

Stock Code: 6160



CIPHERLAB CO., LTD.

2025 Annual Report

Notice to readers

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

Printed on May 13, 2026

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III. Stock Transfer Agent

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IV. Independent Auditors

Deloitte & Touche

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CipherLab Co., Ltd.

2025

I. Letter to Shareholders

Dear Shareholders:

Over the past year, the global economy has been affected by multiple factors, including geopolitical shifts, inflationary pressures, and supply chain restructuring, leading to a cautious market sentiment. However, driven by the wave of industrial digital transformation and intelligence, the rapid development of Artificial Intelligence (AI), the Internet of Things (IoT), and cloud technology continues to drive corporate demand for real-time data and operational automation, maintaining long-term stable growth momentum for the Automatic Identification and Data Capture (AIDC) industry.

In response to changes in the industrial environment, CipherLab has continued to cultivate its core technologies, actively investing in fields such as mobile data collection devices, RFID applications, image recognition, and cloud management platforms. Furthermore, the company has expanded market applications through global channels and strategic partnerships to enhance product competitiveness and the value of integrated solutions. Looking ahead, the company will continue to seize development opportunities in applications such as smart logistics, smart retail, and smart manufacturing, deepen its global market presence, and enhance corporate competitiveness and operating performance on a foundation of stable operations and continuous innovation.

I. 2025 business report

1. Business Operational Performance

The consolidated net operating revenue for 2025 was NT\$1,191,580 thousand, representing a decrease of 8% compared to 2024. The net loss attributable to the Company was NT\$81,673 thousand, representing an increase in loss of NT\$42,570 thousand compared to 2024, resulting in a net loss per share of NT\$1.19 after tax.

2. Budget Execution

As the financial forecast in 2025 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	2025	2024	Difference (%)
Revenue & Expenditure	Operating Revenue	1,191,580	1,294,440	-8%
	Operating profit margin	465,962	503,860	-8%
	Profit After Tax	-80,454	-39,047	106%
Profitability Analysis (%)	Debt Ratio: (Total Liabilities / Total Assets)	39.80	39.08	2%
	Long Term Funds to Fixed Assets :(Long Term Funds / Fixed Assets)	664.83	679.44	-2%
	Current Ratio :(Current Assets / Current Liabilities)	238.23	246.11	-3%
	Quick Ratio :(Liquid Assets / Current Liabilities)	99.81	91.13	10%
	Return on Equity :(Profit After Tax / Average Shareholder's Equity)	-11.72	-5.25	123%
	Profit Margin :(Profit After Tax / Net Sales)	-6.75	-3.02	124%
	Earnings Per Share: (Profit After Tax – Preference Dividend)/ Weighted Average Shares Outstanding	-1.19	-0.57	109%

4. Research and Development Status

IDemand in the AIDC industry for manufacturing, e-commerce, retail, warehousing, and logistics continued to increase in 2025. CipherLab has consistently invested resources in the research and development of various AIDC mobile devices, sensor modules, device management systems, and

software applications. Enterprises can choose appropriate methods to simplify operational processes and effectively manage assets based on their specific needs. Currently, the entire range of Android products complies with Google GMS and AER certifications, providing enterprise users with automated data capture products that meet information security standards. Furthermore, the Company has begun investing in security-related certifications to provide an additional layer of protection for enterprise users.

2025 R&D Achievements: Deepening Vertical Markets and Cybersecurity Compliance Status:

1. High-end Medical Digital Imaging Technology (In response to the Hospital at Home trend):
In response to the global "Hospital at Home (HaH)" digitalization trend in long-term care, the Company has successfully developed mobile terminals with multi-modal image capture capabilities. This technology integrates color, thermal, and 3D image sensing modules, and through self-developed analytical algorithms, it can precisely record and track changes in chronic wounds. Through accurate image analysis technology, it assists healthcare professionals in remote wound tracking and clinical decision-making, effectively addressing the pain point of consistency in home care interpretations. This product strategy serves as a steady deployment for the Company to enter medical digitalization applications, focusing on improving the efficiency of care processes, reducing the frequency of patient visits to hospitals, and assisting medical institutions in gradually developing scalable home care service models without increasing clinical burdens.
2. High-Performance Universal Scanning Technology: Addressing the high-frequency usage requirements of retail, healthcare, hospitality services, and production line operations, the Company has completed a new generation of low-cost scanner product lines. The product design emphasizes the balance between stability, operational comfort, and cost-effectiveness to meet the practical considerations of high-deployment customers regarding equipment reliability and procurement costs.
3. 3.AI Assistance: Building upon automatic license plate recognition, CipherLab has also addressed the needs of retail customers. The scan engine integrated into the new generation of AER products can perform date object recognition on consumer products, quickly identifying whether items have expired. This emphasizes real-time efficiency and convenience while reducing errors caused by human visual inspection or delays resulting from backend data processing.

5. Business Expansion Status

In 2025, amidst industrial trends of global supply chain adjustments, accelerated corporate digital transformation, and the deepening of intelligent applications, the Company continued to uphold "Agility, Experience, Trust, and Innovation" as its core values. We promoted the optimization of product structures and the upgrading of operating models, gradually transitioning from a hardware equipment supplier toward an integrated intelligent solution provider. Business expansion this year has evolved from the launch of individual products into a comprehensive strategic layout of "Edge Intelligence + Cloud Platform + Vertical Applications."

1. Building Edge Intelligence Capabilities to Enhance Real-Time Field Decision-Making Efficiency

The Company continues to strengthen its Edge Computing capabilities by integrating the Pic 'n Fill OCR engine into on-device applications. This enhances real-time image recognition

and data capture, enabling retail, logistics, and warehousing sectors to complete data processing and verification on-site. This reduces reliance on backend systems while improving operational flexibility and efficiency..

