

Rafael Microelectronics, Inc.

2026 Annual Meeting of Shareholders Meeting Handbook (Translation)

MEETING TIME: 9:00 am May. 26th, 2026 (Tuesday)

PLACE: No. 88, Zhuangjing 1st Rd., Zhubei City, Hsinchu County

Notice to Readers

This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.

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One. The procedure for the 2026 annual shareholders' meeting of Rafael Microelectronics, Inc.

- (I). Call the meeting to order
- (II). Chairperson's speech
- (III). Report
- (IV). Ratification
- (V). Discussion
- (VI). Extempore motions
- (VII). Adjournment

Two. The agenda for the 2026 annual shareholders' meeting of Rafael Microelectronics, Inc.

Time: 9:00 a.m., May 26, 2026 (Tuesday)

Venue: No. 88, Zhuangjing 1st Rd., Zhubei City, Hsinchu County

Convening method: Physical meeting

One. Report the number of shares represented by the attending shareholders and call the

Two. Chairperson's speech

Three. Report

- I. 2025 business report.
- II. 2025 review report for the final account of the Audit Committee.
- III. Report on the distribution of remuneration of Directors and remuneration of employees for 2025.
- IV. Report on the distribution of cash dividends from earnings for 2025.
- V. Report on the handling status for 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.

Four. Ratification

- I. Ratification of the 2025 business report and financial statements.
- II. Ratification for the earning distribution for 2025.

Five. Discussion

- I. Proposal for the issuance of restricted stock awards in 2026.
- II. 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.
- III. Proposal for the cancellation of non-competition restrictions of the Company's newly appointed corporate director representative.

Six. Extempore motions

Seven. Adjournment

Three. [Report]

I. 2025 business report.

Description: For the 2025 business report, please refer to pages 3 to 5 of the Handbook.

Rafael Microelectronics, Inc. 2025 Business Report

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.

We wish you
good health, and may everything go as you hope!

Chairman: Cheng, David

President: JJ Chen

Chief Accountant: Su, Chin-Ya

II. 2025 review report for the final account of the Audit Committee.

Description: For the 2025 review report of the Audit Committee, please refer to page 6 of the Handbook.

Audit Committee's Review Report

The Board has prepared the Company's 2025 business report and financial statements. The financial statements have been audited by CPA Liao A-Shen and CPA Daniel Lee from PwC (Taiwan) with an audit report issued. We have audited the abovementioned business report, financial statements and the proposal for earnings distribution, and we believe that there is no inconsistency. Therefore, we reported the above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Audit Committee of Rafael Microelectronics, Inc.

Convener: Independent Director Huang Shui-Tong

March 2, 2026

- III. Report on the distribution of remuneration of Directors and remuneration of employees for 2025.
- Description: I. The Board approved the resolution to determine the distribution of the remuneration of employees and the remuneration of Directors in the amount of NT\$26,500 thousand (including NT\$18,500 thousand allocated to non-executive employees) and NT\$4,230 thousand in cash according to Article 28-1 of the Articles of Incorporation on March 2, 2026.

- IV. Report on the distribution of cash dividends from earnings for 2025.

Description: I. According to the Articles of Incorporation, the Board is authorized to distribute earnings in cash. The amount and payment date of the Company's cash dividends for 2025 are as follows:

Date of approval (year/month/day)	Date of distribution (year/month/day)	Cash dividends per share (NT\$)(Note 1)	Total cash dividends (NT\$)
2026/03/02	2026/6/29	2	61,117,800

Note 1: Calculated based on the Company's outstanding shares of 30,558,900 shares as of February 26, 2026 (after deducting 11,100 shares of capital pending cancellation and 259,000 shares of restricted employee rights new shares).

- II. The cash dividends are rounded to NT\$1 based on the distribution ratio, and the fractional amount less than NT\$1 is recognized in other income of the Company.
- III. If the payout ratio is changed due to changes in laws and regulations, the competent authority's approval, or the changes in the number of outstanding ordinary shares of the Company, the Chairman is authorized to make adjustments at his/her full discretion.
- V. Report on the handling status for 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.
- Description: I. Considering the enrichment of working capital, repayment of bank borrowings, repayment of corporate bonds, and the timeliness, feasibility, and issuance costs of fundraising, the annual shareholders' meeting approved to authorize the Board to introduce funds from strategic investors through a public offering or private placement within the limit of 3,000,000 shares based on the conditions in the capital market on May 27, 2025 and issue ordinary shares, issue new shares to participate in global depository receipts (GDRs) or issue overseas or domestic convertible bonds, either one or in combination, in batches or at the same time.
- II. Considering that the issuance period is about to expire, and the Company has not selected subscribers who comply with the qualifications at present, the Board approved the proposal for the discontinuation of the abovementioned capital increase on March 2, 2026.

Four. [Ratification]

Proposal 1

Subject: Ratification of the 2025 business report and financial statements. (Proposed by the Board)

Description: I. The Board resolved to approve the Company's 2025 business report and financial statements. The financial statements have been audited and certified by CPA Liao A-Shen and CPA Daniel Lee from PwC (Taiwan). The above financial statements and the business report have been submitted to the Audit Committee for review, with the review report issued.

II. The 2025 business report, independent auditor's report, and financial statements are enclosed; please refer to pages 3 to 5 of the Handbook, Attachment 1 and Attachment 2.

Resolution:

Proposal 2

Subject: Ratification for the earning distribution for 2025. (Proposed by the Board)

Description: I. The earning distribution table for 2025 is as follows:

Rafael Microelectronics, Inc.

Earnings Distribution Table

2025

Unit: NT\$

Item	Amount
Balance at the beginning of the period	565,374,932
Less: Cancellation of treasury shares reducing retained earnings	(12,904,908)
Adjusted unappropriated earnings	552,470,024
Add: Net profit after tax for the year	122,006,785
Less: Appropriation of a 10% legal reserve	(12,200,679)
Less: Appropriation of the special reserve	(789,392)
Distributable earnings	661,486,738
Distribution item:	
Cash dividend to shareholders (NT\$2 per share)	(61,117,800)
Unappropriated earnings at the end of the period	600,368,938

Chairman: Cheng, David

President: JJ Chen

Chief Accountant: Su, Chin-Ya

Resolution:

Five. [Discussion]

Proposal 1

Subject: Proposal for the issuance of restricted stock awards in 2026. (Proposed by the Board)

- Description: I. The Company intends to issue the restricted stock awards (RSAs) in 2026 according to paragraph 9, Article 267 of the Company Act and the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” (the “Regulations”) promulgated by the FSC.
- II. For the RSAs intended to be issued, the Company may make a filing to the competent authority in batches within one year from the resolution of the shareholders’ meeting and issue the RSAs at once or in batches within two years from the service date of the filing effective notice issued by the competent authority subject to the requirements. The Board authorized the Chairman to establish the issuance date and relevant matters.
- III. The content of the RSAs issued are as follows:
- (I) Total issuance amount: Issue a total of 200,000 ordinary shares with a par value of NT\$10, and the total issuance amount is NT\$2,000,000 in total. The number of shares to be issued will be otherwise proposed to the Board for resolution after the proposal for the issuance of RSAs is approved by the shareholders’ meeting and the competent authority.
- (II) Issuance conditions:
1. Issuance price: Grant to employees.
 2. Vesting conditions
- 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 before the expiry date shall achieve the following standards:

Vested period	Ratio of vested shares	Performance
One year from the date of appropriation of stock to the shareholders' register	30%	The performance evaluation result is outstanding or excellent one year before the expiry date
Two years from the date of appropriation of stock to the shareholders' register	30%	
Three years from the date of appropriation of stock to the shareholders' register	40%	

3. Types of shares to be issued:
Shares to be issued and granted to employees are ordinary shares.
 4. The handling method for employees who fail to meet the vesting conditions or have a succession:
Please refer to paragraph (IV), Article 5 of the drafted issuance regulations.
- (III) Qualifications and conditions of employees and the number of shares available for subscription:
1. Qualifications and conditions of employees:
Employees who can receive RSAs are limited to the full-time employees of the Company and its subordinates who are in-service on the grant date of RSAs. Regarding the number of RSAs to be granted, the distribution standards or principles shall be established with reference to the seniority, job level, work performance, overall contributions, special achievements, or other conditions to be referred to for management, and other factors; such standards or principles will be reported to the Board for approval after being approved by the Chairman. However, if a subscriber is a Director or manager who is an employee, it shall be approved by the Remuneration Committee first. For a person on the list of subscribers who is not a manager, it shall be approved by the Audit Committee first, and then reported to the Board for resolution.
 2. Number of shares available for subscription:
The number of shares to be granted to a single employee by the Company shall be subject to the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers.”
- (IV) The reasons for the necessity of the issuance of the RSAs:
To retain and attract professional talents required by the Company, provide incentives to employees, and improve employees’ cohesion to jointly create benefits for the Company and shareholders.
- (V) Amounts that may be expensed, dilution of earnings per share, and other impacts on shareholders' rights and interests:
1. Amounts that may be expensed:
Calculating based on the closing price of the Company on February 11, 2026 at NT\$166, the maximum amount that may be expensed when all vesting conditions are fulfilled is NT\$33,200 thousand. Calculating based on the vesting conditions and the issuance at the beginning of May 2027, the amount to be expensed from 2027 to 2030 will be NT\$12,911 thousand, NT\$12,727 thousand, NT\$6,087 thousand, and NT\$1,475 thousand, respectively.
 2. Dilution of earnings per share and other impacts on shareholders' rights and interests:
Calculating based on the number of issued shares of 30,817,900 shares at present, the possible reduction amount of the expensed earnings per share (excluding the effects of income tax) from 2027 to 2030 will be NT\$0.42, NT\$0.41, NT\$0.20, and NT\$0.02, respectively. If the outstanding shares increase or decrease before the issuance of RSAs above, the effects on earnings per share will also be adjusted

proportionally to comply with laws and regulations.

(VI) Other agreed matters:

During the trusted period of RSAs, the Company shall carry out the (including but not limited to) negotiation, execution, amendments, extensions, cancelation, and termination of the trust contract and the delivery, utilization, and disposal instructions with the stock trust institution on behalf of employees at its full discretion.

(VII) For the issuance regulations for RSAs in 2026, please refer to pages 32 to 34 of the Handbook and Attachment 3.

- IV. If matters related to the issuance of RSAs are required to be amended due to amendments to laws and regulations, the review requirements of the competent authority, or other factors subsequently, the Company intends to request the annual shareholders' meeting to authorize the Chairman in amending the regulations, and the issuance will be subject to the report to and ratification of the Board.

Resolution:

Proposal 2

Subject: 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. (Proposed by the Board)

- Description: I. Considering the enrichment of working capital, repayment of bank borrowings, repayment of corporate bonds, and the timeliness, feasibility, and issuance costs of fundraising, the Company intends to introduce funds from strategic investors through a public offering or private placement and issue ordinary shares, issue new shares to participate in GDRs or issue overseas or domestic convertible bonds, either one or in combination, in batches or at the same time. For the number of shares to be issued or converted, the Company intends to request the shareholders' meeting to authorize the Board to make arrangements within the limit of 3,000,000 shares subject to the conditions in the capital market based on the following descriptions.
- II. For the relevant issuance method and details, please refer to pages 35 to 38 of this handbook, Attachment 4.
- III. This capital raising plan shall be implemented, in one or multiple tranches, within one year from the date of resolution by the shareholders' meeting. Its key contents include, but are not limited to, the underwriting method, issuance price, actual number of shares to be issued, issuance terms, issuance procedures, project items, use of funds, total amount to be raised, expected schedule for the utilization of funds, anticipated benefits, and all other matters related to the issuance. It is proposed that the shareholders' meeting authorize the Board of Directors to adjust, determine, and handle these matters based on market conditions. In the future, if any changes are required due to approval by the competent authority, operational assessment, or objective environmental factors, the Board of Directors is also fully authorized to handle such matters.
- IV. Regarding the public offering of ordinary shares, issuance of new shares for the participation in GDRs, issuance of ordinary shares under private placement, or issuance of overseas or domestic convertible corporate bonds, the Company intends to request the shareholders' meeting to authorize the Chairman or a person it designates to execute and negotiate all contracts and documents related to the public

offering or the private placement plan on behalf of the Company and to make disposals for all matters required for the public offering or the private placement plan for the Company.

