs are deemed not fulfilling the vesting condition on the effective date of the resignation. The Company will retrieve the unvested RSAs without pay and cancel them. 3. Employees who cannot continue to work due to physical disabilities or death resulting from occupational disasters The occurrence year shall be deemed as completing the in-service period stated in the Regulations. However, the vested shares shall be calculated based on the ratio of the in-service months of the year (rounded to share), and the Company will retrieve the remaining shares without pay and cancel them. For death, the heirs may apply for the receipt of the shares to be inherited by providing relevant certifying documents after completing necessary statutory procedures. For those who cannot continue to work due to physical disabilities resulting from occupational disasters, the employees shall receive the vested shares. 4. Position transfer: If employees request to transfer to affiliates or other companies, the RSAs shall be handled in accordance with the method specified in subparagraph 2 "voluntary resignation" of this paragraph. However, for employees appointed by the Company to transfer to affiliates or other companies due to operational requirements, their RSAs shall not be affected by the transfer. 5. Others: After employees receive the RSAs according to the Regulations, if there are any violations of the labor contract, working rules of the Company or other material losses that the Company considers severe, the Company is entitled to retrieve their unvested RSAs and cancel them.
Number of RSAs retrieved or repurchased from employees	26,100 shares
Number of RSAs with the restricted rights released	114,900 shares
Number of RSAs with the restricted rights not released	259,000 shares
Ratio of the number of RSAs with the restricted rights not released to the total number of issued shares	0.84%
Impact on shareholders' rights and interests	The dilution of earnings per share of each year is limited, and there is no material impact on the rights and interests of existing shareholders.

2. The names and acquisition status of managers who obtained RSAs and employees with the top ten number of shares obtained up to the publication date of the annual report:

March 31, 2026

Category	Title		Name	Quantity of RSAs obtained	Ratio of the number of RSAs obtained to the total number of issued shares (Note 1)	With the restriction rights released				With the restriction rights not released			
						Number of shares with the restriction rights released	Issuance price	Issuance price	Ratio of the number of shares with the restricted rights released to the total number of issued shares (Note 1)	Number of shares with the restriction rights not released	Issuance price	Issuance price	Ratio of the number of shares with the restricted rights not released to the total number of issued shares (Note 1)
2024 RSAs	Manager	Chairman	Cheng David	71,000	0.23	21,300	—	—	0.07	49,700	—	—	0.16
		President	JJ Chen										
		Vice President	Charles Hsu										
		Assistant Vice President	CC Wang										
		Manager	Su, Chin-Ya										
	Employee	Special assistant	Ben Chen	101,000	0.33	35,900	—	—	0.12	65,100	—	—	0.21
		Director	Tio Kuo										
		Deputy Director of Technology	HY Ko										
		Deputy Director	Shen, Yen-Chih (resigned)										
		Deputy Director	Andy Hsieh										
		Manager of technology	Johnny Wang										
		Assistant manager of technology	Neil Su										
		Assistant manager of technology	Andy Wang										
		Assistant manager	Jason Peng										
		Employee	Ding, Yuan-Tao										

Note 1:The total issued shares refer to the number of shares set out in the alteration registration data of the Ministry of Economic Affairs on the publication date of the annual report.

(VI)Consolidation or the receipt of new shares issued by other companies: None.

III. Implementation of capital utilization plan

As of the quarter before the publication date of the annual report, the issuance or private placements of securities were not completed or completed within the most recent three years, but the plan benefits are not exhibited.

Four. Business Overview

I. Scope of business

(I) Scope of business

1. The main scope of business

   The information on the business registration of the Company as registered with the Ministry of Economic Affairs is as follows:

   (1) CC01080 Electronics Components Manufacturing
   (2) F401010 International Trade
   (3) I501010 Product Designing
   (4) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Sales proportion

Unit: NT$1,000; %

Major products \ Year	2024		2025	
	Sales amount	Sales proportion	Sales amount	Sales proportion
RF IC	1,056,159	99.12	1,104,030	97.08
Consigned design	9,332	0.88	33,258	2.92
Total	1,065,491	100.00	1,137,288	100.00

3. Current products

Product classification	Chip applications
TV/STB tuner	(1) Hybrid Silicon RF Tuner IC for TVs.
	(2) 4KUHD digital STB single-core tuner. (DVBC2/T2/ISDB-T/ATSC/DTMB/S2)
	(3) 4KUHD digital STB double-core tuner. (DVBC2/T2/ISDB-T/ATSC)
	(4) Modulator ICs.
	(5) ISB-S3 8K RF receiver IC.
	(6) Front-end SoC IC for Digital STB.
Satellite communication	(7) Satellite switch ICs.
	(8) Single LNB, Twin LNB and Quad LNB.
	(9) 4 Ch. aCSS satellite ICs.
	(10) UWB satellite receiver ICs.
	(11) 8 Ch. aCSS satellite ICs.
Fiber-optic communication	(12) Fiber-optic to coaxial RF signal conversion ICs.
	(13) Chipset for 4x 8G HDMI 2.0 AOC.
	(14) Chipset for 4x 12G HDMI 2.1 AOC.
	(15) Transimpedance amplifier (TIA) for satellite RF fiber-optic transmission.
	(16) TIA for 10G APD/PIN
	(17) 25G SR ultra-high-speed optical communication chipset
	(18) 4X25G SR4 ultra-high-speed optical communication chipset
IoT Communication	(19) Bluetooth 5.4 low-energy-consumption (BLE 5.4) wireless transceiver ICs.
	(20) 2.4GHz private protocol wireless transceiver ICs.
	(21) 2.4GHz ZigBee/BLE/private protocol, multi-protocol wireless communication SoC.

Product classification	Chip applications
	(22) 2.4GHz/Sub-1G dual frequency, ZigBee/BLE/private protocol, multi-protocol wireless communication SoC

4. New products planned to be developed

Product classification	Chip applications
Satellite communication	Optimize the Wideband LNB ICs structure and costs
Fiber-optic communication	Consumer USB 4.0 Type-C AOC
IoT Communication	Develop low-power-consumption technologies and high performance computing applications for IoT BLE/Thread/Matter/Sub-GHz multi-protocol wireless communication SoC

(II) Industry overview

1. Current status of the industry and development trends of products

The Company is mainly engaged in the research, design, development and sales of RF ICs. In recent years, the Company has also actively invested R&D resources to expand the diversified product lines, including optical communication ICs for data centers and the symmetrical 10G-PON driven ICs developed for network infrastructure. In the field of IoT, the Company has also launched highly integrated IoT ICs that support dual-frequency and triple-module to respond to the smart application demand with rapid growth.