2. Deepening Cloud Platform Layout to Strengthen Long-term Customer Stickiness

Deepening Cloud Platform Layout to Strengthen Long-term Customer Stickiness. The Company continues to optimize its cloud-based device management platform, ReMoCloud... Through the deepening of cloud platform services, the Company is gradually establishing long-term service relationships and a foundation for recurring revenue, enhancing the stability of its operational structure and strengthening trust-based connections with customers.

3. Optimizing Product Structure and Expanding Market Coverage

To respond to diverse market demands, the Company launched the RS10 general-purpose handheld mobile computer this year. Positioned with a high price-performance ratio, it aims to expand penetration in the mid-range market and strengthen deployment in retail stores, light logistics, and small-to-medium enterprise sectors. Concurrently, several new handheld barcode scanners were introduced, featuring enhanced high-speed identification and multi-barcode reading capabilities, while improving industrial durability and communication flexibility to meet various application needs across retail, manufacturing, and logistics fields. The horizontal expansion and modular design of the product lines enable the Company to respond more flexibly to different market levels and project requirements, thereby enhancing overall competitiveness.

4. Transitioning from Product Sales Toward Solution-Oriented Models

The Company continues to deepen its operations in vertical markets, combining Edge intelligence applications with cloud management platform capabilities to promote project-based solution sales in collaboration with system integrators and software partners. By enhancing software-hardware integration capabilities, the Company's sales model has gradually transitioned from individual equipment sales to the implementation of integrated solutions, strengthening the foundation for long-term customer cooperation and the depth of project value.

5. Strengthening Global Channel Health and Operational Resilience

The Company's primary operating revenue is derived from the manufacture and sale of industrial mobile computers, data terminals, and scanning peripherals, as well as paid technical support and services. These are categorized by application fields into warehouse management, manufacturing, retail, and transportation and logistics. As the Board of Directors has not resolved to disclose financial forecasts, no statistical data for expected sales volume is available.

II. Strategy for 2026 Business Development:

i. New Products and R&D Plans: High-Performance and Intelligent Strategic Layout:

Looking ahead to 2026, the Company's research and development direction will focus on "Extreme Environment Applications" and "Modular Flexible Architecture" to meet the needs of enterprises for resilient operations:

1. Rugged Industrial Communication and Automation Support: In response to warehousing and logistics centers, heavy industrial manufacturing, and cold storage operating environments, the Company is developing rugged mobile computers equipped with the latest

high-end processing platforms and 5G/Wi-Fi high-speed communication technologies. By combining image stabilization technology with self-developed auxiliary software (such as Pic ‘n Fill), the Company assists field personnel in processes such as receiving, inventory counting, and data verification to enhance data capture efficiency and reduce manual input errors. The overall design emphasizes increasing per-unit labor output and equipment lifespan. Through a stable and scalable product deployment strategy, the Company supports the long-term usage requirements of enterprise customers and facilitates the establishment of a sustainable shipment and revenue structure.

2. Core product line designed specifically for front-line retail operations: R&D of a core product line tailored for front-line store operations. In terms of product functionality, the Company does not pursue conceptual trends but instead focuses on the pain points in the actual operational processes of retail operators. Our self-developed Pic ‘n Fill is designed in conjunction with the high-frequency operational characteristics of the retail industry. When paired with NFC induction functions, it supports the rapid induction needs of stores during member identification, identity verification, and transaction processes, reducing additional devices and manual operational steps.

This solution can also be applied to operational scenarios such as goods receiving, price verification, and expiration date checks, assisting store personnel in quickly capturing and populating key information while reducing manual input errors and time costs. Overall, it is positioned as an efficiency tool for retail field operations rather than adding extra systemic burdens. The goal is to assist retail operators in steadily enhancing operational accuracy and efficiency within their existing operational frameworks.

3. AIDC (Automatic Identification and Data Capture) Technology: The integrated solutions for the retail market cover key segments such as POS systems, self-checkout, smart inventory management, and customer identification, effectively enhancing retail operational efficiency. For example, RFID technology can be utilized for inventory management and product tracking. AI visual recognition combined with CipherLab Pic ‘n Fill™ OCR technology supports smart inventory counting and price tag recognition, while self-checkout and anti-theft monitoring further optimize customer experience and reduce losses. The integrated application of these technologies drives the realization of AI-powered smart stores, strengthening the competitiveness and service quality of the retail industry.

ii. Important Production and Marketing Policies, Expected Sales Volume, and Basis for Formulation:

1. Market Sales Development Plan:

A. A.Strengthening Strategic Layout in Key Global Markets and Deepening Collaboration with Strategic Partners

The Company will focus on key markets such as North America, Europe, and Asia-Pacific, deepening strategic partnerships with core regional distributors, system integrators (SI), and independent software vendors (ISV). Through resource integration and market co-creation, the Company aims to expand the scale of project-based sales. In terms of strategic execution, we will promote regional joint development and joint marketing mechanisms, share market intelligence and vertical application cases, and strengthen regional technical training and pre-sales support capabilities to enhance project success rates.

At the same time, the Company will effectively utilize operating costs through more precise market resource allocation and cost control mechanisms to enhance synergy with partners. This will expand sales results while maintaining a controlled expense structure, strengthening overall operating leverage.

B. B.Strengthening Edge Differentiation Sales through Pic ‘n Fill

As enterprises' demands for real-time data processing and automation rise, the Company will continue to promote the expanded application of Pic ‘n Fill OCR technology across

retail, logistics, and warehousing sectors. Our sales strategy will transition from individual equipment sales toward the implementation of solutions integrated with Edge intelligence. This enables devices to serve as real-time data processing nodes, enhancing customer operational efficiency and data accuracy while strengthening the added value of our projects.

By establishing Pic 'n Fill as a core differentiating technology, the Company will further increase the proportion of project-based sales and expand its penetration in high-value-added application markets.

C. C.Deepening ReMoCloud Platform Applications and Establishing Long-term Service Relationships

The Company will continue to optimize the functions of the ReMoCloud cloud-based device management platform and strengthen the integrated sales model combining software with hardware equipment.