- V. For the private placement of overseas or domestic convertible bonds, the content of the proposal stated that the issuance price of convertible corporate bonds under private placement shall not be lower than 80% of the theoretical price, and the conversion price for the conversion into ordinary shares shall not be lower than 80% of the reference price, complying with laws and regulations. However, strategic investors are not confirmed at present; the Board shall establish the issuance conditions, coupon rates of bonds, and relevant conditions after the proposal is approved by the shareholders' meeting and the strategic investors are confirmed with reference to the issuance conditions in the market.
- VI. For unaddressed matters in the proposal, the Chairman is authorized to make disposals at his/her full discretion according to the law.

Resolution:

Proposal 3

Subject: Proposal for the cancellation of non-competition restrictions of the Company's newly appointed corporate director representative. (Proposed by the Board)

- Description: I. According to Article 209 of the Company Act, a director who does anything for himself/herself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- II. In addition, according to the explanation in Letter Shang No. 89206938 from the Ministry of Economic Affairs dated April 24, 2000, when a representative appointed by a corporate shareholder is elected as the director according to paragraph 2, Article 27 of the Company Act, the appointed representative and the corporate shareholder shall be under the non-competition restrictions for directors to comply with Article 209 of the Company Act.
- III. To rely on the expertise and relevant experiences of the Company's Directors, the Company intends to request for the consent to cancel the non-competition restrictions of Directors.

Director	Name of other companies where the Director has concurrent positions and duties
JJ Chen	President, Orangetek Corporation Consultant, QuantumZ Inc. Corporate Director Representative, Flexium Interconnect, Inc. Director, ShenZhen Aluksen Hongxin Technology Co., Ltd.

Resolution:

Six. [Extempore motions]

Seven. [Adjournment]

Rafael Microelectronics, Inc.

2026 Annual Shareholders' Meeting

Appendix I

Rafael Microelectronics, Inc.

Rules of Procedure for Shareholders Meetings

The establishment was approved at the shareholders' meeting on June 29, 2015.
The amendments were approved at the shareholders' meeting on January 7, 2016.
The amendments were approved at the shareholders' meeting on February 18, 2016.
The amendments were approved at the shareholders' meeting on July 7, 2021.
The amendments were approved at the shareholders' meeting on June 15, 2022.
The amendments were approved at the shareholders' meeting on June 18, 2024.

Article 1: To establish a favorable governance system for the shareholders' meeting, optimize the supervisory functions, and strengthen the management systems, the Rules were established according to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" for observation.

Article 2: Except for otherwise stated in the laws, regulations, or Articles, the rules of procedure of the Company's shareholders shall be subject to the Rules.

Article 3: Except for otherwise stated in laws or regulations, the shareholders' meeting of the Company shall be convened by the Board.

Except for otherwise stated in the Regulations Governing the Administration of Shareholder Services of Public Companies, convening a shareholders' meeting via a video conference shall be set out in the Articles and be resolved by the Board. A virtual shareholders' meeting shall be resolved by receiving consent from over half of the attending Directors at a Board meeting attended by over two-thirds of the Directors.

After the public offering of the Company, the convening procedures shall comply with the Articles of Incorporation. Unaddressed matters in the Articles of Incorporation shall be subject to Article 172 of the Company Act, Article 26-2 of the Securities and Exchange Act, and other relevant laws and regulations.

Any change in the convening method of a shareholders' meeting shall be resolved by the Board, and shall be made at least before the notice of the shareholders' meeting is dispatched.

The Company shall prepare the electronic files of the notice for shareholders' meeting, proxy form, the reasons for relevant ratifications, discussions, election or dismissal of Directors, and other proposals, and description data and upload them to the MOPS 30 days or 15 days before the annual shareholders' meeting or the extraordinary shareholders' meeting, respectively.

The electronic files of the shareholders' meeting handbook and supplementary materials for the meeting shall be prepared and uploaded to the MOPS 21 days or 15 days before the annual shareholders' meeting or the extraordinary shareholders' meeting, respectively. However, if the paid-in capital of the Company at the end of the latest fiscal year reached NT\$2 billion or above or the total shareholding ratio of foreign investors and investors from Mainland China recorded in the shareholders' register for the annual shareholders' meeting convened in the latest fiscal year reached 30% or above, the electronic files above shall be uploaded 30 days before the annual shareholders' meeting. Duly prepare the shareholders' meeting handbook and supplementary materials for the meeting 15 days before a shareholders' meeting for shareholders to collect, and display them at the Company and the professional stock agency institution appointed by the Company.

The meeting handbook and supplementary materials in the preceding paragraph shall be provided to shareholders for reference on the day of shareholders' meeting:

1. When convening a physical shareholders' meeting, distribute them at the site of the shareholders' meeting.
2. When convening a video-assisted shareholders' meeting, distribute them at the site of the shareholders' meeting and upload their electronic files to the video conference platform.
3. When convening a virtual shareholders' meeting, upload their electronic files to the video

conference platform.

The notice and announcement shall set out the reason for the meeting; when the counterparty approves, the notice may be made through electronic means.

The election or dismissal of Directors, changes in the Articles, capital reduction, application for the suspension of the public offering, non-competition permit of Directors, a capital increase from earnings, capital increase from reserves, dissolution, merger, or split of the Company, or matters in subparagraphs paragraph 1, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the reasons for the meeting, the main content shall be described, and shall not be proposed as a extempore motion. The main content shall be uploaded to the website designated by the competent authority of securities or the Company, and the link shall be set out in the notice.

If the reasons for the shareholders' meeting have set out the full re-election of Directors and supervisors and set out the assumption date, the assumption date may not be changed through the extempore motion at the same meeting or by other means after the completion of the re-election at the shareholders' meeting.

A shareholder who holds over 1% of the total issued shares may propose a proposal for the annual shareholders' meeting and up to one proposal. Those who propose more than one proposal, such proposals will not be included in the agenda. In addition, if the proposal proposed by a shareholder has any circumstances in the subparagraphs in paragraph 4, Article 172-1 of the Company Act, the Board may not include it in the agenda. A shareholder may propose a suggestive proposal that urges the Company to improve public benefits or fulfill social responsibility, and it shall be up to one proposal according to Article 172-1 of the Company Act based on the procedures. Any proposals more than one will not be included in the agenda.

The Company shall announce the accepted proposals of shareholders, written or electronic acceptance methods, acceptance venue, and acceptance period before the lock-up period before the annual shareholders' meeting; the acceptance period shall be no less than 10 days.

The proposal proposed by a shareholder shall be limited to 300 words, and those exceeding 300 words will not be included in the agenda. The proposing shareholder shall attend the annual shareholders in person or by engaging others and participate in the discussion of the proposal.

Before the notice day of the shareholders' meeting, proposing shareholders shall be notified of the disposal results, and proposals that comply with this article shall be listed in the meeting notice. For shareholders' proposals that are not included in the agenda, the Board shall describe the reasons for exclusion at the shareholders' meeting.

Article 4: For each shareholders' meeting, a shareholder may issue the proxy form printed and distributed by the Company and set out the scope of authorization to engage a proxy to attend the shareholders' meeting.

A shareholder may only issue one proxy form to engage up to one person, and the proxy form shall be served to the Company five days before the shareholders' meeting. If there are duplicated proxy forms, the first that was served shall prevail. However, this does not apply to the statement of canceling the former appointment.

If a shareholder intends to attend the shareholders' meeting in person or intends to exercise his/her voting rights in writing or via electronic means after the proxy form is served to the Company, he/she shall send a written notice to the Company to cancel the appointment two days before the shareholders' meeting. For those who cancel overdue, the voting rights exercised by the proxy shall prevail.

If a shareholder intends to attend the shareholders' meeting via a video conference after the proxy form is served to the Company, he/she shall send a written notice to the Company to cancel the appointment two days before the shareholders' meeting. For those who cancel overdue, the voting rights exercised by the proxy shall prevail.

Article 5: The venue for the shareholders' meeting shall be at the location of the Company or a place that is convenient for shareholders to attend and suitable for convening the shareholders' meeting. The starting time of the meeting shall not be earlier than 09:00 a.m. or later than 03:00 p.m., and the opinions of Independent Directors shall be fully considered regarding the convening venue and time. The Company is not restricted by the convening venue in the preceding paragraph when it convenes a virtual shareholders' meeting.

Article 6: The Company shall set out the time to accept the sign-ins of shareholders, solicitors, and proxies (the "shareholders"), sign-in venue, and other matters of notice in the meeting notice.

The time accepting the sign-ins of shareholders in the preceding paragraph shall be 30 minutes before the commencement of the meeting. The sign-in place shall have specific signs, and sufficient and competent personnel shall be appointed. For a shareholders' meeting via a video conference, the sign-in shall be accepted at the video conference platform 30 minutes before the commencement of the meeting, and shareholders who completed the sign-in are deemed to have attended the shareholders' meeting in person.

Shareholders shall attend the shareholders' meeting by presenting the attendance certificate, attendance sign-in card, or other attendance certificates. The Company may not require the provision of additional certifying documents regarding the certifying documents presented by shareholders for attendance. Regarding solicitors for proxy solicitation, bring the ID documents for verification.

The Company shall furnish a signature book for attending shareholders to sign, or attending shareholders may hand in a sign-in card instead.

The Company shall deliver the meeting handbook, annual report, attendance certificate, speaker's slip, voting ballots, and other meeting materials to shareholders who attend the shareholders' meeting; voting tickets shall be otherwise enclosed if there is an election of Directors.

If the shareholder is the government or a corporation, proxies who attend the shareholders' meeting may be more than one person. When a corporation is engaged to attend the shareholders' meeting, it may only appoint one person to attend.

If the shareholders' meeting is convened by way of a video conference, a shareholder who intends to attend the meeting via the video conference shall register with the Company two days before the shareholders' meeting.

If the shareholders' meeting is convened by way of a video conference, the Company shall upload the meeting handbook, annual report, and other relevant materials to the video conference platform at least 30 minutes before the commencement of the meeting and continue to disclose them until the end of the meeting.

Article 6-1: If the Company convenes a shareholders' meeting via a video conference, it shall set out the following matters in the meeting notice:

- I. The methods for shareholders to participate in the video conference and exercise their rights.
- II. The handling methods of obstacles of the video conference platform or the participation via a video conference due to natural disasters, accidents, or other force majeure, and shall at least include the following matters:
 - (I) The time for the postponed or continued meeting, as the abovementioned obstacles that occurred cannot be eliminated, and the date for the postponed or resumed meeting.
 - (II) Shareholders who did not register to participate in the initial shareholders' meeting via a video conference may not participate in the postponed or resumed meeting.
 - (III) When convening a video-assisted shareholders' meeting, and the video conference cannot be continued, if the total number of attending shares after deducting the number of attending shares participating in the shareholders' meeting via a video conference reaches the statutory quota for the shareholders' meeting, the shareholders' meeting shall be continued. For shareholders who participated via a video conference, their

number of attending shares shall be included in the total number of shares of attending shareholders, and they shall be deemed to have waived their rights for all the proposals of the shareholders' meeting.

(IV) Handling methods for having the results of all proposals announced without any extempore motion.

III. When convening a virtual shareholders' meeting, set out appropriate substitutive measures for shareholders who have difficulties participating in the shareholders' meeting via a video conference. Apart from circumstances stated in paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall at least provide the shareholders with connection equipment and necessary assistance and set out the period during which shareholders may apply to the Company and other matters of notice.