The Company's RF ICs are mainly used to receive TV signals transmitted through cable TVs, terrestrial broadcasts, and satellite broadcasts. At the receiving end (as shown in Figure 1), the Company's products can sort the signal frequency range and reduce the high-frequency signals (about 55 - 900 MHz) to the middle frequency (about 5 - 36 MHz) while suppressing interference and noise, and further transmitting to the demodulators. After the signals are demodulated, they will be converted into video signals through TV ICs or decompressed ICs and finally displayed by analog or digital TVs. Therefore, the Company's RF ICs are the first barrier to the signal-receiving end. The frequency and noise reduction functions are the key to the overall receiving quality.

Figure 1. TV Broadcast Media

Digital signals can be compressed before transmission to effectively increase bandwidth utilization; the receiving end also has error detection and correction functions to compensate for signal degradation, thereby improving video and audio quality and increasing channel count, effectively improving the deficiencies of analog transmission in terms of anti-interference, image resolution and ghosting, allowing digitalization to become the transmission development trend of TV programs. In addition, the transmission of satellite signals is usually through the installation of outdoor LNB outside the house, and then it is guided to indoor TVs through the coaxial cables for the receipt of signals. Due to the relatively low assembly and maintenance cost, governments of different countries have successively rolled out the satellite policy to facilitate the popularization of TV signal transmission through satellite.

With the coming of the 5G era, consumers will experience high-speed and mass data transmission services (e.g., high-resolution video/audio, VR, autonomous driving, and other applications), making optical communication technology a key foundation. Optical fibers have the advantages of high-speed transmission, low noise and lightweight, and are widely used in the fields of communication network, data transmission and cable TV. With the maturity of technology and the expansion of applications, the FTTx trend has also continued to promote the growth of passive optical networks (PON). To meet the market demand, PON series ICs launched by the Company adopted the advanced CMOS procedures of TSMC, which possesses excellent transmission effects with low power consumption and high reliability and can be integrated with the mainstream PON MAC ICs to provide the ONU solution with a high-cost performance ratio.

In the past decade, low-power-consumption and short-distance wireless IoT technology has been developed rapidly, and various wireless communication protocols have been introduced in the market. Ultimately, the Bluetooth Low Energy protocol defined by the Bluetooth SIG and the Zigbee 3.0 protocol with the mesh network capability proposed by the Zigbee Alliance have become the mainstream application technologies in smart homes, lighting control and indoor communication. Large-scale international companies (i.e., Amazon and Google) also actively promote the introduction of Zigbee into the IoT field.

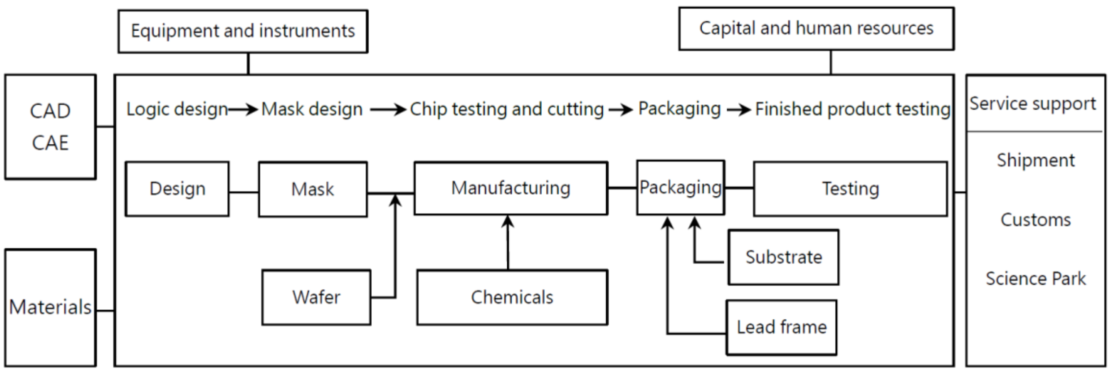
However, a single protocol cannot satisfy the increasingly complicated applications of smart homes. For instance, if Zigbee cannot be directly connected to mobile phones, a gateway shall be adopted as the network bridge. In response to this challenge, the Company has developed ICs that support the low power consumption of Bluetooth and the dual module of Zigbee and possess dynamic shifting abilities to concurrently support the connection of two protocols, allowing a single IC to serve as the node for the network switch in smart home and exhibiting high integration and flexibility in the applications for smart home and industrial control.

In response to the global smart home trend, the Company further introduced ICs that meet the Matter 1.5 standard and pass the Matter certification. In addition to supporting the Matter 1.5 standard, the IC also integrates 2.4GHz RF and multi-protocol IEEE 80215.1/80215.4 MAC and can provide the application capability of low energy consumption of Bluetooth and Thread. Its unique framework allows the system to operate with multiple communication protocols with the embedded 2MB/4MB flash memory and 204KB memory; it supports the remote update of the Matter protocol version, which is applicable to smart home appliances, home security networks, border routers, and other application scenarios. In the future, the Company will continue to expand the product structure and extend it to other wireless communication protocols to establish a diverse and complete IoT IC product portfolio, focusing on the global smart network ecosystem.

2. Correlation between the upstream, midstream, and downstream of the industry

The development of the system in the semiconductor industry in Taiwan is complete. IC design, chip materials, silicon wafers, mask production, IC manufacturing, packaging, lead frames, testing and peripheral support are all invested by many professional manufacturers. This has formed a vertical division of labor and a clear trend of specialization. As such, the structure of the upstream, midstream, and downstream of the industry system is comprehensive. The Company is mainly engaged in IC design products, and the IC design industry is the upstream of the IC industry chain. The products designed are delivered to the midstream professional wafer factories for production, and then the downstream packaging and testing factories conduct the packaging and testing of the products. The correlation between the upstream, midstream and downstream of the semiconductor industry and the definition of the industry is as follows (as shown in Figure 2):

Figure 2. Diagram of the Correlation between the Upstream, Midstream and Downstream of the Semiconductor Industry



Source: Design by ITIS, ITRI

3. Competition of products

At present, the Company not only engages in the design and mass production of high-end RF ICs used by TVs but also provides comprehensive solutions for the signal RF receiver ICs for TVs and STBs. Currently, the main European and U.S. competitors are Skyworks and Maxlinear, as well as RDA, AltoBeam, and other Chinese companies in the Chinese market. Due to its outstanding product features and the market's verification of high reliability, the Company has secured the top market share in Mainland China and over 30% of the global market share.

The main suppliers in the fiber-optic communication market are the U.S. manufacturers (i.e., MACOM, Semtech, and MAXIM). China is the world's largest competitive market at present. Therefore, it has also cultivated IC manufacturers (i.e., Xiamen Youxun and MEENYI). The market and price competition are also more intense. Regarding the laser driver and clipper amplifier chipset for the HDMI2.0/2.1 optical transmission modules, Silcone Line is the only supplier worldwide. The Company's products adopt innovative and rigorous circuits, which develop products with better cost advantages and performance. Currently, we mainly focus on the Chinese market and hope to record a better score in the fiber-optic network market in the future.