In terms of market development strategies, the Company plans cloud management solutions starting from the initial project implementation stage to increase platform penetration. By strengthening the sales concept of Lifecycle Management, we aim to enhance the upgrade and renewal rates among existing customers. Through the deepening of platform-based services, the Company will gradually increase the proportion of recurring revenue, solidify the foundation for long-term collaboration with customers, and improve the stability of the overall gross margin structure.

D. D.Optimizing Product Structure and Market Tiering Strategy

The Company will adopt a tiered sales strategy based on market level differences:

High-end application market: Focus on integrated solutions (Equipment + Pic 'n Fill + ReMoCloud).

Mid-range market: Promote general-purpose handheld mobile computers and scanning devices to increase market penetration.

Mature markets: Strengthen after-sales services and platform upgrades to increase customer stickiness.

Through the optimization of product structures and market tiering strategies, the Company will improve resource allocation efficiency and market return rates.

E. Strengthening Digital Marketing and Demand Generation Capabilities

To improve market development efficiency, the Company will continue to optimize digital marketing strategies by enhancing online technical content, application case studies, and the promotion of industry solutions to increase lead generation efficiency and sales conversion rates. Furthermore, the Company will utilize data analytics to optimize marketing ROI, ensuring that operating costs are invested with greater precision and yield higher productivity.

F. 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.

2 . Factory Operations 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

In recent years, the global industrial environment has undergone rapid changes. Driven by trends in technological innovation and digital transformation, enterprise demand for applications such as smart logistics, smart retail, and smart manufacturing has gradually increased, ensuring that the Automatic Identification and Data Capture (AIDC) industry retains significant long-term growth potential. However, while market demand continues to grow, global competition is also intensifying. International brands and emerging tech companies are continuously investing in R&D and product innovation. Consequently, industry competition has evolved from individual hardware devices to a contest of integrated solutions, system integration capabilities, and service value.

Regarding the macroeconomy, the global economy continues to be impacted by factors such as geopolitical conflicts, inflationary pressures, and supply chain restructuring. Fluctuations in monetary policies and interest rates across various countries may also affect corporate investment and market demand, causing periodic volatility in industry cycles. Furthermore, as governments worldwide have gradually heightened regulatory requirements for information security, data protection, product safety, and environmental sustainability, enterprises must continuously strengthen their regulatory compliance and risk management capabilities in product design, supply chain management, and operational models.

In response to the aforementioned changes in the external environment, the Company will continue to strengthen product technology, optimize product portfolios, and deepen global market presence to enhance overall competitiveness. Meanwhile, through the reinforcement of supply chain management, cost control, and risk management mechanisms, we aim to address market fluctuations and industrial competitive challenges. Furthermore, the Company will continue to implement corporate governance and sustainable development principles, improving operational efficiency on a foundation of steady management to ensure long-term stable corporate development and create sustained value for shareholders.

We would like to express our heartfelt gratitude to all shareholders for your long-term support and patronage of CipherLab. We look forward to your continued encouragement and guidance in the coming year. We wish you every success and prosperity. Thank you.

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) Directors Information Professional qualifications and experience

April 18, 2026 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 as spouse or kin within the second degree			Remark
							Share	%	Share	%	Share	%	Share	%			Title	Name	Relationship	
Chairman	Taiwan	Cipher Management Inc.		2025.06.24	3 years	1998.09.17	6,706,934	9.79	6,706,934	9.79	0	0.00	0	0.00	-	-	-	-	-	-
	Taiwan	Representative: Steven Liu	Male / Age 61-70	2025.06.24	3 years	2002.03.01	0	0	0	0.00	10,000	0.01	0	0.00	B.S. in Nuclear Engineering, National Tsing Hua University M.S. in Mechanical Engineering, University of Washington Entrepreneurship Management Program, National Chengchi University Market Engineer, Whole Plant Export Task Force, Ministry of Economic Affairs Chairman and General Manager, CIPHERLAB CO., LTD.	Chairman (Representative of Juridical Person), General Manager, Member of the Corporate Governance and Nomination Committee, and Member of the Sustainability Committee, CIPHERLAB CO., LTD. Founder, CIPHER MANAGEMENT INC. Director, CIPHERLAB USA, Inc. Director, Audi North (Taiwan) Co., Ltd. Chairman, Point Mobile Co., Ltd.	None	None	None	None 1
Director	Taiwan	Tan, Chen-Huan	Male / Age 61-70	2025.06.24	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 Electronic Trade (Shanghai) Limited Director of mPlus Technology Co., Ltd	None	None	None	None
Director	Taiwan	Lin, Yung-Fa	Male / Age 71-80	2025.06.24	3 years	2004.06.15	6,613,376	7.03	4,813,376	7.03	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 / Age 61-70	2025.06.24	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. Director of MACHVISION Inc. Director of AAEON Technology (SuZhou) Inc. (Legal Representative) Director of CIPHERLAB CO., LTD. Director of J-METH TECHNOLOGY CO., LTD. Independent Director of Apex-i International Co., Ltd.	None	None	None	None
Director	Taiwan	Hu, Chiu-Chiang (Note 2)	Male / Age 71-80	2025.06.24	3 years	2010.05.15	0	0	0	0	0	0	0	0	Ph.D. in Institute of Technology Management, National Chiao Tung University Master of Business Administration in Department of Business Administration, Da-Yeh University Executive MBA (EMBA) Program, Graduate Institute of Business Administration, National Chengchi University Bachelor of Science in Department of Telecommunication Engineering, National Chiao Tung University	Chairman and Chief Strategy Officer, Member of the Nomination Committee and Sustainability Committee, Weikeng Industrial Co., Ltd. Chairman, Weikeng Investment Co., Ltd. Chairman, Weikeng International Co., Ltd. Chairman, Weikeng Technology Pte Ltd Chairman, Weikeng Communications Co., Ltd. Independent Director, Member of the Audit Committee and Remuneration Committee, Promate Electronic Co., Ltd. Director, CIPHERLAB CO., LTD. Director, Promate Electronic Co., Ltd. (Representative of Promate Electronic Co., Ltd.) Director, Amazing Microelectronic Corp. Supervisor, EVGA Corporation Director, Poly Asset Management Co., Ltd. Director, Han Li Technology Co., Ltd. (Representative of Poly Asset Management Co., Ltd.) Director, Han Huan Material Co., Ltd. (Representative of Han Li Technology Co., Ltd.) Director, Han Jin Technology Co., Ltd. (Representative of Han Li Technology Co., Ltd.) Director, JMC Electronics Co., Ltd.	None	None	None	None