Article 7: If the shareholders' meeting is convened by the Board, the Chairman shall be the chairperson. When the Chairman is on leave or is unable to exercise his/her powers due to other reasons, a Director shall be designated to act on his/her behalf. If the Chairman did not designate a proxy, a Director shall be elected among themselves to act on the Chairman's behalf.

If a Director acts as the chairperson in the preceding period, the Director shall have worked with the Company for over six months and understand the financial and business conditions of the Company. The same shall apply if the chairperson is a representative of a corporate Director.

For a shareholder convened by the Board, the Chairman shall host in person, and there shall be over half of the Directors, at least one Audit Committee member and at least one member of each functional committee attending, and the attendance shall be recorded in the minutes of the shareholders' meeting.

If a shareholders' meeting is convened by a person with rights to convene the meeting other than the Board, the person with the convening rights shall be the chairperson; if there are two or more persons with convening rights, one of them shall be elected to be the chairperson.

The Company may appoint the attorney, CPAs, or relevant personnel it engaged to present at the shareholders' meeting.

Article 8: The Company shall have uninterrupted audio and video recordings starting from the acceptance of the shareholders' sign-ins to record the course of shareholders' sign-ins, the course of the meeting, and the course of voting and counting continuously.

The video and audio data in the preceding paragraph shall be retained for at least one year. However, if a shareholder files a lawsuit according to Article 189 of the Company Act, it shall be kept until the end of the lawsuit.

If the shareholders' meeting is convened via a video conference, the Company shall record and keep the enrollment, registration, sign-ins, questions, voting, vote counting results, and other data and have uninterrupted audio and video recordings throughout the video conference continuously.

The data and the audio and video recordings in the preceding paragraph shall be retained by the Company during its duration, and the audio and video recordings shall be provided to the person who was engaged to make arrangements for the video conference for preservation.

Article 9: Attendance at a shareholders' meeting shall be calculated based on the number of shares. The number of attending shares shall be the number of shares based on the signature book or the sign-in cards and the sign-ins on the video conference platform, plus the number of shares that exercise the voting rights in writing or via electronic means.

The chairperson shall call the meeting to order upon the meeting time. However, when the attending shareholders do not represent over half of the total issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If attending shareholders do not represent over one-third of the total issued shares after two postponements, the chairperson shall declare the meeting adjourned. If the meeting is held by video conference, the Company shall announce the meeting adjourned on the video conference platform.

If the quorum is not met after two postponements as described in the preceding paragraph, but the attending shareholders represent over one-third of the total issued shares, a tentative resolution may be adopted pursuant to paragraph 1, Article 175 of the Company Act. All shareholders shall be notified of the tentative resolution, and another shareholders meeting shall be convened within one month. If the meeting is held by video conference, the shareholders who intend to attend via video conference shall register with the Company again pursuant to Article 6.

If the meeting is still in progress, and the attending shareholders represent more than half of the total issued shares, the chairperson may resubmit the tentative resolution to the shareholders' meeting for voting pursuant to Article 174 of the Company Act.

Article 10: If the shareholders' meeting is convened by the Board, the meeting agenda shall be set by the Board. The relevant proposals (including extempore motions and amendments to the original proposals) shall be voted on a one-by-one basis, and the meeting shall proceed in accordance with the scheduled agenda, which shall not be changed without a resolution of the shareholders' meeting. If a shareholders' meeting is convened by a person with the rights to convene the meeting other than the Board, the provisions of the preceding paragraph shall apply.

The chairperson may not declare the meeting adjourned prior to the completion of deliberation on the meeting agenda in the preceding two paragraphs (including extempore motions). If the chairperson declares the meeting adjourned in violation of the rules of procedure, other members of the Board shall promptly assist the attending shareholders in electing a new chairperson in accordance with statutory procedures, and a chairperson shall be elected by receiving consent from attending shareholders with over half of the voting rights to continue the meeting.

The chairperson shall give sufficient time and opportunity for the shareholders to discuss the proposals, amendments to the proposals proposed by shareholders, or extempore motions. When the chairperson deems that it is time for voting, the chairperson may announce the discussion closed, put the proposals to vote, and arrange sufficient time for voting.

Article 11: Before speaking, an attending shareholder shall specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance certificate number), and account name. The order in which shareholders speak will be set by the chairperson.

If an attending shareholder only submits a speaker's slip but does not speak, it shall be deemed no speech. If the content of the speech is inconsistent with the speaker's slip, the content of the speech shall prevail.

Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. However, the chairperson may stop a shareholder's speech if the shareholder has violated the rules or exceeded the scope of the topic.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have obtained the consent of the chairperson and the speaking shareholder; the chairperson shall stop any violation.

When a corporate shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chairperson may respond or direct relevant personnel to respond.

If the shareholders' meeting is convened by video conference, the shareholders who participated in the meeting by video conference may ask questions on the video conference platform in text after the chairperson calls the meeting to order and before the meeting is adjourned. The number of questions on each proposal shall not exceed two times, and each time shall not exceed 200 words, and the first to fifth paragraphs shall not apply.

Article 12: Voting at a shareholders' meeting shall be calculated based on the number of shares.

The number of shares held by the shareholders without voting rights shall not be counted in the total issued shares.

If a shareholder has a personal interest in an agenda item that is likely to prejudice the Company's interests, he/she may not participate in the voting on that item and may not exercise voting rights on behalf of another shareholder.

The number of shares without voting rights referred to in the preceding paragraph shall not be counted in the number of voting rights of the attending shareholders. Except for trust enterprises or stock agencies approved by the competent authority of securities, when one person is concurrently engaged as a proxy by two or more shareholders, the voting rights of that proxy shall not exceed 3% of the voting rights of the total issued shares, and the excessive part of voting rights shall not be counted.

Article 13: Each shareholder is entitled to one vote for each share held; however, this shall not apply to those with no voting rights as specified in paragraph 2, Article 179 of the Company Act.

When the Company holds a shareholders' meeting, it shall adopt the exercise of voting rights via electronic means and in writing; when voting rights are exercised in writing or via electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder who exercised his/her voting rights in writing or via electronic means shall be deemed to have attended the shareholders' meeting in person. However, for the extempore motions and amendments to the original proposals at the shareholders' meeting, they are deemed waiving their rights; therefore, the Company shall avoid proposing extempore motions and amendments to the original proposals.

If the shareholder exercises his/her voting rights in writing or via electronic means under the preceding paragraph, the intent of the shareholder shall be delivered to the Company two days prior to the shareholders' meeting. In case of duplicate delivery, the earliest delivery shall prevail. However, this does not apply to the statement of canceling the former intent.

After a shareholder exercises his/her voting rights in writing or via electronic means, if he/she intends to attend the shareholders' meeting in person or via a video conference, he/she shall express a revocation of the intent previously expressed in the same manner as the cancelation of the intent previously expressed in the preceding paragraph, and if the cancelation is made after overdue, the voting rights exercised in writing or via electronic means shall prevail. If the voting rights are exercised in writing or via electronic means, and a proxy is engaged through a proxy form to attend the shareholders' meeting, the voting rights exercised by the proxy at the meeting shall prevail.

Unless otherwise provided by the Company Act and the Company's Articles of Incorporation, the voting of resolutions shall be subject to approval by receiving attending shareholders with over half of the voting rights. When voting, the proposals shall be put to vote one by one. If no objection is voiced after the chairperson consulted all the attending shareholders, the proposal shall be deemed to have been passed, and the effectiveness shall be the same as being voted. If there is any objection, the chairperson or his/her designated person shall announce the total number of voting rights of the attending shareholders and then proceed to the voting. After the shareholders' meeting, the results of the votes cast for, against and abstained shall be entered into the MOPS on the same day.

If there is an amendment or substitute to the same proposal, the chairperson shall combine them with the original proposal and decide the voting sequence. If any of the proposals has been approved, the other proposals shall be deemed rejected, and no further voting is required.

The scrutineers and counting personnel for the voting of proposals shall be appointed by the chairperson, provided that the scrutineers shall be shareholders.

The counting of votes for the voting of proposals or elections at the shareholders' meeting shall be conducted in an open place at the meeting venue, and the results of the votes, including the statistical counting of the voting weights, shall be announced on the spot after the counting is completed and be recorded.

When the Company convenes a shareholders' meeting via a video conference, the shareholders who participated in the video conference shall vote on each proposal and the election through the video conference platform after the chairperson calls the meeting to order. The voting shall be completed before the chairperson announces the end of the voting, and those who vote overdue shall be deemed waiving their rights.

If the shareholders' meeting is convened by video conference, the results of the votes shall be counted at once after the chairperson announces the end of the vote, and the results of the vote and the election shall be announced.

When the Company convenes a video-assisted shareholders' meeting, if the shareholders who have registered for attending the shareholders' meeting via a video conference in accordance with Article 6 intend to attend the meeting in person, they shall cancel the registration two days before the meeting in the same manner as the registration. If the cancellation is overdue, they may only attend the shareholders' meeting via a video conference.

If a shareholder exercises his/her voting right in written or via electronic means, has not revoked the intent of expression, and has participated in the shareholders' meeting by way of video conferencing, except for extempore motions, the shareholder may not exercise the voting right on the original proposals, or propose amendments to the original proposals, or exercise the voting right on the amendments to the original proposals.

Article 14: If an election of Directors is held at a shareholders' meeting, the election results, including the names of those elected as Directors and the number of votes with which they were elected, shall be announced on the spot in accordance with the election and appointment regulations of the Company.

The ballots for the election referred to in the preceding paragraph shall be sealed and signed by the scrutineers and kept in proper custody for at least one year. However, if a shareholder files a lawsuit according to Article 189 of the Company Act, it shall be kept until the end of the lawsuit.

Article 15: Meeting minutes shall be prepared for resolutions made at the shareholders' meeting; the minutes shall be distributed to shareholders within 20 days from the meeting after being signed or sealed by the chairperson. The preparation and distribution of the meeting minutes may be done via electronic means.

For the distribution of the meeting minutes in the preceding paragraph, the Company may make announcements by uploading them to the MOPS.

The year, month, date, venue, name of the chairperson, resolution method, summary of the discussion of proposals, and voting results (including the weights calculated) shall be recorded in the meeting minutes, and the votes won by each candidate shall be disclosed when there is an election of Directors. The minutes shall be preserved permanently during the duration of the Company.

If the shareholders' meeting is convened by video conference, the meeting minutes shall record the starting and ending time of the meeting, the convening method of the meeting, the name of the chairperson and the minutes taker, and the handling method and the handling methods of obstacles of the video conference platform or the participation via a video conference due to natural disasters, accidents, or other force majeure.

In addition to the requirements in the preceding paragraph, the Company shall also set out the substitutive measures for shareholders who have difficulties in participating in the shareholders' meeting via a video conference when the Company convenes a virtual shareholders' meeting.

