

Stock Code: 6160



# **CIPHERLAB CO., LTD.**

## **2024 Annual Report**

### **Notice to readers**

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

**Printed on May 7, 2025**

### **I. Spokesperson and Deputy Spokesperson**

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### **IV. Independent Auditors**

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Auditors: Mr. Yu, Meng-Kuei and Ms. Alice Huang

Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City, Taiwan

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Tel.: (02)2725-9988

### **V. Overseas Securities Exchange: NA**

### **VI. Corporate Website: <http://www.cipherlab.com.tw/>**

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# CipherLab Co., Ltd.

## 2024

### I. Letter to Shareholders

Dear Shareholders:

Due to the impact of Russo-Ukrainian War and rising inflation on the global economic climate in 2024, and the Chinese economy is unable to show the expected recovery pace and strength, it resulted in a loss of momentum in the global economic operation. CIPHERLAB CO. has expanded its presence globally. However, due to the global market fluctuations and downturns in production and sales activities, the company's core business revenue in 2024 experienced a significant decline. Despite numerous challenges in 2024, the company is optimistic about the future market outlook, focusing on technologies such as edge computing AI, visual robots, the Internet of Things (IoT), cybersecurity, and 5G innovative applications. These technologies are being explored to gradually seek more business cooperation opportunities. Meanwhile, the company is strengthening its business team structures in various regional markets and collaborating with key partners to provide end-users with comprehensive and in-depth solutions. The company will continue to prioritize creating value and services for end-users, aiming to become the most trusted partner for user experience.

#### I. 2024 business report

##### 1. Business Operational Performance

The consolidated net operating revenue for the year 2024 was NT\$1,294,440 thousand, representing a de-crease of 4.79% compared to the year 2023. The net loss after tax attributable to the Company amounted to NT\$39,103 thousand, representing an increase in loss of NT\$34,737 thousand compared to 2023. As a result, the loss per share after tax was NT\$0.57.

##### 2. Budget Execution

As the financial forecast in 2024 is not available to the public, there is no information about budget execution.

##### 3. Revenue & Expenditure and Profitability Analysis

(Resources: consolidated financial statements)

Unit: NT\$ thousand

Year	Item	2024	2023	Difference (%)
Revenue & Expenditure	Operating Revenue	1,294,440	1,359,549	-4.79%
	Operating profit margin	503,860	498,478	1.08%
	Profit After Tax	-39,047	-4,844	706.09%
Profitability Analysis (%)	Debt Ratio: (Total Liabilities / Total Assets)	39.08	37.13	5.25%
	Long Term Funds to Fixed Assets :(Long Term Funds / Fixed Assets)	679.44	706.49	-3.83%
	Current Ratio :(Current Assets / Current Liabilities)	246.11	268.89	-8.47%
	Quick Ratio :(Liquid Assets / Current Liabilities)	91.13	110.38	-17.44%
	Return on Equity :(Profit After Tax / Average Shareholder's Equity)	-5.25	-0.62	746.77%
	Profit Margin :(Profit After Tax / Net Sales)	-3.02	-0.36	738.89%
	Earnings Per Share: (Profit After Tax – Preference Dividend)/ Weighted Average Shares Outstanding	-0.57	-0.06	850.00%

##### 4. Research and Development Status

In 2024, global business activities began to thrive, and demands in manufacture, e-commerce, retail, warehousing, logistics continued to increase. Thus, CIPHERLAB CO. constantly put resources into the research and development of various AIDC mobile devices, sensor modules, device management systems, and various software applications. Corporates can choose suitable methods to simplify operation process and manage assets effectively based on different requirements. Now, all series of Android models comply with Google GMS and AER certification, providing enterprise users with automatic data capture products which meet information security requirements. Moreover, CIPHERLAB CO. has initiated efforts to obtain cybersecurity certifications, aiming to strengthen protection for enterprise users.

Main products developed in 2024, including:

1. AER Mobile Data Collector:

Launching a rugged mobile computer, RS38, with a 6-inch touchscreen. In addition to being awarded with Taiwan Excellence award and Japan Good Design award, the device features robust and durable designs, equipped with high-performance processors, high capacity of memory and storage space. With high-grade dust and water resistance ratings and the design which support various scanning heads, along with faster WiFi6E data transmission, these devices are suitable for use in various environments including warehousing logistics, manufacturing, retail, healthcare, and public safety. We also introduce the RS38H to increase its applications in the healthcare field. In the 'Hospital at Home' (HaH) mode, patients can receive medical care at home, similar to what they would receive in a hospital, and thus reducing the need for hospitalization. Combined with the 'Chronic Wound Smart Care' system, the RS38H uses color, thermal, and 3D imaging along with deep learning technology to identify wound tissue, assisting healthcare professionals in remotely monitoring wound healing. Furthermore, the RS38H is designed for 24/7 clinical use, durable, easy to clean with common disinfectants, and can withstand drops from a height of 1.5 meters. The combination of these technologies helps improve nursing efficiency in the 'Hospital at Home' model, reduces the number of trips patients need to make to the hospital, and lowers the risk of hospital-acquired infections.

2. 3D Package Dimension Measurement Device:

CIPHERLAB CO. also launched the brand-new handheld package dimension measuring device in the second half of the year. It features rapid and accurate 3D measurement function. The device can seamlessly integrate into CIPHERLAB CO.'s mobile solutions, enabling efficient workflows across multiple applications. Designed specifically for logistics, retail, and warehousing sectors, the model 2565 automatically captures and transmits critical item dimensions within seconds in shipping and freight applications. This significantly reduces revenue loss due to billing errors, while also lowering the risk of disputes and damage claims. This technology will further enhance operational efficiency, protect company revenue, and strengthen customer trust.

3. In the second half of the year, we completed the conceptual verification of the temperature sensing and recording module [Proof of Concept (POC), and together with customers, advanced it to the Minimum Viable Product (MVP: optimize customer field processes)]. The temperature sensing and recording module can be utilized in the increasingly thriving cold chain transportation and distribution industry. Throughout the process from pickup to delivery of cold chain goods (such as vaccines, pharmaceuticals, and fresh produce), the temperature sensing and recording module can measure the temperature and simultaneously upload temperature records to the headquarters. This assists in addressing the need for evidence of the logistics operator, resolving the long-standing difficulties they encounter in evidence collection and liability determination.

4. NUHF RFID: The RS36 extended development of the NUHF RFID reader is an efficient and lightweight device, capable of reading over 100 tags per second, with a reading range of up to 3 meters. Equipped with 4GB of RAM and 64GB of flash memory, it ensures stable multitasking performance to meet various environmental demands. This device fully complies with the EPC Gen2 V2 standard, providing high data security assurance for

warehousing, retail, and healthcare institutions, further enhancing operational efficiency and accuracy.

5. AI Assistance:

Building upon automatic license plate recognition, CIPHERLAB CO. has also addressed the needs of retail industry customers. The integration of the scan engine in the new-generation AER product enables automated recognition of date codes on consumer goods, facilitating rapid detection of expired items. The integration of the scan engine in the new-generation AER product enables automated recognition of date codes on consumer goods, facilitating rapid detection of expired items. Emphasizing immediacy and convenience, this reduces errors caused by human judgment and delays from backend data interpretation.

5. Business Expansion Status

We constantly deepen core technologies and actively expand markets to respond to the rapid changes and emerging demands in the global Automatic Identification and Data Capture (AIDC) industry.

**1. Strengthening the product combinations and enhancing competition strength**

In response to the diverse application needs across various industries, we have launched various high-performance industrial-grade mobile devices that emphasize durability, data security, and AI-enabled capabilities. Additionally, we have expanded the application scope of 3D measurement technology, launching intelligent measurement solutions tailored for logistics, retail, and warehouse management, thereby enhancing our market competitiveness.

**2. Deepening Focus on Key Markets, Expanding Global Presence**

In terms of regional market expansion, we have strengthened our distribution channels in Europe, Asia-Pacific, and North America, collaborating with strategic partners to implement more precise market penetration strategies. Meanwhile, we have successfully increased our market share through localized support capabilities in Southeast Asia and Latin America, laying a solid foundation for the company's future growth.

**3. Developing Ecosystem Partnerships to Enhance Customer Value**

We are building closer partnerships with System Integrators (SI), Independent Software Vendors (ISV), and enterprise users. By offering dedicated resources and technical support, we assist our partners develop innovative solutions, expand product applications, and enhance customer experience and overall value.

**4. Advancing New Technology Applications, Strengthening AI and Cloud Integration**

We are actively investing in AI and cloud technologies to enable businesses to manage supply chain and logistics data more efficiently. By leveraging AI image recognition and machine learning technologies, we enhance accuracy and automate processes, further increasing the value of data applications. Additionally, we continue to optimize our equipment management cloud platform, allowing businesses to monitor equipment status in real-time and improve operational efficiency.

**5. ESG and Sustainable Development Strategy**

Our company responds to the global trend of corporate sustainability by strengthening the environmentally-friendly design of our products, reducing carbon footprints, and promoting green supply chain management. Through improving product durability and recyclability, we reduce electronic waste and actively participate in social responsibility programs, fulfilling

our commitment to sustainable development.

Looking ahead to 2025, we will continue to deepen our market presence, expand our business footprint, and grow steadily to create long-term value for our shareholders.

## II. Strategy for 2025 Business Development:

### i. Development plan for new products and research :

1. The RK96 series scheduled to be launched in the second half of the year is an industrial-grade mobile computer specifically designed for warehousing, logistics centers, manufacturing, and cold storage environments. It is equipped with the latest Android operating system and a powerful processor to ensure efficient data processing capabilities. Additionally, the RK96 features exceptional barcode scanning function, the latest Wi-Fi 7 wireless connectivity technology, a rugged industrial-grade design, and long-lasting battery life, which provides businesses with an efficient and cost-effective solution.
2. F1 series is designed for the retail market. It features a lightweight, ergonomic form factor that can be flexibly integrated with various peripheral devices to enhance operational efficiency in both storefront and warehouse management. Its modular design supports a wide range of applications, including membership management, fast checkout, inventory audits, product receiving, picking, and delivery. Through AI technology, the F1 not only enhances the customer experience but also optimizes workflow processes. It is ideal for chain retailers, convenience stores, department stores, and logistics companies, providing businesses with an efficient and intelligent retail solution.
3. AIDC (Automatic Identification and Data Capture) technology provides an integrated solution for the retail market, including key aspects such as POS systems, self-checkout, smart inventory management, and customer identification, effectively enhancing retail operational efficiency. For example, RFID technology can be used for inventory management and product tracking, while AI visual recognition combined with CipherLab Pic 'n Fill™ OCR technology supports smart inventory auditing and price tag recognition. Additionally, self-checkout and anti-theft monitoring further optimize the customer experience and reduce losses. The integration of these technologies drives the realization of AI-powered smart stores, strengthening the competitiveness and service quality of the retail industry.
4. In the retail industry, combining fixed RFID technology and AI visual POC system, fast scanning and restocking of displayed products. The application of these technologies helps improve inventory management efficiency, reduce labor costs, and enhance customer satisfaction. Additionally, the automatic inventory counting feature after store closure ensures the accuracy of inventory data, further optimizing operational processes. The integration of these innovative technologies allows retailers to manage products more effectively, boost competitiveness, and provide customers with a better shopping experience.

### ii. Market Sales Development Plan:

The Company is continuously deepening its global market expansion, strengthening regional sales strategies, and enhancing market penetration and brand competitiveness through innovative products and service models.

#### A. Deepen regional market expansion, strengthening local competitiveness

Based on market demand and industry trend, optimizing regional sales strategy:

- a. North America: Constantly focusing on the retail, automated warehousing, and logistics sectors, strengthen partnerships with large enterprises and e-commerce platforms, and enhance the value of solutions through AI smart technologies.
- b. Europe: Introducing the enterprise-grade mobile devices that prioritize both security and high performance through the data management technology that comply with GDPR regulation, strengthening existing customer relationships and developing emerging markets.



- c. Asia and Pacific Market: Focusing on manufacturing industry applications, strengthen partnerships with system integrators (SIs) and solution providers (ISVs), and promote data-driven supply chain management applications.
    - d. Emerging Market (Southeast Asia, Latin America): With the support of localized technology, expanding the distributor network to enhance brand awareness and market share.
  - B. Expand the partner ecosystem to enhance overall sales scale and further strengthen collaboration with global SIs, ISVs, distributors, and enterprise users.
    - a. Providing technical resources and joint marketing to assist partners quickly implement our products and expand application scenarios.
    - b. Establishing regional professional training programs to enhance the expertise of distributors and SI partners, promoting the sales of higher-value-added solutions.
    - c. Expanding cloud management platforms and data analytics applications to offer enterprise clients a more comprehensive AIDC solution, increasing product value.
  - C. Digital marketing and brand upgrade to strengthen market penetration:
    - a. Increase customer awareness and trust in product solutions through successful case studies and product videos.
    - b. Enhance the influence of digital platforms to precisely reach IT decision-makers and end users, increasing conversion rates.
    - c. Collaborate with industry associations to expand enterprise-level users' recognition of our brand, enhancing market influence.
  - D. Product portfolio optimization and solution enhancement:
    - a. Develop next-generation barcode scanning devices with high performance, low power consumption, and AI computing capabilities to meet the demands of smart logistics and retail applications.
    - b. Strengthen the application of 3D measurement technology in warehouse management and e-commerce logistics to increase automation levels and improve operational efficiency.
    - c. Launch solutions that integrate cloud management, mobile device management (MDM), and AI data analytics to enhance product value and customer loyalty.
    - d. E. Estimated sales amount and data
  - E. Expected Sales Volume and Its Basis:  
 The company's main revenue comes from the manufacturing and sales of industrial smartphones, data terminals, and barcode scanning peripheral devices, as well as paid technical support and services. These can be categorized by application fields such as warehouse management, manufacturing, retail, and transportation logistics. Since the company's board has not decided to disclose forecast information, there are no expected sales figures available.
- B. Factory Operation Plan:
  - A. Material Preparation Model: In response to global supply chain restructuring, raw material shortages, and rising costs, in addition to adjusting material preparation based on monthly business forecasts and past sales records, a Supply Chain Management (SCM) communication platform will be established. Weekly discussions will be held to serve as the basis for strategic procurement and lean material preparation decisions.
  - B. Production Model: Utilize different modes and advantages of in-house production and outsourced production to meet the specific requirements of order characteristics and the processing differences of various models. Prioritize in-house capacity and outsourced production configurations to achieve the most efficient production. Besides, leveraging the advantages of large-volume ODM factory production and material procurement will help reduce production costs and maximize output.

C. Inventory Rationalization: Strengthen timely control of in-transit order delivery times and reduce minimum order quantities (MOQ) for procurement. Enhance the rapid integration of production, sales, and inventory (PSI) information, and appropriately extend lead times for business orders to achieve more effective inventory utilization and reduction.

D. Smart Factory:

1. Continuously integrate information from various stages of the production process to provide product traceability and production analysis.
2. Continuously introduce automated production testing to improve product quality and production efficiency.

III. Influenced by external competitive environment, regulatory environment and general economic environment:

With the introducing of new AI technology actively developing across different industries, AIDC market shows a significant growth, gradually expanding to consumer endpoints. Especially in developed markets, a strong compound annual growth rate is expected to continue! To maintain a competitive edge in the industry, CIPHERLAB CO. is actively investing in edge computing AI technologies, integrating and developing industry solutions, and strengthening the management of cloud management systems to meet user requirements. With the expected high growth and recovery in the industry, the company is ready to seize great opportunities while retaining its core competitive capabilities.

In addition to the abovementioned business strategies and policies, facing the rapidly changing market and challenges from competitors, the company will adhere to its consistent business philosophy and cautious attitude to meet these challenges to ensure the realization of the Company's main operational goal in 2025 which is the profitability. We would constantly deepen in key areas to enhance competitiveness in market and expand the sales scale globally. While steadily controlling operational risk, and changing operational methods and strategies flexibly to obtain greater profits and growth, benefiting shareholders.

We would like to express our deepest gratitude to all the shareholders for their long-term support and care for CIPHERLAB CO. We look forward to your continued encouragement and guidance in the coming year. We wish you all the best and hope that everything goes smoothly for you and your families. Thank you all very much.

Chairman/President      Mr. Steven Liao

## II. Corporate Governance Report

### 2.1 Profiles of Directors, Presidents, Vice Presidents, Assistant VPs and Head of the Departments :

#### (1)The information of Directors

April 26, 2025 Unit: Share ; %

Title	Nationality	Name	Gender/Age	Date elected	Term	First elected Date	Shareholding when elected		Current shareholding		Spouse and Minor shareholdings		Shareholding by nominee arrangement		Major education and selected past positions	Current position and additional positions	Other heads, directors, or supervisors asspouse or kin within the second degree			Remark
							Share	%	Share	%	Share	%	Share	%			Title	Name	Relationship	
Chairman	Taiwan	Cipher Management Inc.		2022.06.21	3 years	1998.09.17	6,706,934	9.79	6,706,934	9.79	0	0.00	0	0.00	-	-	-	-	-	
	Taiwan	Representative: Steven Liao	Male 61-70 Years old	2022.06.21	3 years	2002.03.01	0	0	0	0.00	10,000	0.01	0	0.00	Department of Nuclear Engineering, National Tsing Hua University Master, Mechanical Engineering, University of Washington, USA Department of Business Administration, Entrepreneur Management Research Class, National Chengchi University Ministry of Economic Affairs Whole plant output team marketing engineer Chairman and president of the CipherLab Co., Ltd	Chairman, legal representative, general manager, member of corporate governance and nomination committee, and member of environmental social governance committee of the Company Director of ChangeEn Management Consulting Co., Ltd Director of CipherLab USA, Inc. Director of Ace Motors Inc. Chairman of mPlus Technology Co., Ltd	None	None	None	None
Director	Taiwan	Tan, Chen-Huan	Male 61-70 Years old	2022.06.21	3 years	2010.05.15	1,386,215	2.02	1,386,215	2.02	764,209	1.12	0	0.00	Department of Nuclear Engineering, National Tsing Hua University Engineer of Guohui Information Manager of Sunlight Computer Co., Ltd.	Vice President of the Company Director of CIPHERLAB USA, Inc. Director of CIPHERLAB Limited (SAMOA) Chairman of CipherLab Electron Trade (Shanghai) Limited Company Director of mPlus Technology Co., Ltd	None	None	None	None
Director	Taiwan	Lin, Yung-Fa	Male 71-80 Years old	2022.06.21	3 years	2004.06.15	6,613,376	9.65	6,613,376	9.65	0	0.00	0	0.00	Department of Business Administration, Tamkang University	Director of Guangyuan Investment Co., Ltd	None	None	None	None
Director	Taiwan	Yen, Wei-Chun	Male 61-70 Years old	2022.06.21	3 years	2004.06.15	16,000	0.02	16,000	0.02	0	0.00	0	0.00	MBA, The City University of New York	Vice Chairman of Atech OEM Inc. Chairman of Atech Technology (Samoa) Limited - legal representative Director of MACHVISION Inc Co., LTD Chairman of Outstanding Electronics Manufacturer Group Co., Ltd - legal representative Chairman of Growing Profits Group Limited-legal representative Director and legal representative of Outstanding Electronics Manufacturer Group Co.,Ltd. Director and legal representative of ATECH Technology (SAMOA) Ltd. Chairman of QOE Technology Co., Ltd. Independent Director of Top Union Electronics Corp.	None	None	None	None
Director	Taiwan	Yang, Kuo-Liang	Male 61-70 Years old	2022.06.21	3 years	2008.05.16	532,000	0.77	532,000	0.77	0	0.00	0	0.00	Department of Accounting, Tamkang University Specialist of Finance Department of Evergreen Marine Company President of Lian Yang Certified Public Accountants firm	Director of Ginar Technology Co., Ltd. Director of Atech OEM Inc.	None	None	None	None

Title	Nationality	Name	Gender/Age	Date elected	Term	First elected Date	Shareholding when elected		Current shareholding		Spouse and Minor shareholdings		Shareholding by nominee arrangement		Major education and selected past positions	Current position and additional positions	Other heads, directors, or supervisors as spouse or kin within the second degree			Remark
							Share	%	Share	%	Share	%	Share	%			Title	Name	Relationship	
Independent Director	Taiwan	Hu, Chiu-Chiang	Male 71-80 Years old	2022.06.21	3 years	2010.05.15	0	0	0	0	0	0	0	0	Ph.D., Institute of Science and Technology Management, Chiao Tung University Master of Business Administration, Da Yeh University Department of Business Administration, Entrepreneur Management Research Class, National Chengchi University Bachelor of Telecommunications Engineering, Chiao Tung University	Chairman and President of Weitech Int. Co., Ltd Chairman of Weiji Investment Co., Ltd. Director of Promate Electronic Co., Ltd Director of Promate Solutions Corporation Independent director of V-TAC Technology Co., Ltd Remuneration Committee member of V-TAC Technology Co., Ltd Member of remuneration committee, audit committee, corporate governance and nomination committee, and environmental social governance committee of CIPHERLAB Co., Ltd. Director of Amazing Micro Electronic Co., Ltd. Supervisor of EVGA Corporation Legal Representative of Weikeng Industrial Co., Ltd. Director of Weitech Int. Co., Ltd Legal Representative of Weikeng Technology Pte Ltd.	None	None	None	None
Independent Director	Taiwan	Chen, Wen-Yu	Female 51-60 years old	2022.06.21	3 years	2016.6.21	0	0.00	0	0.00	0	0.00	0	0.00	EMBA, Institute of Finance, National Taiwan University EMBA, Institute of Business Administration, National Chengchi University Bachelor of Accounting, National Chengchi University	Hua Nan Financial Holdings Co., Ltd. — Hua Nan Securities, Vice President of Underwriting Business Department and Director of International Business Department Independent Director of ChipherLab Information Co., Ltd. Member of remuneration committee, audit committee, corporate governance and nomination committee, and environmental social governance committee of CIPHERLAB Co., Ltd.	None	None	None	None
Independent Director	Taiwan	Yu, Ming-Chang	Male 61-70 Years old	2022.06.21	3 years	2001.09.17	540,000	0.79	540,000	0.78	0	0.00	0	0.00	Master of Electrical Engineering, Tsinghua University	Director of Stark Technology Inc. Director of Machvision Inc. Legal representative of Aspeed Technology Inc. Member of remuneration committee, audit committee, corporate governance and nomination committee, and environmental social governance committee of CIPHERLAB Co., Ltd.	None	None	None	None
Independent Director	Taiwan	Tsai, Yu-Ping	Male 61-70 Years old	2022.06.21	3 years	2022.06.21	0	0.00	0	0.00	0	0.00	0	0.00	Juris Doctor, Santa Clara University, California The 15 <sup>th</sup> term of Entrepreneur Management Development Training Course of the Institute of Enterprise Management, National Chengchi University. Chairman of Meitong Limited	Chairman of Baoli Asset Management Co., Ltd. Vice President of the Enterprise Evaluation Society of ROC Director and President Hydroionic Technology Co., Ltd Director of Cellmax Taiwan Co., Ltd. Independent director, remuneration committee member and audit committee member of Welldone Company Member of remuneration committee, audit committee, corporate governance and nomination committee, and environmental social governance committee of CIPHERLAB Co., Ltd.	None	None	None	None

Note1: As the Company's size is not belonging to the large-scale enterprise, the Chairman concurrently serves as the General Manager to fully demonstrate the flexibility and high efficiency of the company's operations. In the year 2022, an additional independent director was elected to enhance corporate governance.

## Major Shareholders of Institutional Shareholders

April 26, 2025

Name of institutional shareholders	Major shareholders of institutional shareholders
Cipher Management Inc.	Steven Liao (54.00%), Tsai, Yu-Shan (46.00%)

### The information of Directors

#### 1. Disclosure of the information on the professional qualifications of Directors, and independence of Independent Directors:

Qualifications Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of public companies where the person holds the titles as an independent director
Cipher Management Inc. Representative: Steven Liao	Have more than five years of work experience in business, legal, finance, accounting, or corporate business	None	None
Lin, Yung-Fa	Have more than five years of work experience in business, legal, finance, accounting, or corporate business	None	None
Tan, Chen-Huan	Have more than five years of work experience in business, legal, finance, accounting, or corporate business	None	None
Yen, Wei-Chun	Have more than five years of work experience in business, legal, finance, accounting, or corporate business	None	1
Yang, Kuo-Liang	Have more than five years of work experience in business, legal, finance, accounting, or corporate business	None	None
Hu, Chiu-Chiang	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience :Chairman and President of Weitech Int. Co., Ltd	(Note 2)	1
Chen, Wen-Yu	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience :Hua Nan Financial Holdings Co., Ltd. — Hua Nan Securities, Vice President of Underwriting Business Department and Director of International Business Department	(Note 2)	None
Yu, Ming-Chang	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience :Director of Stark Technology (Co.,) Inc. Director of MACHVISION, INC.	(Note 2)	None
Tsai, Yu-Ping	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience :Chairman of Meitong Limited	(Note 2)	1

Note 1 :None of the directors of the Company has any circumstance under any subparagraph of Article 30 of the Company Act

Note 2 :Independent status as below:

- (1) Not an employee of the Company or its affiliated enterprises.
- (2) Not a director or supervisor of the Company or its affiliated enterprises.
- (3) Non-self and their spouses, minor children, or in the name of others who hold more than 1% of the Company's total issued shares or natural person shareholders who hold the top 10 shares.
- (4) Spouses, relatives within the second degree of kinship, or direct blood relatives within the third degree of kinship of persons not listed in the preceding three paragraphs.
- (5) Not serving as a director, supervisor or employee of a company that has a specific relationship with the Company.
- (6) No remuneration amount was received for providing commercial, legal, financial, accounting, and other services to the Company or its affiliated enterprise in the last 2 years.

Note 3: Mr. Tsai, Yu-Ping served as the independent director on June 21, 2022.

## 2. Diversity and Independence of Directors:

### (1) Diversity of Board of Directors

The Company stipulates in the "Corporate Governance Best Practice Principles" that the composition of the Board of Directors should consider to be diversified, and formulate appropriate diversification policies based on its own operations, business model, and development demands, which should include but not be limited to the following two major criteria:

- 1) Basic conditions and values: Gender, Age, Nationality and Culture, etc.
- 2) Professional knowledge and skills: professional background (such as law, accounting, finance, marketing or technology), professional skills and industry experience, etc.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

- 1) Ability to make operational judgments.
- 2) Ability to perform accounting and financial analysis.
- 3) Ability to conduct management administration.
- 4) Ability to conduct crisis management.
- 5) Knowledge of the industry.
- 6) An international market perspective.
- 7) Leadership ability.
- 8) Ability to make policy decisions.

### Achievement of diversity of Board members:

The Board of Directors of the Company should guide the Company's strategy, supervise the management level, and be responsible for the Company and its shareholders. The operation and arrangement of the corporate governance system should ensure the Board of Directors exercises its powers according to the law, the regulations of the Articles of Incorporation, or the resolution of the shareholders' meeting .

The specific management objectives are as follows:

- 1) The Board of Directors of the Company also pays attention to gender equality of members, and the board members should include at least one female director.
- 2) The Board of Directors of the Company focuses on operational judgment, operational management, and crisis-handling capabilities, and more than 2/3 of the directors should have relevant core project capabilities.
- 3) From the directors, the number of employees who are employees of the Company, parent company, subsidiary company, or brother company should be less than (including) 1/3 of the number of directors, so as to achieve the purpose of supervision.

If the number directors of either gender on the board of directors of the Company is less than one-third, explain the reasons and planned measures to be taken to enhance director

gender diversity:

- 1) Reasons: The Company's Board of Directors consists of 9 seats, in accordance with the Company's Articles of Incorporation. The current directors were elected at the Annual General Meeting convened on June 21, 2022, and include only one female director. Despite complying with relevant regulatory requirements, the female representative does not reach one-third. This is primarily due to the characteristics of the industry, which make it challenging to identify and recruit qualified candidates within a short timeframe.
- 2) Planned measures to be taken: The Company places great importance on gender equality in the composition of board members and is committed to increasing the proportion of female board members to one-third or more. In future director nomination processes, female candidates will be given priority consideration. The Company will proactively engage various channels to identify and nominate qualified female candidates. In addition, the Company plans to implement an internal talent development program to support the advancement of female employees in senior level management, with the aim of enhancing corporate governance and fulfilling the Company's board diversity policy.

Implementation of the board diversity policy:

22% of the board members are employees; 44% are independent directors; female directors take 11%, and the tenure of the four independent directors ranges from three to twelve years.

According to the goal of diversified management, the overall expertise of the Board of Directors has to include professionals in different fields who possess the knowledge, skills, and accomplishments necessary to perform their duties. The industrial experience and professional capabilities of each director are diverse and complementary, the implementation status please refer below table :

Core Item Title	Name	Gender	Industry Background	Served as an employee of company concurrently	Education Experience	Business management	Leadership and making decision ability	Knowledge of the industry	Accounting and financial analysis ability
Chairman Legal person director representative	Steven Liao	Male	V	V		V	V	V	V
Director	Lin, Yung-Fa	Male	V			V	V	V	V
Director	Tan, Chen-Huan	Male	V	V		V	V	V	V
Directors	Yang, Kuo-Liang	Male	V			V	V	V	V
Director	Yen, Wei-Chun	Male	V			V	V	V	V

Core Item	Name	Gender	Industry Background	Served as an employee of company concurrently	Education Experience	Business management	Leadership and making decision ability	Knowledge of the industry	Accounting and financial analysis ability
Title									
Independent Director	Hu, Chiu-Chiang	Male	V		V	V	V	V	V
Independent Director	Chen, Wen-Yu	Female	V			V	V	V	V
Independent Director	Yu, Ming-Chang	Male	V			V	V	V	V
Independent Director	Tsai, Yu-Ping	Male	V			V	V	V	V

## (2) Independence of Board of Directors

The Company has 9 directors currently, of which four independent directors take up 44%, none of the directors is spouses or relatives within the second degree of kinship, The Company never had a government agency or a single legal entity, and its subsidiaries take for more than one-third of the Board of Directors.