Title	Nationality	Name	Gender/Ag e	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	Relatio nship	
Independent Director	Taiwan	Yu, Ming-Chang	Male / Age 61-70	2025.06.24	3 years	2001.09.17	540,000	0.79	540,000	0.79	0	0.00	0	0.00	M.S. in Electrical Engineering, National Tsing Hua University Director, Sunplus Technology Co., Ltd. Director, MACHVISION Inc. Director, ASPEED Technology Inc. (Legal Representative)	Independent Director, Member of the Audit and Risk Committee, Remuneration Committee, Corporate Governance and Nomination Committee, and Sustainability Committee, CIPHERLAB CO., LTD. Director of MACHVISION Inc. Director and Member of the Nomination Committee, ASPEED Technology Inc. (Legal Representative)	None	None	None	None
Independent Director	Taiwan	Chen, Wen-Yu	Female / Age 51-60	2025.06.24	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, Member of the Audit and Risk Management Committee, Remuneration Committee, Corporate Governance and Nomination Committee, and Sustainability Committee, CIPHERLAB CO., LTD.	None	None	None	None
Independent Director	Taiwan	Tsai, Yu-Ping	Male / Age 61-70	2025.06.24	3 years	2022.06.21	0	0.00	0	0.00	0	0.00	0	0.00	Ph.D. in Law, Santa Clara University, California 15th Executive Development Program, Graduate Institute of Business Administration, National Chengchi University Chairman, Meitong Limited Chief Strategy Officer, Uni-President Allianz Insurance Group President, President General Insurance Co., Ltd. President, President Investment Trust Co., Ltd. Attending Attorney, Baker & McKenzie Associate Professor, Department of Law, National Chung Hsing University (now National Taipei University) Independent Director and Chairman of the Audit and Remuneration Committee, Weikeng Industrial Co., Ltd.	Chairman, Poly Asset Management Co., Ltd. Vice Chairman, Business Development Institute of the Republic of China Director and General Manager, Han Li Technology Co., Ltd. Director, MiCareo Taiwan Co., Ltd. Independent Director, Member of the Audit Committee and Remuneration Committee, Integrated Service Technology Inc. Independent Director, Member of the Audit and Risk Management Committee, Remuneration Committee, Corporate Governance and Nomination Committee, and Sustainability Committee, CIPHERLAB CO., LTD.	None	None	None	None
Independent Director	Taiwan	Tseng, Shu-Ling	Female / Age 61-70	2025.06.24	3 years	2025.06.24	0	0.00	0	0.00	0	0.00	0	0.00	Department of Computer and Information Science (Class of 1988), National Chiao Tung University Senior Director, Information Technology Division, Richtek Technology Corp. Senior Director, Manufacturing Division, Cytect Co., Ltd. Assistant Vice President, Data Center Service Project Management Department, Trend Micro Vice President of Software Development, Sunplus Technology Co., Ltd. Director, Information Technology Department, Mobitrend Technology Inc. Director, Information Technology Department, Unipoint Technology Inc. Project Manager, Consilium Taiwan Inc.	Senior Project Manager, Components Business Group, Cytect Co., Ltd. Independent Director, Member of the Audit and Risk Management Committee, Remuneration Committee, Corporate Governance and Nomination Committee, and Sustainability Committee, 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.

Note2: Director Yang, Kuo-Liang retired following the full re-election of the Board of Directors at the Annual General Shareholders' Meeting on June 24, 2025. In the current term, former Independent Director Hu, Chiu-Chiang has transitioned to the role of Director, and Ms. Tseng, Shu-Ling has been newly appointed as Independent Director.

Major Shareholders of Institutional Shareholders

April 18, 2026

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

Directors Information

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

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
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	None	1
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
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, Work experience: Vice President of Underwriting Business Department and Head of International Business Department at Hua Nan Financial Holdings Co., Ltd. – Hua Nan Securities Co., Ltd.	(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 Meitung Limited	(Note 2)	1
Tseng, Shu-Ling	Over five years of work experience required for business or corporate operations. Work Experience: Senior Director of Information Technology Division at Richtek Technology Corp.; Senior Director of Manufacturing Division at Cyntec Co., Ltd.	(Note 2)	None

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: Director Yang, Kuo-Liang retired following the full re-election of the Board of Directors at the Annual General Shareholders' Meeting on June 24, 2025. In the current term, former Independent Director Hu, Chiu-Chiang has transitioned to the role of Director, and Ms. Tseng, Shu-Ling has been newly appointed as Independent Director.

2. Board Diversity and Director Independence:

(1) Board Diversity

The Company stipulates in its “Corporate Governance Best Practice Principles” that the composition of the Board of Directors should take diversity into consideration. The Company shall establish appropriate diversity policies based on its operations, business model, and development needs, which should include but not be limited to the following two major criteria:

- 1) Basic conditions and values: gender, age, nationality, and culture.
- 2) Professional knowledge and skills: professional background (such as law, accounting, finance, marketing, or technology), professional skills, and industry experience.

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) Managerial and administrative ability.
- 4) Crisis management ability.
- 5) Knowledge of the industry.
- 6) An international market perspective.
- 7) Leadership ability.
- 8) Decision-making ability.