- Article 16: For the number of shares solicited by solicitors, the number of shares represented by proxies, ~~and~~ the number of shares with shareholders' attending in writing or via electronic means, the Company shall accurately disclose them in the venue of the shareholders' meeting on the day of the shareholders' meeting by using the statistical chart prepared according to the specification. When the shareholders' meeting is convened via a video conference, the Company shall upload the abovementioned data to the video conference platform of the shareholders' meeting at least 30 minutes before the commencement of the meeting, and it shall be disclosed continuously until the end of the meeting.
- When the Company convenes a shareholders' meeting via a video conference, the total number of shares represented by the attending shareholders shall be disclosed on the video conference platform when the meeting is called to order. The same shall apply to the total number of shares and the number of voting rights represented by the attending shareholders, if any, at the meeting.
- If any resolution made by the shareholders' meeting involves the material information stated in laws and regulations or specified by TWSE (TPEX), the Company shall upload the content to MOPS within the time specified.
- Article 17: Conference staff organizing the shareholders' meeting shall wear ID cards or badges.
- The chairperson may direct the proctors or security personnel to help maintain the order of the meeting venue. When the proctors or security personnel assist in maintaining order at the meeting venue, they shall wear badges or ID cards marked with "Proctor."
- If the meeting venue is equipped with sound-amplifying equipment, the chairperson may stop any shareholder's speech unless the shareholder is using the equipment set up by the Company.
- If a shareholder violates the rules of procedure and has dissenting opinions against the corrections by the chairperson, the chairperson may direct the proctors or security personnel to escort the shareholder out of the meeting venue.
- Article 18: During the meeting, the chairperson may announce a break discretionally. If any force majeure occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- If the meeting venue is no longer available for continued use before the conclusion of the meeting agenda (including extempore motions) of the shareholders' meeting, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.
- The shareholders' meeting may be postponed or resumed within five days in accordance with Article 182 of the Company Act.
- Article 19: If the shareholders' meeting is convened by video conference, the Company shall disclose the voting results of the proposals and the election results on the video conference platform in a timely manner after the end of voting according to the requirements, and shall continue to disclose the results for at least 15 minutes after the chairperson announces the meeting adjourned.
- Article 20: When the Company convenes a virtual shareholders' meeting, the chairperson and the minutes taker shall be at the same venue in the country. The chairperson shall announce the address of the venue when calling the meeting to order.
- Article 21: If a shareholders' meeting is convened by video conference, the Company may provide real-time services before and during the meeting to help handle the technical problems of communication.
- If the shareholders' meeting is convened by video conference, when calling the meeting to order, the chairperson shall announce that the meeting is not postponed or resumed pursuant to paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies. Before the chairperson announces the meeting adjourned, if there are obstacles to the video conference platform or the participation via a video conference due to natural disasters, accidents, or other force majeure that continue for over 30 minutes, the requirements in Article 182 of the Company Act shall not apply to the date of the postponed or resumed meeting within five days.

When the postponed or resumed meeting in the preceding paragraph occurs, shareholders who did not register to participate in the initial shareholders' meeting via a video conference may not participate in the postponed or resumed meeting.

If the meeting is postponed or resumed in accordance with paragraph 2, regarding shareholders who have registered to attend the original meeting and have completed the sign-in but failed to participate in the postponed or resumed meeting, their number of shares for the attendance of the original meeting, and voting rights and election rights exercised shall be included in the total number of shares, voting rights and election rights of the attending shareholders at the postponed or resumed meeting.

If the shareholders' meeting is postponed or resumed pursuant to paragraph 2, proposals with voting and counting completed and the results announced, or the list of elected Directors and supervisors are not required to be re-discussed and resolved.

When the Company convenes a video-assisted shareholders' meeting, and the meeting cannot be continued as stated in paragraph 2, if the total number of attending shares after deducting the number of attending shares participating in the shareholders' meeting via a video conference reaches the statutory quota for the shareholders' meeting, the shareholders' meeting shall be continued, and the postponed or resumed meeting in paragraph 2 is no longer required.

When the continuation of the meeting in the preceding paragraph occurs, for shareholders who participated via a video conference, their number of attending shares shall be included in the total number of shares of attending shareholders, and they shall be deemed waiving their rights for all the proposals of the shareholders' meeting.

If the Company postpones or resumes the meeting in accordance with paragraph 2, it shall complete the preparation work in accordance with the initial date of the shareholders' meeting and the relevant provisions of each article in compliance with paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

Regarding the period specified in the latter part of Article 12 and paragraph 3, Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, paragraph 2, Article 44-5, Article 44-15, and paragraph 1, Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall make arrangements based on the date of the postponed or resumed shareholders' meeting according to paragraph 2.

Article 22: When convening a virtual shareholders' meeting, the Company shall provide appropriate substitutive measures for shareholders who have difficulties in participating in the shareholders' meeting via a video conference. Apart from circumstances stated in paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall at least provide the shareholders with connection equipment and necessary assistance and set out the period during which shareholders may apply to the Company and other matters of notice.

Article 23: The Rules were implemented after being approved by the shareholders' meeting, and the same shall apply to any amendment.

Unaddressed matters shall be subject to the Company Act.

Rafael Microelectronics, Inc.

2026 Annual Shareholders' Meeting

Appendix II

Rafael Microelectronics, Inc.
2026 Annual Shareholders' Meeting
Shareholding of All Directors

- I. As of March 28, 2026, the last day before the lock-up period of the annual shareholders' meeting, the total issued shares of the Company were 30,829,000 shares.
- II. If the Company has established its Audit Committee in accordance with the Securities and Exchange Act, the requirement of minimum shareholding of supervisors shall not apply.
- III. According to Article 26 of the Securities and Exchange Act, the statutory minimum shareholding of all Directors and the shareholding of Directors as of March 28, 2026 are as follows.

(I) The minimum shareholding of all Directors as of March 28, 2026:

Title	Minimum shareholding	Number of shares registered in the shareholders' register
Director	3,600,000	10,158,938

(II) The details of the shareholding of the Directors as of March 28, 2026 are shown below:

Title	Name	Number of shares registered in the shareholders' register
Chairman	Flexium Interconnect, Inc. Representative: Cheng David	9,221,976
Director	Flexium Interconnect, Inc. Representative: Cheng Ming-Chi	
Director	Flexium Interconnect, Inc. Representative: Moffatt, Robert Alexander	
Director	Flexium Interconnect, Inc. Representative: Lin Pei-Ru	
Director	Flexium Interconnect, Inc. Representative: JJ Chen	
Director	Quincy Lin	936,962
Independent Director	Huang Shui-Tong	0
Independent Director	Anson Tseng	0
Independent Director	CH Chen	33,000 (Note 1)
Total		10,158,938

(Note 1) The shareholding of Independent Directors is not included in the shareholding of Directors.

(English Translation of a Report Originally Issued in Chinese)

Independent Auditors' Report

(2026) Financial Audit Report No. 25002932

To Shareholders and the Board of Directors of Rafael Microelectronics, Inc.,

Auditors' opinion

We have reviewed the accompanying consolidated balance sheets of Rafael Microelectronics, Inc. (hereinafter referred to as the “Company”) and its subsidiaries (hereinafter referred to as the “Group”) as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as "the consolidated financial statements").

In our opinion, based on our audits and the reports of other independent auditors (please refer to other matters), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis of the audit opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibility under these standards is further explained in the section of Auditor's Responsibilities for the audit of the Consolidated Financial Statements. We are independent of the Group in accordance with the Code of Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended December 31, 2025. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

Key audit matters of the 2025 consolidated financial statements of the Group were as follows:

Inventory valuation

Description of matters

For the accounting policies related to the evaluation of inventory, please refer to note 4 (13) of the consolidated financial statements; for the uncertainty of accounting estimates and assumptions in inventory valuation, please refer to note 5 of the consolidated financial statements; for the accounting items of inventory, please refer to Note

6 (6) of the consolidated financial statements.

The Group primarily manufactures and sells products such as radio frequency integrated circuits, and the technology of the industry is changing rapidly, resulting in a higher risk of inventory valuation loss or obsolescence. Due to the significant amount of inventories and the fact that the estimated amount of net realizable value of inventories involves subjective judgment by the management, we have listed the inventory valuation as a key audit matter in this year's audit.

Corresponding audit procedures

The main countermeasures for the above key audit matter that we have implemented were as follows:

1. Based on the understanding of the nature of the operation and industry of the Group, assess the reasonableness of the inventory allowance policy and procedures adopted for inventory valuation and the reasonableness of the management's judgment of the outdated and obsolete items.
2. Understanding the inventory management process, evaluate the inventory status and the effectiveness of management in differentiating and controlling obsolete inventory by participating in the annual inventory count.
3. Check the accuracy of the calculation of the inventory aging and confirm the reasonableness of the identification of slow-moving and obsolete inventory; verify the reasonableness of the net realizable value evaluation basis, and evaluate the reasonableness of the provision for inventory valuation loss and the consistency of the evaluation policy.

Other matters - Audited by other CPAs

The financial statements of some subsidiaries included in the consolidated financial statements of the Group and the investees under the equity method were not audited by us but by other auditors. Therefore, in our opinion on the aforementioned consolidated financial statements, the amounts listed in the financial statements of these companies were based on the audit reports of other auditors. The total assets (including investments accounted for using the equity method) of the aforementioned companies as of December 31, 2025 and 2024 were NT\$8,657 thousand and NT\$9,303 thousand, respectively, representing 0.48% and 0.56% of the consolidated total assets. Operating revenue for the periods from January 1 to December 31, 2025 and 2024 was both NT\$0, representing 0% of the consolidated net operating revenue. The losses recognized under the equity method for the aforementioned investments for the periods from January 1 to December 31, 2025 and 2024 were NT\$1,298 thousand and NT\$493 thousand, respectively, representing (1.06%) and (0.43%) of the consolidated total comprehensive income.

Other matters - Parent company only financial statements

We have audited the parent company only financial statements of the Company for the year ended December 31, 2025, and issued an auditors' report with an unqualified opinion with other matters paragraph, for reference.

Responsibilities of the management and the governing body for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the financial reporting process of the Group.

Responsibilities of CPAs to audit the consolidated financial statements

The purpose of our audit of the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic of China will always detect a material misstatement when it exists in the consolidated financial statements. Misstatements can arise from fraud or error. The misrepresentation of an amount, either individually or in the aggregate, is considered material if it could reasonably be expected to influence the economic decisions of users of the consolidated financial statements.

We exercised professional judgment and maintain professional skepticism when conducting audits in accordance with the Auditing Standards of the Republic of China. We also perform the following tasks:

1. Identify and assess the risk of material misstatement arising from fraud or error in the consolidated financial statements; design and execute appropriate countermeasures for the risks assessed; and obtain sufficient and appropriate audit evidence to serve as the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. The Company shall obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Assess the appropriateness of the accounting policies adopted by the management, and the reasonableness of the accounting estimates and related disclosures.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we believe that there is a major uncertainty of such event or circumstance, we must remind the user of the consolidated financial statements to pay attention to relevant disclosures in the consolidated financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained as of the date of the auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Assess the overall presentation, structure and content of the consolidated financial statements (including the disclosures), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group, in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and we are responsible for our audit opinion.

The matters communicated between us and the governing body include the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control identified during our audit).