In addition, the Company's wireless communication plans and technologies are mainly based on IoT SOC and ASIC customization services. With the establishment of the team and the development of technology in recent years, the core competitiveness of the team is the development of autonomous RF circuits, communication modems, low-power-consumption SOC integration and applications. The products have gradually yielded results in the automotive market and various applications of IoT. We assisted customers in developing high-tech and highly reliable products with a high technology threshold, which will become the main driving force for the Company's growth in 1 to 2 years.

(III) Technology and R&D overview

1. R&D expenses invested in the most recent year

Unit: NT$1,000; %

Item / Year	2024	2025
R&D expenses (A)	200,504	202,471
Net operating income (B)	1,065,491	1,137,288
As a percentage of net operating income (A/(B))	18.82%	17.80%

2. Technologies or products developed successfully in the most recent year and up to the publication date of the annual report

Technology or product developed successfully	Description
Highly-integrated IoT ICs	BLE/Thread/Matter/private protocol, multi-protocol wireless communication SoC

(IV) Long-term and short-term business development plans

1. Short-term business development plan
   (1) To meet the market demand, develop complete and competitive products to create more profits.
   (2) Promote existing products in the market and manage customer relations to understand the market demand and, in turn, formulate product specifications in cooperation with customers to achieve the leading position in the market.
2. Long-term development plan
   (1) With the evolution of industrial product specifications and requirements, the Company will continue to introduce solutions with higher performance and lower costs as compared to large-scale foreign companies to take the lead in the market and develop products required by customers with peers.
   (2) Pay close attention to the industry dynamics and market trends. In addition to the TV and multi-media product lines, the Company plans for other

products with prospects in line with the Company's products with core competitiveness.

II. Market and production and sales overview

(I) Market analysis

1. Sales regions of major products

Unit: NT$1,000; %

Year / Region	2024		2025	
	Sales amount	Ratio	Sales amount	Ratio
Domestic sales	26,737	2.51	32,759	2.88
Export sales	1,038,754	97.49	1,104,529	97.12
Total	1,065,491	100.00	1,137,288	100.00

2. Market share

The Company is committed to the design, production and marketing of RF ICs and RF systems. Currently, the Company's main business is hybrid silicon RF tuner ICs, RF modulator ICs, satellite communication ICs and RF transmission solutions.

To maintain the existing market share and leading position, the Company continues to cultivate the existing market and actively expand into new application markets and customer groups while strengthening the strategic cooperation relationship with customers and partners. In the face of market trends and industrial changes, we work with customers to optimize products and upgrade functions to improve overall competitiveness.

In addition, the Company's complete sales and distribution system is used to actively develop emerging markets and potential customers, and the engineering service system is combined to help customers shorten the product development schedule and cost, accelerate product entry to the market, and expand the market scale of new products.

The Company's core development goal is market-oriented and trend-based, and is implemented in the accumulation of core technology, industry alliances and cooperation, improvement of product reliability, and timely customer technology services. By doing so, we not only raise the entry threshold of the market but also improve customers' adhesion, solidify the existing market base, and continue to expand the overall market share.

3. Future market supply, demand and growth

(1) TV and STB tuner

The Company's silicon tuner IC is mainly used in TVs and STBs.

Digital TV broadcasts have replaced analog TV broadcasts and become the main force for broadcast TV promotion in different countries. The recovery of analog channels allows the activation of the frequency spectrum's use efficiency, and the frequency spectrum released after the recovery of analog channels can be used by other wireless technology development applications (e.g., 4G communication) or public emergency relief; therefore, the promotion of the digitalization of TV broadcast signals will also drive the installation requirements for basic STBs.

The decline in the price of 4K TV panels, the increase in high-definition TV content, and the promotion of analog signal digitalization are all bringing about the growth in the upgrade of STBs or the increase in demand. With the demand for changing channels rapidly, interactive services, personal video recorders (PVR), viewership of multiple programs, and other relevant applications, signals received become increasingly complicated; therefore, dual tuner SoC or multi-tuner SoC were developed.

(2) Optical fiber

Entering the 5G era, PON has become the main technology for FTTH telecom networks, and EPON and GPON are generally adopted by telecom operators worldwide. The 10G PON technology has become the PON standard promoted by ITU-T. With the comprehensive PON specifications and the maturity of equipment, global telecom operators upgrade and adopt the 10G PON technology one after another to respond to the increase in demand for new services and bandwidth. The emergence of WFH brought about enormous network bandwidth requirements; governments, telecom operators, and data centers in different countries accelerated the promotion of PON with greater bandwidth, stimulating the development of 10G PON, which not only expanded its use to the FTTX field but also to Smart Grid, 5G Front-haul, enterprise network, and other application fields.

The main components of PON equipment are the optical transceiver module and the PON MAC ICs. The PON optical transceiver module comprises lasers and drivers. The signal receipt of modules comprises the optical receiver with TIA and the clipper amplifier. The optical receiver with TIA transforms the optical signals received into voltage signals to provide to the clipper amplifier, and the data is exported after being amplified by the clipper amplifier. For the receipt of signals by the local end OLT of 10G PON, as the burst mode is adopted, the response time between the ONU optical receipt module and the local end OLT is less than 12.5ns. The auto gain control (AGC) method with rapid response shall be used (i.e., peak detection AGC and other processing circuits). In particular, the 10G PON transceiver ICs designed by Rafael provide the double-loop control function for power and extinction ratio, which has considerably helped to optimize the production efficiency of suppliers and reduce production costs.

(3) IoT

Thanks to the decline in the cost of smart devices and the popularization of cloud technology, the Internet has begun to shift from the connection between “human to human” to the communication between “human to things,” and a connection bridge is established between “thing to thing.” In terms of IoT applications, according to the estimate of GSMA, smart homes will continue to be the most important components in the IoT consumer field in the following five years, maintaining its high-speed growth. With the development of AI, AI applications have entered the industries of food, clothing, domicile, and transportation, and IoT has also turned to integrated software and hardware systems and application services from the hardware components and parts in the past.

4. Competitive advantage

The competitive advantages of the Company's RF IC lies in the following three aspects

(1) RF expertise: The circuits of all ICs are self-developed, and there is no external procurement. We can rapidly provide time-to-market products with no restrictions.

(2) Technical service: We rapidly solve problems for customers regarding difficulties encountered by customers during the course of design.

(3) Products with the optimal cost-performance ratio: The price of the Company's ICs is not the lowest in the market; however, we have better price advantages as compared to large-scale European and U.S. companies, allowing customers to gain profits by using the RF ICs of the Company so as to build a co-existing relationship of mutual win commercially.