Specific Objectives for Board Diversity:

The Board of Directors of the Company should guide the Company's strategy, supervise the management team, 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 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, business management, and crisis-handling capabilities, and more than two-thirds of the directors should possess relevant core competencies.
- 3) The number of directors who concurrently serve as employees of the Company, its parent company, subsidiaries, or affiliated companies shall not exceed one-third of the total number of board seats in order to maintain the Board's supervisory independence.

If the number of 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) Explanatory Note: The Company's Board of Directors consists of 9 seats in accordance with the Articles of Incorporation. Following the full re-election at the Annual General Shareholders' Meeting on June 24, 2025, the number of female directors has increased from one to two. Although this complies with relevant regulations, it has not yet reached the one-third requirement. This is primarily due to industry characteristics, which make it challenging to recruit suitable candidates in the short term.
- 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 management, with the aim of enhancing corporate governance and implementing the Company's board diversity policy.

Implementation of the board diversity policy:

Directors with employee status account for 22% of the Board members; independent directors account for 44%; and female directors account for 22%. The tenure of the four independent directors ranges from three to twelve years.

In accordance with the objectives of board diversity, the Board as a whole shall possess expertise in various fields and the knowledge, skills, and professional competencies necessary to perform their duties. The directors possess diverse and complementary industry experience and professional capabilities. Please refer to the table below for the implementation status of board diversity :

Core Item Title	Name	Gender	Industry Background	Served as an employee of company concurrently	Academic Background	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
Director	Yen, Wei-Chun	Male	V			V	V	V	V

Core Item	Name	Gender	Industry Background	Served as an employee of company concurrently	Academic Background	Business management	Leadership and making decision ability	Knowledge of the industry	Accounting and financial analysis ability
Title									
Director	Hu, Chiu-Chiang	Male	V			V	V	V	V
Independent Director	Yu, Ming-Chang	Male	V			V	V	V	V
Independent Director	Chen, Wen-Yu	Female	V			V	V	V	V
Independent Director	Tsai, Yu-Ping	Male	V		V	V	V	V	V
Independent Director	Tseng, Shu-Ling	Female	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 18, 2026 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 Liau	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, 2025 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	Cash amount	Shares amount	Cash amount	Shares amount	CIPHERLAB CO.	every company in financial report				
Chairman and CEO	Representative of CIPHER MANAGEMENT INC.: Mr. LIAU, YI-YAN	0	0	0	0	0	0	60	60	60 thousand dollars -0.07%	60 thousand dollars -0.07%	3,948	3,948	0	0	0	0	0	0	0	0	4,008 thousand dollars -4.91%	4,008 thousand dollars -4.91%	None	
Director	Mr. TAN, CHEN-HUAN	0	0	0	0	0	0	60	60	60 thousand dollars -0.07%	60 thousand dollars -0.07%	2,748	2,748	0	0	0	0	0	0	0	0	2,808 thousand dollars -3.44%	2,808 thousand dollars -3.44%		
Director	Mr. LIN, YUNG-FA	0	0	0	0	0	0	60	60	60 thousand dollars -0.07%	60 thousand dollars -0.07%	0	0	0	0	0	0	0	0	0	0	60 thousand dollars -0.07%	60 thousand dollars -0.07%		
Director	Mr. YEN, WEI-CHUN	0	0	0	0	0	0	60	60	60 thousand dollars -0.07%	60 thousand dollars -0.07%	0	0	0	0	0	0	0	0	0	0	60 thousand dollars -0.07%	60 thousand dollars -0.07%		
Director	Mr. YANG, KUO-LIANG (Retire)							30	30	30 thousand dollars -0.04%	30 thousand dollars -0.04%	0	0	0	0	0	0	0	0	0	0	30 thousand dollars -0.04%	30 thousand dollars -0.04%		
Director	Mr. HU, CHIU-CHIANG (Note)	0	0	0	0	0	0	470	470	470 thousand dollars -0.58%	470 thousand dollars -0.58%	0	0	0	0	0	0	0	0	0	0	470 thousand dollars -0.58%	470 thousand dollars -0.58%		
Independent Director	Mr. YU, MING-CHANG	0	0	0	0	0	0	640	640	640 thousand dollars -0.78%	640 thousand dollars -0.78%	0	0	0	0	0	0	0	0	0	0	0	640 thousand dollars -0.78%		640 thousand dollars -0.78%
Independent Director	Ms. CHEN, WEN-YU	0	0	0	0	0	0	540	540	540 thousand dollars -0.66%	540 thousand dollars -0.66%	0	0	0	0	0	0	0	0	0	0	0	540 thousand dollars -0.66%		540 thousand dollars -0.66%
Independent Director	Mr. YU, TSAI, YU-PING	0	0	0	0	0	0	460	460	460 thousand dollars -0.56%	460 thousand dollars -0.56%	0	0	0	0	0	0	0	0	0	0	0	460 thousand dollars -0.56%		460 thousand dollars -0.56%
Independent Director	Ms. TSENG, SHU-LING (Newly appointed)	0	0	0	0	0	0	230	230	230 thousand dollars -0.28%	230 thousand dollars -0.28%	0	0	0	0	0	0	0	0	0	0	230 thousand dollars -0.28%	230 thousand dollars -0.28%		

Note: Director Yang, Kuo-Liang retired from office following the full re-election of directors at the Annual General Shareholders' Meeting on June 24, 2025. For the current term, the position is filled by Hu, Chiu-Chiang, who previously served as an Independent Director, while Tseng, Shu-Ling has been newly appointed as an Independent Director.