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the Group in 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless the law or regulation does not allow us to disclose such matters, or under extremely rare circumstances we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Liao A-Shen

CPAs

Li Tien-Yi

Approval reference number of the Former Financial
Supervisory Commission, Executive Yuan: Jin-Guan-
Zheng-Shen-Zi No. 1010015969

Approval reference number of the Financial Supervisory
Commission: Jin-Guan-Zheng-Shen-Zi No. 1020028992

March 2, 2026

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

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

(English Translation of a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc. and Subsidiaries
Consolidated Balance Sheet
December 31, 2025 and 2024

Unit: NT\$1,000

Assets			December 31, 2025		December 31, 2024	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 436,474	24	\$ 378,812	23
1110	Financial assets at fair value through profit or loss - current	6(2)	36,876	2	207,116	12
1136	Financial assets measured at amortized cost - current	6(4)	504,700	28	179,700	11
1170	Net accounts receivable	6(5)	160,839	9	116,290	7
1180	Net accounts receivable (including those from related parties)	7	7,138	-	2,938	-
1200	Other receivables		8,672	1	24,508	2
1210	Other receivables (including those from related parties)	7	723	-	-	-
130X	Inventory	6(6)	236,156	13	388,507	23
1410	Prepayment		27,361	2	6,444	-
1479	Other current assets - others		-	-	178	-
1482	Net contract performance cost - current	6(18)	1,613	-	1,588	-
11XX	Total current assets		1,420,552	79	1,306,081	78
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	831	-	1,152	-
1550	Investments accounted for using the equity method	6(7)	5,023	1	5,666	-
1600	Property, plant and equipment	6(8)	286,686	16	291,221	18
1755	Right-of-use assets	6(9)	1,084	-	2,580	-
1780	Intangible assets	6(10)	57,828	3	33,266	2
1840	Deferred income tax assets	6(25)	21,231	1	23,420	2
1990	Other non-current assets - others		2,058	-	2,555	-
15XX	Total non-current assets		374,741	21	359,860	22
1XXX	Total assets		\$ 1,795,293	100	\$ 1,665,941	100

(Cont'd)

(English Translation of a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc. and Subsidiaries
Consolidated Balance Sheet
December 31, 2025 and 2024

Unit: NT\$1,000

Liabilities and equity		Note	December 31, 2025		December 31, 2024	
			Amount	%	Amount	%
Current liabilities						
2130	Contract liabilities - current	6(18)	\$ 10,973	1	\$ 18,296	1
2170	Accounts payable		80,949	5	72,223	4
2200	Other payables	6(11) and 7	115,595	6	73,886	4
2230	Income tax liabilities of the period	6(25)	38,011	2	30,059	2
2280	Lease liabilities - current		1,095	-	2,648	-
2399	Other current liabilities - others		512	-	426	-
21XX	Total current liabilities		247,135	14	197,538	11
Non-current liabilities						
2570	Deferred income tax liabilities	6(25)	1,150	-	1,990	-
25XX	Total non-current liabilities		1,150	-	1,990	-
2XXX	Total liabilities		248,285	14	199,528	11
Equity						
	Share capital	6(14)				
3110	Ordinary share capital		308,290	17	310,120	19
3170	Share capital to be written off		(6)	-	(40)	-
	Capital reserve	6 (15)				
3200	Capital reserve		386,981	21	423,704	25
	Retained earnings	6(16)				
3310	Legal reserve		190,776	11	179,065	11
3320	Special reserve		17,445	1	15,558	1
3350	Unappropriated earnings		674,477	38	609,984	37
	Other equity	6(17)				
3400	Other equity		(30,955)	(2)	(50,848)	(3)
3500	Treasury shares	6(14)	-	-	(21,130)	(1)
3XXX	Total equity		1,547,008	86	1,466,413	89
	Major events after the reporting period	11				
3X2X	Total liabilities and equity		\$ 1,795,293	100	\$ 1,665,941	100

The enclosed notes to the consolidated financial statements are an integral part of the consolidated financial statements. Please also refer to the enclosed notes.

Chairman: Cheng David

Manager: JJ Chen

Chief Accountant: Su, Chin-Ya

(English Translation of a Report Originally Issued in Chinese)

Rafael Microelectronics, Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2025 and 2024

Unit: NT\$1,000
(except that earnings per share is in NT\$)

	Item	Note	2025		2024	
			Amount	%	Amount	%
4000	Operating income	6(18) and 7	\$ 1,137,288	100	\$ 1,065,491	100
5000	Operating cost	6(6)(18)	(677,435)	(60)	(651,353)	(61)
5900	Gross profit		459,853	40	414,138	39
5910	Unrealized loss (gain) from sales		766	-	(416)	-
5950	Net income		460,619	40	413,722	39
	Operating expenses	6(13)(23)(24)				
6100	Selling expenses		(29,162)	(3)	(35,942)	(4)
6200	Management expenses		(74,383)	(6)	(74,045)	(7)
6300	R&D expenses		(202,471)	(18)	(200,504)	(19)
6450	Expected credit impairment gain (loss)	12(2)	1,000	-	(2,365)	-
6000	Total operating expenses		(305,016)	(27)	(312,856)	(30)
6900	Operating gains		155,603	13	100,866	9
	Non-operating income and expenses					
7100	Interest income	6(4)(19)	8,768	1	4,911	1
7010	Other income	6(20)	1,915	-	12,509	1
7020	Other gains and losses	6(2)(21)	(14,676)	(1)	14,959	1
7050	Financial cost	6(9)(22)	(65)	-	(156)	-
7060	Share of profit or loss of affiliates and joint ventures accounted for using the equity method	6(7)	(1,298)	-	(493)	-
7000	Total non-operating income and expenses		(5,356)	-	31,730	3
7900	Net profit before tax		150,247	13	132,596	12
7950	Income tax expenses	6(25)	(28,240)	(2)	(15,491)	(1)
8200	Net profit of the period		<u>\$ 122,007</u>	<u>11</u>	<u>\$ 117,105</u>	<u>11</u>
	Other comprehensive income					
	Items not reclassified to profit or loss					
8316	Unrealized gain or loss on investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 321)	-	(\$ 2,377)	-
	Items that may be reclassified to profit or loss subsequently					
8361	Exchange differences arising from the translation of financial statements of foreign operations	6(17)	(468)	-	490	-
8300	Other comprehensive income (net)		<u>(\$ 789)</u>	<u>-</u>	<u>(\$ 1,887)</u>	<u>-</u>
8500	Total comprehensive income of the period		<u>\$ 121,218</u>	<u>11</u>	<u>\$ 115,218</u>	<u>11</u>
	Net profit attributable to:					
8610	Owners of the parent company		<u>\$ 122,007</u>	<u>11</u>	<u>\$ 117,105</u>	<u>11</u>
	Total comprehensive income attributable to:					
8710	Owners of the parent company		<u>\$ 121,218</u>	<u>11</u>	<u>\$ 115,218</u>	<u>11</u>
	Earnings per share	6(26)				
9750	Basic		<u>\$ 4.00</u>		<u>\$ 3.85</u>	
9850	Diluted		<u>\$ 3.96</u>		<u>\$ 3.80</u>	

The enclosed notes to the consolidated financial statements are an integral part of the consolidated financial statements. Please also refer to the enclosed notes.

Chairman: Cheng David

Manager: JJ Chen

Chief Accountant: Su, Chin-Ya

(English Translation of a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc. and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2025 and 2024

Unit: NT\$1,000

		Equity attributable to owners of the parent company									
		Share capital			Retained earnings			Other equity			
		Ordinary share capital	Share capital to be written off	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising from the translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Unearned remuneration of employees	Treasury shares
Note											Total equity
<u>2024</u>											
		\$ 307,315	(\$ 1,015)	\$ 393,163	\$ 174,887	\$ 13,373	\$ 554,555	\$ 55	(\$ 15,613)	(\$ 2,470)	(\$ 21,130)
											\$ 1,403,120
		-	-	-	-	-	117,105	-	-	-	-
											117,105
	6(3)(17)	-	-	-	-	-	-	490	(2,377)	-	-
											(1,887)
		-	-	-	-	-	117,105	490	(2,377)	-	-
											115,218
Earning distribution and allocation for 2023:											
		-	-	-	4,178	-	(4,178)	-	-	-	-
											-
		-	-	-	-	2,185	(2,185)	-	-	-	-
											-
	6(16)	-	-	-	-	-	(55,313)	-	-	-	-
											(55,313)
	6(13)(14)(15)	2,805	975	30,541	-	-	-	-	-	(30,933)	-
											3,388
		\$ 310,120	(\$ 40)	\$ 423,704	\$ 179,065	\$ 15,558	\$ 609,984	\$ 545	(\$ 17,990)	(\$ 33,403)	(\$ 21,130)
											\$ 1,466,413
<u>2025</u>											
		\$ 310,120	(\$ 40)	\$ 423,704	\$ 179,065	\$ 15,558	\$ 609,984	\$ 545	(\$ 17,990)	(\$ 33,403)	(\$ 21,130)
											\$ 1,466,413
		-	-	-	-	-	122,007	-	-	-	-
											122,007
	6(3)(17)	-	-	-	-	-	-	(468)	(321)	-	-
											(789)
		-	-	-	-	-	122,007	(468)	(321)	-	-
											121,218
Earning distribution and allocation for 2024:											
		-	-	-	11,711	-	(11,711)	-	-	-	-
											-
		-	-	-	-	1,887	(1,887)	-	-	-	-
											-
	6(16)	-	-	-	-	-	(31,012)	-	-	-	-
											(31,012)
	6(15)	-	-	(31,012)	-	-	-	-	-	-	-
											(31,012)
	6(14)	(1,680)	-	(6,546)	-	-	(12,904)	-	-	-	21,130
											-
	6(13)(14)(15)	(150)	34	835	-	-	-	-	-	20,682	-
											21,401
		\$ 308,290	(\$ 6)	\$ 386,981	\$ 190,776	\$ 17,445	\$ 674,477	\$ 77	(\$ 18,311)	(\$ 12,721)	\$ -
											\$ 1,547,008

The enclosed notes to the consolidated financial statements are an integral part of the consolidated financial statements. Please also refer to the enclosed notes.

Chairman: Cheng David

Manager: JJ Chen

Chief Accountant: Su, Chin-Ya

(English Translation of a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc. and Subsidiaries
Consolidated Statement of Cash Flow
For the years ended December 31, 2025 and 2024

Unit: NT\$1,000

	Note	2025	2024
<u>Cash flow from operating activities</u>			
Net profit before tax of the period		\$ 150,247	\$ 132,596
Adjustment items			
Income and expense items			
Depreciation expenses	6(8)(9)(23)	10,493	12,731
Amortization expenses	6(10)(23)	24,708	39,050
Expected credit impairment (gain) loss	12(2)	(1,000)	2,365
Net loss on financial assets and liabilities at fair value through profit or loss	6(2)(21)	1,299	(2,978)
Interest expenses	6(9)(22)	65	156
Interest income	6(19)	(8,768)	(4,911)
Dividend income	6(20)	(1,312)	(12,350)
Cost of remuneration with share-based payment	6(13)	21,401	3,388
Share of profit or loss of affiliates and joint ventures accounted for using the equity method	6(7)	1,298	493
Gain on disposal and scrap of property, plant and equipment	6(21)	-	(364)
Unrealized gain (loss) from sales		(766)	416
Gain on lease modification		(20)	-
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Accounts receivable		(43,549)	(51,783)
Accounts receivable - related parties		(4,200)	(2,938)
Other receivables		16,055	(838)
Other receivables - related parties		(723)	-
Inventory		152,351	13,328
Prepayment		(20,917)	(1,482)
Other current assets - others		178	(178)
Net contract performance cost - current		(25)	986
Net changes in liabilities related to operating activities			
Contract liabilities - current		(7,323)	10,171
Accounts payable		8,726	(1,453)
Other payables		8,930	(8,068)
Other current liabilities - others		86	(96)
Cash inflow from operations		307,234	128,241
Interest received		2,255	2,367
Dividends received		1,312	12,350
Interest paid		(65)	(156)
Income tax paid		(18,939)	(11,439)
Net cash inflow from operating activities		291,797	131,363
<u>Cash flow from investing activities</u>			
Increase in financial assets measured at amortized cost - current		(325,000)	(161,931)
Disposal of financial assets at fair value through profit or loss		168,941	135,314
Acquisition of property, plant and equipment	6(8)	(2,714)	(87,736)
Consideration from the disposal of property, plant and equipment		-	517
Increase in refundable deposits		(612)	(474)
Decrease in refundable deposits		120	639
Acquisition of intangible assets	6(27)	(16,491)	(18,036)
Interest received		6,294	2,615
Net cash outflow from investing activities		(169,462)	(129,092)
<u>Cash flow from financing activities</u>			
Repayment of lease principal	6(28)	(3,295)	(4,057)
Distribution of cash dividends		(62,024)	(55,313)
Net cash outflow from financing activities		(65,319)	(59,370)
Impact of changes in exchange rate on cash and cash equivalents		646	84
Increase (decrease) in cash and cash equivalents		57,662	(57,015)
Balance of cash and cash equivalents at the beginning of the period		378,812	435,827
Balance of cash and cash equivalents at the end of the period		\$ 436,474	\$ 378,812

The enclosed notes to the consolidated financial statements are an integral part of the consolidated financial statements. Please also refer to the enclosed notes.