## (2) Profiles of President, Vice President, Assistant VPs, and Heads of the Branches/Departments

April 26, 2025 Unit: Share %

Title	Nationality	Name	Gender	Date of first-time elected (Note 3)	Shares held currently		Current shares held by spouse and children of minor age		Total shareholding assuming the name of others		Major industrial (educational) experience	Position(s) held concurrently in any other companies	Other officers, directors or supervisors with spouses, or relatives within the second degree of kinship			Remark
					Share	%	Share	%	Share	%			Title	Name	Relationship	
President	Taiwan	Steven Liao	Male	2013.5.14	0	0	10,000	0.01	0	0.00	Department of Nuclear Engineering, National Tsing Hua University Master, Mechanical Engineering, University of Washington, USA Department of Business Administration, Entrepreneur Management Research Class, National Chengchi University Ministry of Economic Affairs Whole plant output team marketing engineer Chairman and president of the CipherLab Co., Ltd	Chairman, legal representative, member of corporate governance and nomination committee, and member of environmental social governance committee of the Company Director of ChangeEn Management Consulting Co., Ltd Director of CipherLab USA, Inc. Director of Ace Motors Inc. Chairman of mPlus Technology Co., Ltd	None	None	None	Since the Company does not belong to a large enterprise, the chairman concurrently serves as the president to fully demonstrate the flexibility and high-efficiency operation of the Company *
Senior Vice President	Taiwan	Tan, Chen-Huan	Male	1996.07.01	1,386,215	2.02	764,209	1.12	0	0.00	Department of Nuclear Engineering, National Tsing Hua University Engineer of Guohui Information Manager of Sunlight Computer Co., Ltd Senior Vice President of CipherLab Co., Ltd.	Director of CIPHERLAB USA, Inc. Director of CIPHERLAB Limited(SAMOA) Chairman of CipherLab Electron Trade (Shanghai) Limited Company Director of mPlus Technology Co., Ltd	None	None	None	None
Associate	Taiwan	Li, Kan-Yang	Male	2012.03.01	1,000	0.00	0	0.00	0	0.00	MBA, Santa Clara University, USA Master of Food Science, University of Massachusetts, Amherst, USA Senior Brand Manager of American Energizer Comfort Co., Ltd. Taiwan Branch Senior Brand Manager, Nestle Taiwan Co., Ltd. Associate of CipherLab Co., Ltd.	None	None	None	None	None
Associate	Taiwan	Lai, Chin-Yi	Male	2018.07.20	0	0.00	0	0.00	0	0.00	Tamkang University Spanish Department/International Trade Department (auxiliary department) Nissho TEAC Business Director Southern Europe area sale of CipherLab Co., Ltd. Director of Asia Pacific area sales of CipherLab Co., Ltd.	None	None	None	None	None
Chief technology officer	Taiwan	Chen, To	Male	2021.11.08	1,243	0.00	1,484	0.00	0	0.00	Institute of Industrial Management, National Taiwan University of Science and Technology Assistant Manager of Application Division of Taixun Computer Co., Ltd Assistant Manager of Information Department of CipherLab Co., Ltd Assistant Manager of Information Department, Daily Project Department of Shye Shyang Mechanical Industrial Co., Ltd Information Technology Management/Senior Consultant of PwC Taiwan Senior Manager of Audit Office and CNC Supervisor of Hony Glas Technology Co., Ltd Manager of Information Department of K.H.S. Musical Instruments Co., Ltd. IT Director of Jieshan Technology Chief Operating Officer Technical Consultant of Ant's Power Co., Ltd CTO of CipherLab Co., Ltd	None	None	None	None	None
Accounting senior manager	Taiwan	Chang, Chia-Jung	Male	2014.08.11	0	0.00	0	0.00	0	0.00	Department of Accounting, Shih Shin University Assistant Manager of Fuzhong United Accounting Firm Manager of Finance and Accounting Department of International Integrated Systems Inc. Manager of Accounting Department of Taicang Jingfu Plastic Products Co., Ltd. Director of Finance and Management of L & D International Chief Financial Officer of Fortune Mfg. Co., Ltd Finance and Accounting Supervisor of CipherLab Co., Ltd	None	None	None	None	None

### (3) Remuneration to Directors, President and Vice Presidents in Recent Year

#### 1. Remuneration of Directors and Independent Director

December 31, 2024 unit: NT\$ thousand ; %

position	name	Director's Remuneration								The total amount of A, B, C, and D, and the proportion to the net profit after tax.		Remuneration received by part-time employee								The total amount of A to G, and the proportion to the net profit after tax.		Whether received remuneration from subsidiaries or investments outside of the company, or from the parent company.		
		Remuneration (A)		Retirement pension (B)		Director's Salary (C)		Operating expenses (D)				Salary, bonuses, and special allowances, etc. (E)		Retirement pension (F)		Employee's Salary (G)								
		CIPHERLAB CO.	every company in financial report	CIPHERLAB CO.	every company in financial report	CIPHERLAB CO.	every company in financial report	CIPHERLAB CO.	every company in financial report	CIPHERLAB CO.	every company in financial report	CIPHERLAB CO.	every company in financial report	CIPHERLAB CO.	every company in financial report	CIPHERLAB CO.		every company in financial report		CIPHERLAB CO.	every company in financial report			
Chairman and President	Representative of CIPHER MANAGEMENT INC.: Steven Liao	0	0	0	0	0	0	50	50	50 thousand dollars -0.13%	50 thousand dollars -0.13%	3,948	3,948	0	0	0	0	0	0	0	0	3,998 thousand dollars -10.22%	3,998 thousand dollars -10.22%	None
Director	Mr. TAN, CHEN-HUAN	0	0	0	0	0	0	50	50	50 thousand dollars -0.13%	50 thousand dollars -0.13%	2,748	2,748	0	0	0	0	0	0	0	2,798 thousand dollars -7.16%	2,798 thousand dollars -7.16%		
Director	Mr. LIN, YUNG-FA	0	0	0	0	0	0	50	50	50 thousand dollars -0.13%	50 thousand dollars -0.13%	0	0	0	0	0	0	0	0	0	50 thousand dollars -0.13%	50 thousand dollars -0.13%		
Director	Mr. YEN, WEI-CHUN	0	0	0	0	0	0	50	50	50 thousand dollars -0.13%	50 thousand dollars -0.13%	0	0	0	0	0	0	0	0	0	50 thousand dollars -0.13%	50 thousand dollars -0.13%		
Director	Mr. YANG, KUO-LIANG	0	0	0	0	0	0	50	50	50 thousand dollars -0.13%	50 thousand dollars -0.13%	0	0	0	0	0	0	0	0	0	50 thousand dollars -0.13%	50 thousand dollars -0.13%		
Independent Director	Ms. CHEN, WEN-YU	0	0	0	0	0	0	530	530	530 thousand dollars -1.36%	530 thousand dollars -1.36%	0	0	0	0	0	0	0	0	0	530 thousand dollars -1.36%	530 thousand dollars -1.36%		
Independent Director	Mr. HU, CHIU-CHIANG	0	0	0	0	0	0	770	770	770 thousand dollars -1.97%	770 thousand dollars -1.97%	0	0	0	0	0	0	0	0	0	770 thousand dollars -1.97%	770 thousand dollars -1.97%		
Independent Director	Mr. YU, MING-CHANG	0	0	0	0	0	0	530	530	530 thousand dollars -1.36%	530 thousand dollars -1.36%	0	0	0	0	0	0	0	0	0	530 thousand dollars -1.36%	530 thousand dollars -1.36%		
Independent Director	Mr. TSAI, YU-PING	0	0	0	0	0	0	400	400	400 thousand dollars -1.02%	400 thousand dollars -1.02%	0	0	0	0	0	0	0	0	0	400 thousand dollars -1.02%	400 thousand dollars -1.02%		

Note : The Company has established the Audit Committee.

## Range of Remuneration

Rang of Remuneration for each director of the Company	Name of Directors			
	Total remuneration for the first four items (A+B+C+D)		Total remuneration for the first seven items (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Less than\$ 1,000,000	Representative of Cipher Management Inc. : Steven Liao, Tan, Chen-Huan, Lin, Yung-Fa, Yen, Wei-Chun, Yang, Kuo-Liang, Hu, Chiu-Chiang, Chen, Wen-Yu, Yu, Ming-Chang, Tsai, Yu-Ping	Representative of Cipher Management Inc. : Steven Liao, Tan, Chen-Huan, Lin, Yung-Fa, Yen, Wei-Chun, Yang, Kuo-Liang, Hu, Chiu-Chiang, Chen, Wen-Yu, Yu, Ming-Chang, Tsai, Yu-Ping	Lin, Yung-Fa, Yen, Wei-Chun, Yang, Kuo-Liang, Hu, Chiu-Chiang, Chen, Wen-Yu, Yu, Ming-Chang Tsai, Yu-Ping	Lin, Yung-Fa, Yen, Wei-Chun, Yang, Kuo-Liang, Hu, Chiu-Chiang, Chen, Wen-Yu, Yu, Ming-Chang Tsai, Yu-Ping
NT\$1,000,000(Include)~NT\$2,000,000(Not Include)	-	-	-	-
NT\$2,000,000(Include)~NT\$3,500,000(Not Include)	-	-	Tan, Chen-Huan	Tan, Chen-Huan
NT\$3,500,000(Include)~NT\$5,000,000(Not Include)	-	-	Representative of Cipher Management Inc. : Steven Liao	Representative of Cipher Management Inc. : Steven Liao
NT\$5,000,000(Include)~NT\$10,000,000(Not Include)	-	-	-	-
NT\$10,000,000(Include)~NT\$15,000,000(Not Include)	-	-	-	-
NT\$15,000,000(Include)~NT\$30,000,000(Not Include)	-	-	-	-
NT\$30,000,000(Include)~NT\$50,000,000(Not Include)	-	-	-	-
NT\$50,000,000(Include)~NT\$100,000,000(Not Include)	-	-	-	-
Over NT\$100,000,000(Include)	-	-	-	-
Total	9 people	9 people	9 people	9 people

### 2. Remuneration of Supervisor: Not Applicable

Range of Remuneration for Supervisor: Not Applicable

### 3. Remuneration of President and Vice president

December 31, 2024 Unit: NT\$ Thousand %

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Steven Liau <sup>Note 1</sup>	3,948	3,948	0	0	0	0	0	0	0	0	3,948	3,948	0
Senior Vice President	Tan Chen-Huan	2,748	2,748	0	0	0	0	0	0	0	0	-10.10%	-10.10%	0
CTO	Chen, To	3,240	3,240	0	0	0	0	0	0	0	0	3,240	3,240	0
												-8.29%	-8.29%	

Note 1 : Chairman Steven Liao served as President concurrently on May 14, 2013

### Range of Remuneration

Range of Remuneration for each president and vice president of the Company	The Name of President and Vice President	
	The Company	Companies in the consolidated financial statements
Less than NT\$ 1,000,000	-	-
NT\$1,000,000(Include)~NT\$2,000,000(Not Include)	-	-
NT\$2,000,000(Include)~NT\$3,500,000(Not Include)	Tan, Chen-Huan .Chen, To	Tan, Chen-Huan .Chen, To
NT\$3,500,000(Include)~NT\$5,000,000(Not Include)	Steven Liau	Steven Liau
NT\$5,000,000(Include)~NT\$10,000,000(Not Include)	-	-
NT\$10,000,000(Include)~NT\$15,000,000(Not Include)	-	-
NT\$15,000,000(Include)~NT\$30,000,000(Not Include)	-	-
NT\$30,000,000(Include)~NT\$50,000,000(Not Include)	-	-
NT\$50,000,000(Include)~NT\$100,000,000(Not Include)	-	-
Over NT\$100,000,000(Include)	-	-
Total	3 people	3 people

### 4.Manual officers with the top five highest remuneration amounts (disclose their names and remuneration method)

December 31, 2024 Unit: thousand %

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chairman and President	Steven Liau	3,948	3,948	0	0	0	0	0	0	0	0	3,948	3,948	0
												-10.10%	-10.10%	
Senior Vice President	Tan Chen-Huan	2,748	2,748	0	0	0	0	0	0	0	0	2,748	2,748	0
												-7.03%	-7.03%	
CTO	Chen, To	3,240	3,240	0	0	0	0	0	0	0	0	3,240	3,240	0
												-8.29%	-8.29%	
Associate	Li, Kan-Yang	2,375	2,375	0	0	0	0	0	0	0	0	2,375	2,375	0
												-6.07%	-6.07%	
Associate	Lai, Chin-Yi	2,380	2,380	0	0	0	0	0	0	0	0	2,380	2,380	0
												-6.09%	-6.09%	

5. Employee Compensation amount paid to managers

December 31, 2024

Unit :NT\$ thousands ; thousands share ; %

	Title	Name	Stock Price	Cash	Total	Ratio of Total Amount to Net Income (%)
Manager	Chairman and President	Steven Liao	0	0	0	0
	Senior Vice President	Tan, Chen-Huan	0	0	0	0
	CTO	Chen, To	0	0	0	0
	Associate	Li, Kan-Yang	0	0	0	0
	Associate	Lai, Chin-Yi	0	0	0	0
	Senior Manager	Chang, Chia-Jung	0	0	0	0

6. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income and explain the policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance and future risks:

1) The ratio of the total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income:

Unit :thousand ; %

	2023				2024			
	The Company		The Company (Consulted Subsidiary)		The Company		The Company (Consulted Subsidiary)	
Title	Remuneration Amount <sup>Note 1</sup>	% of net profit after tax	Remuneration Amount <sup>Note 1</sup>	% of net profit after tax	Remuneration Amount <sup>Note 1</sup>	% of net profit after tax	Remuneration Amount	% of net profit after tax
Director	2,560	-58.63%	2,560	-58.63%	2,480	-6.34%	2,480	-6.34%
President and Vice President	9,796	-224.37%	9,796	-224.37%	9,936	-25.41%	9,936	-25.41%
Total	12,356	-282.99%	12,356	-282.99%	12,416	-31.75%	12,416	-31.75%

Note 1 :The remuneration of the director not included the related remuneration of the president and vice president who concurrently served as an employee.

Note 2 :No employee remuneration was allocated for fiscal years 2023 and 2024 due to operating losses of the Company.

2) The policies, standards, system and portfolios for the payment of remuneration, the procedures for determining remuneration:

- (1)The policies, standards, system, and portfolios for the payment of the Company director and independent directors' remuneration, comply with the law and Article 16 of "Remuneration Committee Constitution" as the determining remuneration policy and system
- (2)Director's Remuneration, according to Article 16 of the Company's Articles of Incorporation, follows the assessment of the Remuneration Committee, the determining remuneration of executing business shall be based on the degree of participation and contribution value of individual directors (including the risks and time invested, etc.) and refer the general standard at the same industry and also considering the overall operating performance and the factors of the external market and regularly review through the Remuneration committee and the Board of Director to approved giving by reasonable remuneration; related performance review and reasonable of salary will audit by Remuneration Committee and the Board of Director, also review the remuneration in a timely manner according to the actual situation and relevant laws and regulations in order to keep the balance between company's sustainable operation and risk control.
- (3)Director's compensation, according to Article 20 of the Company's Articles of Incorporation, if the Company makes profit in the current year, the Company

shall allocate no more than 3% of profit as director compensation, the independent director will not join in the distribution of director's compensation. The Company complies with the "Board of Directors Performance Evaluation Method" to review the director's compensation regularly, related performance reviews and reasonable salary will audit by the Remuneration Committee and the Board of Directors.

- (4) The remuneration of manager of the Company, according to the main points of the salary operation, various work allowances and bonuses are clearly stipulated, in order to synthesize and reward the hard work on employee, the related bonus will be given by the year operating performance, the financial status, the operating status and personal work performance. Besides, if the Company makes a profit in the current year, 0.5%~10% will be appropriated as employee remuneration in accordance with Article 20 of the Company's Articles of Incorporation.
  - (5) The portfolios of the Company's remuneration, it made by the organized rule of the remuneration committee, including the cash reward, stock options, dividends, retirement pensions or severance pay, various allowances, and other measures with substantial incentives rewards. The category is insistent with the record item guidelines about the remuneration for directors and managers of the listed company's annual report.
  - (6) Other than as disclosed in the above table, the remuneration earned by Directors providing services (e.g. providing consulting services as the parent company/all companies/reinvested enterprises in the financial report that are not employees, etc.) to have remuneration : NA
- 3) The correlation between company business performance and future risk:
- (1) The review for the remuneration given standard and system of the Company is considering from overall operating status, and according to the reach rate of the performance and contribution level as the given standards, in order to increase the efficient the whole organization team of the board of directors and managers. Also take reference of the salary standard of same industry, to ensure the remuneration of company's management level have competitive, in order to keep good talent management people.
  - (2) The review for the remuneration given standard and system of the Company is considering from overall operating status, and according to the achievement rate of the performance and contribution level as the given standards, to increase the overall organizational team effectiveness of the Board of Directors and managers. Also take reference of the salary standard of the same industry, to ensure the remuneration of the Company's management level has competitive, in order to keep good talent management people.

## 2.2 Implementation of Corporate Governance

### (1) Operations of the Board of Directors

#### Information for operations of the Board of Directors

In 2024, a total of 5 (A) meetings of the Board of Directors were held. The attendance of directors (including independent directors) were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	ChangeEn Management Consulting Co., Ltd. Representative: Steven Liao	5	0	100	Continue to serve, shall attend 5 times
Director	Lin, Yung-Fa	5	0	100	Continue to serve, shall attend 5 times
Director	Tan, Chen-Huan	5	0	100	Continue to serve, shall attend 5 times
Director	Yang, Kuo-Liang	5	0	100	Continue to serve, shall attend 5 times
Director	Yen, Wei-Chun	5	0	100	Continue to serve, shall attend 5 times
Independent Director	Hu, Chiu-Chiang	5	0	100	Continue to serve, shall attend 5 times
Independent Director	Chen, Wen-Yu	5	0	100	Continue to serve, shall attend 5 times
Independent Director	Yu, Ming-Chang	5	0	100	Continue to serve, shall attend 5 times
Independent Director	Tsai, Yu-Ping	4	0	80	Continue to serve, shall attend 5 times
Other mentionable items:					
1. If any of the following circumstances occur of the status of Board of Directors, the dates of the meetings, sessions, contents of motion, all directors and independent directors’ opinions and the Company’s response should be specified:					
(1) Matters referred to in Article 14-3 of the Securities and Exchange Act.					
(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors: None					
Board of Director	Proposal content and follow-up processing	Matters set in the Article 14-3 of Security Exchange Act	object or reserve opinions of Independent directors	Handling of Opinions of Independent Directors of the Company	Resolution result
The 1 <sup>st</sup> time of 2024 2024/03/13	The 1 <sup>st</sup> case: The Company’s 2023 Statement of Internal Control System.	V	None	None	Discussed by all attended directors and approved without objection.
	The 2 <sup>nd</sup> case: The Company’s 2023 annual business report and financial statements.		None	None	
	The 3 <sup>rd</sup> case: The Company’s proposal of loss off-setting for the year 2023.		None	None	
	The 4 <sup>th</sup> case: The schedule, venue and related matters of the Company’s 2024 Annual General Meeting.		None	None	
	The 5 <sup>th</sup> case: Amendments to the Company’s Board of Directors Performance Evaluation Method.	V	None	None	
	The number of independent directors attended in person: 4				
The 2 <sup>nd</sup> time of 2024 2024/05/08	The 1 <sup>st</sup> case: The Company’s consolidated financial statements for the first quarter of 2024.		None	None	Discussed by all attended directors and approved without objection.
	The 2 <sup>nd</sup> case: Appointment of CPAs, along with their proposed remuneration and an assessment of their independence.	V	None	None	
	The 3 <sup>rd</sup> case: Formulation of pre-approval policy for non-assurance services provided by CPAs to the Company.		None	None	
	The number of independent directors attended in person: 4				

The 3 <sup>rd</sup> time of 2024 2024/08/07	The 1 <sup>st</sup> case: The Company’s consolidated financial statements for the second quarter of 2024.		None	None	Discussed by all attended directors and approved without objection.
	The number of independent directors attended in person: 4				
The 4 <sup>th</sup> time of 2024 2024/11/06	The 1 <sup>st</sup> case: The Company’s consolidated financial statements for the third quarter of 2024.		None	None	Discussed by all attended directors and approved without objection.
	The 2 <sup>nd</sup> case: Amendments to the Internal Control System and Internal Audit System.	V	None	None	
	The 3 <sup>rd</sup> case: Establishment of Sustainability Information Management Rules.		None	None	
	The 4 <sup>th</sup> case: Establishment of Procedures for the Preparation and Assurance of the Sustainability Report.		None	None	
	The 5 <sup>th</sup> case: Amendments to the Ethical Management and Guidelines for Conduct.		None	None	
	The number of independent directors attended in person: 4				
The 5 <sup>th</sup> time of 2024 2024/12/25	The 1 <sup>st</sup> case: Report on the Company’s 2025 Consolidated Financial Report Forecast and Budget.		None	None	Discussed by all attended directors and approved without objection.
	The 2 <sup>nd</sup> case: Replacement of CPAs effective beginning the fourth quarter of 2024.	V	None	None	
	The 3 <sup>rd</sup> case: Extension of credit line agreement maturing in 2025.		None	None	
	The 4 <sup>th</sup> case: The Company’s 2025 Annual Audit Plan.	V	None	None	
	The 5 <sup>th</sup> case: Amendments to the Fixed Asset Management Rules.	V	None	None	
	The 6 <sup>th</sup> case: The proposed revision of the Company’s “Table of Approval Authority”.	V	None	None	
The number of independent directors attended in person: 3					

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: For any motions requiring recusal due to conflict of interests, the cause for recusal and status of voting participation have been documented in the resolutions of each respective case.
3. Implementation of evaluations by the Company's Board of Directors as below, the results of the self-evaluation were presented to the Board of Directors on March 12, 2025:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once every 1 year	2024/01/01 to 2024/12/31	All Board of Directors	Internal evaluation, self-evaluation from member of board of directors	1. Degree of Participation in the Company's operations: Excellent 2. Promote the decision-making quality of the Board of Directors: Excellent 3. Composition and structure of the Board of Director: Extremely excellent 4. Director selection and ongoing professional development: Excellent 5. Internal control: Extremely excellent
		Individual directors		1. Comprehension of Company Objectives and Duties: Extremely excellent 2. Awareness of Directors' Responsibilities: Extremely Excellent 3. Degree of Participation in Company Operations: Excellent 4. Internal Relationship Management and Communication: Extremely excellent 5. Directors' Expertise and ongoing professional



				development: Excellent 6. Internal control: Extremely excellent
		Functional committee		1. Degree of Participation in the Company's operations: Excellent 2. Responsibility awareness of functional Committee: Extremely excellent 3. Improve the decision-making quality of functional committees: Extremely excellent 4. Composition and selection of functional committee members: Excellent 5. Internal control: Extremely excellent
<p>4. In the current year and the most recent year to enhance the goal of the Board of Director function and the evaluation of the implementation situation.</p> <p>1. Enhance the goal of the Board of Director function:</p> <p>(1) The Company established the Regulations Governing Procedure for Board of Directors Meetings in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies for compliance purposes. In addition, the attendance of directors at board meetings is disclosed in both the annual report and on the Market Observation Post System (MOPS) to enhance corporate governance practices.</p> <p>(2) Functional committees are established for the purpose of developing supervisory functions and strengthening management mechanisms.</p> <p>(3) Enhance transparency: In adherence to the principle of operational transparency, the Company discloses material information and relevant details on the MOPS following each board meeting, within the timeframe prescribed under the Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEX Listed Securities, thereby safeguarding the rights and interest of investors.</p> <p>2. The evaluation of the implementation situation:</p> <p>(1) The Board of Directors of the Company has approved the amendment to the "Board of Directors Meeting Procedures" on 2006/11/7, 2007/04/03, 2008/04/02, 2010/03/30, 2014/12/23, 2017/12/26, 2019/03/27, 2020/03/25, 2022/12/28, and 2025/03/12.</p> <p>(2) There are 4 independent directors have been set up and the Board of Directors has approved the establishment of "Regulations on Responsibilities of Independent Directors" on 2010/03/30 and 2017/12/26</p> <p>(3) The Company purchased liability insurance status for directors: The Company has purchased US\$8 million liability insurance from Fubon Insurance Co., Ltd for all directors.</p> <p>(4) The Company has set up the audit committee to replace the supervisor and has approved the "Audit committee organization regulations" on 2019/6/25.</p> <p>5. Every Board of Directors meeting of the Company shall have at least one independent director attending in person.</p>				

## (2) Participation of the Audit Committee in the operation of the Board of Directors

The Company set up the audit committee on June 25, 2019 to replace the right of supervisor. The Audit Committee convened five meetings (A) in 2024. The attendance is described below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director	Hu, Chiu-Chiang	5	0	100	Continue to serve, shall attend 5 times
Independent Director	Chen, Wen-Yu	5	0	100	Continue to serve, shall attend 5 times
Independent Director	Yu, Ming-Chang	5	0	100	Continue to serve, shall attend 5 times
Independent Director	Tsai, Yu-Ping	4	0	80	Continue to serve, shall attend 5 times

Other mentionable items:

### 1. The Annual Key Tasks of Audit Committee

The Audit Committee is comprised of all four independent directors and it convenes prior to each quarterly Board of Directors meeting to review the company's internal control systems, the execution and significant findings of internal audits, and material financial and operational matters. The Audit Committee also communicates with the external auditors to effectively monitor the company's operations and risk management processes. For the year 2024, the Audit Committee held a total of 5 meetings. The primary review items of the Audit Committee are as follows:

- (1) Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- (2) Evaluation on effectiveness of the internal control system.
- (3) Establish or amend the procedures for material financial and business matters such as the acquisition or disposal of assets,

derivatives trading, fund lending to others, endorsements or guarantees for others, in accordance with Article 36-1 of the Securities and Exchange Act.

(4) Matters involving directors' personal interests.

(5) Significant transactions involving assets or derivatives.

(6) Significant fund lending, endorsements or guarantees.

(7) Raising, issuance or private placement of equity-type securities.

(8) Appointment, dismissal or compensation of certified public accountants.

(9) Appointment or dismissal of finance, accounting or internal audit managers.

(10) First, Second, Third quarter financial reports and annual financial reports signed or sealed by the Chairman, managers and accounting officers.

(11) Other significant matters stipulated by the company or competent authorities.

2. For Audit Committee meetings that meet any of the following descriptions, state the date, session, contents of the motions, independent directors' dissenting opinions, qualified opinions or major recommendations, the results of the Audit Committee resolutions and how the Company has responded to Audit Committee's opinions:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act.

(2) Except for the previously mentioned matters, other resolutions that have not been approved by the Audit Committee but approved by more than two-thirds of all directors: None.

Audit Committee	Proposal content	Matters referred to in Article 14-5 of the Securities and Exchange Act	Not approved by the Audit Committee, but approved by more than two-thirds of all directors	Handling of Opinions of	Resolution result
The 1 <sup>st</sup> time of 2024 2024/03/13	The 1 <sup>st</sup> case: The Company's 2023 Statement of Internal Control System.	V	None	None	All attending independent directors approved without objection.
	The 2 <sup>nd</sup> case: The Company's 2023 annual business report and financial statements.	V			
	The 3 <sup>rd</sup> case: The Company's proposal of loss off-setting for the year 2023.				
The 2 <sup>nd</sup> time of 2024 2024/05/08	The 1 <sup>st</sup> case: The Company's consolidated financial statements for the first quarter of 2024.		None	None	All attending independent directors approved without objection.
	The 2 <sup>nd</sup> case: Appointment of CPAs, along with their proposed remuneration and an assessment of their independence.	V			
	The 3 <sup>rd</sup> case: Provision of non-assurance services by Deloitte & Touche Tohmatsu Limited and its affiliates.	V			
The 3 <sup>rd</sup> time of 2024 2024/08/07	The 1 <sup>st</sup> case: The Company's consolidated financial statements for the second quarter of 2024.	V	None	None	All attending independent directors approved without objection.
The 4 <sup>th</sup> time of 2024 2024/11/06	The 1 <sup>st</sup> case: The Company's consolidated financial statements for the third quarter of 2024.		None	None	All attending independent directors approved without objection.
	The 2 <sup>nd</sup> case: Amendments to the Internal Control System and Internal Audit System.	V			
	The 3 <sup>rd</sup> case: Establishment of Sustainability Information Management Rules.				
	The 4 <sup>th</sup> case: Establishment of Procedures for the Preparation and Assurance of the Sustainability Report.				
The 5 <sup>th</sup> time of 2024 2024/12/25	The 1 <sup>st</sup> case: Replacement of CPAs effective beginning the fourth quarter of 2024.	V	None	None	All attending independent directors approved without objection.
	The 2 <sup>nd</sup> case: The Company's 2025 Annual Audit Plan.	V			
	The 3 <sup>rd</sup> case: Amendments to the Fixed Asset Management Rules.	V			
	The 4 <sup>th</sup> case: Amendments to the Authorization Chart.	V			

3. The implementation status of recusal bearing on the interest-related proposals of an independent director: The status of recusal have been noted in the resolutions of each case.
4. Status of communication between Independent Directors, the Internal Audit Supervisor, and CPA :  
The Company's internal auditing manager sends audit reports to independent directors according to the regulation and provides the report to the Audit Committee. In addition, certified accountants regularly review the financial report and explain the annual audit report so that independent directors can fully understand the Company's financial report

From 2024 to May 7, 2025, the key issues of the communication between independent directors, audit managers, and accountants are summarized below table:

(1) The communication status between Audit Committee and Accountant summary as below:

Date	Communication Items	Suggestions and results
2024/03/13	The 2 <sup>nd</sup> term, the 10 <sup>th</sup> meeting of Audit committee The accountant communicated with the management on the conclusion of the 2023 annual inspection.	The audit committee of the Company communicated well with CPA, and there was no objection.
2024/05/08	The 2 <sup>nd</sup> term, the 11 <sup>th</sup> meeting of Audit committee 1. The accountants explained the inspection status of consolidated financial reports in Q1, 2024 and discussed and communicated the questions raised by the participants. 2. Review the independence and suitability of the 2024 certification accountant and assessment accountant and the 2024 remuneration of the certification accountant.	The audit committee of the Company communicated well with CPA, and there was no objection.
2024/08/07	The 2 <sup>nd</sup> term, the 12 <sup>th</sup> meeting of Audit Committee The accountant provided an explanation regarding the review of the consolidated financial statements for the second quarter of 2024, and engaged in discussion and communication on the questions raised by the attendees.	The audit committee of the Company communicated well with the CPA, and there was no objection.
2024/11/06	The 2 <sup>nd</sup> term, the 13 <sup>th</sup> meeting of Audit Committee 1. Communication regarding the Key Audit Matters (KAMs) disclosed in the audit report on the financial statements for the year 2024, in accordance with TWSA701. 2. The accountant provided an explanation regarding the review of the consolidated financial statements for the third quarter of 2024, and engaged in discussion and communication on the questions raised by the attendees.	The audit committee of the Company communicated well with the CPA, and there was no objection.
2024/12/25	The 2 <sup>nd</sup> term, the 14 <sup>th</sup> meeting of Audit Committee Review of the replacement of CPAs, effective beginning the fourth quarter of 2024.	The audit committee of the Company communicated well with the CPA, and there was no objection.
2025/03/12	The 2 <sup>nd</sup> term, the 15 <sup>th</sup> meeting of Audit Committee 1. The auditor engaged in communication with management regarding the audit conclusions for the year 2024 and other related matters. 2. The accountant provided an explanation regarding the review of the consolidated financial statements for the year 2024, and engaged in communication on the questions raised by the attendees.	The audit committee of the Company communicated well with the CPA, and there was no objection.
2025/05/07	The 2 <sup>nd</sup> term, the 16 <sup>th</sup> meeting of Audit Committee 1. The accountant provided an explanation regarding the review of the consolidated financial statements for the first quarter of 2025, and engaged in discussion and communication on the questions raised by the attendees. 2. Review of the appointment of CPAs, along with their proposed remuneration for the year 2025, and an assessment of their independence and competency.	The audit committee of the Company communicated well with the CPA, and there was no objection.

(2) The communication status between Audit Committee member and Internal audit manager summary as below:

Date	Communication Items	Suggestions and results
2024/03/13	The 2 <sup>nd</sup> term, the 10 <sup>th</sup> meeting of audit committee 1. Internal audit business execution report 2. Review the assessment of the effectiveness of the 2023 internal control system and 2023 annual statement of internal control system.	The audit committee of the Company communicated well with Internal Audit Manager, and there was no objection.
2024/05/08	The 2 <sup>nd</sup> term, the 11 <sup>th</sup> meeting of audit committee Internal audit business execution report	The audit committee of the Company communicated well with Internal Audit Manager, and there was no objection.
2024/08/07	The 2 <sup>nd</sup> term, the 12 <sup>th</sup> meeting of Audit Committee Report on internal audit operations.	The audit committee of the Company communicated well with the Internal Audit Manager, and there was no objection.
2024/11/06	The 2 <sup>nd</sup> term, the 13 <sup>th</sup> meeting of Audit Committee 1. Report on internal audit operations. 2. Review of the amendments to the Internal Control System and Internal Audit System. 3. Review of the establishment of Sustainability Information Management Rules.	1. Independent Director Chen suggested that, despite the financial impact of the deficiencies identified in the fixed asset audit being minor, they represent material control weaknesses, necessitating a prompt revision and amendment of the internal control procedures related to fixed assets, with the proposed amendments to be reviewed at the next meeting. 2. As for the remaining motions, the audit committee of the Company communicated well with the Internal Audit Manager, and there was no objection.
2024/12/25	The 2 <sup>nd</sup> term, the 14 <sup>th</sup> meeting of Audit Committee 1. Report on internal audit operations. 2. Review of the Company's 2025 Annual Audit Plan.	1. In response to the recommendations made by Independent Director Chen on 2024/11/06, the Company hereby presented the proposed amendments to the Fixed Asset Management Rules. Result: No objections were raised by any of the attending independent directors. 2. As for the remaining motions, the audit committee of the Company communicated well with the Internal Audit

Date	Communication Items	Suggestions and results
		Manager, and there was no objection.
2025/03/12	The 2 <sup>nd</sup> term, the 15 <sup>th</sup> meeting of Audit Committee 1. Report on internal audit operations. 2. Review of the Company's 2024 Statement of Internal Control System, along with the assessment of the effectiveness of the internal control system for the year 2024.	The audit committee of the Company communicated well with the Internal Audit Manager, and there was no objection.
2025/05/07	The 2 <sup>nd</sup> term, the 16 <sup>th</sup> meeting of Audit Committee Report on internal audit operations.	The audit committee of the Company communicated well with the Internal Audit Manager, and there was no objection.