5. Favorable and unfavorable factors for development prospects and countermeasures

(1) Favorable factors

A. A well-experienced R&D team that grasps key technologies

The Company is mainly engaged in the R&D of RF ICs. As the R&D technologies of RF ICs cover software/hardware fields, designers shall have expertise in the physical and circuit features of semiconductor procedures and semiconductor components; therefore, product development generally requires the accumulation of experiences and technologies over a long time, and the technology threshold is high. The R&D team of the Company possesses outstanding abilities and the R&D capacity for broadband radio frequency ICs and microwave ICs with low noise and high linearity. All key components are self-developed and protected by patents; therefore, the Company is able to launch TV and STB tuner ICs, double-core tuner ICs, and satellite LNB ICs in due course in response to the market demand.

B. Complete product line

The Company constantly launches new products in response to the demand in the market. The silicon RF tuner ICs not only satisfy the demand of all digital TVs and analog TVs but also support different specifications in different countries with a single product, including ATSC in the U.S., DVB in Europe, ISDB in Japan, and DMB-T in China to provide complete solutions for wired, wireless, satellite, and other different technical aspects.

C. The semiconductor industry system in Taiwan has a comprehensive division of labor

The semiconductor industry system in Taiwan has a comprehensive division of labor. With the rapid advances in procedure technologies, wafer foundries, packaging plants, and testing plants constantly expand the plants and improve production technologies, continuing to strengthen the leading advantages of international competitiveness for IC manufacturing. With the professionalism and economic scale of wafer foundries, packaging plants, and testing plants, they can provide advanced technologies and procedures, flexible production adjustments, world-class service quality, rapid response capabilities, and other outstanding logistics support to professional IC design companies, fully grasping the early opportunities to enter the market.

D. Customer-oriented service strategy

Apart from satisfying customers’ demand for product quality, delivery terms, and yields, the Company has continuously been advancing its R&D technological capabilities and optimizing circuit designs to provide optimal and stable product quality, provide reference for the designs of customers’ products, assist customers in shortening the development timetable, reduce the entry threshold of products, and keep abreast of the market development at all times to jointly grow with customers. In addition, the Company has also established a subsidiary in Mainland China to provide customers with technical support and engineering services in the vicinity and to keep track of the pulse of the end application market.

(2) Unfavorable factors

A. Difficulties in R&D personnel training

R&D personnel are the Company's most important capital. The IC design industry is a knowledge-intensive industry. Human resources are the most important assets for enterprises. R&D personnel are the most important. In addition, there are many competitors in the IC industry. It is increasingly difficult to secure outstanding professionals, and it takes a long time to cultivate and train them. Experienced R&D personnel often become the target of recruitment by other companies. Therefore, the shortage and change of R&D personnel will have adverse impacts on the Company.

Countermeasures: In addition to providing quality working environments and promotion channels, the Company provides comprehensive education and training and implements employee rewards to attract outstanding talents.

B. High dependence on wafer foundries

Due to the complex procedures of semiconductor design and manufacturing, IC designer companies must maintain stable production capacity supply and technical cooperation with professional wafer foundries to ensure that products are properly controlled in terms of cost, yield and delivery term and reduce the additional costs of the mask reproduction, pilot production, and other production courses. Therefore, based on the consideration of stable production capacity supply and technology integration, IC design companies usually choose to establish long-term cooperative relationships with specific wafer foundries and do not easily change suppliers.

Countermeasures: The Company optimizes the wafer foundries with excellent technology and reputation in the world as the main raw material wafer suppliers and establishes long-term stable cooperation relationships with them to ensure that the capacity quota can meet the

Company's needs. In addition, to improving the supply chain flexibility and meeting future expansion needs, the Company has also established a second source of supply to strengthen the stability and mobility of supply.

C. The purchases and sales are denominated in foreign currencies, and it is likely to gain profits due to changes in exchange rates

The Company's purchases and sales are mainly denominated in USD. Although the Company may have offsets of one another for certain natural hedging, the Company's amounts receivable are higher than its amounts payable; therefore, the changes in the exchange rate will have a certain impact on the profit or loss of the Group.

Countermeasures: The Company's Finance Department has dedicated personnel to monitor exchange rate changes at all times and collect international exchange rate trends and related information to accurately grasp market movements. The Finance Department also maintains close contact with banks to refer to their professional consulting services, and carries out currency exchange in a timely manner based on the Company's capital requirements to reduce exchange rate risks. In addition, when customers provide their quotes, the Company also carefully evaluates exchange rate changes to reduce the significant impact of exchange rate fluctuations on the Company's profits.

D. Increasing market demand and intensifying competition

With the increase in the penetration of 4K TVs, the increase in high-definition TV content, and the promotion of digitalization of analog signals, the market continues to grow in demand for STBs and satellite communication equipment. However, to secure market share, competitors may adopt a price war strategy, resulting in fierce market competition.

Countermeasures: The Company continues to optimize the production procedures, improve product quality and technology levels, and use a mixed structure of circuit designs to significantly reduce production costs while ensuring the advantages of chip performance. In addition, the Company maintains healthy and close cooperation relationships with customers, precisely grasps their needs, and provides immediate services and complete design solutions to improve customer recognition and product satisfaction.

(II) Important uses and production processes of main products

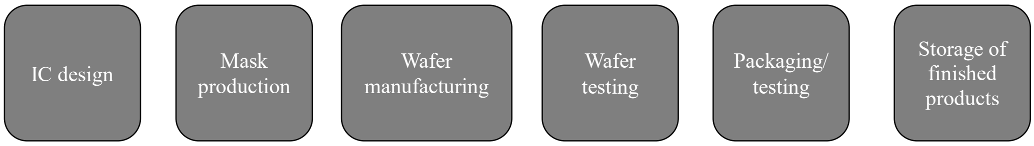
1. Uses of main products

Major products	Use description
Hybrid silicon RF tuner ICs and tuner ICs	A. Used for receiving digital, analog, and smart TV signals. B. Used for the DVB-C system. C. Used for the DV B-S2/S system. D. Used for terrestrial DTV system E. Used for the mobile TV applications of desktop PCs and notebooks.
Satellite system control ICs	A. LNB switch. B. Highly integrated phase-locked LNB. C. Customized high-frequency satellite application designs.