Chairman: Cheng David

Manager: JJ Chen

Chief Accountant: Su, Chin-Ya

(English Translation of a Report Originally Issued in Chinese)

Independent Auditors' Report

(2026) Financial Audit Report No. 25002926

To Shareholders and the Board of Directors of Rafael Microelectronics, Inc.,

Auditors' opinion

We have audited the accompanying parent company only balance sheets of Rafael Microelectronics, Inc. (the "Company") as of December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to parent company only financial statements (including a summary of significant accounting policies).

In our opinion, based on our audits and the reports of other independent auditors (please refer to other matters), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of the audit opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibility under these standards is further explained in the section of Auditors' Responsibilities for the audit of the Parent Company Only Financial Statements. We are independent of the Company in accordance with the Code of Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the Company for the year ended December 31, 2025 and 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

Key audit matters of the parent company only financial statements of the Company for the year ended December 31, 2025 were as follows:

Inventory valuation

Description of matters

For the accounting policies related to the evaluation of inventory, please refer to note 4 (12) of the parent company only financial statements; for the uncertainty of accounting estimates and assumptions in inventory valuation, please refer to Note 5 of the parent company only financial statements; for the accounting items of inventory, please refer to note 6 (6) of the parent company only financial statements.

The Company is mainly engaged in manufacturing and selling related products such as radio frequency integrated circuits. The technology of the industry is changing rapidly, resulting in a higher risk of inventory valuation loss or obsolescence. Due to the significant amount of inventories and the fact that the estimated amount of net realizable value of inventories involves subjective judgment by the management, we have listed the inventory valuation as a key audit matter in this year's audit.

Corresponding audit procedures

The main countermeasures for the above key audit matter that we have implemented were as follows:

1. Based on the understanding of the nature of operation and industry of the Company, assess the reasonableness of the inventory allowance policy and procedure adopted for inventory valuation and the reasonableness of the management's judgment of the outdated and obsolete items.
2. Understanding the inventory management process, evaluate the inventory status and the effectiveness of management in differentiating and controlling obsolete inventory by participating in the annual inventory count.
3. Check the accuracy of the calculation of the inventory aging and confirm the reasonableness of the identification of slow-moving and obsolete inventory; verify the reasonableness of the net realizable value evaluation basis, and evaluate the reasonableness of the provision for inventory valuation loss and the consistency of the evaluation policy.

Other matters - Audited by other CPAs

As stated in note 6(7) to the parent company only financial statements, the financial statements of some investees under the equity method included in the parent company only financial statements of the Company were not audited by us but by other auditors in 2025 and 2024.

Therefore, in our opinion on the aforementioned parent company only financial statements, the amounts listed in the financial statements of these companies were based on the audit reports of other auditors. The investment amount of the aforementioned companies under the equity method as of December 31, 2025 and 2024 was NT\$3,583 and NT\$3,543 thousand, accounting for 0.2% and 0.21% of the total assets, respectively. The comprehensive income recognized under the equity method from January 1 to December 31, 2025 and 2024 was NT\$40 thousand and NT\$36 thousand, both accounting for 0.03% of

the total comprehensive income, respectively.

Responsibilities of the management and the governing body for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the financial reporting process of the Company.

Responsibilities of the CPAs to audit the parent company only financial statements

The purpose of our audit of the parent company only financial statements is to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic of China will always detect a material misstatement when it exists in the parent company only financial statements. Misstatements can arise from fraud or error. The misrepresentation of an amount, either individually or in the aggregate, is considered material if it could reasonably be expected to influence the economic decisions of users of the parent company financial statements.

We exercised professional judgment and maintain professional skepticism when conducting audits in accordance with the Auditing Standards of the Republic of China. We also perform the following tasks:

1. Identify and assess the risk of material misstatement arising from fraud or error in the parent company only financial statements; design and execute appropriate countermeasures for the risks assessed; and obtain sufficient and appropriate audit evidence to serve as the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. The Company shall obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Assess the appropriateness of the accounting policies adopted by the management, and the reasonableness of the accounting estimates and related disclosures.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we believe that there is a major uncertainty of such event or circumstance, we must remind the user of the parent company only financial statement to pay attention to relevant disclosures in the parent company only financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained as of the date of the auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Assess the overall presentation, structure and content of the parent company only financial statements (including the disclosures), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the parent company only financial information of the entities or business activities within the Company, in order to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit, and we are responsible for our audit opinion.

The matters communicated between us and the governing body include the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control identified during our audit).

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the Company in 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless the law or regulation does not allow us to disclose such matters, or under extremely rare circumstances we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Liao A-Shen

CPAs

Li Tien-Yi

Approval reference number of the Former Financial
Supervisory Commission, Executive Yuan: Jin-Guan-
Zheng-Shen-Zi No. 1010015969

Approval reference number of the Financial Supervisory
Commission: Jin-Guan-Zheng-Shen-Zi No. 1020028992

March 2, 2026

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

(English Translation of a Report Originally Issued in Chinese)

Rafael Microelectronics, Inc.
Parent Company Only Balance Sheet
December 31, 2025 and 2024

Unit: NT\$1,000

Assets		Note	December 31, 2025		December 31, 2024			
			Amount	%	Amount	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	418,294	23	\$	361,539	22
1110	Financial assets at fair value through profit or loss - current	6(2)		36,876	2		207,116	13
1136	Financial assets measured at amortized cost - current	6(4)		504,700	28		179,700	11
1170	Net accounts receivable	6(5)		160,839	9		116,290	7
1180	Net accounts receivable (including those from related parties)	6(5) and 7		7,138	-		2,938	-
1200	Other receivables			7,628	1		23,446	1
1210	Other receivables (including those from related parties)	7		723	-		-	-
130X	Inventory	6(6)		236,156	13		388,507	23
1410	Prepayment			26,429	2		5,566	-
1479	Other current assets - others			-	-		178	-
1482	Net contract performance cost - current	6(18)		1,613	-		1,588	-
11XX	Total current assets			1,400,396	78		1,286,868	77
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)		831	-		1,152	-
1550	Investments accounted for using the equity method	6(7)		24,000	2		23,629	2
1600	Property, plant and equipment	6(8)		285,872	16		290,435	18
1755	Right-of-use assets	6(9)		-	-		1,511	-
1780	Intangible assets	6(10)		57,828	3		33,266	2
1840	Deferred income tax assets	6(25)		21,231	1		23,420	1
1900	Other non-current assets			1,804	-		2,059	-
15XX	Total non-current assets			391,566	22		375,472	23
1XXX	Total assets		\$	1,791,962	100	\$	1,662,340	100

(Continued)

(English Translation of a Report Originally Issued in Chinese)

Rafael Microelectronics, Inc.
Parent Company Only Balance Sheet
December 31, 2025 and 2024

Unit: NT\$1,000

Liabilities and equity			December 31, 2025		December 31, 2024	
			Amount	%	Amount	%
Current liabilities						
2130	Contract liabilities - current	6(18) and 7	\$ 10,973	1	\$ 18,296	1
2170	Accounts payable		80,949	5	72,223	5
2200	Other payables	6(11) and 7	113,399	6	71,463	4
2230	Income tax liabilities of the period		37,994	2	30,019	2
2280	Lease liabilities - current		-	-	1,543	-
2300	Other current liabilities		489	-	393	-
21XX	Total current liabilities		243,804	14	193,937	12
Non-current liabilities						
2570	Deferred income tax liabilities	6(25)	1,150	-	1,990	-
25XX	Total non-current liabilities		1,150	-	1,990	-
2XXX	Total liabilities		244,954	14	195,927	12
Equity						
	Share capital	6(14)				
3110	Ordinary share capital		308,290	17	310,120	18
3170	Share capital to be written off		(6)	-	(40)	-
	Capital reserve	6 (15)				
3200	Capital reserve		386,981	21	423,704	25
	Retained earnings	6(16)				
3310	Legal reserve		190,776	11	179,065	11
3320	Special reserve		17,445	1	15,558	1
3350	Unappropriated earnings		674,477	38	609,984	37
	Other equity	6(17)				
3400	Other equity		(30,955)	(2)	(50,848)	(3)
3500	Treasury shares	6(14)	-	-	(21,130)	(1)
3XXX	Total equity		1,547,008	86	1,466,413	88
	Major events after the reporting period	11				
3X2X	Total liabilities and equity		\$ 1,791,962	100	\$ 1,662,340	100

The enclosed notes to the parent company only financial statements are an integral part of the parent company only financial statements. Please also refer to the enclosed notes.

Chairman: Cheng David

Manager: JJ Chen

Chief Accountant: Su, Chin-Ya

(English Translation of a Report Originally Issued in Chinese)

Rafael Microelectronics, Inc.

Parent Company Only Statement of Comprehensive Income

For the years ended December 31, 2025 and 2024

Unit: NT\$1,000

(except that earnings per share is in NT\$)

	Item	Note	2025		2024	
			Amount	%	Amount	%
4000	Operating income	6(18) and 7	\$ 1,137,288	100	\$ 1,065,491	100
5000	Operating cost	6(6)(18)	(677,435)	(60)	(651,353)	(61)
5900	Gross profit		459,853	40	414,138	39
5910	Unrealized loss (gain) from sales		766	-	(416)	-
5950	Net income		460,619	40	413,722	39
	Operating expenses	6(13)(23)(24) and 7				
6100	Selling expenses		(25,921)	(2)	(30,101)	(3)
6200	Management expenses		(59,347)	(5)	(54,838)	(5)
6300	R&D expenses		(223,739)	(20)	(227,352)	(22)
6450	Expected credit impairment gain (loss)	12(2)	1,000	-	(2,365)	-
6000	Total operating expenses		(308,007)	(27)	(314,656)	(30)
6900	Operating gains		152,612	13	99,066	9
	Non-operating income and expenses					
7100	Interest income	6(4)(19)	8,751	1	4,726	-
7010	Other income	6(20)	1,915	-	12,508	1
7020	Other gains and losses	6(2)(21)	(13,191)	(1)	16,062	2
7050	Financial cost	6(9)(22)	(13)	-	(52)	-
7070	Share of profit or loss of subsidiaries, affiliates and joint ventures accounted for using the equity method	6(7)	73	-	205	-
7000	Total non-operating income and expenses		(2,465)	-	33,449	3
7900	Net profit before tax		150,147	13	132,515	12
7950	Income tax expenses	6(25)	(28,140)	(2)	(15,410)	(1)
8200	Net profit of the period		<u>\$ 122,007</u>	<u>11</u>	<u>\$ 117,105</u>	<u>11</u>
	Other comprehensive income					
	Items not reclassified to profit or loss					
8316	Unrealized gain or loss on investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 321)	-	(\$ 2,377)	-
	Items that may be reclassified to profit or loss subsequently					
8361	Exchange differences arising from the translation of financial statements of foreign operations	6(17)	(468)	-	490	-
8300	Other comprehensive income (net)		<u>(\$ 789)</u>	<u>-</u>	<u>(\$ 1,887)</u>	<u>-</u>
8500	Total comprehensive income of the period		<u>\$ 121,218</u>	<u>11</u>	<u>\$ 115,218</u>	<u>11</u>
	Earnings per share	6(26)				
9750	Basic		<u>\$ 4.00</u>		<u>\$ 3.85</u>	
9850	Diluted		<u>\$ 3.96</u>		<u>\$ 3.80</u>	

The enclosed notes to the parent company only financial statements are an integral part of the parent company only financial statements. Please also refer to the enclosed notes.