(3) Corporate Governance Status, Differences with Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies and Reasons:

Assessment Criteria	Actual Governance			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
1. Has the Company established and disclosed its corporate governance principles based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?”	V		The Company has established the “Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies” and disclosed.	No deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
2. Shareholding structure and shareholders’ interests (1). Has the Company implemented a set of internal procedures to handle Shareholders’ recommendations, queries, disputes, and litigations?	V		The Company in order to ensure the right of shareholders has formulated various internal operating processes, including "Rules of Procedure for Shareholding Meetings" and "Internal Major Information Processing Procedures", and also has a spokesperson and acting spokesperson to handle suggestions, disputes, and doubts properly.	No deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
(2). Is the Company constantly informed of the identities of its major Shareholders and the ultimate controller?	V		The Company has set up a dedicated person internally to handle related matters and appointed Yuanta professional stock affair agency to handle the stock matters according to the laws, it can grasp the name list of main shareholders who actually control the Company; according to the law to declare the changes and pledges of the shares of the shareholding is over 10% of big shareholders per month regularly; another who shareholding over 50% or shareholder who has share ratio is top 10, and keep abreast of the name list of main shareholders who actually control the Company and the ultimate controller of the main shareholders, the Company is committed to maintaining good relationships with shareholders.	No deviation from Articles 19 of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
(3). Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		The people, assets, and financial management responsibilities are clear and independent between the Company and its affiliated enterprises. to require the financial, and business management report of the subsidiaries every month, and the risk control mechanism for the subsidiaries is implemented and also set up "Subsidiary Management Operation Measures" and "Affiliated Enterprises' Relevant Financial Business Regulations", and implemented after approved by the Board of Director on May 06, 2020 and December 26, 2023. In addition, the information transaction to and from the subsidiary has also set up a firewall in order to achieve risk control.	No deviation from Articles 14 of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
(4). Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		The Company has established “Policies governing the prevention of insider trading,” regulates that company's employee should follow the Securities Exchange Law, and cannot use unpublished information to make insider trading nor disclose it to others from using the unpublished information to make insider trading.	No deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Assessment Criteria	Actual Governance			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>3. Composition and responsibilities of the Board of Directors</p> <p>(1). Has the Board of Directors established and implemented diverse policies and specific management goals</p>	V		To achieve sustainability and balanced development, the level of the Company's Board of Directors has been diversified in order to reach the strategic goal and maintain sustainability as the key factor. when the Company set up the composition of the Board of Directors, will consider the diversified members in various ways, including but not limited to gender, age, culture and educational background, race, professional experience, skills, knowledge, and service period. The Board of Directors all appointments are based on the principle of meritocracy, and the benefits of the diversity of board members are fully taken into account with objective conditions when considering candidates. For related content please refer to information concerning the directors on this annual report.	No deviation from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
<p>(2). Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?</p>	V		<p>(1) Nomination of Committee Member and Corporate governance :: To fulfill the Board of Director's authority and enhance management mechanism, the Company has proposed establishing a nomination committee to the Board of Directors' meetings on June 21, 2022, which approved the resolution to do so. The committee will execute its authority per "Nomination Committee Charter" approved by the Board of Directors: 1. Establish the diversified and independent standard required for senior manager, such as professionalism, skill, experience, and sex, and further recruit, approve, and nominate directors and senior managers as candidates. 2. Construct and develop the Board of Directors and other committees' organization structure. 3. Plan and conduct directors' additional study plans. 4. Establish the Company's Corporate Governance Best-Practice Principles.</p> <p>(2) Environmental social governance Committee: To implement environmental protection, social responsibility, corporate governance, and other environmental social governance goals, the Company has proposed establishing of a environmental social governance committee to the Board of Directors' meetings on August 9, 2023, which approved the resolution to do so. The committee will execute its authorities under "Environmental social governance Committee Charter" approved by the Board of Directors: 1. Review the Company's environmental social governance policies, strategies, and management principles. 2. Supervise the Company's promotion of matters related to environmental social governance and implementation plan. 3. Review the Company's public disclosure of material environmental social governance information such as</p>	No deviation from Article 28, "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Assessment Criteria	Actual Governance			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			environmental social governance report and report to the Board of Directors. 4. Supervise the Company's execution on its greenhouse gas inventory and verification plan. 5. Supervise the Company's attention to material motion that concerns the Company's shareholders, employees, customers, suppliers, communities, government authorities, and stakeholders. 6. Other matters that the Board of Directors approved the resolution to instruct the committee to conduct.	
(3). Has the Company established a set of policies and assessment methodology to evaluate the performance of the Board? Is regular performance evaluation conducted, at least once a year, and the evaluation result is submitted to the Board to serve as a reference in determining the remuneration of individual Directors and a nomination for re-election?	V		The Company formulated the "Board of Directors Performance Evaluation Method" in 2020, currently, through the executive unit to do a self-check on the Board of Directors procedures and operation management every year, in order to ensure the operation of the Board of Directors is following the related law to executing.	No deviation from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"
(4). Does the Company regularly evaluate the independence of CPAs?	V		The Company regularly evaluates the independence before to appointed accountants every year and none of the CPAs is a related person to the Company, for the audit and non-audit public expenses have been approved by the report to the Board of Directors, evaluated according to Audit Quality Indicators(AQIs) provided by CPA's firm, and obtain the "Total independent statement" to enhance the independence of financial public information, through the result to evaluation, it complies with the Company's independence evaluation, the related assessment item please refer to the accountant information in this annual report.	No deviation from Articles 29 of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"
4. Does the TWSE/TPEX listed company dedicate competent managers or a sufficient number of managers to take charge of corporate governance, and designate supervisors thereof to oversee the corporate governance affairs (including but not limited to providing information required for director/supervisor's operations, assisting the Board and Supervisors in legal compliance, convening Board/Shareholders' meetings in accordance with the law, applying for/changing company registry, and producing meeting minutes of Board/Shareholders' meetings)?	V		The Company has set up a part-time corporate governance unit to push the corporate governance practices, such as the marketing unit, human resource unit, etc., providing at least services as below: consulting opinions from each director before the Board of Director meeting, planning the agenda, and notifying all directors before the meeting's legal deadline also provides the relation meeting information, in order to let directors understand the content of the related issues, make the meeting minutes after the meeting, and provide the record content to directors within the regulation deadline. Make the performance evaluation on individual directors every year, handle matters of shareholders' meetings according to the law every year, make meeting minutes, handle company registration and change registration; matters related to investor relations, etc.	No deviation from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"



Assessment Criteria	Actual Governance			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has set up the stakeholder's area on the Company website ( <a href="http://www.ir-cloud.com/taiwan/6160/irwebsite_c/pages.php?id=13">http://www.ir-cloud.com/taiwan/6160/irwebsite_c/pages.php?id=13</a> ) and assigned a dedicated person to handle the affairs of different interested parties, they are spokespersons, acting spokespersons and investor relations, and other related units, also have a public e-mail on the Company's website and the dedicated person is responsible for it, to enhance the communicated channel is smooth and maintain the legal right of the stakeholder's	No deviation from Articles 41 of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"
6. Does the Company appoint the professional stock affair agency to handle the affairs of the shareholders' meeting?	V		The Company appointed the Yuanta professional stock affairs agency to handle stock affairs according to law.	No deviation from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"
7. Information Disclosure (1). Has the Company established a website that discloses financial, business, and corporate governance-related information? (2). Does the Company adopt other avenues for information disclosure (e.g. setting up an English website, designating specific personnel to collect and provide disclosure on the Company, implementing a spokesperson system, disclosing the process of institutional investor conferences on the Company website and etc.)? (3). Does the Company publicly announce and file the annual financial reports within two months after the accounting year-end, and publicly announce and file the first, second and third quarterly financial reports and monthly operating status reports before the stipulated deadlines?	V		The Company set up the " stakeholder's area" with Chinese and English versions on the Company's website <a href="http://www.ir-cloud.com/taiwan/6160/irwebsite_c/">http://www.ir-cloud.com/taiwan/6160/irwebsite_c/</a> . regularly disclose each matter, financial information, and important messages to shareholders for reference. The Company has disclosed important regulations such as fund lending procedures, endorsement guarantee procedures, procedures for acquisition and disposal of assets, internal audit operations, and the briefs and video of Investors Conference on the Company website. Implement the spokesperson system, designate a dedicated person to be responsible for the collection and disclosure of public information, and provide it to the spokesperson, acting spokesperson, and relevant business departments to answer questions from interested parties and competent authorities. Currently, the Company actively estimated the feasibility of announcing and filing the quarterly financial report and monthly operation status in advance.	No deviation from "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"
8. Does the Company have any other important information (including but not limited to employees' rights, employee care, investor relations, supplier relationship, rights and interests of stakeholders, training for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?	V		(1) Employee's rights and interests: To formulate all kinds of employee welfare measures, training, and retirement system in order to maintain the right of employees, and formulate employee safety and health regulation according to the law for the daily management (2) Employee care: The Company has employee feedback mailbox to establish a direct communication channel with employees; at the same time, a dedicated window has been set up in accordance with the Gender Equality in Work Act to respect the human rights of employees and express the Company's concern for colleagues.	No deviation from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"

Assessment Criteria	Actual Governance			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>(3) Investors relationship: the Company set up the spokesperson acting spokesperson and investor relationship department, expect to be a good communication bridge between the Company and investors. Also, set up the investor's contact information and automatic email notification services on the Company website (with English version) and provide the appropriate and reasonable answers to reply to the calling in order to maintain communication with investors.</p> <p>(4) Supplier relationship: the Company formulated the main point of supplier operations management, keeping smooth communication channels with suppliers and holding the integrity principle when working with them.</p> <p>(5) The right of shareholders: the Company has been committed to technological innovation, through developing new technology and high additional value of new products, to creating a working environment for employees to grow, and seeking stable investment returns for shareholders through revenue and profit growing, pursuing the maximum value of shareholder, employee and the whole society. Also, set up the investor's contact information and automatic email notification services on the Company website (with English version) and provide the appropriate and reasonable answers to reply to the calling in order to maintain communication with investors.</p> <p>(6) The training status of the directors: The directors of the Company all have related financial, business, accounting, and information backgrounds, and the training status has been posted on MOPS according to the law. At the same time, the appointed CPA and legal personnel also provide the appropriate legal consulting service to assist improve their relevant legal literacy and prevent the possibility of breaking the law.</p> <p>(7) The implementation status of customer policy: The Company's daily operations are according to the related regulation and laws to formulate the system to let employees follow and also set up the legal unit to help sales or customers and other complaints, the audit office will check and disclose according to the procedures</p> <p>(8) The status of the Company's purchase of liability insurance for directors: The Company has purchased US\$8 million liability insurance from Fubon Property &amp; Casualty Insurance for directors and key employees</p>	

Assessment Criteria	Actual Governance			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
9. Please describe improvements that have been made about the results of the corporate governance evaluation as prescribed by the Taiwan Stock Exchange Corporate Governance Center, as well as priorities and measures for matters that have yet to be improved.( Companies not included in the evaluation do not need to fill in)	V		<p>In 2024, the Company was evaluated based on the Corporate Governance Evaluation Indicators set by the Corporate Governance Center. The results were announced on April 30, 2025, with the Company receiving a score of 84.51. This placed the Company in the 6%–20% percentile among all listed companies on the OTC market.</p> <p>For the improvements already made in 2024, please refer to Appendix 1. For items that have not yet been improved, the priority enhancement areas and proposed measures are listed in Appendix 2 for your reference.</p>	No deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Appendix 1. The improved items of corporate governance evaluation that released in 2024

No.	Evaluation Index
1.1	Did the company report at the AGM the remuneration received by directors, including the remuneration policy, the content and amount of individual remuneration?
1.3	Did the chairman of the board, more than half of the directors, and the audit committee convener attend the AGM in person, and did the company disclose in the minutes the names of those who attended?
1.8	Did the company provide the Chinese and English versions of its annual report 18 days prior to the day of the AGM?
2.25	Did all of the company's independent directors complete the number of hours of continuing education required by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies? [If all of the directors completed the required hours of continuing education, one additional point will be added to the total score.]
3.5	Was the annual financial report in English filed to MPOS by 16 days before the AGM?
3.6	Did the company disclose the interim financial reports in English within two months after the deadline for reporting of the Chinese version?
4.1	Did the company have a designated unit in charge of promoting sustainable development that, following the principle of materiality, conducted risk assessment on environmental, social, or corporate governance issues related to the company's operations, and adopted relevant risk management policies or strategies, and did the board of directors oversee the promotion of sustainable development, and did it disclose the same on the company's website and in its annual report?
4.4	Did the company, following the Global Reporting Initiative (GRI) Standards, prepare and upload its sustainability report to MOPS and to the company website? [If in its sustainability report the company referred to the Sustainability Accounting Standards Board (SASB) standards to disclose ESG information, one additional point will be added to the total score.]
4.11	Did the company disclose the water consumption and total weight of waste for the past two years? [If the data of the water consumption or total weight of waste for the past two years has been verified by an external institution, one additional point will be added to the total score.]
4.14	Did the company disclose on its website or in its annual report the identities, issues of concern to, channels of communication with, and means for responding to, stakeholders that it has identified? [If the company regularly reported the status of communication with its various stakeholders to the board, one additional point will be added to the total score.]
4.18	Did the company disclose information about the company's governance, strategies, risk management, metrics, and targets for climate-related risks and opportunities in accordance with the Task Force on Climate-Related Financial Disclosure (TCFD) recommendation framework?

Appendix 2. Summary of Unscored Evaluation Items and Improvement Measures in the 2024 Corporate Governance Assessment

No.	Evaluation Index	Things to be improved and measures to be strengthened
2.22	Was the company's risk management overseen by the audit committee or a board-level functional committee (e.g., risk management committee), and has the company adopted risk management policies and procedures that have been passed by the board, and disclosed the organizational structure in place for risk management, the risk management procedures, and the status of risk management operations, and did it report to the board of directors on these at least once a year?	The Company intends to establish a Risk Management Committee. In addition, in accordance with applicable regulations, the Company will formulate risk management policies and related procedures, disclose the committee's organizational structure and operational status, and report to the Board of Directors at least once annually.
3.14	Did the company disclose the connection between director and managerial officer performance assessment and remuneration in its annual report?	The Company will enhance the disclosure of its remuneration payment procedures by clearly specifying the key performance evaluation criteria for directors and managerial officers, as well as how these criteria are connected to remuneration decisions.
4.7	Did the company upload the English version of its sustainability report to MOPS and the company website?	The 2024 Sustainability Report is expected to be compiled in English to ensure consistency of information.
4.24	Was the sustainability report prepared by the company submitted to and passed by the board of directors?	The 2024 Sustainability Report will be submitted to the Board of Directors for discussion and approval prior to its announcement.

#### (4) Remuneration Committee:

##### 1. The information of Remuneration Committee members

December 31, 2024

Capacity	Qualifications Name	Professional qualifications and experiences(Note 1)	Independence status	Number of other public companies at which the person concurrently served as the remuneration committee member
Independent Director (convener)	Hu, Chiu-Chiang	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience :Chairman and President of Director of Weitech Int. Co., Ltd	Note 2	1
Independent Director	Chen, Wen-Yu	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience :Hua Nan Financial Holdings Co., Ltd. — Hua Nan Securities, Vice President of Underwriting Business Department and Director of International Business Department	Note 2	0
Independent Director	Yu, Ming-Chang	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Director of Stark Technology Inc. Director of MACHVISION,INC.	Note 2	0

Note 1: None of the directors of the Company has any circumstance under any subparagraph of Article 30 of the Company Act

Note 2 :Independent status as below:

- (1) Not an employee of the Company or its affiliated enterprises.
- (2) Not a director or supervisor of a company or its affiliated enterprises.
- (3) Natural person shareholders who are not themselves and their spouses, minor children, or others who hold more than 1% of the Company's total issued shares or hold the top 10 shares.
- (4) Not spouses, relatives within the second degree of kinship, or direct blood relatives within the third degree of kinship of persons not listed in the preceding three paragraphs.
- (5) Not serving as a director, supervisor or employee of a company that has a specific relationship with the Company
- (6) No amount of remuneration was received for providing business, legal, financial, accounting, and other services to the Company or its affiliated companies in the past two years.

##### 2. Duties and responsibility range of Remuneration Committee

A. The duty of the remuneration committee is to evaluate the Company's directors and managers remuneration policy and system in a professional and objective position and make recommendations to the Board of Directors for reference in its decision-making.

B. Responsibility range :

- (1) The remuneration committee shall exercise the care of a good administrator in faithfully performing its official powers and shall submit its recommendations for deliberation by the Board of Directors:
- (2) Proposals on remuneration are submitted to the Board of Directors for discussion, but only if the supervisors' remuneration is stipulated in the Company's Articles of Incorporation or the resolution of the shareholders' meeting authorizes the Board of Directors to handle it:

I 、 Periodically reviewing this Charter and making recommendations for amendments.

II 、 Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors and managerial officers

- (3) The committee shall follow the following principles when performing the functions and powers of the preceding paragraph:

I 、 To ensure the arrangement of remuneration is complying with related regulations and is enough to attract the excellent talented people.

II 、 The performance evaluation and remuneration of directors, and managers should refer to standards in the same industry and consider the time invested by each person and the responsibilities should take, the status of the achievement goal, the performance in other positions, and the salary that the Company gives to the same level position and also through the achievement of company's short-term and long-term business goals and the Company's financial status to evaluated the rationality of the relationship between individual performance and the Company's operating performance and future risks

- III 、 Should not guide the directors and managers to exceed the Company's risk behaviors in order to pursue remuneration.
- IV 、 The percentage of directors and senior managers' short-term performance bonuses and the date of part of variable salary payment is should determine by considering the characteristics of the industry and the feature of the Company's business.
- V 、 The member of the committee is not allowed to join the discussion and vote to determine their personal remuneration decision.
- VI 、 The remuneration referred to in the previous paragraph includes cash remuneration, stock options, dividends, retirement pensions or severance pay, various allowances, and other measures with substantial rewards; the category is insistent with the record item guidelines about the remuneration for Directors, and Managers of the listed company's annual report.
- (4)When the Board of Directors discusses the suggestion of remuneration, it should consider matters like the amount of remuneration, the payment method, and the future risk of the Company.
- (5)The remuneration of the directors and managers of the subsidiaries of the Company needs to be approved by the Board of Directors as follows the subsidiary defines the decision matters, it should provide the proposal from this committee and then submit it to the Board of Directors for discussion.
3. Operation of Remuneration Committee
- A, The total number of members in the Remuneration Committee amounts to three persons.
- B, The term of office for the current members: June 21, 2022 to June 20, 2025. In the most recent year, a total of 2 (A) meetings were held by the Remuneration Committee. The attendance is as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Hu, Chiu-Chiang	2	0	100%	None
Member	Chen, Wen-Yu	2	0	100%	None
Member	Yu, Ming-Chang	2	0	100%	None

4. Proposal discussed and relocation result by the Remuneration Committee and the Company's treatment to the Remuneration Committee's opinions is as the following:

Date of meeting	Term	Proposal in the meeting	Resolution	Opinions of Committee's suggestions or objection
2024/11/06	The 5 <sup>th</sup> term, the 6 <sup>th</sup> meeting	The 1 <sup>st</sup> case: Proposal regarding the remuneration policy and structure for the Company's managers for the year 2025.	The remuneration of each independent director was resolved individually. Independent directors recused themselves from the discussion and voting on their own remuneration due to conflicts of interest. This case was approved without objections following consultation by the Chair with all remaining attending directors. As the discussion involved the remuneration of Steven Liao, current Chairman and President of the Company, who was also in attendance, he recused himself from the discussion and voting on his own remuneration in accordance with applicable regulations.  This case was approved without objections following consultation by the Chair with all attending committee members.	None
2024/12/25	The 5 <sup>th</sup> term, the 7 <sup>th</sup> meeting	The 1 <sup>st</sup> case: Proposal regarding the remuneration for the Company's directors and independent directors who concurrently serve as members of the Remuneration Committee.	The remuneration of each independent director was resolved individually. Independent directors recused themselves from the discussion and voting on their own remuneration due to conflicts of interest. This case was approved without objections following consultation by the Chair (or Acting Chair) with all attending committee members	None
Other matters to be noted :				
1.The Board of Directors of the company has adopted all suggestions from the Remuneration Committee				
2.The minutes of meetings of the company's Remuneration committee have been clearly documented, and there are no objections or qualified opinions.				

5. Nomination of Committee Member and Corporate governance :

A. The information of the nomination of committee member :

Title	Name	Professional qualifications and experience
Convener	Hu, Chiu-Chiang	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Chairman and President of Weikeng Industrial Co., Ltd
Member	Chen, Wen-Yu	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Hua Nan Financial Holdings Co., Ltd. — Hua Nan Securities, Vice President of Underwriting Business Department and Director of International Business Department
Member	Yu, Ming-Chang	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Director of Stark Technology Inc. Director of MACHVISION, INC.
Member	Tsai, Yu-Ping	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Chairman of Meitong Limited
Member	Steven Liao	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Chairman and President of Cipher Lab Co., Ltd
Note: Establishment date of the committee: 21 <sup>st</sup> June, 2022		

B. The responsibility and authority scope of Corporate Governance and Nomination Committee

- Define the standards for the professional knowledge, skills, experience, gender and other diverse backgrounds and independence required by board members and senior managers, and use them to find, audit and nominate candidates for directors and senior managers.
- Construct and develop the organizational structure of the board of directors and committees, conduct performance evaluation of the board of directors, committees, directors and senior managers, and evaluate the independence of independent directors.
- Plan and implement the directors' education plan.
- Formulate the Company's "Corporate Governance Practice Principles"

C. Operation of Corporate Governance and Nomination Committee

- The total number of members in the Corporate Governance and Nomination Committee amounts to 5 persons.
- The term of office for the current members: June 21, 2022 to June 20, 2025. In the most recent year, a total of 2 (A) meetings were held by the Corporate Governance and Nomination Committee. The attendance is as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B / A)	Remark
Convener	Hu, Chiu-Chiang	2	0	100	None
Member	Chen, Wen-Yu	2	0	100	None
Member	Yu, Ming-Chang	2	0	100	None
Member	Tsai, Yu-Ping	2	0	100	None
Member	Steven Liao	2	0	100	None

- Proposal discussed and resolution result by the Corporate Governance and Nomination Committee and the Company's treatment to the Corporate Governance and Nomination Committee's opinions is as the following :



Date of meeting	Term	Reporting item	Proposal in the meeting	Resolution	Opinions of Committee's suggestions or objection
2024/05/08	1 <sup>st</sup> term 3 <sup>rd</sup> meeting	1. Report on the result of the 2023 Corporate Governance Evaluation System.	None	None	None
2024/11/06	1 <sup>st</sup> term 4 <sup>th</sup> meeting	1. Report on the status of directors' education for the year 2024.	None	None	None
Other matters to be noted : The Company's treatment to the Corporate Governance and Nomination Committee's opinions : The Board of Directors of the company has adopted all suggestions from the Corporate Governance and Nomination Committee					

6. Sustainability Development Committee :

A. The member information of Sustainability Development Committee :

Title	Name	Professional qualifications and experience
Convener	Hu, Chiu-Chiang	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Chairman and President of Weikeng Industrial Co., Ltd
Member	Chen, Wen-Yu	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Hua Nan Financial Holdings Co., Ltd. — Hua Nan Securities, Vice President of Underwriting Business Department and Director of International Business Department
Member	Yu, Ming-Chang	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Director of Stark Technology Inc. Director of MACHVISION, INC.
Member	Tsai, Yu-Ping	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Chairman of Meitong Limited
Member	Steven Liao	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Chairman and President of CipherLab Co., Ltd
Note: Establishment date of the committee: 9 <sup>th</sup> August, 2023		

B. The responsibility and authority scope of Sustainability Development Committee

- Review the company's sustainable development policies, strategies, and management guidelines.
- Supervise the company's implementation of sustainability-related matters and action plans.
- Review significant sustainability information that disclosed in the company's sustainability report and other public disclosures, and report to the board of directors
- Supervise the company's significant issues concerning shareholders, employees, customers, suppliers, communities, government agencies, and other stakeholders.
- Handle other matters as instructed by the board of directors

C. Operation of Sustainability Development Committee

- The total number of members in the Sustainability Development Committee amounts to 5 persons.
- The term of office for the current members: August 9, 2023, to June 20, 2025. In the most recent year, a total of 2 (A) meetings were held by the Sustainability Development Committee. The attendance is as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B / A)	Remark
Convener	Hu, Chiu-Chiang	2	0	100	None
Member	Chen, Wen-Yu	2	0	100	None
Member	Yu, Ming-Chang	2	0	100	None
Member	Tsai, Yu-Ping	2	0	100	None
Member	Steven Liao	2	0	100	None

D. Proposal discussed and resolution result by the Sustainability Development Committee and the Company's treatment to the Sustainability Development Committee's opinions is as the following :

Date of meeting	Term	Proposal in the meeting	Resolution	Opinions of Committee's suggestions or objection
2024/05/05	1 <sup>st</sup> term 2 <sup>nd</sup> meeting	None	NA	NA
2024/08/07	1 <sup>st</sup> term 3 <sup>rd</sup> meeting	The 1 <sup>st</sup> case: The Company's 2023 Sustainability Report.	Approved without objections from all attending committee members.	None
Other matters to be noted :The company's treatment to the Sustainability Development Committee's opinions : The Board of Directors of the company has adopted all suggestions from the Sustainability Development Committee.				

(7) Implementation status of promoting sustainable development and discrepancies with the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons:

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
1. Does the Company have a governance structure that promotes sustainable development, establishes a special unit, or designates an existing unit and the Board of Directors of the Company authorizes the senior level management to handle relevant matters and the Board of Directors supervise relevant matters?	V		<p>1. The governance structure promoting ESG: The Company's Board of Directors approved the resolution to establish "ESG committee" on August 9, 2023, as the highest advisory organization of planning and discussing ESG related matters and report to the Board.</p> <p>2. The composition, operation, and implementation status of the current year: (1)The ESG committee has independent directors as its convener and meeting chairman, and an ESG promotion and execution office is established under its authority to ensure the promotion and implementation of ESG related matters. (2) Each the Company's responsible unit oversees the implementation, and the promotion and execution office will report the implementation status, results, and review to the ESG committee twice per year. The main topics include but are not limited to the following: a. Preparation and status on the ESG report. b. Employee safety, working environment and job welfare. c. Intellectual property rights management status. d. ESG implementation status. e. Greenhouse inventory and verification plan status. f. Social welfare implementation status. (3) 2024 Implementation status (Mainly The operating scope of the parent company in Taiwan) has been reported to the ESG committee on May 8 and August 7, 2024.</p> <p>3. Cooperating with the Company's new governing blueprints, the ESG committee will continue to promote each ESG goals throughout the Company as well as paying attention to international ESG trends and regulations to improve corporate ESG. The Company has also established ESG related regulations as the base operating and management guidelines of each company in the Group concerning the risk factors and opportunities of environment, social, and corporate governance.</p> <p>4. The Sustainability Office assigns responsible personnel to regularly report to the Board of Directors on operational effectiveness (including communication with stakeholders) every year, as well as issues of concern to stakeholders, specific promotion plans and implementation status. The 2024 Sustainability Report is scheduled for completion in 2025 and will be disclosed on the Company's website for review by interested parties no later than August 31, 2025. The relevant status is scheduled to be reported to the Board of Directors on May 7, 2025. The board of directors listened to the report of the management team. The board of directors evaluated and supervised the management policy, strategy and goal formulation and review measures reported by the operating class, frequently reviewed the progress of the strategy, and urged the management team to follow The planning process continues.</p>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons						
	Yes	No	Summary							
2. Has the Company performed risk assessment pertaining to the environment, community and corporate governance issues related to the operation of the Company in accordance with the materiality principle and established the corresponding risk management policies or strategies?	V		<div>1.This disclosure covers the Company’s sustainability performance at its primary operation locations for the duration of January to December 2024, with the scope of risk assessment primarily focused on the Company’s facilities in Taiwan, specifically the Taipei Headquarters and Xizhi Factory.</div> <div>2. According to the analysis based on the materiality principle and communication with internal and external stakeholders, and through reviewing in and out of the country research reports, and literature and integrating assessment data from each department and subsidiaries, so that to evaluate the importance of ESG issues, formulate the effective identification and evaluate the assessment, supervise, and control risk management policies and take specific action plans to reduce the impact of related risks.</div> <div>3. Based on the risk after assessing, formulate relevant risk management policies or strategies as follows:</div> <table><tr><th>Importa nt issue</th><th>Risk Assessment Project</th><th>Explanation</th></tr><tr><td>environ ment</td><td>Environme ntal impact and managemen t</td><td><div>1. The Company will through the implementation of production process safety management and systemized management cycle to reduces pollution emissions effectively and the impact on the environment.</div><div>2. The Company's market covers the world, and its products must comply with environmental protection regulations and have passed the certifications of Germany TUV 9001 quality assurance, ISO14001 environment, and CCC in China.</div><div>3. The Company utilized the Task Force on Climate-Related Financial Disclosures (TCFD) framework to establish the climate-related risk identification process. Through cross-departmental discussion led by senior management, a total of 7 opportunities and 14 risks were identified.</div><div>4. The Company voluntarily disclosed information related to ISO14064-1 Greenhouse Gases Emissions Inventories in 2023, and continued to proactively</div></td></tr></table>	Importa nt issue	Risk Assessment Project	Explanation	environ ment	Environme ntal impact and managemen t	<div>1. The Company will through the implementation of production process safety management and systemized management cycle to reduces pollution emissions effectively and the impact on the environment.</div> <div>2. The Company's market covers the world, and its products must comply with environmental protection regulations and have passed the certifications of Germany TUV 9001 quality assurance, ISO14001 environment, and CCC in China.</div> <div>3. The Company utilized the Task Force on Climate-Related Financial Disclosures (TCFD) framework to establish the climate-related risk identification process. Through cross-departmental discussion led by senior management, a total of 7 opportunities and 14 risks were identified.</div> <div>4. The Company voluntarily disclosed information related to ISO14064-1 Greenhouse Gases Emissions Inventories in 2023, and continued to proactively</div>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
Importa nt issue	Risk Assessment Project	Explanation								
environ ment	Environme ntal impact and managemen t	<div>1. The Company will through the implementation of production process safety management and systemized management cycle to reduces pollution emissions effectively and the impact on the environment.</div> <div>2. The Company's market covers the world, and its products must comply with environmental protection regulations and have passed the certifications of Germany TUV 9001 quality assurance, ISO14001 environment, and CCC in China.</div> <div>3. The Company utilized the Task Force on Climate-Related Financial Disclosures (TCFD) framework to establish the climate-related risk identification process. Through cross-departmental discussion led by senior management, a total of 7 opportunities and 14 risks were identified.</div> <div>4. The Company voluntarily disclosed information related to ISO14064-1 Greenhouse Gases Emissions Inventories in 2023, and continued to proactively</div>								