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 Liau, Tan, Chen-Huan, Lin, Yung-Fa, Yen, Wei-Chun, Yang, Kuo-Liang, Hu, Chiu-Chiang, Chen, Wen-Yu, Yu, Ming-Chang, Tsai, Yu-Ping, Tseng, Shu-Ling	Representative of Cipher Management Inc. : Steven Liau, Tan, Chen-Huan, Lin, Yung-Fa, Yen, Wei-Chun, Yang, Kuo-Liang, Hu, Chiu-Chiang, Chen, Wen-Yu, Yu, Ming-Chang, Tsai, Yu-Ping, Tseng, Shu-Ling	Lin, Yung-Fa, Yen, Wei-Chun, Yang, Kuo-Liang, Hu, Chiu-Chiang, Chen, Wen-Yu, Yu, Ming-Chang Tsai, Yu-Ping, Tseng, Shu-Ling	Lin, Yung-Fa, Yen, Wei-Chun, Yang, Kuo-Liang, Hu, Chiu-Chiang, Chen, Wen-Yu, Yu, Ming-Chang Tsai, Yu-Ping, Tseng, Shu-Ling
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 Liau	Representative of Cipher Management Inc. : 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	10 people	10 people	10 people	10 people

Note: Director Yang Guo-liang stepped down following the comprehensive re-election of directors at the Shareholders' Meeting on June 24, 2025. Independent Director Hu Chiu-chiang transitioned to a regular Director for the current term, while Tseng Shu-ling was elected as an Independent Director for the current term.

2. Remuneration of Supervisor: Not Applicable

Range of Remuneration for Supervisor: Not Applicable

3. Remuneration of President and Vice president

December 31, 2025 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 ^{Note 1}	3,948	3,948	0	0	0	0	0	0	0	0	3,948	3,948	0
												-4.83%	-4.83%	
Senior Vice President	Tan Chen-Huan	2,748	2,748	0	0	0	0	0	0	0	0	2,748	2,748	0
												-3.36%	-3.36%	
CTO	Chen, To	3,240	3,240	0	0	0	0	0	0	0	0	3,240	3,240	0
												-3.97%	-3.97%	

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

Range of Remuneration

Rang 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 Liao	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	3 people	3 people

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

December 31, 2025 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 Liao	3,948	3,948	0	0	0	0	0	0	0	0	3,948 -4.83%	3,948 -4.83%	0
Senior Vice President	Tan Chen-Huan	2,748	2,748	0	0	0	0	0	0	0	0	2,748 -3.36%	2,748 -3.36%	0
CTO	Chen, To	3,240	3,240	0	0	0	0	0	0	0	0	3,240 -3.97%	3,240 -3.97%	0
Associate	Li, Kan-Yang	2,375	2,375	0	0	0	0	0	0	0	0	2,375 -2.91%	2,375 -2.91%	0
Associate	Lai, Chin-Yi	2,340	2,340	0	0	0	0	0	0	0	0	2,340 -3.97%	2,340 -3.97%	0

5. Employee Compensation amount paid to managers

December 31, 2025

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 ; %

Title	2024				2025			
	The Company		The Company (Consulted Subsidiary)		The Company		The Company (Consulted Subsidiary)	
	Remuneration Amount ^{Note 1}	% of net profit after tax	Remuneration Amount ^{Note 1}	% of net profit after tax	Remuneration Amount ^{Note 1}	% of net profit after tax	Remuneration Amount	% of net profit after tax
Director	2,480	-6.34%	2,480	-6.34%	2,610	-3.20%	2,610	-3.20%
President and Vice President	9,936	-25.41%	9,936	-25.41%	9,936	-12.17%	9,936	-12.17%
Total	12,416	-31.75%	12,416	-31.75%	12,546	-15.36%	12,546	-15.36%

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 2024 and 2025 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 2025, a total of 7 (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	7	0	100	Note 1
Director	Lin, Yung-Fa	7	0	100	Note 1
Director	Tan, Chen-Huan	7	0	100	Note 1
Director	Yang, Kuo-Liang	2	0	100	Note 2
Director	Yen, Wei-Chun	7	0	100	Note 1
Director	Hu, Chiu-Chiang	6	1	86	Note 3
Independent Director	Yu, Ming-Chang	7	0	100	Note 1
Independent Director	Chen, Wen-Yu	7	0	100	Note 1
Independent Director	Tsai, Yu-Ping	7	0	100	Note 1
Independent Director	Tseng, Shu-Ling	5	0	100	Note 4

Note 1: Continue to serve, required attendance: 7 times.

Note 2: Retired upon the re-election of the Board of Directors on June 24, 2025; required attendance: 2 times.

Note 3: Transitioned from Independent Director to Director following the board re-election on June 24, 2025; required attendance: 7 times.

Note 4: Newly appointed as Independent Director following the board re-election on June 24, 2025; required attendance: 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 st time of 2025 2025/03/12	Proposal 1: The Company's 2024 Internal Control System Statement.	V	None	None	Discussed by all attended directors and approved without objection.
	Proposal 2: The Company's 2024 Business Report and Financial Statements.	V	None	None	
	Proposal 3: The Company's 2024 Deficit Compensation.		None	None	
	Proposal 4: Amendment to certain provisions of the Company's "Audit Committee Organizational Rules."		None	None	
	Proposal 5: Amendment to certain provisions of the Company's "Rules of Procedure for Board of Directors Meetings."		None	None	
	Proposal 6: Full re-election of the Board of Directors.		None	None	
	Proposal 7: Matters relating to shareholder nominations for directors at the Annual General Shareholders' Meeting.		None	None	
	Proposal 8: The date, venue, and related matters of the 2025 Annual General Shareholders' Meeting.		None	None	
	Proposal 9: Proposed investment to establish a Japanese subsidiary.		None	None	
	Proposal 10: Proposed appointment of Mr. Kazuki Ikeda as Advisor to the Board of Directors.		None	None	
	Proposal 11: Proposed increase in the performance guarantee limit under the 2025 operational revolving credit facility with Mega Bank.	V	None	None	
	Proposal 12: Definition of the scope of "Non-managerial Employees."		None	None	
	Proposal 13: Amendment to certain provisions of the Company's "Articles of Incorporation."		None	None	
The number of independent directors attended in person: 3					