Chairman: Cheng David

Manager: JJ Chen

Chief Accountant: Su, Chin-Ya

(English Translation of a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc.
Parent Company Only Statement of Changes in Equity
For the years ended December 31, 2025 and 2024

Unit: NT\$1,000

	Note	Share capital		Retained earnings				Other equity			Treasury shares	Total equity
		Ordinary share capital	Share capital to be written off	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising from the translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Unearned remuneration of employees		
<u>2024</u>												
Balance on January 1, 2024		\$ 307,315	(\$ 1,015)	\$ 393,163	\$ 174,887	\$ 13,373	\$ 554,555	\$ 55	(\$ 15,613)	(\$ 2,470)	(\$ 21,130)	\$ 1,403,120
Net profit of the period		-	-	-	-	-	117,105	-	-	-	-	117,105
Other comprehensive income of the period	6(3)(17)	-	-	-	-	-	-	490	(2,377)	-	-	(1,887)
Total comprehensive income of the period		-	-	-	-	-	117,105	490	(2,377)	-	-	115,218
Earning distribution and allocation for 2023:												
Legal reserve		-	-	-	4,178	-	(4,178)	-	-	-	-	-
Special reserve		-	-	-	-	2,185	(2,185)	-	-	-	-	-
Cash dividends	6(16)	-	-	-	-	-	(55,313)	-	-	-	-	(55,313)
Transactions with share-based payment	6(13)(14)(15)	2,805	975	30,541	-	-	-	-	-	(30,933)	-	3,388
Balance on December 31, 2024		\$ 310,120	(\$ 40)	\$ 423,704	\$ 179,065	\$ 15,558	\$ 609,984	\$ 545	(\$ 17,990)	(\$ 33,403)	(\$ 21,130)	\$ 1,466,413
<u>2025</u>												
Balance on January 1, 2025		\$ 310,120	(\$ 40)	\$ 423,704	\$ 179,065	\$ 15,558	\$ 609,984	\$ 545	(\$ 17,990)	(\$ 33,403)	(\$ 21,130)	\$ 1,466,413
Net profit of the period		-	-	-	-	-	122,007	-	-	-	-	122,007
Other comprehensive income of the period	6(3)(17)	-	-	-	-	-	-	(468)	(321)	-	-	(789)
Total comprehensive income of the period		-	-	-	-	-	122,007	(468)	(321)	-	-	121,218
Earning distribution and allocation for 2024:												
Legal reserve		-	-	-	11,711	-	(11,711)	-	-	-	-	-
Special reserve		-	-	-	-	1,887	(1,887)	-	-	-	-	-
Cash dividends	6(16)	-	-	-	-	-	(31,012)	-	-	-	-	(31,012)
Distribution of cash dividends from the capital reserve	6 (15)	-	-	(31,012)	-	-	-	-	-	-	-	(31,012)
Cancellation of treasury shares		(1,680)	-	(6,546)	-	-	(12,904)	-	-	-	21,130	-
Transactions with share-based payment	6(13)(14)(15)	(150)	34	835	-	-	-	-	-	20,682	-	21,401
Balance on December 31, 2025		\$ 308,290	(\$ 6)	\$ 386,981	\$ 190,776	\$ 17,445	\$ 674,477	\$ 77	(\$ 18,311)	(\$ 12,721)	\$ -	\$ 1,547,008

The enclosed notes to the parent company only financial statements are an integral part of the parent company only financial statements. Please also refer to the enclosed notes.

Chairman: Cheng David

Manager: JJ Chen

Chief Accountant: Su, Chin-Ya

(English Translation of a Report Originally Issued in Chinese)

Rafael Microelectronics, Inc.

Parent Company Only Statement of Cash Flow
For the years ended December 31, 2025 and 2024

Unit: NT\$1,000

	Note	2025	2024
<u>Cash flow from operating activities</u>			
Net profit before tax of the period		\$ 150,147	\$ 132,515
Adjustment items			
Income and expense items			
Depreciation expenses	6(8)(9)(23)	7,610	9,114
Amortization expenses	6(10)(23)	24,708	39,050
Expected credit impairment loss	12(2)	(1,000)	2,365
Net gain on financial assets at fair value through profit or loss	6(2)(21)	1,299	(2,978)
Interest expenses	6(9)(22)	13	52
Interest income	6(19)	(8,751)	(4,726)
Dividend income	6(20)	(1,312)	(12,350)
Cost of remuneration with share-based payment	6(13)	21,401	3,388
Share of profit or loss of affiliates and joint ventures accounted for using the equity method	6(7)	(73)	(205)
Gain on disposal and scrap of property, plant and equipment	6(21)	-	(355)
Unrealized gain (loss) from sales		(766)	416
Gain on lease modification		(20)	-
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Accounts receivable		(43,549)	(51,783)
Accounts receivable - related parties		(4,200)	(2,938)
Other receivables		16,037	(1,251)
Other receivables (including those from related parties)		(723)	-
Inventory		152,351	13,328
Prepayment		(20,863)	(1,837)
Other current assets - others		178	(178)
Net contract performance cost - current		(25)	986
Net changes in liabilities related to operating activities			
Contract liabilities - current		(7,323)	10,171
Accounts payable		8,726	(1,453)
Other payables		9,157	(9,327)
Other current liabilities		96	(105)
Cash inflow from operations		303,118	121,899
Interest received		2,238	2,343
Dividends received		1,312	12,350
Interest paid		(13)	(52)
Income tax paid		(18,816)	(11,398)
Net cash inflow from operating activities		287,839	125,142
<u>Cash flow from investing activities</u>			
Increase in financial assets measured at amortized cost - current		(325,000)	(165,000)
Disposal of financial assets at fair value through profit or loss		168,941	135,314
Acquisition of property, plant and equipment	6(8)	(2,291)	(87,635)
Consideration from the disposal of property, plant and equipment		-	483
Decrease in refundable deposits		255	639
Acquisition of intangible assets	6(10)	(16,491)	(18,036)
Interest received		6,294	2,454
Net cash outflow from investing activities		(168,292)	(131,781)
<u>Cash flow from financing activities</u>			
Repayment of lease principal	6(28)	(768)	(1,510)
Distribution of cash dividends		(62,024)	(55,313)
Net cash outflow from financing activities		(62,792)	(56,823)
Increase (decrease) in cash and cash equivalents		56,755	(63,462)
Balance of cash and cash equivalents at the beginning of the period		361,539	425,001
Balance of cash and cash equivalents at the end of the period		\$ 418,294	\$ 361,539

The enclosed notes to the parent company only financial statements are an integral part of the parent company only financial statements.
Please also refer to the enclosed notes.

Chairman: Cheng David

Manager: JJ Chen

Chief Accountant: Su, Chin-Ya

Rafael Microelectronics, Inc. Regulations for the Issuance of Restricted Stock Awards in 2026

Article 1 Purpose of Issuance

To retain and attract required professional talent, motivate employees, and enhance employee cohesion in order to jointly create benefits for the Company and its shareholders, the Company hereby establishes the Regulations for Issuance of Restricted Employee Rights Shares for this issuance (hereinafter referred to as the “Regulations”) in accordance with Article 267, Paragraph 9 of the Company Act and the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” promulgated by the FSC (hereinafter referred to as the “Offering and Issuance Regulations”) and other relevant provisions.

Article 2 Issuance Period

Within two years from the date the effective registration notice is received from the competent authority, the issuance may be conducted in one or multiple tranches as needed. The actual issuance date and related operational matters shall be determined by the Chairman as authorized by the Board of Directors.

Article 3 Eligibility Criteria for Employees and Allocation of Shares

- (I) Eligible employees for allocation shall be limited to full-time employees of the Company and its controlled or subordinate companies who are employed as of the grant date of the RSAs. The term “controlled or subordinate companies” shall be determined in accordance with Articles 369-2, 369-3, 369-9, Paragraph 2, and 369-11 of the Company Act, or handled in accordance with updated laws and regulations and the requirements of the competent authority prior to issuance.
- (II) The actual employees to be granted under these Regulations and the number of RSAs to be allocated shall be determined based on factors such as years of service, job grade, work performance, overall contribution, special achievements, or other managerial considerations, with allocation standards or principles established accordingly. Such allocation shall be approved by the Chairman and submitted to the Board of Directors for approval. However, if the subscriber is a director with employee status or a manager, prior approval of the Remuneration Committee is required. If the subscriber is not a manager, prior approval of the Audit Committee is required before submission to the Board of Directors for resolution.
- (III) The total number of shares that a single employee may subscribe to through employee stock warrants issued pursuant to Article 56-1, Paragraph 1 of the Offering and Issuance Regulations, together with the cumulative number of RSAs granted, shall not exceed three per thousand of the total issued shares. In addition, when combined with the cumulative number of shares that a single employee may subscribe to through employee stock warrants issued pursuant to Article 56, Paragraph 1 of the Offering and Issuance Regulations, the total shall not exceed one percent of the total issued shares. The number of RSAs that may be allocated to a single employee as set forth in this Article shall, if subsequently updated by the competent authority, be handled in accordance with the updated laws and regulations and the requirements of the competent authority. Alternatively, upon special approval by the relevant central competent authority for the industry, such allocation shall not be subject to the aforementioned limits.

Article 4 Total Issuance Amount

Issue a total of 200,000 ordinary shares with a par value of NT\$10, and the total issuance amount is NT\$2,000,000 in total.

The number of shares to be issued will be otherwise proposed to the Board for resolution after the proposal for the issuance of RSAs is approved by the shareholders’ meeting and the competent authority.

Article 5 Issuance Conditions

- (I) Issue price: NT\$0 per share, to be granted to employees without consideration.
- (II) Types of shares to be issued:
The shares issued and granted to employees in this issuance are common shares, and their rights and obligations, except as provided in Paragraph (6) of this Article, shall be the same as those of other outstanding common shares.
- (III) Vesting conditions

1. 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 before the expiry date shall achieve the following standards:

Vested period	Ratio of vested shares	Performance
One year from the date of appropriation of stock to the shareholders' register	30%	The performance evaluation result is outstanding or excellent one year before the expiry date
Two years from the date of appropriation of stock to the shareholders' register	30%	
Three years from the date of appropriation of stock to the shareholders' register	40%	

(IV) If employees fail to meet the vesting conditions or in the event of inheritance, such matters shall be handled in accordance with the following:

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.

(V) The Company shall cancel the RSAs repurchased by the Company without consideration.

(VI) Restrictions on share rights after allocation of new shares and prior to meeting vesting conditions:

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) 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.

Article 6 Procedures for Allocation of New Shares

- (I) Upon allocation of RSAs, the Company shall record the allocated number of shares in the Company's shareholders register and deliver the newly issued common shares by book-entry transfer, and shall place such shares in the custody of a trust institution during the vesting restriction period in accordance with the trust agreement.
- (II) The Company shall carry out registration of changes in accordance with the law for the RSAs issued under these Regulations.

Article 7 Agreement and Confidentiality

- (I) After signing the "Consent to Receive Restricted Employee Rights Shares," employees shall comply with confidentiality requirements and shall not disclose any related information of this plan or their personal rights and interests to others.
- (II) If an employee violates the foregoing provisions and the Company deems the circumstances to be material, the employee shall immediately forfeit the right to receive the RSAs that have not yet met the vesting conditions. The Company shall have the right to repurchase such unvested restricted employee rights shares without consideration and cancel them.

Article 8 Other Important Agreed Matters

- (I) These Regulations shall be implemented upon approval by more than half of the directors present at a meeting attended by at least two-thirds of all directors and after filing for effectiveness with the competent authority; the same shall apply to any amendments prior to issuance. If subsequent amendments are required due to changes in laws or regulations or review requirements of the competent authority, the Chairman is authorized to revise these Regulations, and issuance may proceed only after such revisions are submitted to the Board of Directors for ratification.
- (II) Taxes arising from employees' subscription to RSAs shall be handled in accordance with the applicable laws and regulations of Taiwan at that time.
- (III) Any matters not provided for in these Regulations shall be handled in accordance with the relevant laws and regulations.