Evaluation Item	Implementation status				Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons	
	Yes	No	Summary			
					disclose related information in 2024. 5. The Company develops internal audit plan on an annual basis to assess compliance with applicable environmental regulations and to verify that operational processes comply with relevant regulations.	
				Give back to society / Environmental protection	The Company is aware of the corporate social responsibility of "Taking from the society and Using it for the society", it took action to care for the society and gradually expand care and participate in social non-profit organizations and other related activities. The Company hosted a beach cleanup activity on November 9, 2024, inviting employees to participate as a way of demonstrating its commitment to building a happy city through action. Through this hands-on experience, participants were encouraged to reflect on the relationship between people and the environment, learn how to better care for the land and ocean, and collectively contribute to the planet in small but meaningful ways.	
			Society	Occupational safety	The Company has set up a dedicated person for labor safety and health management and an emergency and hold health checking and safety and health education training for employee every year in order to maintain the health, and safety of the employee, and provide the employee with fire drill regularly of every year and routine the "Labor safety and health education series" training for employees.	
				Give back to society / Environmental protection	The Company is aware of the corporate social responsibility of "Taking from the society and Using it for the society", it took action to care for the society and gradually expand care and participate in social non-profit organizations and other related activities. The Company participated in a small-scale	

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
				<p>donation collection event organized by the Step30 Bethlehem Warehouse, successfully collecting 50 pairs of shoes, 531 items of clothing, 27 bags, and funds to support shipping costs. As a global business, the Company aims to demonstrate its commitment to sustainability by extending the lifecycle of donated items through this charitable initiative.</p> <p>In addition, the Company encourages employees to support sustainability through action. According to health information published by the Ministry of Health and Welfare, increasing daily walking not only benefits physical and mental health but also contributes to reducing carbon emissions. The Company hosted a carbon-reduction fitness event on October 19, 2024, inviting employees to participate. Each participant walked an average of 3,000 steps, collectively contributing to a total reduction of approximately 25.986kg of carbon emissions, based on a carbon reduction estimation of 0.142g per step.</p>
			Product Safety	<p>1.The Company's current products are totally compliant with the EU's RoHS Directive on Restricting the Use of Hazardous Substances in Electrical and Electronic Equipment so the recycling and disposal of waste electrical and electronic equipment can meet environmental protection requirements.</p> <p>2.In order to ensure the quality of customer service at the same time, the Company has established a customer communication website, it can handle the customer's complaints through the Company website or e-mail and actively do customer service satisfaction surveys every year to strengthen the cooperative relationship between customers.</p> <p>3.In order to transfer the risk of commodity liability, reduce the loss of finances and improve product safety, the Company has</p>



Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
			equipment, Restriction of the use of Hazardous substances, so that the recycling and disposal of waste electronic and electrical equipment meet environmental protection requirements. They have passed the Germany TUV ISO 9001 quality assurance, ISO 14001 environment, and CCC certification in China. Relevant materials comply with RoHS regulations to reduce the load and environmental impact.	
(2) Is the Company committed to enhancing the efficiency of resources and using renewable materials with low impact on the environment?	V		<p>Considering the influence of eco-effective and natural environment impacts, the related Energy saving and carbon reduction are :</p> <ol style="list-style-type: none"> <li>1. Promoting employee power saving measures such as regular power saving hours during lunch break, reduce unnecessary lighting equipment, and manage the usage of papers in offices, further reducing the costs and effectively reduce greenhouse gas emission. (Ongoing)</li> <li>2. Substituting LED lights for old lighting equipment in offices. (Ongoing)</li> <li>3. The Company's main product's materials and components comply with environment regulations, and supplier management department has notified the environmental protection standard to suppliers, establishing a green supply chain and conduct audits on a regular basis to eliminate disqualified suppliers to keep improving the material source to achieve the Company's carbon emission goals. (Ongoing)</li> <li>4. Promote recycle to reduce garbage and waste. (Ongoing)</li> <li>5. Reduce pollutants, toxins, and waste emission, and process waste via laws and regulations appointed manufacturers regularly. (Ongoing)</li> </ol>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
(3) Has the Company assessed the potential risks and opportunities for business operations now and the future regarding climate change and will it adopt response measures relating to climate issues?	V		<p>The Board of Directors serves as the Company's highest decision-making body for climate-related issues, supported by the Environmental Social Governance Committee, chaired by an independent director. This committee is responsible for reviewing the Company's climate change mitigation strategies and objectives on an annual basis, as well as managing actions related to climate-related risks and opportunities.</p> <p>The Company follows the Task Force on Climate-Related Financial Disclosures (TCFD) structure which is built around four key themes: Governance, Strategy, Risk Management, and Metrics and Targets. Led by the Environmental Social Governance Committee, the Company collaborates with heads of departments to identify climate-related risks and opportunities, develop corresponding mitigation strategies, and provide annual reports to the Board of Directors, which is responsible for monitoring the implementation and effectiveness of these strategies.</p> <p>CIPHERLAB Co., Ltd. completed the latest climate-related risk assessment in early 2025. The assessment was conducted by the ESG Promotion and Execution Office through a questionnaire survey of 37 senior managers within the Company. Among 21 identified climate-related risks and opportunities, three significant risks and two major opportunities were prioritized. The significant risks include unsuccessful investment in new technologies, uncertainty in market signals, and increased cost of raw materials. The major opportunities prioritized are the use of more efficient production and distribution processes and the use of recycling. The Company's assessment</p>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies



Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																		
	Yes	No	Summary																			
			and corresponding response measures to these climate-related risks and opportunities are documented in Appendix 2-2-3 of this annual report and disclosed in the Sustainability Report.																			
(4) Has the Company calculated the greenhouse gasemissions, water consumption, and total weightof waste in the past 2 years. It formulated policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management?	V		<p>The environment management system of the Company includes establishing an " Environmental policy" in order to " follow the environment protection regulations, keep requesting industry waste reduction, saving product energy use, implement environmental pollution prevention ", states the Company's determination to continuously improve and improve quality and environment.</p> <table><tr><th colspan="3">Greenhouse Gas (GHG) Emissions Inventory</th></tr><tr><th>Emission volume (metric tons CO2e)</th><th>2023</th><th>2024</th></tr><tr><td>Scope 1</td><td>30.16</td><td>28.52</td></tr><tr><td>Scope 2</td><td>518.24</td><td>496.93</td></tr><tr><td>Scope 3</td><td>946.57</td><td>755.17</td></tr><tr><td colspan="3">Note 1: In 2023, operating revenue was NT\$1,290.037 million Note 2: In 2024, operating revenue was NT\$1,244.799 million</td></tr></table> <p>Water withdrawal and consumption: Total water withdrawn: Given that the Company and its factory are located in leased buildings and facilities where water expenses are included in the management fees, accurate statistical data is difficult to obtain. The estimated water consumption is 5,952.096 m³ (cubic meters) for the year 2023 and 5,402.304 m³ (cubic meters) for the year 2024. Total water consumption: Given the characteristics of the operations, the Company does not require water consumption.</p> <p>Waste: In 2023, 0.142 metric ton of hazardous waste, and 0.144 metric ton of</p>	Greenhouse Gas (GHG) Emissions Inventory			Emission volume (metric tons CO2e)	2023	2024	Scope 1	30.16	28.52	Scope 2	518.24	496.93	Scope 3	946.57	755.17	Note 1: In 2023, operating revenue was NT\$1,290.037 million Note 2: In 2024, operating revenue was NT\$1,244.799 million			No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
Greenhouse Gas (GHG) Emissions Inventory																						
Emission volume (metric tons CO2e)	2023	2024																				
Scope 1	30.16	28.52																				
Scope 2	518.24	496.93																				
Scope 3	946.57	755.17																				
Note 1: In 2023, operating revenue was NT\$1,290.037 million Note 2: In 2024, operating revenue was NT\$1,244.799 million																						

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
			<p>non-hazardous waste were generated. In 2023, 0.4735 metric ton of hazardous waste and 0.314 metric ton of non-hazardous waste were generated. (The source of the data is that Foli Enterprise Co., Ltd. is a Class A company engaged in the removal of general waste, general industrial waste and hazardous industrial waste. It is a special manufacturer entrusted by the Company to deal with waste removal. The removal license is 2020 New Taipei City Waste A Qing Zi No. 0118).</p> <p>Relevant energy saving, carbon reduction, and waste management measures include:</p> <ol style="list-style-type: none"> <li>1. Reduce and control the usage of paper at the office, saving power during lunchtime regularly and reduce unnecessary lighting features to save electricity and environment friendly</li> <li>2. The material and parts of the current main production products of the Company have met the requirement of environmental protection, the supplier management department has notified the suppliers of the environmental protection specifications, established a green supply chain, regularly implemented audits, and appropriately replaced unsuitable suppliers and continuously improve the materials used in this product, reduce waste generation, and achieve the goal of reducing carbon emissions.</li> <li>3. Strengthen waste recycling and resource recovery to achieve the purpose of waste reduction.</li> <li>4. Reduce the emission of pollutants, toxic substances, and waste, and regularly and properly dispose of waste through contracted manufacturers.</li> </ol>	
<p>4. Social Issues</p> <p>(1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</p>	V		<p>The Company agrees and voluntarily follows “International human rights conventions”, " The United Nations Global Compact “, “The International Labor Office Tripartite Declaration of Principle "and "The United Nations Guiding Principles on Business and Human Rights”, formulated and passed “ the Company’s human rights policy” in November 2022 to prohibit any violations and violations of human rights, and also announced it on the Company’s website. Based on this, it can fully protect employees’ legal rights and enhance the human rights awareness of the employee and partner in order to promote the positive development of society.</p> <p>1. The human rights management policy of the Company and specific plans are as follows:</p>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			Human Rights Management Policy Component	Concrete Actions and Corresponding Outcomes
			Offering of a safe and healthy working environment Diversity inclusive and equal opportunity	<ul style="list-style-type: none"> <li>• Please refer to the section Protection Measures for Working Environment and Personal Safety of Employee under Labor Relations in the Operational Highlight of this Annual Report for a detailed explanation.</li> <li>• By the local government labor law and international regulations and implement internal related regulations.</li> <li>• Provide employees with the a gender equal and diverse working environment, keeping open, fair principles not because the personal gender, race, class, age, marriage, language, thought, religion, policy party, place of birth, outlook, facial features, physical and mental disabilities to have any language, attitude, and behavior of discriminatory, and work together to create a dignified, safe, equal and free from discrimination and harassment working environment.</li> </ul>
			Prohibition of forced and compulsory labor, in addition to compliance with applicable local labor regulations	<ul style="list-style-type: none"> <li>• Respect employee's willingness, forbidden of force, and have set up the appeal channels</li> <li>• Implementing vacation policies and encouraging employees to maintain work-life balance.</li> <li>• The working hours of employees are based on the agreement between the employer and staff as the principle, the Company arranges the attendance hours, shifts, schedule, and break time according to the laws and operating status. Due to the actual needs of working, after the employer and staff meeting approval, the normal working time can be extended, the extended working time will comply with the regulation of labor law and should provide the application for the overtime fee and compensatory leave.</li> </ul>
			Implementation of human rights protection by the supplier	Suppliers are invited to complete the sustainability self-assessment form, which also conveys the Company's commitment to human rights protection, ensuring suppliers' sense of responsibility while fostering respect for human rights. As of the

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
				publication date of the annual report, a total of 197 assessments have been completed.
			Child labor is forbidden	In order to protect the physical and mental health of minors, the hiring standards comply with the minimum age limit of the local regulations.
			Reasonable salary and working conditions	1. Provide employees with a reasonable salary and related benefits according to the law and regulations 2. Under the premise of stabilizing the life of employees and improving work efficiency, provide all kinds of welfare measures.
			Health and Safety Workplace	1. Keep pushing for the improvement of the plan/project 2. Establish safety and healthy working environment, reduce the risk of workplace safety and health, promote the physical and mental health of the employee, in order to reach the balance between work and life, and held safety and health, fire control, etc., and related education training irregularly, adopt necessary preventive measures to prevent occupational disasters happen, in order to reduce the dangerous factors of the working environment.
			Harmony Labor Relations	1. Establish a gender-equal workplace, the Company implements the Unpaid Parental Leave for Raising Children system, at the same time, also provides colleagues with family care leave, menstrual leave, maternity leave, paternity leave, and breastfeeding rooms, etc. 2. Provide diverse and open communication channels, hold employer and staff meeting regularly, strive to promote harmony between employer and labor, create a good employer-staff relationship, and effectively mediate differences of opinion, if the Company operating activity and internal management changes have a significant impact on labor rights it should communicate through the labor -staff meeting to process the good two-way communication
			Appeal system	The Company in order to achieve the goal of colleagues' complaint cases with fair handling, has set up a smooth complaint channel so that the following situations can be fully conveyed. When employees have all kinds of problems within the

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
				Company, they can file complaints with all level's supervisors, and human resources units through the Company's complaint channels, and the Company has a mechanism for processing. In addition, in order to maintain gender equality in work and provide employees and job seekers with a working and service environment free from sexual harassment, a dedicated complaint telephone, fax and e-mail address for sexual harassment prevention are set up. During the investigation of the complaint, it is handled in a confidential, and the name of the complainant or other relevant information sufficient to identify the complainant is not disclosed to protect the complainant. Regarding the content of the resolution of the appeal investigation, the complainant and the respondent are also informed in writing. If the complainant or the respondent has any objection to the resolution of the appeal case, they can also re-submit a complaint to the Company.
			Privacy protection policies	<p>The Company places great importance on safeguarding customer privacy and complies with the Personal Data Protection Act. Accordingly, the Company has established the Privacy Policy, Cyber Security Policy, and Personal Data Management Procedures, under which the personal data management policy has been formulated as follows:</p> <ul style="list-style-type: none"> <li>To improve our service and support to customers as well as to comply with applicable laws and/or regulations on data privacy and protection, CipherLab Co., Ltd. and its subsidiaries and affiliates ("CipherLab") announce this Privacy Policy to state the way how customer data and/or information, including personal information, ("data and/or information") is collected, controlled and safeguarded. By using our website or rendering any personal information to us, you acknowledge that you have read, understood, and agree to be bound by this Privacy Policy.</li> <li>To ensure the sustainability of the Company's operations, and in full compliance with applicable legal, regulatory, and contractual requirements, the Company is committed to protecting its information assets against any external threats or internal risks arising from improper management or misuse. This includes the prevention of unauthorized</li> </ul>

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
			<p>access, alteration, disclosure, destruction, or loss of such assets. These assets include, but are not limited to data, software, hardware, personnel, and services. The Company aims to maintain the confidentiality, integrity, and availability of its information assets and to enhance its information and communication security management framework, thereby effectively mitigate operational risks. These principles serve as the foundation for the Company's information security governance and are intended to protect the rights and interests of employees, customers, and business partners.</p> <p>In addition, the Company obtained the ISO/IEC27001: 2022 - Information Security Management Systems certification in 2023 and has continuously maintained it. Furthermore, the Company has established an effective data governance framework, formulated data standards and classifications, and implemented access control mechanism to ensure proper governance and protection of data access and sharing. In 2024, a 3-hour cyber security training session was conducted as part of the efforts to implement ISO/IEC27001: 2022 and to promote cyber security awareness among all employees.</p>	
			<p>2. To maintain and ensure basic human rights, the Company agrees with and support all human rights and basic principles described in each international human rights agreement, fulfills the responsibility to respect and protect human rights, and has established human rights policies to protect employee's legal interests and rights, promote employee's and partner's human rights awareness, and to promote a positive social development. The related policies are as follow:</p> <p>a. The Company has established "Working regulations," "Procedures of Complaint and Punishment of Sexual Harassment," "ESG best-practice Principles," "Welfare Protection Plan" and other management policies and procedures that comply with the Labor Act and dedicates itself to create a well around working environment to protect employee's interests, rights, and welfare and make sure there is no discrimination, inhuman treatment. The Company will treat every employee equally regardless of their race, religion,</p>	

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
			<p>sex, age, and nationality.</p> <p>b. The Company cares for every colleague's welfare, safety, and dignity and also complies with Taiwanese Labor Act, local government policies for foreign factories, and international labor interests and rights regulations, including Universal Declaration of Human Rights, etc.</p> <p>3. Implementation wise:</p> <p>a. The Company has implemented recruitment management and confirm the applicant's id to eradicate child labor. The Company has never hired a child labor that's under 16 years of age and has never encountered any labor dispute. The Company prohibits forced labor and obeys local labor laws and regulations.</p> <p>b. The Company recruits unemployed workers and has established a stable employment Plan to provide stable employment opportunities to people who may face employment difficulties, including the long-term unemployed, to stabilize and promote the job market. CIPHERLAB Co., Ltd has provided job opportunities for these people and integrated them into our corporate environment through cooperation with the Keelung Employment Service Center. Between 2021 and 2024, the Company hired 72 workers, allowing them to reintegrate into society and achieve the goal of living independently. Meanwhile, the Company's participation also promotes the development of the job market, creates more employment opportunities for the society, and promotes the economic development of the society.</p> <p>c. The Company incorporates flextime, letting employees to avoid commuting hours or adjust their time flexibly for their family.</p> <p>d. The Company implements holidays system to encourage work-life balance.</p> <p>e. The Company provides new employees with education and training on employee work rules, job safety and health, job ethics and integrity, and human rights protection policies. 72 underwent the training for a total of 234 hours. The Company also promotes a friendly and equal workplace culture and creates a gender-friendly workplace. As for labor communications, the Company values the voices of all employees and has set up a general manager-employee feedback mailbox and a grievance channel mailbox (IA@cipherlab.com.tw). These mailboxes are handled by a dedicated department so that every employee can be heard and responded to.</p>	
(2) Has the Company established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits) and appropriately reflect the business performance or achievements in the	V		<p>The Company has related the main point and implemented reasonable employee welfare measures</p> <p>1.Employee Remuneration:(1) The achievement bonus and year-end bonus are</p>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
employee remuneration?			<p>distributed after considering the current seniority and annual performance evaluation in order to motivate the colleagues to fight for the Company's goals (2) Employee remuneration is according to the Company's Articles of Incorporation, it will be calculated by 0.5~10% of the Company's current year profit (3) Telephone allowance for managers level (4) Long-service bonuses (5) Talent recommendation rewards.</p> <p>2. Employee benefits: The Company has established an Employee Welfare Committee responsible for allocating allowances in accordance with applicable regulations on an annual basis. In addition, the Committee plans and provides high-quality welfare initiatives for colleagues. The actual implementation includes the following: travel allowances, support for employee social activities, hosting of occasional events such as movie nights and travel activities to enrich employees' leisure life, distribution of gifts or gifts cards for annual festival and birthday, marriage allowances, funeral support, including ceremonies or wreaths, and maternity hospitalization condolences.</p> <p>The vacation system, it's based on a fixed 2 days of weekends giving the employee 10 days of annual leaves per year when the employee is serving over one year ( the employee who not serving over one year will giving annual leave according to the ratio). The employee who needs a long time left due to baby care, major injuries, or major accidents can also apply for parental leave and leave without pay to balance personal and family care needs.</p> <p>3. Diversification and equality in the workplace: To achieve equal salary for equal work and equal promotion opportunities for different genders, the Company prioritizes gender equality in career development and is committed to fostering a friendly and inclusive workplace. Concrete actions include maintaining diverse and accessible grievance channels, implementing effective measures to prevent sexual harassment, and providing maternity care programs to support work-life balance for female employees. Compared to 2023, indicators measuring these efforts have slightly improved, reflecting the Company's ongoing advancement toward a more equitable and inclusive working environment. Through a fair selection process, high-performing female employees are offered promotion opportunities free from gender-based limitations, contributing to inclusive and sustainable economic growth. In 2024, women accounted for an average of 42.21% of the total workforce, with female managerial officers representing 7.4% of all managerial positions.</p>	



Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons									
	Yes	No	Summary										
			<table><tr><td>Proportions of women</td><td>2023</td><td>2024</td></tr><tr><td>Total workforce</td><td>42.17%</td><td>42.21%</td></tr><tr><td>Managerial position</td><td>6.83%</td><td>7.40%</td></tr></table> <p>The Company attach great importance to employee's right and benefits and share the profits earned with employees, maintain a good working environment, including all group's physical and mental care. (1) Hiring the disability employee to reach 100% target and customize the appropriate job and environment facility (2) Implementing the empowerment of women in a friendly workplace, so that colleagues of all genders can work with peace of mind.</p> <p>4. Employee care and health: Labor insurance/Health insurance/Group insurance/Business trip safety insurance, annual leave, 2 days weekend, health check, set up "Massage station" provide the massage service, compliance with Article 34 of Occupation Safety and Health Committee and its implementation regulations, formulate "Workplace Health and Safety Rules", labor retirement system.</p> <p>5. Employee's family and life: CIPHERLab child care center measure, nursing room.</p> <p>6. The education and development of employees: Training for new employees, training allowance, patent awards, computer allowance, humanistic reading weekly, newspaper and magazines.</p> <p>Business performance is reflected in employee remuneration</p> <ul style="list-style-type: none"><li>Article 20 of the Articles of Incorporation If the Company makes a profit in the current year, 0.5%~10% will be allocated as employee remuneration and no more than 3% of profit as director compensation. But if the Company still has accumulated losses, it should reserve them in advance to make up for the losses, and according to the aforementioned ratio allocate employee remuneration and director remuneration. The aforementioned employee remuneration can be paid in stock or cash, the recipients of remuneration included employees of affiliated companies who meet conditions. The aforementioned director's remuneration should be paid in cash only.</li><li>The overall salary policy The Company participated in the market salary surveys every year, according to the standard of market salary, economic trends, and personal performance to adjust salary, in order to maintain overall salary competitiveness. The average annual salary adjustment for both managerial and non-managerial employees in the Company's Taiwan operations for the year 2024 was 1.8%.</li></ul>	Proportions of women	2023	2024	Total workforce	42.17%	42.21%	Managerial position	6.83%	7.40%	
Proportions of women	2023	2024											
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Evaluation Item		Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons								
		Yes	No	Summary									
(3)	Does the Company provide employees with a safe and healthy work environment and regularly provide safety and health education to employees?	V		<p>Occupational Safety and Health policy:</p> <p>The Company follows the Occupational Safety and Health Act, respects the safety and health requirements of relevant interest groups, and takes disaster prevention and disaster prevention as the core concept to build a healthy and safe workplace.</p> <p>The Company has set up a dedicated person to take care of Workplace Health and Safety Rules and first-aid and held employee health checks and health and safety training in order to keep employees healthy and safe, train the employee with the “Labor Safety and Health education series” for training and practice.</p> <p>The number of employee occupational accidents in 2024: 0 accident.</p> <p>Related publicity or improvement regulations:</p> <ol style="list-style-type: none"><li>1. Formulate labor safety rules, prevent occupational accidents, and maintain the safety and health of the Company's workplace.</li><li>2. Implement safety and health education and training, and strengthen publicity.</li><li>3. Implement emergency response regulations and drills.</li><li>4. Education and training on firefighting, fire prevention, and AED operation.</li><li>5. Emergency person training.</li><li>6. Employee health check.</li><li>7. Prevent hazards caused by radiation or noise.</li><li>8. Provide details on the number of fire incidents, casualties, and the ratio of casualties to the total number of employees for the year, as well as relevant improvement measures implemented in response to the fires: None in 2024.</li></ol> <p>Workplace environmental monitoring:</p> <p>To safeguard employees from hazardous substances in the workplace and to ensure a safe, healthy, and comfortable working environment, workplace environmental monitoring in conducted twice annually to verify and maintain workplace safety.</p> <p>Occupational safety education and training sessions conducted by the Company in the most recent years:</p> <p>The Company conducts annual education and training sessions to ensure that all employees are thoroughly informed about relevant occupational safety and health regulations, the Company’s safety and health management system, and to promote employee well-being. These sessions include fire prevention, first aid, emergency response (including fire scenarios), health education seminars, and certification training required under applicable occupational safety, health and environmental protection regulations.</p> <table><tr><th>Year</th><th>Occupational Safety Education and Training Hours</th></tr><tr><td>2024</td><td>572.0 hours</td></tr><tr><td>2023</td><td>210.2 hours</td></tr><tr><td>2022</td><td>300.0 hours</td></tr></table>	Year	Occupational Safety Education and Training Hours	2024	572.0 hours	2023	210.2 hours	2022	300.0 hours	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
Year	Occupational Safety Education and Training Hours												
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Evaluation Item		Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
		Yes	No	Summary	
(4)	Does the Company establish effective training programs for employee's career development?	V		<p>The Company prioritizes the improvement of product quality and the innovation capabilities of its employees, with the objective of creating an environment that supports career development in alignment with its business strategy and long-term vision. To achieve this, the Company has implemented Employee Training Regulations that encourage participation in professional development programs, including onboarding, advanced professional training, and leadership development programs. These programs integrate diverse learning methods to empower employees for continuous growth and the development of essential competencies.</p> <p>In addition to developing employees' professional competencies, the Company is committed to expanding their global perspectives and enhancing their understanding of industry trends and technological capabilities. Simultaneously, the Company helps new recruits quickly understand the corporate culture and business operations through internal instructors, coupled with an e-learning platform.</p> <p>For employees designated by their supervisors to participate in external training sessions necessary for their work, the Company provides full reimbursement of training fees. In cases where an employee participates in a course for personal development, the Company will subsidize a portion of the training costs, subject to supervisor approval. This approach is designed to enable employees to fully leverage company resources to achieve their self-learning and growth objectives.</p> <p>Supervisors and employees collaborate to discuss and formulate an individualized annual development plan during performance reviews. This process, which includes regular assessments and feedback, enables employees to align their career growth with the Company's expectations and development framework.</p>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
(5)	Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect rights of the consumers and customers and for their appeal procedures?	V		<p>The Company upholds responsibility for products and treats "customer satisfaction" as the guild of business operations, implementing each consumer's right, and the whole product information has been provided, including the customer service and repair warranty after selling, there is no exaggeration and false advertising. The Company has also established customer relationship management policies, including customer's privacy, quality of services, and timely response and feedback.</p> <p>All appeals for products and services can be processed by the Company's website or e-mail, using a "Swift and Positive active way " to deal with customer complaints and approach customer complaints, analyze and improve the content of customer complaints to prevent similar things from happening again.</p> <p>The Company promises to keep working on improving the quality of its products and services, committing itself to create an environment for sustainable development, and proactively taking part in activities concerning its social responsibility.</p>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item		Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons				
		Yes	No	Summary					
(6)	Has the Company established supplier management policies demanding compliance with relevant regulations and their execution status regarding issues such as environmental,occupational safety, and health or labor rights?	V		<p>The Company has established “Procedures of Evaluating Purchase and Suppliers” to specify the management policies of suppliers, and related units like Purchase, Production Control, Technology, and Quality Departments will operate under the regulation.</p> <p>The implementation status of supplier self-evaluation, counseling or education, performance assessment are as follow:</p> <table><tr><th>New Supplier Assessment</th><th>Annual Supplier Assessment</th></tr><tr><td><p>1. All suppliers should comply with the company’s environmentally restricted substance management specifications.</p><p>2. All suppliers must comply with the Supplier Code of Conduct.</p><p>3. Companies certified by ISO9000 or third-party certification units do not need to conduct manufacturer evaluation operations, but suppliers of important materials (such as panel LCD/LED panel, battery, lens Camera, housing plastic Housing-plastic, iron Suppliers of housings, antenna communication modules, etc.) are not limited to this.</p><p>4. The supplier evaluation results will be listed in “Supplier Evaluation Report” and only the suppliers that acquired a score over 75 can be listed.</p><p>5. When raw material supplier is established, it must attach “Component End-of-Life Commitment,” “Product Quality Guarantee,” “Environment Commitment,” “Supplier Questionnaire,” “Integrity Commitment,” “Supplier Evaluation Report,” and “Conflict Minerals-Free Statement.”</p></td><td><p>1. Annual evaluation items will be based on delivery rate, delay rate, and cooperation degree.</p><p>2. The assessment frequency is every six months.</p><p>3. Quality Assurance department will evaluate the delivery rate and purchase unit will evaluate the delay rate.</p><p>4. Evaluation Ranks:</p><p>A: Can be listed as inspection-free supplier and will have priority when the Company considers an increase in purchase</p><p>B: Maintain regular purchase</p><p>C: The Company will not offer new equipment development or make new purchases.</p><p>D: The Company will provide suppliers with consulting, and if the supplier can’t improve their ranks, the Company will terminate the contract.</p><p>5. The Company’s consulting team will follow the suppliers’ improvement status on their deficiencies and help them with improving their quality, technology, production process, yield, performance in environmental protection, safety, and health, and ask for a commitment for emission reduction.</p></td></tr></table>	New Supplier Assessment	Annual Supplier Assessment	<p>1. All suppliers should comply with the company’s environmentally restricted substance management specifications.</p> <p>2. All suppliers must comply with the Supplier Code of Conduct.</p> <p>3. Companies certified by ISO9000 or third-party certification units do not need to conduct manufacturer evaluation operations, but suppliers of important materials (such as panel LCD/LED panel, battery, lens Camera, housing plastic Housing-plastic, iron Suppliers of housings, antenna communication modules, etc.) are not limited to this.</p> <p>4. The supplier evaluation results will be listed in “Supplier Evaluation Report” and only the suppliers that acquired a score over 75 can be listed.</p> <p>5. When raw material supplier is established, it must attach “Component End-of-Life Commitment,” “Product Quality Guarantee,” “Environment Commitment,” “Supplier Questionnaire,” “Integrity Commitment,” “Supplier Evaluation Report,” and “Conflict Minerals-Free Statement.”</p>	<p>1. Annual evaluation items will be based on delivery rate, delay rate, and cooperation degree.</p> <p>2. The assessment frequency is every six months.</p> <p>3. Quality Assurance department will evaluate the delivery rate and purchase unit will evaluate the delay rate.</p> <p>4. Evaluation Ranks:</p> <p>A: Can be listed as inspection-free supplier and will have priority when the Company considers an increase in purchase</p> <p>B: Maintain regular purchase</p> <p>C: The Company will not offer new equipment development or make new purchases.</p> <p>D: The Company will provide suppliers with consulting, and if the supplier can’t improve their ranks, the Company will terminate the contract.</p> <p>5. The Company’s consulting team will follow the suppliers’ improvement status on their deficiencies and help them with improving their quality, technology, production process, yield, performance in environmental protection, safety, and health, and ask for a commitment for emission reduction.</p>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
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Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
5 Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Does the Company obtain the confirmation or affirmation opinion from a third party for the aforementioned reports?		V	<p>The Company has compiled the 2024 Sustainability Report with reference to the GRI Standards. The report is scheduled to be submitted to the Board of Directors on August 6, 2025, and, upon approval, to be uploaded to both the Market Observation Post System (MOPS) and the Company's website by August 31, 2025.</p> <p>The Company hasn't obtained third-party Confirmation or guarantee opinion from a third-party verification unit, failure to obtain confirmation or guarantee opinion from a third-party verification unit, when regulations of the competent authority apply in the future, such regulations shall apply.</p>	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons and adopts related policy in the future: The Company's current paid-in capital amounts to NT\$680,000,000, therefore, the 2024 Sustainability Report is not yet subject to assurance.
<p>6. If the Company has its own regulations established according to the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies", please describe the differences between its implementation and the established Principles:</p> <p>In December 2011, the Company's Board of Directors approved the establishment of the "Corporate Social Responsibility Best Practice Principles." In March 2022, the Board approved the amendment and renamed it the "Sustainable Development Best Practice Principles" to strengthen the implementation of corporate social responsibility. The Company regularly reviews its implementation in accordance with these principles and makes improvements as needed. There are no significant differences between actual operations and the established principles.</p>				
<p>7. Other important information that helps to understand the implementation of sustainable development:</p> <ol style="list-style-type: none"> <li>1. The Company has paid taxes in accordance with the law and fulfilled its obligations of the Company. In the meantime, all employees of the Company have spared no effort to donate money to give back to society, extending the tentacles of care all over the world.</li> <li>2. To coordinate labor-management relations, regular labor-management meetings are held by the law to explain and respond to employees' doubts about related labor laws and regulations, to promote the development of employees' human rights, and will not discriminate to treat employees due to race, religion, nationality, and gender.</li> <li>3. Provide equal employment Opportunities: when the Company hires employees will adopt the appropriate and applicable method regardless of race, gender, age, political orientation, or religious belief, and considers if the individual person has professional knowledge and skill to provide equal employment opportunities for the interview candidates and make sure all job is voluntary.</li> <li>4. To fulfill social responsibility is the responsibility and obligation of the Company, the Company has approved the German TUV ISO 9001 quality assurance, ISO 14001 environmental certification, and CCC certification in China, use the material which meets the regulation of RoHS, the products have passed the 3rd party certified in order to meet international standards to maintain product output and safety, to reduce the loading and impact on the environment; in the meantime, keeping develop new technology to reduce the environmental pollution, through all kinds of the system to promote and establish completed written and procedural system so as to protect company assets and core technology.</li> </ol>				