Major products	Use description
	D. DiSEqC-related satellite application designs.
Fiber-optic transceiver chip	A. 10G TIA ICs B. 100G ultra-high-speed optical communication ICs. C. HDMI®.
IoT	A. Bluetooth 5.4 low-energy-consumption (BLE 5.4) wireless transceiver ICs. B. 2.4G private protocol wireless transceiver ICs. C. 2.4G ZigBee/BLE/Thread, multi-protocol wireless communication SoC. D. 2.4G/SubG-1G dual frequency, ZigBee/BLE/private protocol, multi-protocol wireless communication SoC

2. Production process of main products

The Company is an IC design company focusing on the design and development of IC circuits. It engages wafer foundries to produce ICs and downstream packaging and testing companies to be responsible for packaging and testing. The production processes of the main products are as follows:



(III) Supply of main raw materials

Main raw materials	Supplier	Supply status
Wafer	Company A	Favorable

(IV) Names of suppliers (customers) accounting for more than 10% of the total purchases (sales) in any of the most recent two years, the amount and proportion of the purchase (sales) therefrom (thereto), and an explanation of the reasons for any increase/decrease

1. List of major suppliers

Unit: NT$1,000; %

Item	2024				2025			
	Name	Amount	As a percentage of net purchases throughout the year	Relationship with the issuer	Name	Amount	As a percentage of net purchases throughout the year	Relationship with the issuer
1	Company A	353,578	98.70	None	Company A	291,992	95.71	None
2	Others	4,604	1.30	None	Others	13,073	4.29	None
	Net purchases	358,182	100.00		Net purchases	305,065	100.00	

The reason for the increase or decrease: The main purchase items are wafers. The Company has established long-term favorable cooperating relationships with suppliers, and the changes in suppliers are insignificant to seek stable quality. However, in the pursuit of stable quality, ensured delivery terms, reasonable raw material prices, and risk dispersion, the Company actively seeks other suppliers.

2. List of major customers

Unit: NT$1,000; %

Item	2024				2025			
	Name	Amount	As a percentage of net sales throughout the year	Relationship with the issuer	Name	Amount	As a percentage of net sales throughout the year	Relationship with the issuer
1	Company A	277,714	26.06	None	Company A	280,082	24.63	None
2	Company B	179,015	16.80	None	Company B	217,730	19.14	None
3	Company C	133,095	12.49	None	Company C	174,182	15.32	None
4	Others	475,667	44.65	None	Others	465,294	40.91	None
	Net sales	1,065,491	100.00		Net sales	1,137,288	100.00	

The reason for the increase or decrease: Mainly due to the changes in customers' performance and the changes and adjustments to product sales portfolios.

III. Information on employees

Unit: person

Item \ Year		2024	2025	As of March 31, 2026
Number of employees	Sales and management personnel	17	18	18
	R&D personnel	80	85	86
	Total	97	103	104
Average age (year)		38.7	39.01	39.97
Average years of service (year)		5.3	5.61	5.64
Education background distribution ratio (%)	Ph.D.	2.06	2.91	3.85
	Master's degree	58.76	59.22	58.65
	University (college)	39.18	37.87	37.50
	High school (including those below)	—	—	—

IV. Information on environmental protection expenditure

Losses incurred by the Company due to environmental pollution in the most recent two years and up to the publication date of this annual report (including compensation and violations of environmental laws and regulations in environmental audits. The date of penalty imposition, document number, violated provisions, the content of the provisions, and penalty details shall be specified). The estimated amount of possible current and future penalties, and countermeasures shall be disclosed. If the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be described: None.

V. Labor-management relations

(I) Set out the employee welfare measures, continuing education, training, retirement systems and their implementation, labor-management agreements, and measures to protect the rights and interests of employees:

1. Employee welfare measures

In addition to the "Labor Standards Act" and related laws and regulations, the Company provides Labor Insurance, National Health Insurance, and pension reserve for employees, distribute remuneration based on the overall business performance of the Company and the individual performance of employees, and provide referral bonuses, innovation patent bonuses, and other diverse incentive systems. In addition, the Company purchased group insurance and business trip/travel safety insurance, regularly arranged annual health inspections for in-service employees, and provided drawing lots at the year-end dinner, a leave system more favorable than the legal requirements, and multiple welfare measures.

The Company has its Employee Welfare Committee in place to further optimize the employee care system. The welfare fund is appropriated according to the law to coordinate, plan for, and implement various employee welfare matters, with the content covering year-end dinner activity planning and implementation, travel and recreational activity subsidies, gift money for marriage and childbirth, department gathering allowances, bi-weekly vigor treats, and condolences/flower baskets for funerals. An employee cafeteria is in place to provide basketball machines, snack stations, and capsule coffee; we continue to improve employees' well-being and work satisfaction.

2. Continuing education and training of employees

To improve human resources quality and the core competitiveness of enterprises, the Company established a comprehensive education and training system to provide basic education and training courses for all new employees. It regularly conducts surveys on the training requirements of departments, plans for the professional skills required by the organization, assigns employees to participate in courses and training organized by external enterprises and institutions from time to time and cultivates talents with professional capabilities and competitiveness to achieve the target of sustainable operations.

3. Employee retirement system and its implementation status

The Company was established in 2006, and the new system under the "Labor Pension Act" is applicable to the seniority of all employees. To protect the stable life of employees after retirement, the Company appropriates 6% of employees' total salaries on a monthly basis to their personal pension account according to the Act. For employees who choose to voluntarily contribute to their pension, the Company also deducts the amount from their monthly salary based on their voluntary appropriation ratio, remits the amount to their individual pension accounts managed by the Bureau of Labor Insurance, and carries out pension-related matters in accordance with relevant regulations to fully implement the employee retirement protection system.

4. Collective bargaining

To protect the rights and interests of employees, the Company has established various management regulations based on the "Labor Standards Act" and regularly held labor-management conferences. The Company adopts an open and two-way communication system for corporate systems and related issues and is committed to establishing favorable, harmonious and trustworthy labor-management relations to facilitate active interactions and form consensus. As of today, the labor-management relations remain stable, and there is no labor-management dispute that requires negotiations.

5. Measures for protecting the rights and interests of employees

The Company has established comprehensive working rules and various management regulations and systems that clearly regulate the rights, obligations, and welfare of employees to protect the rights and interests of employees and create a safe and healthy working environment. The relevant implementation measures are as follows:

(1) Fire safety equipment inspections are conducted at least once annually in the working areas in accordance with fire safety regulations to ensure that facilities are operating normally.
(2) To enhance the ability to respond to disasters, the Company annually has purchased commercial fire insurance and public accident liability insurance to provide employees with more comprehensive protection.
(3) The Company fully subsidizes occupational hazard insurance premiums to ensure that employees are protected in the event of an accident during work hours.
(4) The Office has implemented a 24-hour security system to strictly control personnel access and ensure the safety of the working environment.
(5) Regular health checkups are arranged for employees, and professional physicians are also available to provide health inspection report consultation services to assist employees in understanding their personal health status.
(6) The Company actively promotes various health improvement activities to strengthen employees' health management awareness and practices.
(7) According to the healthy workplace standards, continue to implement the highlighted measures for workplace safety and employees' health.