Rafael Microelectronics, Inc.

Description of the Method and Details of the Capital Raising Plan

I. Purpose and amount of fundraising:

Considering the enrichment of working capital, repayment of bank borrowings, repayment of corporate bonds, and the timeliness, feasibility, and issuance costs of fundraising, the Company intends to introduce funds from strategic investors through a public offering or private placement and issue ordinary shares, issue new shares to participate in GDRs or issue overseas or domestic convertible bonds, either one or in combination, in batches or at the same time. For the number of shares to be issued or converted, the Company intends to request the shareholders' meeting to authorize the Board to make arrangements within the limit of 3,000,000 shares subject to the conditions in the capital market based on the following descriptions.

II. Method of fundraising and implementation principles:

(I) Public offering with a domestic capital increase in cash via the issuance of ordinary shares:

1. For the public offering with a domestic capital increase in cash via the issuance of ordinary shares with a par value of NT\$10, the Chairman and the underwriter are authorized to jointly discuss and determine the issuance price according to the "Self-disciplinary Rules for Offering and Issuing Securities by Issuance Companies Assisted by Underwriters" of the Taiwan Securities Association subject to the market conditions at the time of issuance, and the shares will be issued after reporting to the competent authority for filing. The Company intends to request the shareholders' meeting to authorize the Board to adopt book building or public subscription and placing, either one or in combination, regarding the sales method for the public underwriting part according to Article 28-1 of the Securities and Exchange Act.
2. Adopt the book-building method:
 - (1) For underwriting by way of the book-building method, apart from retaining 10% to 15% of the total number of new shares to be issued for the subscription by employees of the Company according to Article 267 of the Company Act, the Company intends to request the shareholders' meeting to allow the initial shareholders to waive the preemptive rights for the remaining 85% to 90% and fully appropriate them for book building according to Article 28-1 of the Securities and Exchange Act. Where employees waive the subscription rights or the part that is under-subscribed, the Chairman is authorized to contact specific persons for a subscription at the issuance price.
 - (2) Regarding the establishment of the ordinary shares, when the Company files the proposal to the FSC, files the book-building agreement with the Association, and files the underwriting contract with the Association, the price shall be no less than 90% of the simple arithmetic mean calculated based on the closing price of ordinary shares either one, three, or five business days prior less the ex-rights for stock grants (or the ex-rights for the capital decrease) and the ex-dividend average stock price according to Article 7 of the "Self-disciplinary Rules for Offering and Issuing Securities by Issuance Companies Assisted by Underwriters." For the issuance price, the Company intends to authorize the Board to jointly discuss and determine with the organizing underwriter after the book-building period with reference to the overall book-building status and the conditions of the issuance market.
3. Adopt public subscription and placing:
 - (1) For underwriting by way of public subscription and placing, apart from retaining 10% to 15% of total number of new shares to be issued for the subscription by employees of the Company according to Article 267 of the Company Act and appropriating 10% for public underwriting according to Article 28-1 of the Securities and Exchange Act, the remaining 75% to 80% shall be subscribed by initial shareholders based on the shareholding ratios of shareholders on the subscription base day. For the part that initial shareholders or employees waived the subscription rights or the part that is under-subscribed, the Chairman is authorized to contact specific persons for a subscription at the issuance price.

- (2) Regarding the establishment of ordinary shares, when the Company files the proposal to the FSC, the price shall be no less than 70% of the simple arithmetic mean calculated based on the closing price of ordinary shares either one, three, or five business days prior less the ex-rights for stock grants (or the ex-rights for the capital decrease) and the ex-dividend average stock price according to Article 6 of the “Self-disciplinary Rules for Offering and Issuing Securities by Issuance Companies Assisted by Underwriters.” For the issuance price, the Company intends to authorize the Board to jointly discuss and determine with the organizing underwriter after the subscription and placing period with reference to the conditions of the issuance market.
 4. The rights and obligations of the new shares issued under the capital increase in cash above are equivalent to those of issued shares.
 5. The funds raised from the capital increase in cash via the issuance of ordinary shares are for the enrichment of working capital and for responding to the capital requirements for future development, which improves operating benefits and has positive help to the Company’s future development.
 6. After the proposal for the capital increase in cash is submitted to and approved by the competent authority, the Chairman is authorized to otherwise establish the share subscription base day, payment period, capital increase base day, and matters related to the issuance of new shares.
- (II) Public offering with the capital increase in cash via the issuance of ordinary shares to participate in the issuance of GDRs:
1. For the capital increase in cash via the public offering of ordinary shares to participate in the issuance of GDRs, apart from retaining 10% to 15% of the total new shares for subscription by the Company’s employees according to Article 267 of the Company Act, the Company intends to request the shareholders’ meeting to fully appropriate the remaining 85% to 90% for the public offering via the participation in GDRs according to Article 28-1. For the part that employees waive the subscription rights or the part that is under-subscribed, the Chairman is authorized to contact specific persons for subscription or include them as the initial securities that participate in GDRs subject to the market requirements.
 2. Regarding the establishment of ordinary shares for participation in global depository certificates, when the Company files the proposal to the FSC, the issuance price shall be no less than 90% of the simple arithmetic mean calculated based on the closing price of ordinary shares either one, three, or five business days prior less the ex-rights for stock grants (or the ex-rights for the capital decrease) and the ex-dividend average stock price according to Article 9 of the “Self-disciplinary Rules for Offering and Issuing Securities by Issuance Companies Assisted by Underwriters.” As the stock price in the market may have short-term intense volatility, the Company intends to authorize the Chairman to jointly discuss and determine the issuance price with the organizing underwriter within the scope stated above based on international conventions with reference to the international capital market, domestic stock prices, overall book building status, and the market conditions. However, if relevant laws and regulations in Taiwan change, the pricing method may be adjusted in accordance with laws and regulations. The pricing method for the capital increase in cash via the issuance of ordinary shares is organized based on relevant laws, regulations, and conventions in the issuance market; therefore, the pricing method of the issuance price shall be reasonable. Initial shareholders may purchase ordinary shares in the domestic stock market at a price that is close to the issuance price of GDRs without assuming exchange risks and liquidity risks.
 3. The cap of the increase in ordinary shares under the issuance proposal is 3 million shares, and the dilution ratio to the equity of initial shareholders is up to 9.7%, which shall not cause material effects on the rights and interests of initial shareholders. The funds raised from the capital increase in cash via the issuance of ordinary shares for the participation in the issuance of GDRs are for the enrichment of working capital and for responding to the capital requirements for future development, which improves operating benefits and has positive help to the Company’s future development.
 4. The rights and obligations of new shares issued under the proposal shall be equivalent to that of the initial

shares issued.

5. After the issuance proposal is submitted to and approved by the competent authority, the Board is authorized to organize matters related to the issuance of new shares.

(III) The private placement of securities (according to paragraph 6-6, Article 43 of the Securities and Exchange Act and Directions for Public Companies Conducting Private Placements of Securities) is described as follows:

1. The basis and reasonableness of the establishment of the price:

- (1) The actual issue price per share for private placement of common shares shall be determined at not less than 80% of the reference price. The reference price shall be determined as the higher of the following two benchmarks: (A) the simple average of the closing prices of common shares for either one, three, or five business days prior to the pricing date, after deducting the effects of ex-rights for stock dividends and ex-dividends, and adding back the share price adjusted for capital reduction; or (B) the simple average of the closing prices of common shares for the thirty business days prior to the pricing date, after deducting the effects of ex-rights for stock dividends and ex-dividends, and adding back the share price adjusted for capital reduction. In the future, the price of private placement may fall below the par value of stocks; however, the price of private placement may be lower than the par value, which is stated in the prevailing laws and regulations; therefore, it shall be reasonable. If the price per share of the ordinary share under the private placement is lower than the par value of stocks due to the effects of market factors subsequently, the effects on shareholders are the cumulative losses generated from the differences between the price of the private placement and the par value. The cumulative losses will be eliminated subject to the operating status of the Company in the future. For the pricing date and the price of the private placement, the Company intends to request the shareholders' meeting to authorize the Board to establish them within the scope of the ratio as resolved subject to the market and corporate conditions and the status of the selected strategic investors. For the basis for establishing the price of private placement above, it shall comply with the "Directions for Public Companies Conducting Private Placements of Securities." In addition, considering that the transfer counterparties and quantity are restricted within three years from the delivery day of securities under private placement and that the application for the supplementary public offering and listing may not be made to the competent authority within three years after the delivery; therefore, it shall be reasonable.

- (2) The issuance price of convertible corporate bonds under private placement shall not be lower than 80% of the theoretical price. The theoretical price will be set based on the pricing model selected by taking into account all rights contained in the issuance conditions. The conversion price of convertible corporate bonds under private placement shall adopt the pricing method adopted by the private placement of ordinary shares. If the issuance price per share established is lower than the par value of stocks due to effects of changes and factors in the securities market subsequently, as arrangements were made based on the pricing basis stated in laws and regulations with the market price and conditions reflected for the necessity to successfully raise funds for the benefit of the long-term stable growth of the Company; therefore, the price established shall be necessary and reasonable. If cumulative losses caused by the price per share being lower than the par value have effects on shareholders' rights and interests, the Company will report to the Board for resolution subject to the corporate operation and market conditions in the future to compensate such losses through a capital reduction, earnings, capital reserve, or other statutory methods.

- (3) To maintain maximum issuance flexibility, the pricing date, reference price, theoretical price, issuance price, issuance conditions (including the coupon rate, conversion price of corporate bonds under private placement, and conversion period and method), and other details and conditions are not determined. The Company requests the shareholders' meeting to authorize the Board to establish them subject to the issuance conditions in the capital market and the conditions of the selected strategic investors. For the basis for establishing the price of private placement above, it shall comply

with the “Directions for Public Companies Conducting Private Placements of Securities.” In addition, considering that the transfer counterparties and quantity are restricted within three years from the delivery day of securities under private placement and that the application for the supplementary public offering and listing may not be made to the competent authority within three years after the delivery; therefore, it shall be reasonable.

2. Selection method of specific persons: Limit to strategic investors who comply with the qualifications and conditions in paragraph 6-1, Article 43 of the Securities and Exchange Act and can assist the Company in improving technology, improving quality, reducing costs, improving efficiency, expanding the market while recognizing the business philosophy of the Company. The purpose, necessity, and estimated benefits of contacting strategic investors who comply with the abovementioned conditions are for the requirements for the long-term development of the Company. The Company intends to utilize the technologies, knowledge, or channels of such strategic investors to assist the Company in achieving the abovementioned benefits. The Company intends to request the shareholders’ meetings to authorize the Board to handle matters related to confirming specific persons at its full discretion.
3. The reasons for the necessity of a private placement:
 - (1) Reasons for not adopting public offering: The Company considers the capital market condition, the timeliness and feasibility of fundraising, issuance costs, and the requirements for introducing strategic investors. Securities under private placement cannot be transferred freely within three years, which ensures the long-term cooperation relationships between the Company and its strategic investment partners. In addition, authorizing the Board to organize private placement subject to the business requirements of the Company will also effectively improve the mobility and flexibility of fundraising; therefore, private placement is adopted for the issuance of securities instead of the public offering.
 - (2) Usage of funds from private placement and benefits estimated to be achieved: The Company will organize the private placement at once or in batches (no more than three times) subject to the market and the conditions of specific persons; funds raised from each private placement will be fully used in enriching the working capital. Each private placement is expected to strengthen the Company's competitiveness, improve operational efficiency, and strengthen the financial structure, which has positive help to shareholders' rights and interests.
4. Relevant restrictions on the securities under the private placement (including GDRs) shall be subject to Article 43-8 of the Securities and Exchange Act and relevant laws, regulations, and explanation letters of the competent authority.