(8) Climate-Related Information of TWSE/TPEX Listed Company  
Implementation of Climate-Related Information

Item	Implementation status																								
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>The Board of Directors serves as the Company’s highest decision-making body for climate-related issues, supported by the Environmental Social Governance Committee, chaired by an independent director. This committee is responsible for reviewing the Company’s climate change mitigation strategies and objectives on an annual basis, as well as managing actions related to climate-related risks and opportunities. In response to extreme weather events caused by global warming, as well as issues related to energy and climate change that impact corporate oversight and governance, the Company follows the Task Force on Climate-Related Financial Disclosures (TCFD) structure which is built around four key themes: Governance, Strategy, Risk Management, and Metrics and Targets. Led by the Environmental Social Governance Committee, the Company collaborates with heads of departments to identify climate-related risks and opportunities and to develop corresponding mitigation strategies. The assessment results are subsequently integrated into the Company’s annual sustainability risk management agenda and disclosed in the Sustainability Report. The ESG Promotion and Execution Office, operating under the Environmental Social Governance Committee, is responsible for implementing these mitigation strategies. Progress and timelines are reviewed semiannually and reported to the Board of Directors, which is responsible for monitoring the implementation and effectiveness of these strategies.</p>																								
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<p>1. The Company follows the TCFD framework to identify climate-related risks and opportunities within the computer and peripheral equipment industry, and has identified 10 transition risks, 4 physical risks, and 7 opportunities. To assess the likelihood of occurrence, potential impact on operations, and expected timeframe (short term: 1-3 years; medium term: 3-5 years; long term: 6 years and beyond) of each identified climate-related issue, the ESG Promotion and Execution Office conducted a survey of 37 senior managers within the Company and subsequently developed a risk-opportunity matrix based on the results. In addition, the ESG Promotion and Execution Office, in collaboration with heads of departments, leverages their respective domain expertise and practical experience to develop effective risk management and control measures.</p> <p>2. The risk and opportunity items identified for 2024 are as follows:</p> <table><tr><th>Code</th><th colspan="2">Type</th><th>Climate-Related Risks/Opportunities</th><th>Timeframe</th><th>Risk/Opportunity Level</th><th>Note</th></tr><tr><td>R1</td><td rowspan="3">Transition Risks</td><td rowspan="2">Policy and Legal</td><td>Enhanced emissions-reporting obligations</td><td>Medium and Long term</td><td>Moderate</td><td rowspan="2">Note1: Short term: 1-3 years;</td></tr><tr><td>R2</td><td>Exposure to litigation</td><td>Long term</td><td>Low</td></tr><tr><td>R3</td><td>Technology</td><td>Substitution of existing products and services with lower emissions options</td><td>Long term</td><td>Low</td><td>Medium term: 3-5 years; Long term: 6 years and</td></tr></table>	Code	Type		Climate-Related Risks/Opportunities	Timeframe	Risk/Opportunity Level	Note	R1	Transition Risks	Policy and Legal	Enhanced emissions-reporting obligations	Medium and Long term	Moderate	Note1: Short term: 1-3 years;	R2	Exposure to litigation	Long term	Low	R3	Technology	Substitution of existing products and services with lower emissions options	Long term	Low	Medium term: 3-5 years; Long term: 6 years and
Code	Type		Climate-Related Risks/Opportunities	Timeframe	Risk/Opportunity Level	Note																			
R1	Transition Risks	Policy and Legal	Enhanced emissions-reporting obligations	Medium and Long term	Moderate	Note1: Short term: 1-3 years;																			
R2			Exposure to litigation	Long term	Low																				
R3		Technology	Substitution of existing products and services with lower emissions options	Long term	Low	Medium term: 3-5 years; Long term: 6 years and																			

Item	Implementation status							
	R4			Unsuccessful investment in new technologies	Short, Medium, and Long term	Moderate	beyond Risk/Opportunity Level: ≤ 3: Low; 3 ≥ 6: Moderate; 6 ≥ 9: High	
	R5			Costs to transition to lower emissions technology	Long term	Moderate		
	R6		Market Reputation	Changing customer behavior	Medium and Long term	Moderate		
	R7			Uncertainty in market signals	Short, Medium, and Long term	Moderate		
	R8			Increased cost of raw materials	Short, Medium, and Long term	Moderate		
	R9			Shifts in consumer preferences - Stigmatization of sector	Long term	Low		
	R10			Increased stakeholder concern or negative stakeholder feedback	Medium term	Moderate		
	R11	Physical Risks	Acute	Increased severity of extreme weather events such as cyclones and floods	Long term	Low		
	R12		Chronic	Changes in precipitation patterns and extreme variability in weather patterns	Long term	Low		
	R13			Rising mean temperatures	Long term	Low		
	R14			Rising sea levels	Long term	Low		
	O1	Opportunities	Resource Efficiency	Use of more efficient modes of transport	Medium and Long term	Moderate		
	O2			Use of more efficient production and distribution processes	Medium and Long term	Moderate		
	O3			Use of recycling	Medium and Long term	Moderate		
	O4		Energy Source	Use of lower-emission sources of energy	Long term	Low		
	O5			Use of supportive policy incentives	Long term	Low		

Item	Implementation status					
	O6			Use of new technologies	Long term	Low
	O7		Product and Services	Low emission products and ability to diversify business activities	Long term	Low
	3. The Company has assessed the aforementioned risks and identified five climate-related risks and opportunities that may have a significant financial impact, along with the corresponding response strategies as follows:					
	<b>Type</b>	<b>Climate-Related Risks/Opportunities</b>	<b>Timeframe</b>	<b>Risk/Opportunity Level</b>	<b>Financial Impact on CipherLab and Corresponding Mitigation Measures</b>	
	Risks	Unsuccessful investment in new technologies	Short-, Medium-, and Long-term	Moderate	The risk of unsuccessful investment in new technologies may have multiple impacts on the Company. In terms of operations, if newly developed products fail to gain market acceptance, it may lead to product line misalignment, poor sales performance, and even loss of existing customers. In terms of policy, incorrect technological choices may disrupt the allocation of R&D resources and the pace of product updates, thereby hindering overall innovation and digital transformation efforts. In terms of finance, the Company could face the pressure of losses if significant R&D investments cannot be recouped. To mitigate these risks, the Company has adopted a market-driven R&D strategy in the short term, integrating market demand surveys and user validation mechanisms early in the development process to ensure better market fit. In the medium- to long-term, the Company plans to implement a Minimum Viable Product (MVP) strategy, introducing simplified versions of products for real-world testing and market trials to reduce initial investment risks. The future	



Item	Implementation status				
					integration of AI is expected to introduce advanced technological resources, minimize the likelihood of R&D errors and failures, and enhance the overall success rate of innovation.
	Risks	Uncertainty in market signals	Short-, Medium-, and Long-term	Moderate	<p>In response to the market uncertainties and risks caused by policy adjustment related to climate change, CipherLab has implemented multiple strategies to mitigate the potential impact on business operations and financial performance. Due to the rapid changes in global customer demand, which may result in misallocation of supply chain resource and inventory pressure, the Company is actively optimizing its global market layout and sales information integration mechanisms to enhance its ability to promptly track regional market trends.</p> <p>In terms of product strategy, the Company prioritizes diversified and modular design to enhance the flexibility of its product portfolio, while implementing flexible supply chain management mechanisms to improve its ability to respond to sudden market shifts. To better capture emerging market demands, the Company follows internal operational procedures and actively engages with the end market to understand technology trends, with a particular focus on the innovative development of handheld industrial computers on the Android platform.</p>

Item	Implementation status				
					<p>In the short term, the Company is committed to enhancing its R&amp;D capabilities for industrial-grade and high-end barcode scanners, while advancing the integration of optical technology in new products to address the growing industry demand for efficient data capture with lower emissions. In the medium to long term, the Company will focus on developing AI applications for industry verticals, and directing R&amp;D resources toward key projects with the potential to mitigate climate risks. This approach ensures that technological advancements are closely aligned with market trends, while also enhancing the Company's competitive advantages in the low-carbon transition.</p>
	Risks	Increased cost of raw materials	Short-, Medium-, and Long-term	Moderate	<p>In response to increased raw material costs, CipherLab has implemented a diversified strategic approach to mitigate potential impacts on its operations, corporate policies, and financial performance. Given that the Company operates in a highly competitive hardware market, any increase in input costs may compress gross margins and affect resource allocation. To reduce supply chain risk, the Company has established long-term, mutually trust-based partnerships with multiple suppliers. This strategy is intended to avoid over-reliance on any single source and to enhance flexibility in both procurement and negotiation. In the short</p>

Item	Implementation status				
					<p>term, CipherLab actively monitors market conditions and supply trends, and has secured long-term procurement contracts to effectively manage fluctuations in raw material prices. In the medium to long term, the Company is exploring alternative materials and utilizing advanced technological tools and data analytics to monitor and manage supply chain risks. In addition, CipherLab has enhanced communication mechanisms with suppliers to ensure timely information exchange and prompt issue resolution. Furthermore, the Company continues to strengthen its profit structure and market competitiveness by offering value-added services that enhance overall product value, including customized software integration and cloud-based platform solutions.</p>
	Opportunities	Use of recycling	Medium-, and Long-term	Moderate	<p>The Company has introduced a recycling mechanism as part of its circular economy strategy to strengthen sustainable competitiveness. The Company intends to extend product lifecycle through the integration of planned upgrade mechanism for product modules, thereby improving customer retention and increasing the value of after-sales services. In terms of product design, the Company has implemented a disassembly-oriented approach, taking material recyclability and modularization into account from the early stages of product development. This strategy contributes to</p>

Item	Implementation status				
					<p>lowering the costs of acquiring raw material and reducing inventory pressure. In the short term, the Company intends to establish circular economy mechanisms. In the medium to long term, the Company intends to introduce modular design elements to further develop a comprehensive circular economy framework. These initiatives support the fulfillment of sustainability responsibilities across the supply chain and ensure compliance with international environmental regulations, including WEEE and RoHS, to meet the requirements of overseas markets.</p>
	Opportunities	Use of more efficient production and distribution processes	Medium-, and Long-term	Moderate	<p>The Company has significantly shortened production lead times and improved raw material management through the implementation of standardized operating procedures, strict order tracking, and regular reviews of sales forecasts. Currently, the Company conducts automated functionality testing to improve quality control across the production line, with the objective of earning customer recognition through superior product quality. The Company continues to collaborate with leading manufacturers to improve overall product quality, enhance transportation efficiency, and increase energy and resource efficiency. Leveraging the procurement scale of these partners, the Company also intends to reduce costs and further enhance management capabilities for both</p>

Item	Implementation status												
	<div></div> <div></div> <div></div> <div></div> <div></div> <div>in-house and outsourced production. In the medium to long term, the Company intends to further expand its influence by encouraging suppliers to jointly address issues related to social responsibility and environmental protection, and to comply with supply chain ESG policies, thereby advancing sustainable development within the industry.</div>												
3. Describe the financial impact of extreme weather events and transformative actions.	In response to the major climate-related risks and opportunities, the Company has evaluated the potential financial impacts on revenue, costs, and capital expenditures. The Company remain committed to improving capacity utilization efficiency, introducing environmentally friendly materials, developing low-carbon products, reducing operational costs, and increasing overall revenue.												
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p>The Company's climate risk identification, assessment, and management processes are as follows:</p> <table border="1" data-bbox="701 695 1977 943"> <thead> <tr> <th>Steps</th><th>Process content</th></tr> </thead> <tbody> <tr> <td>1</td><td>The Corporate Social Responsibility Committee (ESG Promotion and Execution Office) completes the collection of climate-related environmental background information</td></tr> <tr> <td>2</td><td>Assessing the climate-related risks and operational scope</td></tr> <tr> <td>3</td><td>Establishing a list of climate-related risks and opportunities</td></tr> <tr> <td>4</td><td>Developing an internal operational impact survey questionnaire</td></tr> <tr> <td>5</td><td>The Corporate Social Responsibility Committee (ESG Promotion and Execution Office) implements the analysis regarding climate-related risks, opportunities, and operational impacts</td></tr> </tbody> </table> <p>The Company's Environmental Social Governance Committee is responsible for identifying and managing operational risks, including climate-related physical and transition risks, and for leading the development of corresponding response measures. The Company's risk management mechanism has incorporated climate-related risks and opportunities into the operations of each division. Each division within the Company conducts risk management tailored to its respective scope of operations, establishes effective internal management measures and operating procedures. Additionally, climate risks are included in the long-term operational risk management of the Company.</p>	Steps	Process content	1	The Corporate Social Responsibility Committee (ESG Promotion and Execution Office) completes the collection of climate-related environmental background information	2	Assessing the climate-related risks and operational scope	3	Establishing a list of climate-related risks and opportunities	4	Developing an internal operational impact survey questionnaire	5	The Corporate Social Responsibility Committee (ESG Promotion and Execution Office) implements the analysis regarding climate-related risks, opportunities, and operational impacts
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5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	<p>The Company assesses the resilience of its primary operational site in Taiwan to both climate-related physical and transition risks under different external conditions, using tools provided by the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) as a reference.</p> <p><u>Parameters, Assumptions, and Analytical Factors</u></p> <ol style="list-style-type: none"> <li>The scenario analysis is based on publicly available data sources, including assessments and reports on Sectoral Pathways to Net-Zero Emissions in the energy sector, as published by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).</li> <li>Over 90% of the Company's carbon emissions are generated from electricity usage, making energy-saving initiatives the key focus for achieving its carbon reduction goals. Therefore, it is essential to understand electricity consumption patterns under different scenarios.</li> <li>The operational headquarters of CipherLab is located in Taiwan. This scenario assumes that the implementation of existing and future climate-related regulations will have financial impacts and result in changes for CipherLab.</li> </ol>												

Item	Implementation status
	<p>4. The IPCC's Sixth Assessment Report (AR6) presents Shared Socioeconomic Pathways (SSPs) for climate change, integrating global warming scenarios previously estimated using Representative Concentration Pathways (RCPs). It outlines five climate change scenarios, summarized as follows:</p> <ul style="list-style-type: none"> <li>(1) SSP1-RCP1.9 represents a low-emission scenario, aiming to limit global surface temperature increase to no more than 1.5°C by the end of the century, with a very low likelihood of exceeding a 2°C rise in global warming.</li> <li>(2) SSP1-RCP2.6, also known as the 2°C Scenario, represents a low-emission scenario, aiming to limit global surface temperature increase to within 2°C compared to pre-industrial levels.</li> <li>(3) SSP2-RCP4.5 represents a moderate emission scenario that neither meets the 2°C limit nor the 1.5°C target, with a likelihood of a projected temperature increase of approximately 2.4°C.</li> <li>(4) SSP3-RCP7.0 represents a medium-high emission scenario, with greenhouse gas emissions peaking around 2060 and beginning to decline by the end of the century. It is projected to result in a temperature increase of approximately 2.8°C.</li> <li>(5) SSP5-RCP8.5 represents a high-emission scenario consistent with current policies, where the temperature increase could reach 4.3°C. It is also considered to reflect a "business-as-usual" scenario with continued fossil fuel use.</li> </ul> <p><b><u>Transition Risks</u></b> Under transition risks, changes in technology and market risks associated with the transition toward economy with low emission may increase operating costs or reduce market sales in both the 2°C Scenario (SSP1-RCP2.6) and the high-emission scenario (SSP5-RCP8.5). However, given the Company's ongoing investment in innovation and diversification of related product lines, no significant impact on market sales is expected across these scenarios. In the short term, the Company intends to shorten production lead times and improve raw material management by implementing more efficient production processes. Simultaneously, the Company intends to enhance transportation efficiency, increase energy and resource efficiency, and leverage economies of scale to reduce costs, all of which contribute to improving management capabilities across both in-house and outsourced production.</p> <p><b><u>Physical Risks</u></b> Physical risks related to climate change may include acute events such as typhoons and floods, or chronic risks such as rising sea levels. Under both the 2°C Scenario (SSP1-RCP2.6) and the high-emission scenario (SSP5-RCP8.5), climate change has not had a significant short-term impact on the Company. Regardless, the Company continues to monitor and collect data on climate-related risks and their potential impacts on its business operations, market strategy, and financial planning.</p>
<p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>In alignment with the government's net-zero emissions goal for 2050, the Company has developed a short-term low-carbon transition plan aimed at reducing direct emissions from operational activities (Scope 1), indirect energy emissions (Scope 2), and indirect emissions across the value chain (Scope 3). The implementation measures include:</p> <ul style="list-style-type: none"> <li>1. Establishing comprehensive carbon management framework and enhancing foundational emission reduction measures.</li> <li>2. Identifying high-risk emission activities through greenhouse gas (GHG) inventory data and conducting optimization assessments aimed at reducing these emissions.</li> <li>3. Assessing current energy usage and prioritizing the replacement or upgrading of equipment with high energy consumption and emission.</li> <li>4. Promoting energy efficiency and conservation initiatives to encourage responsible energy use.</li> <li>5. Optimizing transportation processes to reduce unnecessary travel.</li> </ul> <p>The Company has designated 2022 as the base year for GHG inventory and management. Please refer to Item 9 for details regarding the indicators and targets for GHG emissions.</p>

Item	Implementation status			
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	To drive low carbon investment, improve energy efficiency, and improve internal carbon reduction efforts, the Company intends to implement an internal carbon pricing in the future, based on a carbon pricing framework derived from the 2°C Scenario (SSP1-2.6):			
	Climate scenario	Tax imposition under Taiwan's Climate Change Response Act	European Union's Carbon Border Adjustment Mechanism (CBAM)	North American carbon cap
	Assumption	Sub-laws related to the imposition of carbon fee is expected to be implemented starting in 2025. Given that CipherLab is not among the first group of entities subject to these regulations, it is assumed that the Company will only be subject to these regulations starting in 2028.	The Carbon Border Adjustment Mechanism (CBAM) entered its transitional phase in October 2023, with fees on products set to be implemented starting in 2027. At present, CBAM does not apply to products outside the scope of its current reporting requirements. It is expected that CipherLab's products will be impacted once they fall under CBAM, as they are not part of the free allocation sector.	Based on the progress of the U.S. Clean Competition Act (CCA), it is assumed that the regulations will be implemented starting in 2025, with electronic products being subject to carbon pricing mechanisms and included in the system beginning in 2035.
	Carbon pricing (TWD)	<ol style="list-style-type: none"> <li>The carbon price announced by the Ministry of Environment is set at NT\$300 per metric ton.</li> <li>The benchmark carbon fee recommended by the World Bank is set at USD 40-80 per metric ton.</li> </ol>	The European Commission set the carbon price at EUR 83.60 per metric ton in 2023 and EUR 97.90 per metric ton in 2024. Based on this trend and projections linked to the EU Emissions Trading System (ETS), it is assumed that the carbon price will continue to rise annually starting in 2025.	Referring to the average carbon prices of the ETS in Canada, California, and Washington D.C., the carbon price was USD 27.00 per metric ton in 2021 and USD 38.94 per metric ton in 2022. Based on the historical increase, it is assumed that the carbon price will rise by 2% annually starting in 2023.
	Scope of Pricing	Organizational level: Scope 1 and Scope 2 GHG emissions for each facility.	Product level: Carbon emissions of products exported to the EU region, including the carbon footprint at the raw material stage.	Product Level: Carbon emissions of products exported to the North American region, including the carbon footprint at the raw material stage.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the	The Company has been implementing the ISO 14064-1 standard for quantifying and reporting greenhouse gas emissions since 2022, using it as the base year. Inventory assessments are conducted annually. The Company has completed the greenhouse gas inventory reports for the years 2022 to 2024, covering all types of greenhouse gases (CO2, CH4, N2O, HFCS, PFCS, SF6, and NF3) generated within the report boundary			

Item	Implementation status
planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	(parent company). Furthermore, the inventory comprehensively includes all direct greenhouse gas emissions sources and indirect greenhouse gas emissions sources, categorized as follows: Scope 1 (mobile combustion, fugitive emissions), Scope 2 (purchased electricity), Scope 3 (upstream transportation, downstream transportation), and Scope 4 (organization procurement of raw material extraction, manufacturing, and processing processes).  The Company has established annual intensity reduction targets for total emissions based on the greenhouse gas inventory report. These targets are intended to be achieved through energy-saving and carbon reduction initiatives, with the ultimate goal of reaching carbon neutrality by 2050. Currently, the Company has not planned to acquire renewable energy certificates.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	The Company has completed the greenhouse gas inventory report for the year 2024 on March 3, 2025, and the company's paid-in capital has not reached NT\$ 5 billion, so it does not need to be confirmed yet. It will be processed in accordance with the prescribed timetable in the future.

#### 1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

##### 1-1-1 Greenhouse Gas Inventory Information

	Greenhouse Gas Inventory for 2023		Greenhouse Gas Inventory for 2024	
Scope 1	Total emission volume	Intensity	Total emission volume	Intensity
	(metric tons CO2e)	(metric tons CO2e/NT\$ million)	(metric tons CO2e)	(metric tons CO2e/NT\$ million)
Parent company	30.16	0.0234	28.52	0.0229
Scope 2	Total emission volume	Intensity	Total emission volume	Intensity
	(metric tons CO2e)	(metric tons CO2e/NT\$ million)	(metric tons CO2e)	(metric tons CO2e/NT\$ million)
Parent company	518.24	0.4017	496.93	0.3992
Scope 3	Total emission volume	Intensity	Total emission volume	Intensity
	(metric tons CO2e)	(metric tons CO2e/NT\$ million)	(metric tons CO2e)	(metric tons CO2e/NT\$ million)
Parent company	946.57	0.7338	755.17	0.6066
Note 1: The parent company's revenue in 2023 was NT\$1,290.037 million.				
Note 2: The parent company's revenue in 2024 was NT\$1,244.799 million.				

##### 1-1-2 Greenhouse Gas Assurance Information

The company's paid-in capital has not reached NT\$ 5 billion, so it does not need to be confirmed yet. It will be processed in accordance with the prescribed timetable in the future.

##### 1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

CipherLab has established 2022 as the baseline year for greenhouse gas inventory and management. In line with the government's goal of achieving net zero emissions by 2050, the short-term (1-3 years) carbon reduction objectives are planned as follows:



Time horizon	Management strategies	Objectives
Short term (1-3 years)	<ol style="list-style-type: none"> <li>1. Developing effective carbon management measures to enhance fundamental carbon reduction initiatives.</li> <li>2. Identifying high-risk carbon-emitting activities through analysis of greenhouse gas inventory data, with the goal of optimizing these activities to reduce their carbon emissions.</li> <li>3. Conducting investigation and analysis of the current energy situation, and prioritizing the replacement or upgrading of equipment with high energy consumption and emissions.</li> <li>4. Promoting energy efficiency and encouraging energy-saving behaviors to encourage energy conservation.</li> <li>5. Optimizing transportation processes to reduce unnecessary travel distances.</li> </ol>	<p>Continuously promoting energy-saving measures with the goal of achieving an annual energy reduction of at least 1%.</p> <p>Actual implementation:</p> <p>The purchased electricity for the year 2023 amounted to 518.2396 (metric ton CO<sub>2</sub>e/year)</p> <p>The purchased electricity for the year 2024 amounted to 496.9333 (metric ton CO<sub>2</sub>e/year)</p> <p>This represents a reduction of 21.3063 (metric ton CO<sub>2</sub>e/year), a 4.1% decrease compared to 2023</p>

(7) Fulfilling ethical management and differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof: The Company has followed the Ethical Corporate Management to operating, comply with related regulations and internal control system honesty operating, and no deviation from “ Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies”.

Assessment Criteria	Implementation			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies and the Reasons
	Yes	No	Summary	
1. Establishment of the ethical corporate management policy and programs (1) Does the Company establish an ethical corporate management policy that the Board of Directors approved and document such policy and procedure, as well as ensuring the commitment of the Board and Management team in the implementation of the policy thereof, in the bylaws and publicly available documents?	V		The Company has formulated "Ethical Management and Guidelines for Conduct " which are approved by the Board of Directors, it states clearly the coverage of ethical corporate policy, sets up preventing dishonest behavior plans, handling procedures, and reporting systems, and implements them accordingly. 1. The " Ethical Management and Guidelines for Conduct " has been disclosed on the Company's website publicly to express the policies and practices of integrity management. 2. The " purchased order sheet" that the Company provides to the supplier and the "Business Integrity Commitment Letter" signed by the supplier both express the policy and practice of integrity operation and commercial bribery and other improper commercial behavior gifts are prohibited. 3. The integrity management statement has been signed by the Company's directors and senior managers.	No deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies
(2) Has the Company established a risk assessment mechanism against unethical conducts, analyzed and assessed business activities within their business scope on a regular basis that are at a higher risk of being involved in unethical conducts, and established prevention programs at least covering the preventive measures specified in Paragraph 2, Article 7 “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?	V		Ethical Management and Guidelines for Conduct of the Company has listed all kinds of prevention plans and handling procedures for business activities with relatively high risks of dishonest behavior within the business scope, including forbidden provide or accept improper benefits, the handling procedures of accepting improper benefits, forbidden the facilitating payments and handling procedures, political donations handling procedures, charitable donations or sponsorships handling procedures, avoidance of interests, prohibition of engaging in unfair competition, prevention of products or services from harming interested parties, prohibition of insider trading, and confidentiality agreements, following and declaring the ethical management policy, and ethical management assessment before establishing business relationships explaining the integrity management policy to business partners, avoiding transactions with dishonest operators, the contract clearly stipulates ethical management, handling of company personnel involved in dishonesty. The handling of dishonest behavior by the Company has covered the preventive measures for the behaviors in Item 2 of Article 7 of the " Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies"	No deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies

Assessment Criteria	Implementation			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies and the Reasons
	Yes	No	Summary	
(3) Does the Company establish relevant policies that are duly enforced to prevent unethical conduct, provide and implement operating procedures, behavioral guidelines, the penalty for violation and appeal system in such policies, as well as evaluating and amending the aforementioned policies on a regular basis?	V		The Company's "Ethical Management and Guidelines for Conduct" have listed detailed behavior instructions, the violation of punishment, and the appeal system to implement.	No deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies
2. Implementation of ethical management (1) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		It is necessary to first evaluate the legitimacy of agents, suppliers, customers, or other business contacts, the ethical management policy, and whether they have ever been involved in dishonest behavior records before the Company establishes business relations with others, in order to ensure the fairness of their business operations, transparent and will not ask for, offer or accept bribes. The contract signed between the Company and the supplier of the transaction object clearly stated the terms of honest behavior: the "Purchase order" provided by the Company to the supplier of the transaction object and the "Business Integrity Commitment Letter" signed by the supplier all have clear terms of honest behavior forbidden commercial bribery, bribery, and other improper business gifts.	No deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies
(2) Does the Company task a unit that reports directly to the Board of Directors and promotes ethical standards, making periodical updates (at least once a year) to the Board on business integrity management policy and the supervision of measures for prevention of unethical conduct?	V		The chairman's office of the Company as the dedicated unit, handling the amendment of Integrity Management Operational Procedures and Behavioral Guidelines, implementation, explanation, consulting service and notification content registration setting file, etc., related operating and supervising execution. It is responsible for assisting the Board of Directors and management level to formulate and supervise the implementation of Ethical operating policy and prevention plan to ensure Integrity Management Operational Procedures and Behavioral Guidelines implementation and report the implementation status to the Board of Directors at least once per year regularly. The implementation result of the Ethical Operational Policy has been reported to the Board of Directors on December 25, 2024, by the dedicated unit.  Implementation status of Ethical management for the year 2024: 1. Education training: In 2024, the Company conducted internal education and training sessions on ethical management, with 78 participants and a total of 39.0 person-hours. 2. Law compliance declaration: (1) On November 29, 2024, the Company sent an e-mail to the Company's Chairman/President and all directors, and the	One incident involving an employee's breach of ethical conduct occurred during the year. The Company initiated an audit process, reviewed its internal control mechanisms, improved internal operating procedures, and strengthened both monitoring systems and the promotion of ethical awareness among employees.