For 2025 and 2026 up to the date of printing of the annual report, no fire incidents or occupational accidents occurred. In addition, in 2025, the Company conducted fire safety and commuting safety awareness programs, with 65 and 71 participants, respectively, indicating that the Company has achieved effective results in workplace safety and employee health management.

(II) Losses incurred by the Company due to labor disputes in the most recent two years and up to the publication date of this annual report (including violations of the Labor Standards Act in labor inspections. The date of penalty imposition, document number, violated provisions, the content of the provisions, and penalty details shall be specified). The estimated amount of possible current and future penalties, and countermeasures shall be disclosed. If the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be described: None.

VI. Cybersecurity management

(I) Describe the cybersecurity risk management framework, cybersecurity policy, specific management plan, and resources invested in cybersecurity management:

1. Cybersecurity risk management framework

To strengthen the information security management and ensure the security of data, systems and networks, the Company has established the Information Security Committee that reports the implementation status of information security policy to the Board once a year. The organization team includes the risk management team, the promotion and training team, and the internal audit team. The risk management team is responsible for the establishment of information security systems, including network management and system management. The promotion and training team is responsible for the promotion of information security information and enhancing the information security awareness of employees. For the internal audit team, the Audit Office conducts information security audits on the internal control system each year and assesses the effectiveness of the internal control for the information operation.

2. Cybersecurity policy and concrete management plans

To implement information security management, the Company has established an internal control system - computerized information processing cycle, computer information processing regulations and computer data and network management procedures in the hope of achieving the following policy goals:

(1) Ensure that the ownership and control of information assets are appropriately managed.
(2) Ensure that the data is accessed according to the functions of the departments.
(3) Monitor, record and investigate information security incidents to ensure the continued operation of the information system.
(4) Regularly organize information security training and promotion to enhance employees' information security awareness and comply with information security requirements.
(5) Regularly perform information security audits to ensure the implementation of information security.

Item	Concrete management measures
Network security management	• Internal network segmentation is primarily divided into OA, R&D, and DMZ segments, with isolation and traffic control implemented through firewalls to prevent unauthorized network access. • Internal network control software prevents non-company devices from accessing the Company’s internal network in real time. • Install firewalls, grasp network traffic for control, and automatically filter websites that may contain malware or malicious programs online. • The use of real-time communication software, Web Mail, cloud storage, FTP file transmission, and other network services without any prior approval is not allowed.
Security control of machine rooms	• The access control system is installed at the entrance of the machines room. Access to the computer room is strictly prohibited unless approved. • The environmental monitoring of the machine room is executed on a daily basis to monitor the temperature of the machine room and the operation of A/Cs. • Adopt the UPS to prevent the malfunctions of server systems due

Item	Concrete management measures
	to power interruption.
Anti-virus software	• Update the virus signature of anti-virus software regularly to reduce the risk of infection. • Endpoint control software prohibits the use of external devices such as USB drives without authorization.
Access control	• Principle of least privilege: General users are not granted administrator privileges. • Internal data access permissions are assigned based on job functions. • The initial permissions of the transferred personnel are canceled. • Remote work is permitted only upon approval, and all activities are recorded and retained.
E-mail security control	• Automated email threat protection scans emails before delivery to users, filtering unsafe attachments, phishing emails, spam, and malicious links. • Once the personal computer receives e-mails, the anti-virus software will also scan whether there are any unsafe attachments. • Conduct social engineering simulation drills, education, and training.
Data backup mechanisms	• System backup mechanisms are established for important information system databases to implement remote backups. • Conducting disaster recovery drill

3. Resources Invested in Information Security Management

In the current year, the status and implementation of information security management were reported to the Board of Directors on October 31, 2025.

(1) Social engineering drills were conducted. In 2025, the click rate of phishing simulation emails among all employees was 5.2%.

(2) Information security measures were enhanced, including the addition of security declarations for R&D workstations, the implementation of internal network control software, and the execution of disaster recovery drills.

(3) Existing information security protection mechanisms cover personal computers (PCs), network connections, email communications, remote access, and device management.

(II) Losses incurred as a result of a material cybersecurity incident in the most recent two years and up to the publication date of this annual report, the possible impact, and countermeasures. If the impact cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be described: None.

VII. Major contracts

None.

Five. Review and Analysis of Financial Position and Financial Performance, and Risks

I. Financial position

Main reasons for the significant changes in assets, liabilities and equity in the most recent two years and their impacts:

Unit: NT$1,000

Item \ Year	2024	2025	Increase (Decrease)	
			Amount	Ratio (%)
Current assets	1,306,081	1,420,552	114,471	9
Investments accounted for using the equity method	5,666	5,023	(643)	(11)
Property, plant and equipment	291,221	286,686	(4,535)	(2)
Intangible assets	33,266	57,828	24,562	74
Other non-current assets	29,707	25,204	(4,503)	(15)
Total assets	1,665,941	1,795,293	129,352	8
Current liabilities	197,538	247,135	49,597	25
Non-current liabilities	1,990	1,150	(840)	(42)
Total liabilities	199,528	248,285	48,757	24
Share capital	310,080	308,284	(1,796)	(1)
Capital reserve	423,704	386,981	(36,723)	(9)
Retained earnings	804,607	882,698	78,091	10
Other equity	(50,848)	(30,955)	19,893	(39)
Treasury shares	(21,130)	-	21,130	(100)
Total shareholders' equity	1,466,413	1,547,008	80,595	5

If the change is more than 10% and the amount is equivalent to 1% of the total assets, the change is described as follows:

1. Increase in intangible assets: Mainly due to software reaching expiration and being renewed, resulting in an increase in intangible assets.
2. Increase in current liabilities: Mainly due to (1) installment payments for computer software and unpaid mask procurement as of the end of 2025. (2) Due to increased revenue, demand has correspondingly led to higher input costs for raw materials and processing fees.
3. Increase in other equity: mainly due to the monthly recognition of share-based payment compensation costs.
4. Increase in treasury shares: Due to the cancellation of treasury shares.