The 2 nd time of 2025 2025/05/07	Proposal 1: The Company's consolidated financial statements for the first quarter of 2025.	V	None	None	Discussed by all attended directors and approved without objection.
	Proposal 2: Proposed appointment of the Company's independent auditors and determination of their remuneration, along with an assessment of their independence.	V	None	None	
	Proposal 3: Adoption of the Pre-approval Policy for Non-Assurance Services provided by the Company's independent auditors.	V	None	None	
	Proposal 4: Nomination and review of candidates for Directors (including Independent Directors).		None	None	
	Proposal 5: Waiver of non-competition restrictions for newly appointed Directors.		None	None	
	The number of independent directors attended in person: 4				
The 3 rd time of 2025 2025/06/24	Proposal 1: Election of the Company's Chairman.		None	None	Discussed by all attended directors and approved without objection.
	The number of independent directors attended in person: 4				
The 4 th time of 2025 2025/06/24	Proposal 1: Appointment of members of the Company's 6th Remuneration Committee.		None	None	Discussed by all attended directors and approved without objection.
	Proposal 2: Appointment of members of the Company's 2nd Corporate Governance and Nomination Committee.		None	None	
	Proposal 3: Appointment of members of the Company's 2nd Sustainability Committee.		None	None	
	The number of independent directors attended in person: 4				
The 5 th time of 2025 2025/08/06	Proposal 1: The Company's consolidated financial statements for the second quarter of 2025.	V	None	None	Discussed by all attended directors and approved without objection.
	Proposal 2: Amendment to certain provisions of the Company's "Procedures for Derivatives Trading."	V	None	None	Note 1
	Proposal 3: The Company's 2024 Sustainability Report.		None	None	Discussed by all attended directors and approved without objection.
	Proposal 4: Amendment to certain provisions of the Company's "Remuneration Committee Organizational Rules."		None	None	
	Proposal 5: Proposed remuneration for Directors, Independent Directors, and members of the Remuneration Committee.		None	None	Note 2
	Proposal 6: Proposed policy, standards, and structure of remuneration for the Company's managers.		None	None	Note 3
	<p>The number of independent directors attended in person: 4</p> <p>Note 1: "Regarding the proposed amendments to certain provisions of the Company's 'Procedures for Derivatives Trading,' the Chairman stated that future transactions involving cross-currency swaps and foreign exchange swaps derivatives must be approved by the Chairman and the Board of Directors prior to execution. Upon the Chairman consulting all directors present, with the exception of the Chairman's aforementioned statement, the resolution was passed as proposed without objection."</p> <p>Note 2: Proposal: Remuneration for Independent Directors and members of the Remuneration Committee. Due to self-interest involved in the resolution of their own remuneration, each Independent Director re-entered the meeting room for discussions and voting on matters other than their own. The remaining directors present approved the proposal without objection.</p> <p>Note 3: Chairman Liao, Yi-Yan (Representative of CIPHER MANAGEMENT INC.), Director Tan, Chen-Huan, and Senior Manager Chang, Chia-Jung recused themselves and left the meeting room in accordance with the law, as the resolution concerned their own remuneration and involved a conflict of interest. They did not participate in the discussion or voting. As required by law, Chairman Liao, Yi-Yan recused himself and left the meeting due to a conflict of interest. Director Hu, Chiu-Chiang was designated by the Chairman to serve as the Acting Chairperson. The remaining directors present approved the proposal without objection.</p>				
The 6 th time of 2025 2025/11/05	Proposal 1: The Company's consolidated financial statements for the third quarter of 2025.	V	None	None	Discussed by all attended directors and approved without objection.
	Proposal 2: Change of the independent auditors for financial statement audits starting from the fourth quarter of 2025.	V	None	None	
	Proposal 3: Proposed investment in Cresson Co., Ltd. (Japan).		None	None	
	The number of independent directors attended in person: 4				
The 7 th time of 2025 2025/12/24	Proposal 1: The Company's "2026 Consolidated Financial Forecast and Budget" Report.		None	None	Discussed by all attended directors and approved without objection.
	Proposal 2: Renewal and extension of credit facility agreements with financial institutions expiring in 2026.		None	None	
	Proposal 3: The 2026 Internal Audit Plan.	V	None	None	
	Proposal 4: Amendment to the Internal Control System and Internal Audit System.	V	None	None	

Director					2025; required attendance: 4 times
Other mentionable items:					
1. The Annual Key Tasks of Audit Committee					
<p>The Company's Audit Committee is composed of all 4 independent directors. The committee meets quarterly before Board of Directors meetings to review the implementation of the Company's internal control system and internal audits, as well as significant financial and business transactions. It also communicates with the independent auditors to ensure effective supervision of company operations and risk management. A total of 6 meetings were held in 2025. The primary scope of review for the Audit Committee is as follows:</p> <p>(1) Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.</p> <p>(2) Evaluation on effectiveness of the internal control system.</p> <p>(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.</p> <p>(4) Matters involving directors' personal interests.</p> <p>(5) Significant transactions involving assets or derivatives.</p> <p>(6) Significant fund lending, endorsements or guarantees.</p> <p>(7) Raising, issuance or private placement of equity-type securities.</p> <p>(8) Appointment, dismissal or compensation of certified public accountants.</p> <p>(9) Appointment or dismissal of finance, accounting or internal audit managers.</p> <p>(10) First, Second, Third quarter financial reports and annual financial reports signed or sealed by the Chairman, managers and accounting officers.</p> <p>(11) Other significant matters stipulated by the company or competent authorities.</p>					
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 st time of 2025 2025/03/12	Proposal 1: The Company's 2024 Internal Control System Statement.	v	None	None	All attending independent directors approved without objection.
	Proposal 2: The Company's 2024 Business Report and Financial Statements.	v			
	Proposal 3: The Company's 2024 Deficit Compensation.				
	Proposal 4: Amendment to certain provisions of the Company's "Audit Committee Organizational Rules."				
	Proposal 5: Supplemental report on the amendment to the Company's "Informed Trading Prevention Management Policy."				
The 2 nd time of 2025 2025/05/07	Proposal 1: The Company's consolidated financial statements for the first quarter of 2025.	v	None	None	All attending independent directors approved without objection.
	Proposal 2: Proposed appointment of the Company's independent auditors and determination of their remuneration, along with an assessment of their independence.	v			(CPA Yu, Meng-Kuei recused himself from the discussion due to a conflict of interest.) The proposal was unanimously approved by all attending independent directors.
	Proposal 3: Non-assurance services provided by Deloitte & Touche and its affiliates.	v			
The 3 rd time of 2025 2025/06/24	Proposal 1: Election of the Convener of the 3rd Audit Committee.		None	None	All attending independent directors approved without objection.
The 4 th time of 2025 2025/08/06	Proposal 1: The Company's consolidated financial statements for the second quarter of 2025.	v	None	None	All attending independent directors approved without objection.
	Proposal 2: Amendment to certain provisions of the Company's "Procedures for Derivatives Trading."	v			
The 5 th time of 2025 2025/11/05	Proposal 1: The Company's consolidated financial statements for the third quarter of 2025.	v	None	None	All attending independent directors approved without objection.