Assessment Criteria	Implementation			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies and the Reasons
	Yes	No	Summary	
			<p>Company's insiders to process the law compliance promotion of the "Ethical Management and Guidelines for Conduct"</p> <p>(2) On June 4, 2024, and November 4, 2024, the Company sent an e-mail to all the Company's employees to process the law compliance promotion of "Ethical Management Procedures and Behavioral Guidelines"</p> <p>3. Reporting system: For the year 2024 and up to December 25, 2024, the Company's integrity complaint mailbox has not received any complaints and reports.</p> <p>4. Promise:</p> <p>(1) Directors and senior managers sign the integrity management statement.</p> <p>(2) The new employees have signed the business secrets and intellectual property rights confidentiality declaration statement, the total is 78 pcs.</p> <p>5. The implementation status of the director's interest conflicts avoiding for the year 2024: There is no such thing</p> <p>6. In September 2024, an internal incident involving an employee's breach of ethical conduct occurred. The Company immediately instructed the individual to cease the misconduct and initiated an audit process to conduct a comprehensive review of related assets in order to identify the affected items and quantify the losses. Disciplinary and legal actions, including dismissal, have been reinforced against the violator to safeguard the Company's reputation and interests, and to promote a culture of integrity within the organization.</p> <p>The incident was reported to the Board of Directors in November 2024. To prevent similar occurrences in the future, the Board resolved to conduct a thorough review of the internal control mechanisms, improve internal operating procedures, and strengthen both monitoring systems and the promotion of ethical awareness among employees, in order to effectively safeguard the interests of the Company and all employees.</p>	

Assessment Criteria	Implementation			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies and the Reasons
	Yes	No	Summary	
			7. The Company's legal department is the dedicated unit to handling business secrets, responsible for formulating and implementing the Company's operating secrets, trademarks, patents, works, and intellectual property management, saving and confidentiality procedures and should review the implementation result regularly, making sure the operating procedures continue to be effective. The Company's dedicated unit should report to the Board of Directors on the matter of "Preventing products or services from harming stakeholders", the dealing way, and follow-up review and improvement measures.	
(3) Does the Company have any policy that prevents conflict of interest and channels that facilitate the report of conflicting interests?	V		" Ethical Management and Guidelines for Conduct" of the Company have listed the policy of avoiding interest conflicts. When the Company's employees do business if they find out any conflicts of interest with themselves or the legal person they have represented or the situations that may allow them, their parents, children, or their interested parties to obtain improper benefits, they should report the related issue to their direct supervisor or the dedicated unit of the Company, the direct supervisor shall provide the appropriate guidelines.	No deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies
(4) Has the Company implemented effective accounting and internal control systems to maintain business integrity? Do internal or external auditors review these systems on a regular basis?	V		The Company has a rigorous accounting system, dedicated accountants, financial units, and internal audit units, which execute daily internal control management and report to directors' meetings and the Board of Directors according to the law. The financial report is certified by CPA to ensure the fairness of financial statements.	No deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies
(5) Does the Company conduct internal and external ethical training programs on a regular basis?	V		The Company held education training, and internal publicity for the employee regularly and arrange chairman, president, and senior management to convey the importance of integrity in order to implement the ethical management of the Company. In 2024, the Company conducted internal education and training sessions on ethical management, with 78 participants and a total of 39.0 person-hours.	No deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies
3. Implementation of whistle-blowing system (1) Does the Company provide incentives and means for Employees to report malpractice? Does the Company dedicate personnel to investigate the reported malpractice?	V		The Company encourages internal or external employees to report dishonesty or improper behavior, according to the severity of the reported issue to give rewards, the internal employee who made false reports or malicious accusations, should have disciplinary action and with serious circumstances shall be dismissed. The Company has set up and announced the internal independently reported mailbox IA@cipherlab.com.tw on the internal website.	No deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies

Assessment Criteria	Implementation			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies and the Reasons
	Yes	No	Summary	
			<p>Additionally, the "Purchase order" provided by the Company to the supplier of the transaction object and the "Business Integrity Commitment Letter" signed by the supplier all have clear terms of honest behavior forbidding commercial bribery, bribery, and other improper business gifts, it also has independently reported mailbox for internal or external employee of the Company to use.</p> <p>The Company has a dedicated unit to handle the reporting issue, if the reporting issue is involved by a general employee it should report to the head of the department, if the reporting issue is involved by directors and senior managers it should report to the independent directors. the dedicated unit and the manager who gets the report should investigate related truths immediately, and provide assistance from regulatory compliance or other relevant departments when necessary.</p>	
(2) Has the Company set up standard investigation procedures and a related confidentiality mechanism for the matter being reported?	V		<p>The Company has set up standard operating procedures for the investigation of the reported issue :</p> <ol style="list-style-type: none"> <li>1. The Company handle report issue and a related person should make a written statement to protect the identity of the whistleblower and content for confidentiality and promise to protect the whistleblower not being improperly dealt with due to the report situation.</li> <li>2. If the person who is reported has violated the relevant laws or the Company's integrity management policies and regulations, it shall immediately request the person being reported to stop the relevant behavior and deal with it appropriately, and if necessary, request damages compensation through legal procedures in order to keep reputation and rights of the Company.</li> <li>3. The taken report, the investigation process, and the investigation results should all be kept in written documents and kept for five years, and the preservation can be done electronically. Before the expiration of the storage, if any lawsuit related to the content of the report occurs, the relevant data shall be kept until the end of the lawsuit.</li> <li>4. For the reports that have been verified to be true, the relevant units of the Company shall be responsible for reviewing the relevant internal control systems and operating procedures and proposing</li> </ol>	No deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies

Assessment Criteria	Implementation			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies and the Reasons
	Yes	No	Summary	
			improvement measures to prevent the same behavior from happening again. 5. The responsible unit of the Company shall report to the Board of Directors about the whistleblower issue, its handling way, and follow-up review and improvement measures.	
(3) Does the Company take measures to protect the reporter from improper treatment?	V		The Company handle whistleblower issue and promise to protect the whistleblower not being improperly dealt with due to the report situation.	No deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies
4. Enhanced Information Disclosure Has the Company published information relating to the Company's "Code of Business Conduct" on its website or MOPS?	V		The Company has disclosed the content and implement results of the Ethical Management and Guidelines for Conduct" on the Company website and MOPS and also announced the promotion result on the Company website and the annual report.	No deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies
5. The Company who have established corporate responsibility code of conduct in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", please describe the current practice and any deviations from the code of conduct: The Company has formulated the "Ethical Management Procedures and Behavioral Guidelines" and is always paying attention to the development of corporate integrity management regulation, and reviewing and improving the Company's ethical management policy to enhance the effectiveness of the Company's ethical management.				
6. Other important information which can help to realize the Company's integrity management operation status: The Company in order to show the attitude of Ethical Management Operation, the important customer and supplier will do business with the project team at the major management level, to confirm the fair and public spirit of the operation.				

(10) Other important information sufficient to enhance the understanding of the operation of corporate governance: The Company will disclose important information and Investor Conference-related information immediately and post the related information on MOPS and the Company's website.

1. Rules and regulations related to corporate governance have been formulated:

Articles of Incorporation	Internal Major Information Processing Procedures	The Organizational Charter of the Nominating Committee	Intellectual property management plan
Procedures for Financial Derivatives Transactions	Rules Operating the Scope of Powers of Independent Directors	Corporate Governance Best-Practice Principles	Human right policy
Procedure for Lending Funds to Other Parties	Board of Directors Performance Evaluation Method	Sustainable Development Practices Principle	Moral standard
Operating Procedures of Endorsement	Audit Committee Charter	Ethical Management and	Purchasing and Supplier Evaluation Procedures

/ Guarantees		Guidelines for Conduct	
Procedures for Acquisition and Disposal of Assets	Remuneration Committee Charter	Management Policy of the Prevention of Insider Trading	ISO 14001 2023.12.02-2026.12.01 ISO 27001 2023.12.18-2026.12.17
Implement the directors' education plan.	Operational guideline for financial transaction for related parties.	Rules of Procedures for Shareholders Meetings	Regulations Governing Procedure for Board of Directors Meetings
Rules for Election of Directors	Environmental Social Governance Committee Committee Charter	Standard Operating Procedure for Handling Demands by Directors	

2. Check the main relevant regulations and measures: The Company's website :[http://www.ir-cloud.com/taiwan/6160/irwebsite\\_c/pages.php?id=12](http://www.ir-cloud.com/taiwan/6160/irwebsite_c/pages.php?id=12)  
( Investor relationship/ Corporate Governance / Corporate Important Regulations )

#### (11) Internal Control System Execution Status

1. Please visit the Market Observation Post System (MOPS) and navigate to:  
"Company/Corporate Governance/Company Regulations/Internal Control/Internal Control Statement Announcement" to search and download the relevant document.  
(<https://mops.twse.com.tw/mops/#/web/t06sg20>)
2. Those who entrust an accountant to review the internal control system shall disclose the accountant's review report: The Company did not entrust an accountant to review the internal control system, so there is no accountant's review report.



(12) The Current Fiscal Year and Up to the Date of Publication of the Annual Report, Major Resolutions of Shareholders' Meeting and Board Meeting:

Board of Director	Term	Proposal content	Resolution result
2024/03/13	13 <sup>th</sup> term 12 <sup>th</sup> meeting	1. The Company's 2023 Statement of Internal Control System.	The proposal has been approved unanimously following consultation with all directors by the Chairperson.
		2. The Company's 2023 annual business report and financial statement.	The proposal has been approved unanimously following consultation with all directors by the Chairperson.
		3. The Company's 2023 proposal of appropriation for loss	The proposal has been approved unanimously following consultation with all directors by the Chairperson.
		4. The schedule, venue and related matters of the Company's 2024 Annual General Meeting of Shareholders.	The proposal has been approved unanimously following consultation with all directors by the Chairperson.
		5. Amendment of the Board of Directors Performance Evaluation Measures	The proposal has been approved unanimously following consultation with all directors by the Chairperson.
2024/05/08	13 <sup>th</sup> term 13 <sup>th</sup> meeting	1. The Company's 2024 Consolidated Financial Statement for the first quarter	The proposal has been approved unanimously following consultation with all directors by the Chairperson.
		2. Proposal of appointing the Company's CPA and resolution of their payment and the evaluation on the CPA's independence.	The proposal has been approved unanimously following consultation with all directors by the Chairperson.
		3. Non-assurance services of Deloitte & Touche Tohmatsu Limited and its affiliates.	The proposal has been approved unanimously following consultation with all directors by the Chairperson.
2024/08/07	13 <sup>th</sup> term 14 <sup>th</sup> meeting	1. The Company's consolidated financial statements for the second quarter of 2024.	Discussed by all attended directors and approved without objection.
2024/11/06	13 <sup>th</sup> term 15 <sup>th</sup> meeting	1. The Company's consolidated financial statements for the third quarter of 2024.	Discussed by all attended directors and approved without objection.
		2. Amendments to the Internal Control System and Internal Audit System.	Discussed by all attended directors and approved without objection.
		3. Establishment of Sustainability Information Management Rules.	Discussed by all attended directors and approved without objection.
		4. Establishment of Procedures for the Preparation and Assurance of the Sustainability Report.	Discussed by all attended directors and approved without objection.
		5. Amendments to the Ethical Management and Guidelines for Conduct.	Discussed by all attended directors and approved without objection.
2024/12/25	13 <sup>th</sup> term 16 <sup>th</sup> meeting	1. Report on the Company's 2025 Consolidated Financial Report Forecast and Budget.	Discussed by all attended directors and approved without objection.
		2. Replacement of CPAs effective beginning the fourth quarter of 2024.	Discussed by all attended directors and approved without objection.
		3. Extension of credit line agreement maturing in 2025.	Discussed by all attended directors and approved without objection.
		4. The Company's 2025 Annual Audit Plan.	Discussed by all attended directors and approved without objection.
		5. Amendments to the Fixed Asset Management Rules.	Discussed by all attended directors and approved without objection.
		6. Amendments to the Authorization Chart.	Discussed by all attended directors and approved without objection.
2025/03/12	13 <sup>th</sup> term 17 <sup>th</sup> meeting	1. The Company's 2024 Statement of Internal Control System.	Discussed by all attended directors and approved without objection.
		2. The Company's 2024 annual business report and financial statements.	Discussed by all attended directors and approved without objection.

Board of Director	Term	Proposal content	Resolution result
		3. The Company's proposal of loss off-setting for the year 2024.	Discussed by all attended directors and approved without objection.
		4. Amendments to the Audit Committee Charter.	Discussed by all attended directors and approved without objection.
		5. Amendments to the Regulations Governing Procedure for Board of Directors Meetings.	Discussed by all attended directors and approved without objection.
		6. The Company's re-election of the Board of Directors.	Discussed by all attended directors and approved without objection.
		7. Acceptance of shareholder nominations for director candidates at the Annual General Meeting.	Discussed by all attended directors and approved without objection.
		8. The schedule, venue and related matters of the Company's 2025 Annual General Meeting.	Discussed by all attended directors and approved without objection.
		9. The Company's proposal for the establishment of a new subsidiary in Japan.	Discussed by all attended directors and approved without objection.
		10. The Company's proposal for the appointment of Kazuki Ikeda as an advisor to the Board of Directors.	Discussed by all attended directors and approved without objection.
		11. The Company's proposal to increase the performance bond amount under the 2025 revolving loan agreement with Mega International Commercial Bank.	Discussed by all attended directors and approved without objection.
		12. Establishment of the scope for "non-executive employee".	Discussed by all attended directors and approved without objection.
		13. Amendments to certain provisions of the Company's "Articles of Incorporation"	Discussed by all attended directors and approved without objection.
2025/05/07	13 <sup>th</sup> term 18 <sup>th</sup> meeting	1. The Company's consolidated financial statements for the first quarter of 2025.	Discussed by all attended directors and approved without objection.
		2. Appointment of CPAs, along with their proposed remuneration and an assessment of their independence.	Discussed by all attended directors and approved without objection.
		3. Provision of non-assurance services by Deloitte & Touche Tohmatsu Limited and its affiliates.	Discussed by all attended directors and approved without objection.
		4. Nomination and review of director candidates, including independent directors.	Discussed by all attended directors and approved without objection.
		5. Lifting of non-competition restrictions for newly elected directors.	Discussed by all attended directors and approved without objection.

Date of Board of Director meeting	Proposal content	Status
2024/06/26	1. Approval of 2023 annual business report and financial statements.	In 2023, the Company's consolidated operating revenue amounted to NT\$1,359,549 thousands, with a net loss after tax of NT\$4,366 thousands. The loss per share were NT\$0.06. The proposal was approved at the 2024 Annual General Meeting, with 39,517,180 shares in favor, representing 99.46% of the voting rights present.
	2. Approval of proposal of loss off-setting for the year 2023.	The Company's net loss after tax for the year 2023 was NT\$4,366,105. After deducting the remeasurement of the defined benefit plan for the year 2023 in the amount of NT\$17,469 and the change in ownership interests in subsidiaries of NT\$437,421, and adding the income tax on defined benefit plan losses amounting to NT\$3,493, the reversal of special surplus reserve of NT\$216,927, and the beginning

Date of Board of Director meeting	Proposal content	Status
		unappropriated earnings of NT\$471,361, the total accumulated deficit to be offset for the year 2023 amounts to NT\$4,129,214. It is proposed that the entire deficit be offset against the statutory surplus reserve, resulting in a zero balance of unappropriated deficit at year-end. The proposal was approved at the 2024 Annual General Meeting, with 39,510,067 shares in favor, representing 99.44% of the voting rights present.

(13) In the most recent year and up of the publication date of the annual report, if a director (including independent director) has expressed a different opinion with respect to a material resolution passed by the Board of Directors and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None

## 2.3 Information on Remuneration for Certifying CPAs

Amount :NT\$

thousand

Name of Accounting Firm	Name of CPA	Audit period by the CPAs	Fees for Audit	Non-audit fee	Total	Remark
Deloitte & Touche Tohmatsu Limited	Ruske Ho	2024.01.01-2024.09.30	NT\$2,300 thousand	NT\$453 thousand	NT\$ 2,753 thousand	None
	Alice Huang	2024.01.01-2024.09.30				
	Yu, Meng-Kuei	2024.10.01-2024.12.31				
	Alice Huang	2024.10.01-2024.12.31				

Note 1: The replacement of the Company's CPAs this year was due to internal adjustment within the accounting firm.

Note 2: Non-audit fees : NT\$93 thousand is the cost of report typing and printing ; NT\$180 thousand is the cost of CPAs auditing travel ; NT\$180 thousand is the cost of transfer pricing report.

- (1). If the accounting firm is changed and the audit fee paid in the replacement year is less than the audit fee in the previous year, the amount and reasons for the audit fee before and after the replacement shall be disclosed: There is no such case.
- (2). If the audit fee has decreased by more than 10% compared with the previous year, the amount, proportion and reason of the audit public fee reduction shall be disclosed: There is no such case.

## 2.4 Information on Replacement of CPAs

### 1. Information regarding the former CPAs

Date of replacement	Approved by the Board of Directors on 2024.12.25		
Reason for replacement and explanation	Due to internal adjustment within the accounting firm, effective beginning in the fourth quarter of 2024, the CPA Ruske Ho and CPA Alice Huang were replaced by CPA Yu, Meng-Kuei and CPA Alice Huang.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Parties		
	Circumstances	CPAs	The Company
	Terminated the engagement	V	Not applicable.
	No longer accepted (discontinued) the engagement	Not applicable.	Not applicable.

If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent year, specify the opinion and the reasons	Not applicable.		
Disagreement with the Company?	Yes		Accounting Principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No	v	
	Specify details: None		
Other disclosures (Any matter required to be disclosed under sub-item 1-4 to 1-7 of Article 10.6)	CPAs were replaced due to internal adjustment within the accounting firm.		

## 2. Information Regarding the Successor CPAs

Name of accounting firm	Deloitte & Touche Tohmatsu Limited
Name of CPAs	Yu, Meng-Kuei, Alice Huang
Date of engagement	2024.12.25
Subjects discussed and results of any consultation with CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the Company's financial report.	Not applicable.
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	Not applicable.

- The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6, 1 and 1-3 of regulations: Not Applicable.
- The Company's audit committee evaluates the independence and suitability of its CPAs every year. In addition to requiring the CPAs to provide "Statement of Independence" and "Audit Quality Indicators (AQIs)," the Company also refers to the standards and 13 AQI indicators in the table below to evaluate. The Company not only confirms that the CPAs have no other financial interests or business relationships with the Company except for fees for visas and financial and tax cases, but the CPAs' family members also do not violate the requirements for independence. Moreover, the Company confirms that the CPAs and their firm have better audit experience and training hours than average according to the AQI indicators. The evaluation results of the most recent year were discussed and approved by the Audit Committee on May 7, 2025, and reported to the Board of Directors on May 7, 2025, which approved the evaluation of the independence and suitability of the CPAs

Item	Assessment Content	Yes	No	Independence
1	If the CPA of the Company has been employed in the Company for two years before the start of certification or within one year of resignation.		√	Y
2	If the CPA of the Company holds shares of the Company.		√	Y
3	If the CPA of the Company has borrowed money from the Company.		√	Y
4	If the CPA of the Company has a relationship of joint investment or benefit sharing with the Company.		√	Y

Item	Assessment Content	Yes	No	Independence
5	If the CPA of the Company is served as a director, supervisor, manager, or significant influence position of the Company and the conflict of interest at present or in the last two years.		√	Y
6	If the CPA of the Company is responsible for the management functions involved in the Company's decision-making.		√	Y
7	If the CPA of the Company has a relationship as the spouse, lineal blood relative, lineal relationship by marriage, or collateral blood relative within the four-degree kinships of the manager of the Company.		√	Y
8	If the CPA of the Company imply directly or indirectly a certain relationship or solicit business by way of inducement.		√	Y
9	If the CPA of the Company charge any commissions related to the business of the Company.		√	Y
10	If the CPA of the Company has a lawsuit or the competent authority corrects case.		√	Y
11	If the CPA of the Company has certified continuous service for seven years.		√	Y
12	If the CPA of the Company promotes or intermediary the stocks or other securities issued by the Company.		√	Y
13	If the CPA has complied with the Accountants Professional Ethics Bulletin No. 10 on independence regulations and has obtained the "Independence Statement" issued by the certified accountant.	√		Y

5. It regularly evaluated the suitability of accountants once a year, and the evaluation items are as follows:

Ethical Behavior of Accountants	
Item	Evaluation Result
Whether to be punished by the competent authority	No
Financial report quality	
Item	Evaluation Result
1. Whether the issued financial report is prepared in accordance with the accounting principles prescribed by the competent authority.	Yes
2. Whether the content of the financial report needs to be corrected due to errors.	No
3. Whether the financial reporting has been corrected by the competent authority.	No
Timeliness of Financial Reporting	
Item	Evaluation Result
1. Whether the annual financial report is completed within three months after the end of the year.	Yes
2. Whether the semi-annual financial report is completed within 45 days after the end of the semi-annual year.	Yes
3. Whether the financial reports for the first quarter and the third quarter are completed within 45 days after the end of the first quarter and the third quarter.	Yes
Auditors' professionalism	
Item	Evaluation Result
1. whether the auditors have the accountant license.	Yes
2. Whether the auditors are aware of the changes in laws and regulations.	Yes
3. Whether the Company's problems can be clarified immediately.	Yes

**2.5 The Company's Chairman, President, Officers in charge of Financial or Accounting Affairs has served in Its Certified Public Accountant Firm or Its Alleviated Enterprise for the Most Recent Fiscal Year, shall Disclose their Name, Title and the position They Worked in the Certified Public Accountant's firm Period of its Affiliated: None.**

**2.6 Change in shares held and pledged by Directors, Managers, and Major Shareholders holding over 10% of outstanding shares in the Most Recent Year and up to the Publication of the Annual Report**

(1) Changes in Shareholdings of Directors, Managers and Major Shareholders:

Title	Name	2024		For the year 2025 and up to May 7, 2025	
		Pledged shares Increased (decreased)	Number of shares held Increased (decreased)	Pledged shares Increased (decreased)	Number of shares held Increased (decreased)
Chairman	Cipher Management Inc. Representative: Steven Liao	—	—	—	—
Director	Lin, Yung-Fa	—	—	—	—
Director and Senior Vice President	Tan, Chen-Huan	—	—	—	—
Director	Yen, Wei-Chun	—	—	—	—
Director	Yang, Kuo-Liang	—	—	—	—
Independent Director	Chen, Wen-Yu	—	—	—	—
Independent Director	Hu, Chiu-Chiang	—	—	—	—
Independent Director	Yu, Ming-Chang	—	—	—	—
Independent Director	Tsai, Yu-Ping	—	—	—	—
Associate	Li, Kan-Yang	—	—	—	—
Associate	Lai, Chin-Yi	—	—	—	—
Financial Accounting Senior Manager	Chang, Chia-Jung	—	—	—	—
Chief Technology Officer	Chen, To	—	—	—	—

(2) The equity transfer information: The Company's directors, managers and major shareholder have not transferred their equity to related parties

(3) Equity Pledge Information :There are no such things.

**2.7 The Information of the Relationship among the Top Ten Shareholders who are Interested or Spouse, relatives within Second-Degree of Kinships**

April 26, 2025  
Unit :Share ; %

Name	Shares hold by one's self		Shares held by spouse and childrenof minor age		Shares held by assuming the nameof others		Names and relationships of the top ten shareholders whohave a relationship with eachother or are relatives of a spouse or a second degree kinship.		Remark
	Shares	% of shareholdings	Shares	% of shareholdings	Shares	% of shareholdings	Name	Relationship	
ChangeEn Management Consulting Co., Ltd.	6,706,934	9.79	0	0.00	0	0.00	None	None	None
Representative : Steven Liao	0	0.00	10,000	0.01	0	0.00	None	None	None
Lin, Yung-Fa	6,613,376	9.66	0	0.00	0	0.00	None	None	None
Lin, Rung-Yuan	4,638,000	6.77	0	0.00	25,000	0.04	None	None	None
Tan, Chen-Huan	1,386,215	2.02	764,209	1.12	0	0.00	Yang, Yu-Jen	Husband	None
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted to keep the investment account of Arcadian Emerging Markets Micro-Cap Securities Master Fund.	1,126,000	1.6	0	0.00	0	0.00	None	None	None

Name	Shares hold by one's self		Shares held by spouse and children of minor age		Shares held by assuming the name of others		Names and relationships of the top ten shareholders who have a relationship with each other or are relatives of a spouse or a second degree kinship.		Remark
	Shares	% of shareholdings	Shares	% of shareholdings	Shares	% of shareholdings	Name	Relationship	
Wu, Jyun-Cin	903,000	1.32	0	0.00	0	0.00	None	None	None
Yang, Hong-Zhi	788,010	1.15	0	0.00	0	0.00	None	None	None
Yang, Yu-Jen	764,209	1.12	1,386,215	2.02	0	0.00	Tan, Chen-Huan	Wife	None
Yu, Ming-Chang	540,000	0.79	0	0.00	0	0.00	None	None	None
Yang, Kuo-Liang	532,000	0.78	0	0.00	0	0.00	None	None	None

## 2.8 The Number of Shares of the Company held by the Company, the Company's Directors and Managers, and the Company Directly and Indirectly Controlled by the Company in the same business, and Combine to calculate total Shareholding Percentage

December 31, 2024  
Unit :Share ; %

Re-investment Business	Investment of the Company		Investments of directors, managers, and directly or indirectly controlled enterprises		Comprehensive investment	
	Shares	% of shareholdings	Shares	% of shareholdings	Shares	% of shareholdings
Welcome Design K.K.	40	4	—	—	40	4
JRC International Pty Limited	760	19	—	—	760	19
CipherLab USA, INC.	5,000,000	100	—	—	5,000,000	100
CipherLab Limited (SAMOA)	4,150,000	100	—	—	4,150,000	100
CipherLab Electron Trade (Shanghai) Limited Company	—	—	4,150,000	100	4,150,000	100
mPlus Technology Co., Ltd	2,751,282	95	—	—	2,751,282	95

### III. Capital Overview

#### 3.1 Capital and Share

(1) Source of Share Capital :Types of shares issued in the most recent year and up to the publication date of the annual report

May, 7, 2025

Month/ Year	Issuance Price	Approved share capital		Paid-in share capital		Remark		
		Share	Amount	Share	Amount	Source of share capital	Shares paid with properties other than cash	Others
1988.10	10	500,000	5,000,000	500,000	5,000,000	Establishment	—	—
1994.09	10	1,750,000	17,500,000	1,750,000	17,500,000	Increased in cash NT\$12,500 thousand	—	—
1996.09	10	3,000,000	30,000,000	3,000,000	30,000,000	Increased in cash NT\$12,500 thousand	—	—
1997.09	10	8,000,000	80,000,000	8,000,000	80,000,000	Increased in cash NT\$50,000 thousand	—	—
1998.07	10	19,500,000	195,000,000	19,500,000	195,000,000	Increased in cash NT\$99,000 thousand Capitalization by earnings NT\$16,000 thousand	—	—
1999.09	10	30,000,000	300,000,000	22,230,000	222,300,000	Capitalization by earnings NT\$7,800 thousands, Capitalization NT\$19,500 thousands	—	Note 1
2000.09	10	30,000,000	300,000,000	26,676,000	266,760,000	Capitalization by earnings NT\$28,899 thousand, Capitalization NT\$15,561 thousand	—	Note 2
2001.08	10	30,000,000	300,000,000	28,352,400	283,524,000	Capitalization by employee bonus NT\$3,426 thousand, Capitalization NT\$13,338 thousand	—	Note 3
2002.09	10	40,000,000	400,000,000	32,067,940	320,679,400	Capitalization by employee bonus NT\$ 8,803thousand , Capitalization by earnings NT\$28,352,400	—	Note 4
2003.08	10	60,000,000	600,000,000	39,839,228	398,392,280	Capitalization by employee bonus NT\$ 13,577 thousand, Capitalization by earnings NT\$64,135,880	—	Note 5
2004.09	10	60,000,000	600,000,000	50,003,858	500,038,580	Capitalization by employee bonus NT\$14,000 thousand, Capitalization by earnings NT\$ 87,646,300	—	Note 6
2005.08	10	90,000,000	900,000,000	62,184,968	621,849,680	Capitalization by employee bonus NT\$16,803 thousand, Capitalization by earnings NT\$105,008,100	—	Note 7
2006.06	10	90,000,000	900,000,000	70,981,120	709,811,200	Capitalization by employee bonus NT\$13,339,560, Capitalization by earnings NT\$74,621,960	—	Note 8
2014.03	10	90,000,000	900,000,000	69,299,120	692,991,200	Treasury Stock Retired 1,682,000 share	—	Note 9
2015.03	10	90,000,000	900,000,000	68,489,120	684,891,200	Treasury Stock Retired 810,000 share	—	Note 10

Note 1 :Through 1999.07.17 the Ministry of Finance Securities and Futures Commission Approved-certified No.: (88)/Tai-Cai-Certificate(1) No.63273

Note 2 :Through 2000.07.13 the Ministry of Finance Securities and Futures Commission Approved-certified No.: (89)/Tai-Cai-Certificate(1) No.60469

Note 3 :Through 2001.06.12 the Ministry of Finance Securities and Futures Commission Approved-certified No.: (90)/Tai-Cai-Certificate(1) No.136295.

Note 4 :Through 2002.07.15 the Ministry of Finance Securities and Futures Commission Approved-certified No.: (91)/Tai-Cai-Certificate(1) No. 139134.

Note 5 :Through 2003.06.27 the Ministry of Finance Securities and Futures Commission Approved-certified No.: (92)/Tai-Cai-Certificate(1) No. 128648.

Note 6 :Through 2004.07.07 the Executive Yuan Financial Supervisory Commission Securities and Approved-certified No.: Jin-Guan-Certificate-1 No. 0930128920.

Note 7 :Through 2005.06.09 the Executive Yuan Financial Supervisory Commission Securities and Approved-certified No.: Jin-Guan-Certificate-1 No.0940123043.

Note 8 :Through 2006.05.10 the Executive Yuan Financial Supervisory Commission Securities and Approved-certified No.: Jin-Guan-Certificate-6 No.0950116119.

Note 9 :Through 2014.03.21 the Ministry of Economic Affairs Jing-So-Zi Order No.10301043810 approved.

Note 10 :Through 2015.03.10 the Ministry of Economic Affairs Jing-So-Zi Order No. 10401042140 approved.

April 26, 2025 Unit :Share

Type of shares	Authorized capital			Remarks
	Issued Shares	Un-issued shares	Total	
Common stock	68,489,120	21,510,880	90,000,000	TPEX-listed company stock



## (1) List of Major Shareholders

April 26, 2025

Share Name of major shareholder	Shares held(share)	Shareholding percentage (%)
Cipher Management Inc. Representative: Steven Liao	6,706,934	9.79%
Lin, Yung-Fa	6,613,376	9.66%
Lin, Jiun-Yau	4,638,000	6.77%
Tan, Chen-Huan	1,386,215	2.02%
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted to keep the investment account of Arcadian Emerging Markets Micro-Cap Securities Master Fund.	1,126,000	1.64%
Wu, Jyun-Cin	903,000	1.32%
Yang, Hong-Zhi	788,010	1.15%
Yang, Yu-Jen	764,209	1.12%
Yu, Ming-Chang	540,000	0.79%
Yang, Kuo-Liang	532,000	0.78%

## (2) Dividend Policy and Execution Status:

### 1.Dividend Policy :

The dividend policy distribution stipulated in the Articles of Incorporation of the Company, the Company has cooperated with the amendment to Article 235 of the Company law, on Aug 24, 2021, the Board of Directors approved the amendment of Articles of Incorporation " If the Company make profit in the current year, it should allocate 0.5% ~10% as the employee remuneration and no more than 3% for director remuneration." But if the Company has accumulated loss, it should reserve them to make up for the loss in advance, after that allocate employee and director remuneration according to the aforementioned ratio. The aforementioned employee remuneration can be paid in stock or cash, and the payment recipients include employees of affiliated companies who meet conditions. The directors' remuneration referred to in the preceding paragraph shall be paid in cash only. The first two items shall be implemented by a Board of Directors resolution and reported to the shareholders' meeting. If the Company has an earning after annual final accounts, it should pay taxes according to the law, to make up the accumulated losses and then allocate 10% as the legal reserve; but when the legal reserve has reached a paid-in capital of the Company, it should no longer be designated. The rest will be designated or reversed to the special reserve in accordance with law and regulations; if there is still balance, combined with the accumulated unappropriated earnings, the Board of Directors will prepare earning distribution meeting and submit to the shareholders' meeting for resolution on shareholder dividends distributions. The Company's dividend policy will consider the Company's environment, future capital demand, and long-term financial planning and meet shareholders' needs for cash inflows. The actual distribution of the current year's earnings should not be less than 50% of the distributable earnings as standard. The current industry of the Company belongs to the growth stage, the profit is keeping grow up and the financial structure is completed with a stable profit per share, the cash dividend shouldn't be lower than 10% of the total dividend".

### 2.Dividend Distribution to be Proposed to the Shareholders' Meeting:

The company incurred a net loss after tax in 2024. Dividend Distribution will not be made as per the Article of the Company.

3.If a material change in dividend policy is expected, it should be explained: There is no major change in the Company's dividend policy

(3) The impact of the free rationed shares that proposed at this shareholders' meeting on the company's operating performance and earnings per share: Not applicable

(4) The remuneration of employee and directors:

1. The ratio or range of remuneration for employees and directors as stated in the Company's Articles of Incorporation:

According to the Articles of Incorporation of the Company, if the Company make profit in the current year, it should allocate 0.5% ~10% as the employee remuneration and no more than 3% for director remuneration. But if the Company has accumulated loss, it should reserve them to make up for the loss in advance, after that allocate employee remuneration and director remuneration according to the aforementioned ratio. The aforementioned employee remuneration can be paid in stock or cash, and the payment recipients include employees of affiliated companies who meet conditions. The directors' remuneration referred to in the preceding paragraph shall be paid in cash only.

The first two items shall be implemented by a Board of Directors resolution and reported to the shareholders' meeting. The Company established an audit committee to replace the supervisor on 2019/6/25.

2. The basis for estimating the amount of employees and directors' compensation, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated Figure, for the current period:

(1) The company incurred a net loss after tax in 2024. The employee remuneration and director and supervisor remuneration will not be distributed.