II. Financial performance

(I) Comparison and analysis table of financial performance: Main reasons for the material changes in the operating income, net profit and net profit before tax in the most recent two years

Unit: NT$1,000

Item \ Year	2024	2025	Increase (decrease)	
			Amount	Ratio (%)
Net operating income	1,065,491	1,137,288	71,797	7
Operating costs	(651,353)	(677,435)	(26,082)	4
Gross profit	414,138	459,853	45,715	11
Unrealized loss (gain) from sales	(416)	766	1,182	(284)
Net income	413,722	460,619	46,897	11
Operating expenses	(312,856)	(305,016)	7,840	(3)
Operating gains	100,866	155,603	54,737	54
Non-operating income and expenses	31,730	(5,356)	(37,086)	(117)
Net income before tax	132,596	150,247	17,651	13
Income tax expenses	(15,491)	(28,240)	(12,749)	82
Net profit after tax	117,105	122,007	4,092	4

If the change is more than 10% and the amount is equivalent to 1% of the total assets, the change is described as follows:

Item \ Year	2024	2025	Increase (decrease)	
			Amount	Ratio (%)
1. Decrease in non-operating income and expenses: Due to exchange rate fluctuations in 2025, the appreciation of the NT$ led to an increase in foreign exchange losses. In addition, to reduce principal volatility risk and focus the Company's funds on operations and R&D, preferred shares were gradually disposed of in Q4 2024, resulting in a corresponding decrease in dividend income.				

(II) Expected sales volume and its basis, any possible impact on the Company's future finance and business, and response plans:

With reference to the market analysis of major research institutions, the estimated demand of customers, and the production capacity planning, the Company established its annual shipping targets based on past business performance; however, the Company did not provide a financial forecast to the public in 2026.

III. Cash flow

(I) Analysis of changes in cash flow in the most recent year

Unit: NT$1,000; %

Item \ Year	2024	2025	Increase (decrease)	
			Amount	Ratio (%)
Net cash inflow from operating activities	131,363	291,797	160,434	122
Net cash outflow from investing activities	(129,092)	(169,462)	(40,370)	31
Net cash outflow from financing activities	(59,370)	(65,319)	(5,949)	10
Impact of exchange rate	84	646	562	669
Increase (decrease) in cash and cash equivalents	(57,015)	57,662	114,677	(201)
Description of change analysis: (1) Increase in net cash inflow from operating activities: Mainly due to an increase in profit before tax in 2025, and the optimization of inventory management with active inventory reduction, resulting in increased cash inflows. (2) Increase in net cash outflow from investing activities: Proceeds from the sale of preferred shares were reallocated to lower-risk time deposits to earn interest income.				

(II) Improvement plan for insufficient liquidity: The Company has no cash deficit; therefore, there is no concern about insufficient liquidity.

(III) Analysis of cash flow for the following year: Not applicable.

IV. Major capital expenditures in 2025 and their impacts on the finance and business

None.

V. The investment policy in 2025, the main reason for profit or loss, improvement plan and investment plan for the following year

(I) Investment policy:

The Company's investments are made for operational needs or future growth considerations, and the Company has established the "Regulations for the Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" set by the competent authority to serve as the basis for the Company's investment business in order to grasp the relevant business and financial conditions. In addition, to improve the supervision and management of the investees, the Company has established regulations for the management of subsidiaries in the internal control system to regulate the information disclosure, finance, business, inventory and financial management to allow the investment business of the Company to exert its maximum effects.

(II) Gain or loss on investments and improvement plans:

December 31, 2025; unit: NT$ thousand

Investee	Shareholding ratio	Investment (loss) gain recognized during the period	Main reasons for gain or loss	Improvement plan
Hann Tang Co., Ltd.	100%	(74)	Recognition of profit (loss) of investees	None
Rafael Microelectronics Korea	100%	147	Provide sales of RFIC products	None
Hong Yu Co., Ltd.	100%	(75)	Recognition of profit (loss) of investees	None
ShenZhen Rafael Microsystems, Inc.	100%	1,221	Provide sales and engineering technology support services	None
ShenZhen Aluksen Hongxin Technology Co., Ltd.	49%	(1,298)	Mainly due to the recognition of inventory write-down losses	None
ShenZhen Rafael Semiconductors, Inc.	100%	(9)	No sales were recorded for the current period, with only accounting service fees and interest income related to the Company's operations.	None

(III) Investment plan for the following year: None.

VI. Analysis and assessment of risks

(I) The impact of changes in interest rates, exchange rates and inflation on the Company's profit/loss and future countermeasures

Unit: NT$1,000; %

Item \ Year	2024		2025	
	Amount	As a percentage of net operating income	Amount	As a percentage of net operating income
Interest income	4,911	0.46	8,768	0.77
Interest expenses	156	0.01	65	0.01
Exchange (loss) gain	13,029	1.22	(10,026)	(0.88)

(1) Effects of changes in the interest rate

As the operating scale and profitability increase, the Company's own capital is becoming more abundant, which makes the Company less dependent on borrowings from financial institutions. The Company maintains healthy relationships with the banks, grasps the changes in interest rates, and strives for preferential interest rates at all times. In terms of the utilization of short-term idle funds, low-risk bank deposits are used as investment instruments to obtain short-term investment returns.

(2) Effects of changes in the exchange rate

The Company’s primary transaction currency is the USD, and it is therefore exposed to the resulting exchange rate risk. The finance department continuously monitors market information and exchange rate movements, manages foreign currency positions, and enters into forward foreign exchange contracts as appropriate for hedging, in order to manage exchange rate risk arising from future commercial transactions and recognized assets and liabilities, and to minimize the impact of exchange rate fluctuations on the Company.

(3) Inflation

The Company's past profit or loss has not been significantly affected by inflation. In the future, the Company will also pay close attention to market price fluctuations and adjust product prices when necessary to reduce the impact of inflation.

(II) Policies on engaging in high-risk and high-leverage investments, loaning of funds to others, endorsements and guarantees, and derivative transactions, the main reasons for gain or loss, and future countermeasures

The Company has established the "management of loaning of funds to others,” “management of endorsements and guarantees,” and “Procedures for the Acquisition and Disposal of Assets” to apply as the basis for observation. For the most recent year and up to the publication date of the annual report, the Company did not engage in high-risk and highly-leverage investments, derivatives transactions, loans of funds to others, and endorsements and guarantees.

(III) Future R&D plans and R&D expenses estimated to be invested

The Company’s R&D plans are guided by a market-oriented approach and future trends, focusing on the development of innovative solutions such as automotive TV receiver chips and security chips. In the consumer electronics sector, the primary focus will be on developing USB 4.0 Type-C consumer AOC. The Company and its subsidiaries are expected to invest 21% to 25% of their operating income in R&D expenses in 2026.

(IV) The impact of important domestic and foreign policies and legal changes on the Company's finance and business, and countermeasures

The Company's operations are in compliance with relevant domestic and foreign laws and regulations, and the Company always pays attention to the development of domestic and foreign policies and regulatory changes. The Company assigns professionals to receive internal and external training from time to time or consults with relevant professionals or institutions in response to changes in domestic and foreign policies and laws when necessary. Therefore, the changes in important domestic and foreign policies, laws and regulations have not yet caused a significant impact on the Company's finance and business.