(2) Accounting process when the actual distribution amount has a difference from the estimated amount: The Board of Directors has approved the actual distribution amount have different from the estimated amount, it should treat as changes in accounting estimated and listed as an expense in the next year.

(3) The Company established an audit committee to replace the supervisor on 2019/6/25.

3. The Board of Directors approved the distribution of remuneration:

(1) The company incurred a net loss after tax in 2024. The employee remuneration and director and supervisor remuneration will not be distributed.

(2) The amount of any employee profit-sharing compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration.

Not applicable, as no employee remuneration was allocated for the year 2024.

4. The distribution of the remuneration of employees and directors in 2023

Unit :NT\$ Thousand/Share

	Resolution of shareholders' meeting Actual distribution amount	The original Board of Directors passed Proposed distribution amount	Difference number	Reason for difference
1. Distribution status:				
1.Employee Remuneration				
(1)Number of shares	-	-	-	-

	Resolution of shareholders' meeting Actual distribution amount	The original Board of Directors passed Proposed distribution amount	Difference number	Reason for difference
Stock Amount	—	—	—	—
Percentage of outstanding shares at the end of 2023	0.00%	0.00%	—	—
(2)Cash Amount	0	0	—	—
2.Directors and Supervisor Remuneration	0	0	—	—
2. The related information of Earnings per share				
1.Original Earning per share	-0.06	-0.06	—	—
2.Estimated Earnings per share	-0.06	-0.06	—	—

(5) The Company's repurchase of the Company's shares: None

**3.2 Issuance of Corporate Bonds: None**

**3.3 Preferred Shares: None**

**3.4 Issuance of Global Depositary Receipts: None**

**3.5 Status of Employee Stock Option Plan: None**

**3.6 Status of Employee Restricted Stock New Share: None**

**3.7 Status of New Shares Issuance in Connection with Merger and Acquisitions: None**

**3.8 Financing Plans and Implementation:**

- (1) The content of plan: As of the quarter before the publication date of the annual report, the content and implementation status of the previous plans for the issuance or private placement of securities that have not been completed or not been in the last three years and whose benefits have not yet appeared: None
- (2) Implement status: None

## IV. Operational Highlight

### 4.1. Business Content

#### (1) The Coverage of Business

##### 1. The main content of the Company's business

The Company specializes in the R&D, manufacturing, marketing, and trading of products related to "Mobile Computing Systems & Automatic Data Collection". According to the classification of industrial products by the Statistics Department of the Ministry of Economic Affairs, the Company's industry is the "Data I/O Peripheral Equipment Industry". In addition, according to the classification of the China Credit Information Service, the Company belongs to the electronic and electrical industry of manufacturing industry. The business items listed in the Business registration certificate of the Company are as follows:

Electronic products include computers, computer peripherals, electronic cash registers, barcode readers and their applications, magnetic card readers and their applications, electronic testing instruments, electronic measuring instruments and computer software programs, etc. manufacturing, and trading business.

- The maintenance products trading and maintenance business of the aforementioned paragraph
- The import and export trading business of the aforementioned paragraph
- As the agent for domestic and foreign manufacturers to quote and bid for distribution business of the aforementioned paragraph
- Restrained Telecom Radio Frequency Equipment and Materials Importing
- Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
- Besides licensed businesses, it can operate businesses that are not prohibited or restricted by laws and regulations

##### 2. Proportion of business

The Company's business revenue and product ratios for the last two years are as follows:

Unit :NT\$ Thousand

year	2023		2024	
	Sales Amount	%	Sales Amount	%
Pocket-Size Industrial Computer	991,862	72.96	960,807	74.23
Handheld Automatic identification scanner	79,448	5.84	74,446	5.75
WEARABLE DEVICE	1,727	0.13	10,528	0.81
POS Series Touchscreen Mobile Computers	0	0	8,033	0.62
Others	286,512	21.07	240,626	18.59
Total	1,359,549	100.00	1,294,440	100.00

Note: Other items include sales of spare parts

##### 3. The current major products of the Company:

The major products of the Company included the Android platform, CipherLab OS platform, and other pocket-sized industrial computers and handheld barcode scanners. Currently, the major selling products are as follows:

Product Category	Major Product
Pocket-Sized Industrial Mobile Computer (Mobile Computer)	CipherLab OS products: 8000 series, 8200 series, 8300 series, 8400 series, 8600 series. Android OS products :RS26 series, RS36 series, RS38 series, RS51 series, RK95 series, Hera51 Mobile POS series
Handheld Barcode Scanner includes wired and wireless Bluetooth (Hand-held Scanner)	CCD barcode scanner Laser barcode scanner LED QR code scanner Hand-held wireless RFID reader Omnidirectional barcode scanner

#### 4. New products planned to be developed

- a. The RK96 series scheduled to be launched in the second half of the year is an industrial-grade mobile computer specifically designed for warehousing, logistics centers, manufacturing, and cold storage environments. It is equipped with the latest Android operating system and a powerful processor to ensure efficient data processing capabilities. Additionally, the RK96 features exceptional barcode scanning function, the latest Wi-Fi 7 wireless connectivity technology, a rugged industrial-grade design, and long-lasting battery life, which provides businesses with an efficient and cost-effective solution.
- b. F1 series is designed for the retail market. It features a lightweight, ergonomic form factor that can be flexibly integrated with various peripheral devices to enhance operational efficiency in both storefront and warehouse management. Its modular design supports a wide range of applications, including membership management, fast checkout, inventory audits, product receiving, picking, and delivery. Through AI technology, the F1 not only enhances the customer experience but also optimizes workflow processes. It is ideal for chain retailers, convenience stores, department stores, and logistics companies, providing businesses with an efficient and intelligent retail solution.
- c. AIDC (Automatic Identification and Data Capture) technology provides an integrated solution for the retail market, including key aspects such as POS systems, self-checkout, smart inventory management, and customer identification, effectively enhancing retail operational efficiency. For example, RFID technology can be used for inventory management and product tracking, while AI visual recognition combined with CipherLab Pic'n Fill™ OCR technology supports smart inventory auditing and price tag recognition. Additionally, self-checkout and anti-theft monitoring further optimize the customer experience and reduce losses. The integration of these technologies drives the realization of AI-powered smart stores, strengthening the competitiveness and service quality of the retail industry.
- d. In the retail industry, combining fixed RFID technology and AI visual POC system, fast scanning and restocking of displayed products. The application of these technologies helps improve inventory management efficiency, reduce labor costs, and enhance customer satisfaction. Additionally, the automatic inventory counting feature after store closure ensures the accuracy of inventory data, further optimizing operational processes. The integration of these innovative technologies allows retailers to manage products more effectively, boost competitiveness, and provide customers with a better shopping experience.

## (2) Industry Overview

### 1. Industry current status and development

The major product of the Company is Mobile Compute and Handheld Barcode Scanner, both of them are Automatic Identification and Data Capture products.

The automatic identification system has some features with fast data input speed, reducing people input errors, real-time process management, and programmability, it can satisfy the requirement of enterprises and government for improving efficiency and reducing costs. In recent years, each kind of data collecting and wireless communication technology has been ever-changing, for example, handwriting input, video data, RFID reading, wide-area wireless transmission, and Optical Character Recognition (OCR) are all integrated into mobile computer products.

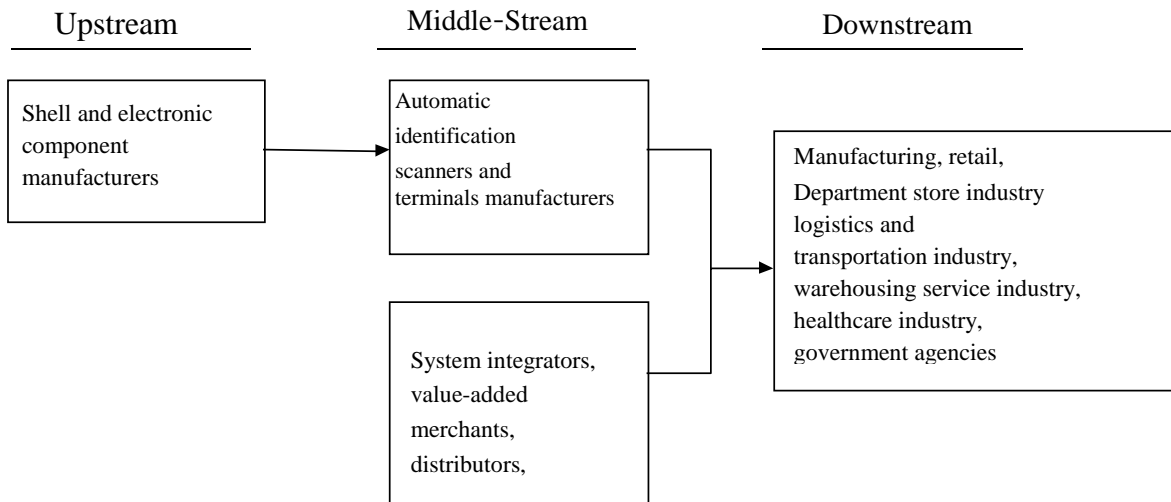
The coverage application of automatic identification products has been used widely in every kind of industry, including retail warehouse management analysis operation, logistic industry object management, manufacturing inventory management, vehicle entry, and exit access control, etc., to the medical system, administrative agency document flow management. The current application level has

extended gradually to animal husbandry, market survey, police system, etc.

## 2. The relationship between upstream, midstream and downstream of the industry

The upstream of the industry is mainly domestic and foreign shell and electronic component manufacturers, through the midstream manufacturers of automatic identification scanners and terminals, system integrators, value-added merchants, distributors, etc., to provide downstream manufacturing, retail, department stores industry, logistics and transportation industry, warehousing service industry, government agencies, and other users need products.

**The relationship between the Upstream, middle-stream, and downstream of the industry is shown in the figure below:**



## 3. Various development trends of products

Looking forward to the future, automatic identification product development generally includes the following directions:

- (1) Android operating platform has become mainstream of the market;
- (2) Wireless immediate information transmission technology;
- (3) RFID (HF, UHF, NFC) Introduction and application of radio frequency identification system;
- (4) 2D barcode and image identification system development;
- (5) Integrated solutions replace single-model sales
- (6) Cloud long distance device management system
- (7) Optical Character Recognition (OCR)
- (8) Edge AI applications

## 4. Products Competitive situation

The main competitors of the Company's products are mainly from Europe, American, Japan and other self-owned brand manufacturers:

- (1) The main competitors of pocket-sized industrial computers are :Zebra(USA), Honeywell (USA), Datalogic(Italy), DENSO (Japan) etc.
- (2) The main competitors of handheld barcode scanners are: Zebra(USA), Honeywell (USA) Datalogic(Italy), Opticon (Netherland), DENSO (Japan) etc.

### (3) Technology and R&D Overview

#### 1. R&D expenses invested in the most recent years

Unit :NT\$ Thousand

Item \ Year	2023	2024
R&D Expenses	188,133	217,988
Operating revenue	1,359,549	1,294,440
% of net revenue	13.84%	16.84%

#### 2. Successfully developed technologies or products in the most recent year

Year	R&D outcomes
2021	<p>When the scanner products (ex: 1504A/1564A, 1664, etc.) implement the new generation Scan Engine, it is equipped with a megapixel sensor and advanced algorithms, adding the ultra-wide viewing angle suitable for quickly capturing larger barcodes, it can quickly success to capture various barcodes at once almost under any situation, even damaged, dirty or the poor quality 1D and 2D barcodes can be easily scanned, it brings faster productivity and efficiency to the retail industry, healthcare, and postal services.</p> <p>The Q21 is a simply designed all-in-one PC with a 21.5-inch touchscreen display, camera, LED indicators light, barcode reader, and thermal printer. Through the customized payment module bracket option it can install different credit card readers. In addition, external modules can be integrated for different services - such as cash recycling systems or card issuer systems. Moreover, the shop owner can install the Q21 in any place that meets the VESA installation standard, providing a better user experience and more possibilities for software layout design.</p> <p>ReMoCloud New added background management function</p> <p>VPN connection, external space connection, located setting, device list, QR code registration, validity period mechanism, CipherLab Home details setting, no Wi-Fi connection detection warning, setting file version-related editing display functions, etc. Enhancement of device software function:</p> <p>RK95 4750SR Read-head can recognize text (OCR).</p> <p>A variety of modes Android 11 related compatibility adjustments of application.</p> <p>AI OCR Optical character recognition function.</p>
2022	<ol style="list-style-type: none"> <li>1. 2564 3000mAH version and the Extended Range 2D image version, the purpose is providing more rich user experiences and also in the price competitive scanner market to provide high-cost performance ratio products.</li> <li>2. Complete the proof-of-concept (POC) of the temperature sensing and recording module, and plan to promote it to the minimum viable product (MVP) with customers in 2022 to optimize the customer's field process.</li> <li>3. Android product-related software development:</li> <li>4. The cloud mobile device management system the new using interface and new function, new input interface of simulated terminal software, and support for new functions of AS/400, private cloud mobile device management system, etc. which enterprise application tools, and Agility Intelligence data system, keeping to ensure the promise of cyber security from CipherLab made to customer products.</li> <li>5. AI parts :Automatic license plate identification: use deep learning technology to develop license plate detection and character identification functions, and develop the first prototype with the existing AER products.</li> </ol>
2023	<ol style="list-style-type: none"> <li>1. AER Mobile Data Collector :Launching a rugged mobile computer, RK26, and a 5.5-inch touchscreen mobile computer, RS36. Both devices feature robust and durable designs, equipped with high-performance processors, high capacity of memory and storage space. With high-grade dust and water resistance ratings and the design which support various</li> </ol>

Year	R&D outcomes
	<p>scanning heads, along with faster WiFi6 data transmission, these devices are suitable for use in various environments including warehousing logistics, manufacturing, retail, healthcare, and public safety.</p> <p>2. Scanner device :CIPHERLAB CO. launched our first wearable scanner WR30 in the second half of the year. It features a light and ergonomic design, and thus users can wear comfortably throughout the day. In addition to inheriting CIPHERLAB CO.'s powerful scanning performance, its long-lasting battery life and support for various Bluetooth devices allow users to collect data without missing any information while keeping their hands free.</p> <p>3. In the second half of the year, we completed the conceptual verification of the temperature sensing and recording module [Proof of Concept (POC), and together with customers, advanced it to the Minimum Viable Product (MVP: optimize customer field processes)]. The temperature sensing and recording module can be utilized in the increasingly thriving cold chain transportation and distribution industry. Throughout the process from pickup to delivery of cold chain goods (such as vaccines, pharmaceuticals, and fresh produce), the temperature sensing and recording module can measure the temperature and simultaneously upload temperature records to the headquarters. This assists in addressing the need for evidence of the logistics operator, resolving the long-standing difficulties they encounter in evidence collection and liability determination.</p> <p>4. Relevant Application Development :ReMoCloud/EndeCloud enables registered devices to be included into enterprise management, allowing IT and department managers to easily monitor the activity status of company devices, reducing the time required for large-scale deployment and configuration, and restrict company devices to be used only for work purposes. With multi-factor authentication (MFA) enhancing information security, IT can configure and manage devices from anywhere without being limited by location, thereby improving work efficiency. Additionally, successful adoption of ISO/IEC 27001:2022 BSI standards helps reduce the risk of information leakage and stakeholders, establishing brand trust.</p> <p>5. AI Assistance :Building upon automatic license plate recognition, CIPHERLAB CO. has also addressed the needs of retail industry customers. Integrating the Scan Engine of the new generation AER product enables date object recognition for consumer products, swiftly identifying whether items are expired. Emphasizing immediacy and convenience, this reduces errors caused by human judgment and delays from backend data interpretation.</p>
2024	<p>1. RS38 Rugged Mobile Computer Recipient of the Taiwan Excellence Award and the Good Design Award. Equipped with WiFi 6E, a high-performance processor, and multiple scanning modules, this product is suitable for use in logistics, manufacturing, and retail environments.</p> <p>2. 2565 3D Dimensioning System Designed for rapid and accurate dimensioning of parcels. Integrated with CipherLab's proprietary solutions to reduce billing discrepancies and enhance operational efficiency in logistics and warehouse management.</p> <p>3. Temperature sensing and recording module for cold chain logistics Successfully completed Proof of Concept (POC) and entered mass production. This module enables real-time recording and transmission of temperature data during transportation, supporting evidence-based logistics management and ensuring the quality of perishable and medical goods.</p> <p>4. NUHF RFID Reader Capable of high-speed reading (over 100 tags per second), long-range detection (up to 3 meters), and high system compatibility. Designed to improve operational efficiency and data security in warehousing and retail operations.</p> <p>5. AI-Based Expiration Date Recognition Application Integrates Android Enterprise Recommended (AER) devices with artificial intelligence to enable rapid identification of expired products, thereby reducing manual errors and enhancing retail store management.</p>

#### (4) Long-term and short-term business development plans

##### 1. Overview of short-term plans



- (1) Marketing strategy
 

Claim for industry-specific models, with cloud remote device management systems (ReMoCloud and EnDeCloud), through continuous strengthening of cooperation with global leading brand software vendors and system integrators/value-added resellers, keep recruiting strategic partners and large enterprises in specific vertical markets, especially focusing on the sales of value-added system integrators equipped with Android operating systems, and strengthening project development in logistics and transportation, warehousing, retail, manufacturing, healthcare, etc.
  - (2) Production strategy
    - A. Through the standardized operation process, strict order tracking, and regular sales forecast review, the production lead time is greatly shortened and enhances the management of raw materials.
    - B. Use the automatic program to test product function, enhance the quality control of production lines, and win customer recognition with excellent quality.
  - (3) Product development direction
    - A. Maintain the niche market of CiperLab's own operating system Pocket-sized industrial computer and grasp the energy of the mainstream pocket-sized industrial computer with Android operating system and keep extending the completed pocket-sized industrial computer production line.
    - B. Strengthen the research and development of industrial-grade and senior-level barcode scanners, as well as a new product that extends the application of optical technology.
    - C. Implement the invest main point Implement investigation and research on main points markets and strengthen the understanding of end-user application needs as an important basis for new product development.
2. Overview of long-term plans
- (1) Marketing
    - A. Promote cloud long-distance device management systems (ReMoCloud), going deep into vertical markets such as logistics and transportation, warehousing, retail, manufacturing, and healthcare, and increase the Company's market share in the application market by launching new products that can meet the application needs of specific vertical markets.
    - B. Cooperate with strategic partners in the industry to expand the reach and width of projects and the power of market promotion by providing overall solutions.
    - C. Enhance strategy of regional market operation, establish a global management network, and increase global competitiveness.
  - (2) Production strategy
    - A. Continue to cooperate with first-tier manufacturers, in addition to improving the overall quality of products, and reduce costs by taking advantage of their large-scale procurement advantages.
    - B. Strengthen the management ability of inside factory production and outsourced production.
  - (3) Product development direction
    - A. Cooperate with the world's first-tier system integrators to provide enterprise process solutions with a complete product line.
    - B. Develop out-of-box products and solutions to accelerate product development and application.
    - C. Upgrade and improve the cloud remote device management system continuously (ReMoCloud).

(4) Operation scale and financial coordination

- A. Adhering to the concept of sustainable operation, under the combination of marketing and production strategies, in order to meet the needs of domestic and foreign customers to continue to expand the scale of operation.
- B. With a stable financial structure, fully support the funds required for future expansion of the scale of operations.
- C. Considering production efficiency and overall human resources, establish a global production center and distribution network to enhance global competitiveness.

## 4.2 Market and Sales Overview

### (1) Market Analysis

1. The sales (supply) area of main products (services)

Unit :NT\$ Thousand

Region \ Year	2023		2024	
	Amount	Ratio (%)	Amount	Ratio (%)
Domestic	90,430	6.65	80,776	6.24
Europe	320,343	23.56	405,767	31.35
American	259,040	19.05	283,390	21.89
Asia	332,923	24.49	384,012	29.67
Other	356,813	26.25	140,495	10.85
Total	1,359,549	100.00	1,294,440	100.00

2. Market Share

According to the market research data of a professional industry research institution in the United States VDC (Venture Development Corporation), the current AIDC industry that has the highest global market share is Zebra in the US, the following are European, Japanese, and other brand manufacturers, the Company takes around 2% global market share.

3. The future supply and demand situation and growth of the market

Due to automatic identification products having a variety of wide range of application methods and occasions, the technology has evolved with time, providing the enterprise user and each government agency with more convenient and efficient, and the best solution to reducing cost, the whole automatic identification industry market demand will follow the digital application method and occasion to extend and increase grandly year by year.

4. Competitive niche

- (1) A variety of product combinations for each product, have flexible production capacity.
- (2) Sufficient professional R&D manpower, with rich R&D experience and product design strength.
- (3) Respond to market needs quickly and provide customized solutions.
- (4) Establish a global marketing channel with its own brand.
- (5) Self-developed cloud remote device management systems (ReMoCloud).

5. Advantageous, disadvantageous factors, and countermeasures of development vision.

(1) Advantageous factors

- A. The industry grows steadily with applications expanding year by year.
- B. Have competitive research and development technologies, such as: power saving technology, self-developed software and application program development tools.
- C. Provide the management concept of full service, and establish a global sales and repair service network.

(2) Disadvantageous factors and countermeasures

A. Fierce price competition

Countermeasures:

- a. Adopt the same parts for different products, and develop module design to achieve

economies of scale and reduce inventory costs.

- b. Actively research and develop new products that meet market trends and application needs, in order to get rid of the price competition of low-priced products.

B. Difficult to recruit experienced R&D talents people

Countermeasures:

- a. Looking for R&D talents or teams from domestic and international markets actively.
- b. Using completed expatriate and on-the-job training, actively cultivate R&D management trainee.

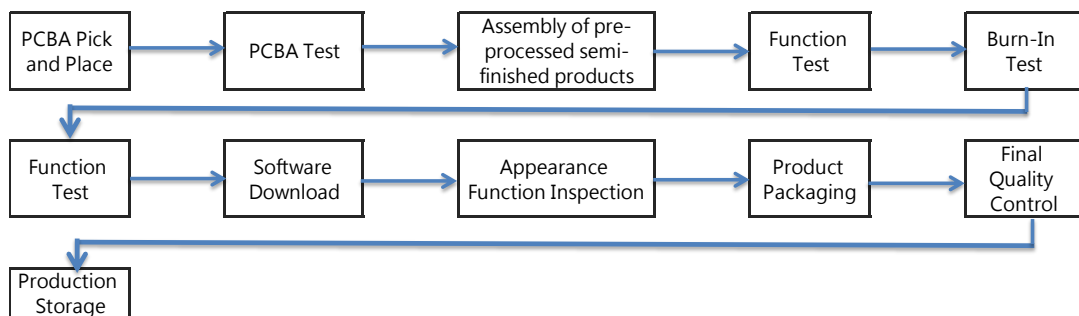
(2) Purpose and manufacturing process of main products

1. Purpose of main products

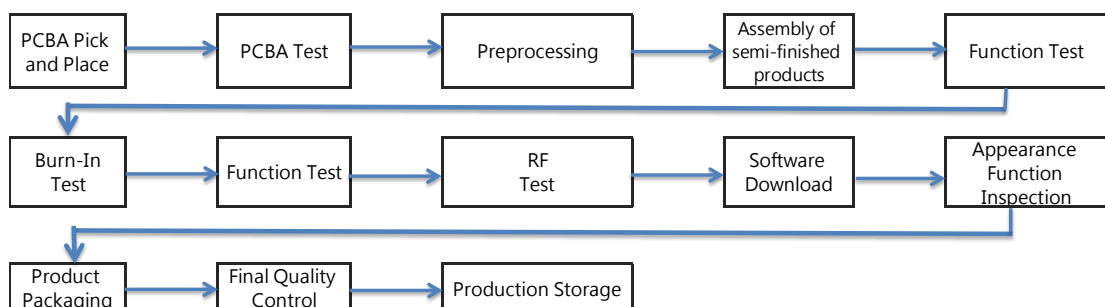
Product Category	Purpose
Pocket-sized Industrial Mobile computer (Mobile Computer)	It is a high-end model among automatic identification scanners. It not only has the function of reading barcodes and collecting data but also integrates the main functions of RFID and smartphones. It is mainly used in mobile application environments, such as warehousing management and analysis in the retail industry, animal husbandry, market research, police systems, inventory management in the manufacturing industry, factory automation management, object management in the logistics industry, vehicle dynamic management, etc. fields.
Handheld Barcode Scanner included wired and wireless Bluetooth (Handheld Scanner)	It is the basic equipment for automatic identification and data collection. Wired handheld scanners are suitable for fixed occasions, like checkout at retail counters and document management in government agencies. Bluetooth handheld barcode scanners are more broadly used, such as receipt and delivery management of logistics and warehousing, semi-finished product tracking in the manufacturing industry, and bedside care in the medical industry.

2. Production Process

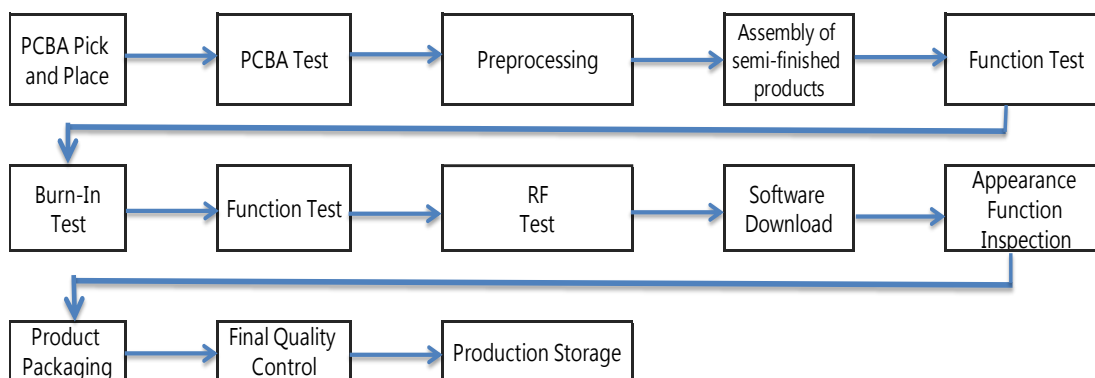
Handheld Barcode Scanner



Pocket-sized industrial computer with its own operating system( cOS Mobile Computer)



## Pocket-sized Industrial Mobile Computer with Windows OS / Android OS



### (3) The supply status of main raw material

Regarding purchasing main raw materials, the Company usually maintains at least two suppliers for the same type of raw materials in addition to cooperating with major suppliers to ensure the stability of the source of supply and unit prices and to effectively neutralize the risks of purchase concentration. Moreover, since most of the required raw materials are standard electronic components commonly found in the market, there are many suppliers and sufficient supply. The Company has established long and good cooperative relationships with our major suppliers to minimize supply shortages, interruptions, or delays and guarantees that production operations won't be affected.

### (4) Names of suppliers contributing to at least 10% of the total purchase (sales) in any of the years within the past two years, the amount and proportion of the purchase (sales), and an explanation of the reason for increases or decreases in the above figures.

#### (i) The information of main supplies in the last two years

Unit: NT\$ Thousand ; %

Item	2023				2024				Up to 2025 Q1			
	Name	Amount	Percentage of the annual net purchase amount (%)	Relationship with the issuer	Name	Amount	Percentage of the annual net purchase amount (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases in the current year up to the previous quarter (%)	Relationship with the issuer
1	Supplier C	185,541	22.12	None	Supplier A	146,123	20.75	None	Supplier A	44,965	33.79	None
2	Supplier B	131,723	15.70	None	Supplier B	118,150	16.77	None	Supplier D	14,625	10.99	None
3	Other	521,636	62.18	None	Other	440,082	62.48	None	Supplier B	13,872	10.42	None
4									Other	59,626	44.80	None
	Net Purchases	838,900	100.00		Net Purchases	704,355	100.00		Net Purchases	133,088	100.00	

Reason for increases or decreases in the above figures:

- Supplier C ceased production of Product A in April 2024 due to a decline in market demand, resulting in a decrease in procurement volume for the year.
- Supplier A is the supplier for the Company's newly developed Models B and C in 2024. The mass production of these models in 2024 led to an increase in the purchase amount.

## (ii) The information of main customer in the last two years

Unit :NT\$ Thousand ; %

Item	2023				2024				Up to 2025 Q1			
	Name	Amount	Percentage of the annual net sales amount (%)	Relationship with the issuer	Name	Amount	Percentage of the annual net sales amount (%)	Relationship with the issuer	Name	Amount	Percentage of the net sales amount in the current year up to the previous quarter (%)	Relationship with the issuer
1	Customer B	144,922	10.66	None	Customer A	165,031	12.75	None	Customer B	38,175	14.11	None
2	Customer C	141,572	10.41	None	Customer B	137,019	10.59	None	Customer D	22,897	8.46	None
3	Other	1,073,055	78.93	None	Other	992,390	76.66	None	Other	209,577	77.43	None
	Net sales amount	1,359,549	100.00		Net sales amount	1,294,440	100.00		Net sales amount	270,649	100.00	
Reason for increases or decreases in the above figures:												
1.The significant increase in shipments of Customer A's new model this year was due to the benefits from a special project.												
2.Customer C was one of the top ten customers in Q1 2023. As the project was completed and shipped in 2023, sales for the current period slightly decreased.												

## 4.3 Information of employees in the last two years and as of the annual report publication date

May 7, 2025

Year		2023	2024	As of the publication date for the year 2025
Number of employees (persons)	Direct employees	12	10	11
	Indirect employees	238	233	229
	Total	250	243	240
Average age		43.32	43.51	43.72
Average years of service		8.56	8.47	8.49
Percentage distribution of education background	Ph.D.	0.00%	0.00%	0.00%
	Master's	23.20%	23.05%	22.92%
	College and University	61.20%	61.73%	61.67%
	Senior High School	11.60%	11.52%	11.66%
	Senior High School and below	4.00%	3.70%	3.75%

## 4.4 Information on environmental protection expenditures

Losses incurred as a result of environmental pollution in the most recent year and as of the annual report publication date, (including compensations and environmental regulations violations based upon the findings of environmental protection audits, these matters should be listed with punishment date, reference number, articles of regulations violated, article contents and punishment details) and disclose estimation of expenditure as occurred up to present and future possible occurrences and countermeasures.

Currently, the production process of the main products of the Company is mostly assembled, so there is no environmental pollution issue.

- (1) In the most recent year and up to the date of publication of the annual report, the total amount of losses and penalties due to environmental pollution: None.
- (2) Future countermeasures and possible expenditures
  1. Continue to strengthen environmental management operations to meet the requirements of environmental protection laws and regulations.
  2. Strengthen waste recycling and resource recovery to achieve the purpose of waste reduction

3. The Company has passed the ISO-14001 environmental management system certification since 2005.
  4. There is no major environmental protection capital expenditures in the next two years.
- (3) The status of the response to the EU Restriction of Hazardous Substances Directive(RoHS)  
The Company's management measures and achievements in response to RoHS:
1. In June 2005, the Company completed the operating procedures for environment-restricted substance control and environment consideration identification, and implemented and revised them accordingly in order to meet the laws and regulations of environmental protection.
  2. All products of our company comply with the RoHS Directive, and all existing business trading manufacturers comply with the RoHS Directive.
- (4) Environmental policy: Obaid with environmental protection laws and regulations, require waste reduction continuously, develop low consumption products, and implement environmental pollution prevention and control.
- The Goal of environment :
- Reduce carbon emission of RS38 series products / pcs by 5% in 2023 ;  
(Packing material changes.)
  - Reduce carbon emission of RK96 series products / pcs by 5% in 2024 ;  
(Packing material changes.)

#### 4.5 Labor relations

- (1). The Company's various employee welfare measures, continuing education, training, retirement systems, and their implementation, as also the agreement between labor and management and the maintenance implementation status of a variety of employee right.