(V) The impact of changes in technology (including cybersecurity risks) and industry changes on the Company's finance and business, and countermeasures

The Company always pays attention to the changes in related technologies and technology development in the industry and keeps abreast of the industry dynamics. In addition, the Company constantly improves its own R&D capabilities, protects the development of various innovative concepts and designs through the application for patents, and actively expands the future market application fields to respond to the impact of technology changes and industry changes on the Company.

The Company's information system has established a complete network and computer system security protection mechanism to control and maintain important corporate operations, including R&D, operation, and accounting. Include:

(1) Remote backup mechanism: Remote backup and preservation are performed for material data to ensure the normal operation of information systems and reduce the system interruption risk due to unpredictable natural disasters and personnel negligence. In addition, simulation drills are conducted once a year to ensure that the system backup mechanism meets expectations.
(2) Anti-virus and network security threat protection: Update the latest anti-virus patterns regularly and set up a network intrusion prevention mechanism to block network attacks so as to reduce operational risks.
(3) Information security training: New employees are required to undergo basic information security training when they first report to work. The Company also organizes information security awareness campaigns on a regular basis to enhance information security awareness among employees. The Company adopts relevant information security solutions to prevent threats of online attacks and e-mail viruses and prevent cyber attacks from any third party.

For the most recent year and up to the publication date of the annual report, the Company has not identified any significant cyberattacks or incidents that have had or may have a material adverse effect on its business and operations, nor has it been involved in any related legal cases or regulatory investigations.

(VI) The impact of changes in the corporate image on corporate crisis management and countermeasures

Since its establishment, the Company has been committed to maintaining its corporate image and has not experienced any incidents that have caused deterioration of its corporate image or corporate crisis. The Company's business philosophy is to continue to improve technology and quality to meet customer needs, continue internal innovations, and maintain a favorable corporate image. While the Company grows, it not only pursues profits for employees and shareholders but also fulfills its corporate social responsibility.

(VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures

The Company had no plan for merger and acquisition in the most recent year and up to the publication date of the annual report.

(VIII) Expected benefits and possible risks of plant expansion and countermeasures

The Company had no plan for plant expansion in the most recent year and up to the publication date of the annual report.

(IX) Risks associated with purchase or sales concentration and countermeasures

1. In terms of purchases, as the upstream and downstream of the semiconductor industry in Taiwan have matured in design, wafer foundry, packaging and testing, IC designer companies tend to maintain long-term cooperation with specific wafer foundries and packaging and testing companies in order to obtain reliable and stable production capacity by taking into account the procedure technology, yield rate, sufficient production capacity and delivery term cooperation. The Company is a professional IC design company, and all products are fully outsourced for foundry production. To achieve quality stability, smooth production capacity and cost consideration, the Company has long-term cooperation with specific wafer foundries. In addition, the procedures are becoming more complicated, which makes the dependence between wafer foundries and the Company increase. The Company has been dealing with the current wafer suppliers for years the healthy relationships, and there is no risk of shortage.
2. In terms of sales, the Company's top customer in 2024 and 2025 was Company A, whose sales account for 26.06% and 24.63% of the operating income, respectively. Company A mainly engages in digital TV and other consumer home appliances, is an exclusive chip supplier for video solutions, and is a customer who the Company has long-term stable cooperation with good payment terms. In addition, apart from continuing to develop products that satisfy customer needs and maintaining existing relationships the Company will also actively expand new customer sources along with the development of new products so as to reduce the risk of sales concentration.

(X) The impact and risk to the Company in the event that a major quantity of shares belonging to a Director or shareholder with a stake of more than 10% has been transferred or has otherwise changed, and countermeasures: None.

(XI) The impact and risk of changes in management rights to the Company and countermeasures: None.

(XII) If the Company, Directors, the President, substantive responsible person, or major shareholders with a shareholding over 10% has had any litigation, non-litigation or administrative litigation event for which a final judgment has been entered or that has still been in process in the most recent two years and up to the publication date of the annual report, and the result of which might have a significant impact on shareholders' equity or securities prices, the fact of litigation, amount involved, litigation commencement date, principal parties involved, and current status shall be disclosed: None.

(XIII) Other major risks and countermeasures: None.

VII. Other important matters

(I) Intellectual Property Management

1. Intellectual Property Management Plan

To encourage invention and innovation, maintain a competitive edge, and protect R&D results, the Company has established the Confidential Information Protection Regulations, implemented intellectual property rights management plans, and formulated the Patent Application and Patent Right Management Regulations to govern matters related to patent application, patent maintenance, patent utilization, and patent bonuses/awards. To carefully evaluate the Company's patent proposals, the Company has established an internal patent review mechanism with a "Patent Committee". Committee members include senior executives from the Company's relevant units and highly respected IC design professors from outside the organization. The internal review and opinions of the committee help to refine the technical content of invention proposals, effectively ensuring patent quality and increasing the likelihood of patent approval.

In addition, the Company conducts regular patent inventories to examine the application of patents and their association with related products, which is used as a basis for evaluating patent value. Meanwhile, to enhance R&D personnel's awareness of and respect for patent rights and to prevent inadvertent infringement of intellectual property, the Company requires all new R&D hires to sign an "Intellectual Property Rights Commitment" prior to employment. This confirms their pre-employment non-compete obligations, the ownership of intellectual property created, and their adherence to the Company's intellectual property regulations.

2. Implementation Status

The Company reports on intellectual property management to the Board of Directors at least once a year. The most recent report was presented on October 31, 2025. The implementation status and results in recent years are as follows:

(1) To enhance employees' awareness and understanding of intellectual property protection, an annual trade secret training program was conducted in 2025. A total of 86 incumbent employees and 12 new hires passed the assessment, achieving a 100% completion rate.
(2) Internally, the Company has established an information security environment for managing confidential documents and implemented automated copyright format checks in R&D systems to control information flow and ensure information security. Externally, confidentiality agreements are required for any disclosure to or receipt of confidential information from third parties, and relevant employees are required to comply with such agreements.
(3) As of the end of October 2025, the Company had obtained a total of 44 patents and 5 trademarks.

Six. Other Disclosures

I. Information on affiliates

(I) Consolidated Business Report of Affiliates: Please make inquiries on the information reporting website (http://mops.twse.com.tw) designated by the FSC.

(II) Consolidated financial statements of affiliates: Please refer to the consolidated financial statements of the parent company and subsidiaries.

(III) Affiliation Report: Please make inquiries on the information reporting website (http://mops.twse.com.tw) designated by the FSC.

II. Private placement of securities in the most recent year and up to the publication date of the annual report

None.

III. Other necessary supplementary information

None.

IV. Any matters with significant impacts on the shareholders' rights and interests or securities price as stated in subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year and up to the publication date of the annual report

None.

Rafael Microelectronics, Inc.

Chairman　Cheng David