##### A.Employee welfare measures

##### a. Employee Welfare Committee

In order to make perfect and complete employee welfare operations, the Company has established the " CipherLab Co., Ltd Employee Welfare Committee"(89) Taipei County Lao-Fu-Zi letter No. 405194 on October 21, 2000, due to relocation to Taipei city, it was approved by the competent authority on April 11, 2007, Taipei City Chih-Fu-Zi No.0892100240), responsible for the planning and implementation of various employee welfare.

Comprehensive the Company and welfare committee's employee welfare measures and actual implementation as below:

- (a). Employee remuneration/Performance Achievement Bonus/Year-end bonus(According to the Company operation and employee performance);
- (b). Subsidies for employee travel and employee social activities;
- (c). Organize employee activities, movie night activities, and travel activities irregularly to enrich the leisure life of employees;
- (d). The annual festival and birthday cash gift and gifts;
- (e). Wedding allowance, funeral subsidies, and wreath;
- (f). Birth subsidies and hospitalization subsidies.
- (g). Manager-level telephone allowance;

##### b.Labor insurance/Health insurance/Group insurance(Family member need to pay their own

fee)/Business trip safety insurance)

c. Annual leave

d. Two-day weekend

e. Regularly health checkups

The employee's health is the asset of the Company, in order to let an employee pay attention to the importance of health and focus on daily health, the Company held free health checks every year and a health consultation service, which is applicable to all official employees.

f. Massage service

In response to the government's encouragement of enterprises to hire people with disabilities, and at the same time to promote the visually impaired massage promotion and increase the job opportunities for disabilities, the Company hire professional visually impaired massage therapists and set up a "Massage station" to provide the massage service so that the employee can release stress and fatigue to improve the employee welfare.

g. Occupational Safety and Health

Employees are the most important resource for our sustainable operation, it is our most important duty to prevent accidents and physical damage to employees. Based on the above concepts and in compliance with Article 34 of the Occupational Safety and Health Act and its implementation rules, the Company has formulated the "Workplace Health and Safety Rules", which apply to all workplaces and all colleagues of the Company, and has the responsibility and obligations to abide by and implement it, are implemented through internal lecturers during orientation training.

h. Long seniority rewards

In response to the contribution and hard work of senior colleagues to the Company, in order to improve the belief of all the employees in the Company's long-term operation to set up "Long seniority rewards operating key point" for rewarding, and present medals, and bonuses for the long seniority reward during the year-end party every year or company general meeting are applicable to all official colleagues, and the base of the award is based on the service years every five years.

i. Talent recommendation reward

We regard talent as the most important asset of the Company, in order to encourage employees to actively recommend outstanding talents and help companies find good talents, the Company promotes the "Employee Recommended Talent Reward Program" to effectively build talent assets and optimize the team. Referral rewards will be available for recommended talents passing the trial period.

j. CipherLab child care measures

According to Article 23 of the Gender Equality in Work Act, childcare measures are taken. Considering the fact that the Company is currently separated from the two places and the age range of the children is very different, the "entrustment contract" is adopted with registered child care service institutions (including child care services) Baby centers, kindergartens, and after-school childcare centers) provide childcare services. The Company is currently partnered with three baby centers and one kindergarten.

k. Breastfeeding Room

In order to create a friendly workplace environment, the Company has provided breastfeeding (collection) rooms for employees to support employees in balancing work and family care responsibilities.

l. Special Contracted Sports Center

In order to encourage employees to have diverse exercise regularly, the Company has contracted with 13 sport centers at a special price, holding their employee identification card

with a photo can have a special price to purchase venues, tickets, equipment, projects, course, and other operations items which listed on the attachment.

#### B. Employee advance study and training

##### a. New employee orientation

Through the internal lecturers and e-learning platform, to enhance the full understanding of the Company's internal processes, regulations, and required professional skills, and strengthen the Company's culture and environmental recognition and solidarity, in order to improve the stability of employees.

##### b. Employee advance study and training subsidies

Employee advance study and training are implemented by following the "Education and Training Operation Main Points", allowing employees to receive appropriate training according to their duties and functions, in order to enhance their professional knowledge and work productivity. The main training content of the current year is as follows:

Course category	Total hours
Corporate Governance	879.5
Administrative Management	162.0
Technical Courses	436.84
Quality Management	231.5
Financial Management	146.0
Product Technologies	146.5
Sales Marketing	34.0
Occupational Safety and Health	572.0

Due to work needs and assigned by the supervisor to those who participate in external training courses, the training fee can be fully subsidized, if the individual is willing to learn and is approved by the responsible supervisor, the Company can subsidize part of the training fee. Let employees fully use company resources to achieve the purpose of self-learning and growth.

##### c. Patent Award

In order to encourage employees' spirit to innovate, research, and invent, actively invest in product or technology research and development and apply for patent rights to improve the value of the Company's products, establish a complete internal patent acquisition process, and create company profits. Substantive/formal examination and regulations, those who have obtained a patent certificate, will be issued patent awards in accordance with the three categories of invention, model, and design in the current patent law.

##### d. Computer Allowance

In order to encourage employees who purchase laptops to meet the needs of the Company's business promotion and improve their work efficiency, they can apply for allowance only after they are qualified and approved by their supervisors. Every three years, if the aforementioned incentive reasons still exist, can apply again.

##### e. Humanities reading

The Company subscribes to Business Weekly, Business Times, and Economic Daily for colleagues to increase their market dynamics and new knowledge of related industries through static state reading.

#### C. Employee retirement system



According to the Labor Standards Acts and the Labor Pension Regulations to handle, the employee who uses the old system and has seniority, the Company will allocate an appropriate ratio "Retirement Reserve" of the total salary to the Bank of Taiwan every month in accordance with the Labor Standards Acts; CipherLab Co., Ltd has established " The Labor Retirement Reserve Supervision Committee " which is responsible for the promotion of the old retirement system and pension funds management and holds regular meetings every three months to report on the ratio and status of pension allocations.

An employee who meets any of the following circumstances may retire voluntarily:

- a. Those who served the Company for over 15 years, and over 55 years old.
- b. Those who served the Company for over 25 years
- c. Those who served the Company for over 10 years, and over 60 years old.

Applying for retirement, the employee should fill in the "Retirement Application Form" one month before the retirement and provide the official transcript of household registration, after approval from the Company's supervisor, complete the work handover procedures according to the key points of the operations, and after submitting it to the Labor Retirement Reserve Fund Supervision Committee meeting for approval, can handle related work of pension application immediately.

For those employees who choose or are appropriate to the new system, the Company allocates 6% of the salaries and wages as retirement pensions for depositing into the employee's individual account with the Labor Bureau according to the Labor Pension Act.

- (2). The agreement between labor and management and various measures to protect the rights and interests of employees

Harmonious labor-management relations have been valued by the Company, so the Company has formulated various management measures related to employees in accordance with the related of the provision of the Labor Standards Act, in order to protect the rights of employees, at the same time the Company also values employees' opinions and provides various response channels to push sound communication between labor and management and maintain a good relationship between labor and management together.

- (3). Protection measures for working environment and personal safety of employees

Item	Content
Access control	<ol style="list-style-type: none"> <li>1.The factory access control.</li> <li>2. The signing of contract with the security company for 24-hour real-time connectivity and the installation of a surveillance system to ensure the safety of the office.</li> </ol>
Maintenance and inspection of various equipment	<ol style="list-style-type: none"> <li>1. Through the building management committee or the property rental agency, entrust a professional agency to conduct public safety inspection once every two years, in accordance with the Regulations for Inspecting and Reporting Building Public Security.</li> <li>2. Through the building management committee or the property rental agency, entrust a professional agency to conduct fire protection inspection annually, in accordance with the Fire Services Act.</li> <li>3.Established "Workplace Health and Safety Rules" and required the custodian unit to conduct regular equipment inspections.</li> </ol>
Disaster prevention and contingency measures	<ol style="list-style-type: none"> <li>1. Established "Emergency Contingency Plans", "Workplace Health and Safety Rules" and other precautions for disaster prevention and rescue, conducts practical drills on an annual basis, and clearly stipulates the Company's responsibility and tasks in response to major emergencies.</li> <li>2. Through coordination with the building management committee or the property rental agency, conducts fire prevention and emergency response training and drills on an annual basis, with certified fire authorities engaged to carry out the sessions.</li> </ol>

Item	Content
	3. To safeguard the safety and well-being of employees, one Class-1 Occupational Safety and Health Affair Manager and one Occupational Safety and Health Management Personnel have been appointed and duly registered with the Labor Inspection Office.
Physical and mental health	1. All employees are entitled to regular annual health checkups. 2. Education and training: Internal or external training programs are conducted as needed to strengthen various f and mental capabilities. 3. Channels for feedback: Dedicated senior managers' opinion mailbox and employee e-mail are provided to facilitate open communication and allow colleagues to express their opinion at any time. 4. An internal section is available for downloading company rules and regulations, enabling employees to stay informed about current policies. Adjustments are made as needed to reflect employee feedback while balancing labor and management rights. 5. Smoking is strictly prohibited in all workplaces. Regular cleaning and disinfection of the work environment are conducted. 6. Sexual Harassment Prevention: Guidelines and disciplinary measures for preventing sexual harassment are established and communicated to new recruits during onboarding.
Notification of Hazardous Factors for Contractors	For major projects, contractors are required to comply with the "Notification of Hazardous Factors for Contractor" issued by the building management committee or property rental agency. The Company ensures timely announcements and contractor compliance.
Insurance and medical consolation	1. In accordance with regulatory requirements, employees are enrolled in the Labor Insurance (including Labor Occupational Accident Insurance), National Health Insurance, Labor Pension, and Employer's Liability Insurance to safeguard their rights. 2. Additional protections are provided to each employee through regular life insurance, accident insurance, medical insurance for injuries, hospitalization insurance, cancer insurance, and occupational accident insurance, offering support in case of illness or unexpected incidents. 3. The Company's Employee Welfare Committee offers timely hospitalization condolences and related assistance in cases of employee weddings, funerals, or unforeseen emergencies.

- (4). List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None

#### 4.6 Cyber Security Management

- (1) Specifying the cyber security risk management structure, cyber security policy, specific management plans and resources invested in cyber security management:

**A. Cyber security risk management structure**

The responsible unit of the Company's cyber security is an information security department and the operating system department of the application development division, the information security department is responsible for coordinating information security policy, promoting information security messages, raising the cyber awareness of employees, collecting and improving organization information security management system performance and effectiveness of technology, products, and procedures, etc., The

operating system division is responsible to implementing information security policy, implementing information security management control mechanisms, and repairing weaknesses, etc. The audit office conducts information security checks on the internal control system-computerized information system cycle every year and evaluates the effectiveness of the internal control of the Company's information operations. The latest checkup is in October 2024; in addition to processing external information cycle regular auditing every year to ensure cyber security and effectiveness.

**B. Cyber security policy**

In order to implement cyber security management, the Company has established an internal control system - computerized information system cycle and network resource management and internal information protection operation points, cyber security incident crisis notification operation points, through the efforts of all colleagues together to achieve the following:

- Ensure the confidentiality and integrity of information assets.
- Ensure that each department regulates data access according to its functions.
- Ensure the continuous operation of the information system.
- Prevent unauthorized modification or use of information and systems.
- Ensure that system loopholes are blocked on time
- Regularly perform information security audit operations to ensure the implementation of information security.

**C. Specific management plans**

<b>Internet information security management and control</b>
<ul style="list-style-type: none"> <li>•Set up a firewall (Firewall) to control the entry and exit of internal/external information.</li> <li>•Regularly scan computer systems and data storage media for viruses</li> <li>•The use of various network services should be implemented in accordance with the information security policy</li> <li>•Review the system logs or traffic of various network service items regularly, and track abnormal situations</li> <li>•Focus on the newest computer virus's epidemic situation, loopholes, weaknesses, and other information regularly, warning early and blocking</li> </ul>
<b>Data accessing</b>
<ul style="list-style-type: none"> <li>•Computer equipment should be kept by a dedicated person and set up account and password control</li> <li>•According to different occupational functions to give different system/data accessing right.</li> <li>•Cancel the related authority for transferred/ resigned employees</li> <li>•Confidentiality, sensitive information, and copyright software should be removed or overwritten before the equipment is scrapped</li> <li>•The remote log into the management system should be released after approving</li> </ul>
<b>Contingency Recovery Mechanism</b>
<ul style="list-style-type: none"> <li>•Review the emergency contingency plan regularly</li> <li>•Regularly exercises system recovery every year</li> <li>•Establish a system backup mechanism and implement off-site backup</li> <li>•Regularly review computer network security control measure</li> </ul>
<b>Promotion and reviewing</b>
<ul style="list-style-type: none"> <li>•Promote the importance of information security at any time, to improve the employee's cyber awareness</li> <li>•Regularly implement the cyber security checking every year</li> </ul>

**D. The Company has invested NT\$1 million in funds related to information security in 2024 to enhance the basic protection structure to ensure that the Company's operations are**

within a safe range. Therefore, the risk of information security has not had a significant impact on the Company's financial business.

- E. The Company regularly releases data security announcement to disseminate data security risks and relevant data security regulations, in 2024, the Company has released over 2500 person/times dissemination and has held 1 data security education and training with over 95% attendance each. Regarding data system, the Company has held 2 operation continuation training to ensure that the system can restore service when encounter malfunctions.
  - F. Through acquiring ISO/IEC 27001 verification, the Company guarantees the integrity and effectiveness of its data security management structure and report the results of management review meetings to the Board of Directors. The Company also implements “Plan-Do-Check-Act” (PDCA) cycle to constantly improve the data security management structure.
  - G. The ISO/IEC 27001 certification issued is valid from December 18, 2023, to December 17, 2026, and was confirmed to remain valid following a subsequent audit passed on October 30, 2024.
- (2) List in the most recent year and as of the annual report publication date, the losses incurred due to major cyber security events, its possible impacts, and countermeasures. If unable to make reasonable estimation, explain the facts for not being able to make the estimation:
- The Company has no major information security incidents currently that have caused business damage.
  - Continue to implement information security management policy goals, and regularly implement recovery plan drills to protect the Company's important systems and data security.
  - If there is a major cyber security incident, it will be implemented in accordance with the key points of the cyber security incident crisis notification operation to implement emergency contingency handling related measures.

#### **4.7 Material Contracts**

As of the annual report publication date, the supply contract, technology cooperative contract, engineering contract, long-term loan contract, and other important contracts that are validly existing and are due to expire in the most recent year, might affect the shareholders' rights and interests :None.

## V. Review analysis of financial position and performance and risk matters

### 5.1 Financial Status

Consolidated Financial Reporting -adopting IFRS

Unit: NT\$ Thousand

Year Item	2024	2023	Differences	
			Amount	%
Current assets	969,285	926,042	(43,243)	(4%)
Investments accounted for using equity method	0	0	0	0%
Property, plant, and equipment	119,989	120,304	315	0%
Intangible assets	4,041	1,794	(2,247)	(56%)
Other assets	114,878	145,518	30,640	27%
Total assets	<b>1,208,193</b>	<b>1,193,658</b>	(14,535)	(1%)
Current liabilities	360,483	376,269	15,786	4%
Non-current liabilities	88,119	90,241	2,122	2%
Total liabilities	<b>448,602</b>	<b>466,510</b>	17,908	4%
Capital stock	684,891	684,891	0	0%
Capital surplus	1,151	1,151	0	0%
Retained earnings	74,736	37,124	(37,612)	(50%)
Other equity	(867)	4,246	5,113	(590%)
Non-controlling equity	(320)	(264)	56	(18%)
Total equity	<b>759,591</b>	<b>727,148</b>	(32,443)	(4%)
<p>(1) Analysis for the change ratio reaching more than 20%, and the change amount reaching NTD10 million:</p> <ol style="list-style-type: none"> <li>Other assets: The main reason is an increase of NT\$21,703 thousand in right-of-use assets, due to the renewal of an existing lease agreement upon its expiration. The renewed lease reflects a rent increase consistent with prevailing market rates.</li> <li>Retained earnings: The main reason is a decrease caused by higher-than-expected losses due to underperformance in fiscal year 2024.</li> </ol> <p>(2) Effects: No material effects</p> <p>(3) Future response plan Not applicable</p>				

## 5.2 Financial Performance

The main reasons for any material change in operating revenues, operating income, or income before tax during the past 2 fiscal years, provide a sales volume forecast and the basis therefor and describe the effect upon the Company's financial operations as well as the future response plan.

### Consolidated Financial Reporting --adopting IFRS

Unit: NT\$ Thousand

Item \ Year	2023	2024	Increase (decrease) amount	Change in Percentage (%)
Operating revenue –net	1,359,549	1,294,440	(65,109)	(5%)
Operating costs	861,071	790,580	(70,491)	(8%)
Gross profit	498,478	503,860	5,382	1%
Operating expenses	508,425	561,300	52,875	10%
Operating Income	(9,947)	(57,440)	(47,493)	477%
Non-operating income and expense	3,603	11,420	7,817	217%
Profit before tax	(6,344)	(46,020)	(39,676)	625%
Income tax expense	(1,500)	(6,973)	(5,473)	365%
Other comprehensive income	202	6,604	6,402	3169%
Total comprehensive income	(4,642)	(32,443)	(27,801)	599%
Total net profit attributable to stockholders of the parent	(4,366)	(39,103)	(34,737)	796%
Total comprehensive income attributable to stockholders of the parent	(4,164)	(32,499)	(28,335)	680%

1. Analysis for those whose ratio of increase or decrease exceeds 20% and the amount of change reaches NT\$10 million:

Operating income, Profit before tax, Total comprehensive income, Total net profit attributable to stockholders of the parent, and Total comprehensive income attributable to stockholders of the parent:

The loss for the current period was mainly due to a decline in operating revenue in 2024 and an increase in research and development expenses.

2. Expected sales quantity and its basis: In the industrial PC industry market, there is no impact of the material shortage, and the demand of enterprises is still strong, and has not been affected by the economic recession. Looking forward to 2023, we will continue to promote the Company's transformation and change, enhance user value as a starting point, launch Android platform product solutions that meet the needs of the market and users, and conduct research and development for 5G, WiFi 6E and sensing technology, and apply them to various industries to meet the needs of new related application fields. At the same time, cooperate with important key partners in the market and strengthen the construction of business teams; in the part of factory operations, effectively control the inventory level and improve product quality, laying the foundation for the Company's sustainable growth and bringing profits to shareholders.

3. The possible impact on the Company's future financial business :No material impacts.

4. Future response plan: Not applicable.

## 5.3 Cash Flow

Unit: NT\$ Thousand

Beginning cash balance	Net cash flow from operating activities throughout the year	Net cash flow from investment and financing activities throughout the year	Amount of exchange rate change	Cash surplus (deficit) amount	Remedies for cash deficits	
					Investment plan	Financing plan
182,770	(54,826)	(2,575)	4,321	129,690	-	-

### (1) Cash Flow Analysis for the Current Year

- Operating activities: The net cash outflow from operating activities in the current year amounted to NT\$54,826 thousand, mainly due to an increase in inventory and a decrease in accounts receivable, etc.
- Investing activities: The net cash outflow from investing activities amounted to NT\$18,446 thousand, mainly due to the increase in purchase of fixed assets and intangible assets.
- Financing activities: The net cash inflow from financing activities amounted to NT\$15,871 thousand, mainly due to the increase in repayments of both long-term and short-term borrowings.

## (2) Cash Flow Analysis for the Next Year

Unit: NT\$ Thousand

Beginning cash balance	Net cash flow from operating activities in the next year	Net cash flow from investment and financing activities in the next year	Cash surplus (deficiency) amount	Remedies for cash deficits	
				Investment plan	Financing plan
129,690	58,647	(398)	187,939	-	(Note )

Note: In order to maintain the Company's consistent safe cash position in the past, it is expected that the credit line of financial institutions may be properly used to meet relevant needs.

#### 5.4. Impact of Major Capital Expenditure in the Most Recent Year on the Financial and Business:

None.

#### 5.5 The policy, main reason for profit or loss, and improvement plan of reinvestment in the most recent fiscal year and investment plan for the coming one year

##### (1)The reinvestment policy in the most recent fiscal year:

The Company's investment policy is mainly based on the reinvestment plan on the needs of the deep cultivation of the market. First evaluate the project according to the organization type, investment purpose, location, market conditions, business development, possible joint venture partners, shareholding ratio, reference price, and financial status, and make the evaluation as the investment project recommendation, provide the management decision-making unit as the decision-making basis. Also, follow the "Subsidiary Supervision and Management Measures" of the Company's internal control system to process the supervision management for reinvestment, and formulate the relevant regulation for its information disclosure, finance, business, and inventory management. The Company also performs audit operations regularly to establish relevant operational risk management mechanism that enables the Company's reinvestment business to maximize its benefits.

##### (2)The main reasons for profit or loss of the reinvestment and its improvement plan:

Unit :NT\$ Thousand

Reinvested business	Recognized (loss) gain for 2024	Main reason for the profit or loss	Improvement plan	Other reinvestment plan in the future
CIPHERLAB USA, INC.	(30,447)	Over the past two years, elevated inflation in the United States and increased employee turnover have made it challenging to recruit personnel.	Adjusting the local sales strategy of the U.S.-based affiliate and building a sales team to improve service capabilities	Depends on its operating status
CIPHERLAB LIMITED (SAMOA)	(9,007)	The Chinese market has been in a prolonged economic downturn since the COVID-19 pandemic. Furthermore, the AIDC industry in China continues to be characterized by intense low-price competition.	Minimizing local operating expenses and adjusting the local business strategy to prioritize product promotion and customer service	Depends on its operating status
CipherLab Electron Trade (Shanghai) Limited Company	(8,979)			
mPlus Technology Co., Ltd	1,090	Prioritize securing orders through the provision of high-quality, high-performance customized products.	Continuously adjust product direction Increase self-operating capacity Improve operational efficiency	Depends on its operating status

##### (3)Investment plan for the coming year:

The Company will from the perspective of a long-term strategy carefully evaluate investment plans in order to meet future market demand and strengthen competition.

## **5.6 The following risk matters for the most recent year and as of the annual report publication date**

- (1) Impact of interest rate and exchange rate fluctuations, and inflation on the Company's profits and losses, and future response measures.
  1. Exchange rate changes: The ratio of net exchange (loss) gain to net operating income and pre-tax net (loss) interest this year is mainly affected by fluctuations in the exchange rate of the Taiwan dollar, the Company will work hard to assess whether it is appropriate to operate far-exchange hedging or increase the proportion of US dollar debt to mitigate the impact.
  2. Interest rate: The Company's interest expense in 2024 was NT\$2,786 thousand, accounting for 0.22% of the net operating income. The ratio of interest expense is not high, therefore, the impact of interest rate changes on the Company's profit and loss is minimal. In the future, the Company will continue to carefully evaluate bank borrowing rates and maintain a good relationship with banks in order to obtain more favorable interest rates and reduce interest expenses. Under IFRS 16 Leases, interest on lease liabilities amounting to NT\$1,807 thousand has not been included in interest expenses.
  3. Inflation: The Company maintains close and positive relationships with both upstream and downstream customers, consistently monitoring market price fluctuations and promptly reflecting such changes in costs and pricing, thereby mitigating the impact of inflationary changes on the Company's profit and loss. In the most recent fiscal year and up to the date of this prospectus, significant changes in the global financial markets and price levels have occurred due to reciprocal tariffs imposed by U.S. President Trump. The Company will continue to closely monitor major developments and reflect them in costs and pricing in a timely manner.
  4. The Company's business is mainly export-oriented for the impact of future exchange rate changes, the Company will strive to maintain close communication with various financial institutions and improve the control system, in order to facilitate the exchange rate trend immediately and the information of interest rate changes and also plan the contingency measure to reduce the risk of loss from relevant factors.
- (2) Policies, the main reason(s) for profits or losses, and future countermeasures for engaging in high-risk and high-leverage investments, lending, offering guarantees and endorsements, and derivatives investments
  1. The Company has been focusing on the operation and development of its own business for a long time, and did not engage in high-risk, high-leverage investment and endorsement guarantee transactions; engaging in derivative commodity transactions, it only undertakes pre-sale forward exchange transactions to lock in the exchange rate, which will evaluate carefully in accordance with relevant management regulations and laws and regulations. The Company and its subsidiaries have been focusing on their core business operations and have not ventured into other high-risk industries. The Company's financial management policies are based on prudence and conservatism, and it does not engage in high-risk or highly leveraged investments. All investments are made only after careful evaluation. Loans to others are made exclusively to the Company's invested companies and are handled in accordance with the Company's "Procedures for Lending Funds to Other Parties" and "Operating Procedures of Endorsements / Guarantees." In addition, all derivative transactions are conducted in accordance with the Company's "Procedures for Financial Derivatives Transactions," with clearly defined purposes, such as for trading or hedging, with an emphasis on risk avoidance.
  2. The Company did not engage in any endorsements or guarantees, lending of funds to others, or derivative transactions in the year 2024.
- (3) Future research and development plans and the projected expense.

The Company has a long-term training technical team leading the research and development of software and hardware. In 2025, it will still follow the market and customer needs, and the R&D expenses are



estimated to invest NT\$256,616 thousand, accelerating the launch of new products will be the main direction and continuing to invest high R&D expenses to develop higher-level products, and strive to enhance the influence of the global automatic identification product market. capacity and room for development.

(4) Impact of major policies and legal changes at home or abroad on the Company's finance and operations, and countermeasures

With respect to significant domestic and international policy and legal changes, the Company consults promptly with its CPAs, the TPEx, and legal counsel as necessary. As of the most recent fiscal year and up to the publication date of this annual report, no events have occurred that have had a material impact on the Company's financial or business operations.

(5) Impact on the Company's finance and business due to changes in technology (including cyber security risks) and the industry, and countermeasures.

The Company has been marketing its own brand CipherLab internationally to compete with world-class manufacturers, so the R&D of new products has been constantly innovating following changes in the market, Google has been actively operating in the enterprise market in recent years and began to set up AER (Android Enterprise Recommendation Project) and EMM (Enterprise Mobility Management) are two major corporate user standards from 2018. After the establishment of these two standards, CipherLab follows the certification, all online products have obtained Google's software and hardware standard certification.

In addition, CipherLab has also invested in the development of MDM (Mobile Device Management) since 2017, in order to integrate services, CipherLab has cloud-based MDM and merged it into its ReMoCloud cloud management software, and in April 2019, ReMoCloud passed the Google EMM and become the first company in Asia Pacific region to obtain EMM certification, so MDM also meets its specifications, the previous designs MDM will also be compatible with the Android system.

CipherLab also signed a Zero-touch Enrollment (zero-touch registration mechanism) with Google. The main purpose of this mechanism is to assist enterprises in quickly installing and deploying Android mobile devices. Therefore, the most applier is telecom operators. Currently, the Taiwan member-only Chunghwa Telecom, Far EasTone, and CipherLab, Zero-touch Enrollment allow dealers to add their own settings in the Android system. Telecom operators can add value to their services and enhance market competitiveness. CipherLab can use its own ReMoCloud to provide more functions for enterprise customers.

Coming with the start of smart trends, the application of automatic identification and process management in various industries will gradually increase. Android is currently the mainstream operating system for enterprise handheld systems. However, Android must be closely linked with the Google system, which is not available in the China market, so resulting in the local manufacturers have difficulty in the development situation, under this situation, Taiwan manufacturers in an open environment have advantages, especially since Google has continued to strengthen support for enterprise users in recent years, the positive attitude makes the future development of Android more impressive, CipherLab will follow Android's footsteps combining past technology and experience and accord learning, continuously deepening the advantages of vertical application fields.

Looking into the future, supporting enterprise users in transforming their digital operations will be the key to winning the market. CipherLab has the experience and advantages of collecting data, and the next step is to develop the application of artificial intelligence (AI) (such as image and voice recognition), to store diverse data and supplement it with APPs used by enterprises, and to complete the digital operation of enterprises. The next step is to connect the user-centric ecosystem, build a user-oriented operation network, implement the operation solutions that small and medium-sized enterprises can quickly introduce, and enhance CipherLab focus on customer value which competitive advantage.

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

The Company has always taken honesty and provided professional services that satisfy customers as its business philosophy and pays attention to corporate image and risk management.

Committed to the display of "service power", with honesty to customers and the public as the greatest operational response principle, to enhance the relationship and connection with customers, and stabilize the corporate image. As of the publication date of this annual report, no situation necessitating crisis management due to changes in the Company's corporate image has occurred.

(7) Expected benefits and potential risks of mergers and acquisitions, and countermeasures

The Company will commit to doing pre-evaluation, through professional evaluation agencies and relevant experts, and task the review team of the project to carefully evaluate the relevant expected operating benefits and possible risks to employees, intellectual property rights, and important customer operations, and submit the evaluation to the Board of Directors and relevant regulatory announcements handle it.

In the most recent year and as of the date of publication of the annual report, the Company has no plans to acquire other companies. However, if there is a plan for mergers and acquisitions in the future, it will uphold an attitude with careful evaluation and fully consider the synergy of mergers and acquisitions to truly protect the interests of the Company and shareholder equity.

(8) Expected benefits and potential risks of factory expansion and countermeasures

The Company will strictly assess the demand and necessity of expanding the factory, the possibility of improving quality, and the affordability of long-term operating costs. The Company will entrust a dedicated project review group to assess relevant management risks cautiously and submit the assessment report to the board of directors. The Company will also release timely announcements in compliance with laws and regulations.

(9) Risks associated with any centralized sales or procurement and the countermeasure

Regarding purchasing main raw materials, the Company usually maintains at least two suppliers for the same type of raw materials in addition to cooperating with major suppliers to ensure the stability of the source of supply and unit prices and to effectively neutralize the risks of purchase concentration. Moreover, since most of the required raw materials are standard electronic components commonly found in the market, there are many suppliers and sufficient supply. The Company has established long and good cooperative relationships with our major suppliers to minimize supply shortages, interruptions, or delays and guarantee that production operations won't be affected.

(10) Influence and risks of the massive transaction or conversion of shares by directors, or dominant shareholders holding over 10% of the stake of the Company and countermeasures

The Company has no circumstances of massive transaction or conversion of shares by the directors, supervisors, or dominant shareholders holding over 10% of the stake of the Company, there is no obvious impact on the shareholding structure of the Company. The Company will continue to strengthen the relationship with the directors' operational structure and functions and important investors to stabilize internal operational risks caused by changes in management or important investors.

(11) Impacts from the change of ownership on the Company and its risk and countermeasures

The Company's directors and managers have a close relationship related to the Company's future operations and business expansion. If there is an improper change of the management right, it may have an adverse impact on the Company. Therefore, all directors and professional managers of the Company are committed to their own business operations in order to maximize the interests of all shareholders. If there is a change in the manager, the Company will strive to identify with the Company's culture, ability, and quality should meet the requirements and implement the Company's consistent policy.

(12) Major litigious events, non-litigious events, or administrative remedies with confirmed verdicts in recent years and by the date of report publication or in progress by the date of report publication of Directors, General Manager, actual principals, and shareholders holding over 10% of the stake of the Company, subsidiaries, or affiliates, with results that may cause significant impact to the rights and interests of

shareholders or the stock price, then their fact in dispute, contract value, trial start date, parties concerned, and the status as of the date of the annual report publication must be stated: There is no such things.

(13) Other material risks and countermeasures: None.

**5.7 Other important matters : None**

## **VI. Special Disclosure**

### **6.1 Related information for affiliated enterprises**

Please visit the Market Observation Post System

([https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10)), click on 'Individual Company,' then navigate to 'Electronic Document Download' and select the 'Section for the Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises' to proceed with the inquiry

### **6.2 Handling Status of Privately Placed Securities in the Most Recent Year and Up to the Publication date of the Annual Report: None.**

### **6.3 Other necessary supplementary notes: None**

### **6.4 Significant issues in the Most Recent Year and up to the Publication Date of the Annual Report which might Affect Shareholders' Equity or Price of Shares Pursuant to Item 2, Paragraph 3, Article 36 of the Securities Exchange Law: None**