	Proposal 2: Change of the independent auditors for financial statement audits starting from the fourth quarter of 2025.	v			
	Proposal 3: Supplemental report on the amendment to certain provisions of the Company's "Remuneration Committee Organizational Rules."				
The 6 th time of 2025 2025/12/24	Proposal 1: The 2026 Internal Audit Plan.	v	None	None	All attending independent directors approved without objection.
	Proposal 2: Amendment to the Internal Control System and Internal Audit System.	v			
	Proposal 3: Amendment to the Company's "Table of Authority."				
	Proposal 4: Adoption of the Company's "Privacy Policy"				

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 2025 to May 13, 2026, 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
2025/03/12	The 15th Meeting of the 2nd Audit Committee 1. Communication between the independent auditors and the governance body regarding the 2024 audit conclusions. 2. The independent auditors' explanation of the 2024 financial report audit, and communication regarding questions raised by the attendees.	The audit committee of the Company communicated well with CPA, and there was no objection.
2025/05/07	The 16th Meeting of the 2nd Audit Committee 1. The independent auditors' explanation of the review of the 2025 Q1 consolidated financial report, and discussion and communication regarding questions raised by the attendees. 2. Appointment of the 2025 independent auditors, assessment of their independence and suitability, and determination of their 2025 remuneration. 3. Non-assurance services provided by the independent audit firm and its affiliates to the audit client and its affiliates.	The audit committee of the Company communicated well with CPA, and there was no objection.
2025/06/24	The 1st Meeting of the 3rd Audit Committee Only the convener of the 3rd Audit Committee was elected; there were no matters requiring communication with the independent auditors.	NA
2025/08/06	The 2nd Meeting of the 3rd Audit Committee The independent auditors' explanation of the review of the 2025 Q2 consolidated financial report, and discussion and communication regarding questions raised by the attendees.	The audit committee of the Company communicated well with the CPA, and there was no objection.
2025/11/05	The 3rd Meeting of the 3rd Audit Committee 1. Communication regarding Key Audit Matters (KAMs) in the audit report of the 2025 financial statements in accordance with Auditing Standard No. 701. 2. The independent auditors' explanation of the review of the 2025 Q3 consolidated financial report, and discussion and communication regarding questions raised by the attendees. 3. Review of the change of the independent auditors starting from the fourth quarter of 2025.	The audit committee of the Company communicated well with the CPA, and there was no objection.
2025/12/24	The 4th Meeting of the 3rd Audit Committee There were no matters requiring communication with the independent auditors.	NA

Date	Communication Items	Suggestions and results
2026/03/11	The 5th Meeting of the 3rd Audit Committee 1. Communication between the independent auditors and the governance body regarding the 2025 audit conclusions. 2. The independent auditors' explanation of the 2025 financial report audit, and communication regarding questions raised by the attendees.	The audit committee of the Company communicated well with the CPA, and there was no objection.
2026/05/13	The 6th Meeting of the 3rd Audit Committee 1. The independent auditors' explanation of the review of the 2026 Q1 consolidated financial report, and discussion and communication regarding questions raised by the attendees. 2. Review of the appointment of the 2026 independent auditors, assessment of their independence and suitability, and determination of their 2026 remuneration.	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
2025/01/26	Sending the January 2025 Audit Follow-up Report Email	Independent Director Tsai suggested that for items in the follow-up report that remain unimproved or partially improved, if they are beyond control, it should be specifically noted and the reasons should be provided. Status: The tracking report for the following quarter has been adjusted according to the suggestion.
2025/03/12	The 15th Meeting of the 2nd Audit Committee 1. Internal audit business execution report. 2. Review of the assessment of the effectiveness of the 2024 internal control system and the 2024 Internal Control System Statement.	The Company's Audit Committee maintains good communication with the internal audit head, and there were no objections.
2025/05/07	The 16th Meeting of the 2nd Audit Committee Internal audit business execution report.	The Company's Audit Committee maintains good communication with the internal audit head, and there were no objections.
2025/06/24	The 1st Meeting of the 3rd Audit Committee Only the convener of the 3rd Audit Committee was elected; there were no matters requiring communication with internal auditors.	NA
2025/08/06	The 2nd Meeting of the 3rd Audit Committee Internal audit business execution report.	1. Independent Director Tseng suggested that the internal audit presentation should include the audit population/sample size and the probability of non-compliance, move toward computer-assisted auditing, and prioritize system-based controls such as programmatic error-proofing mechanisms. Status: Adjustments have been made according to the suggestion. 2. Regarding other matters, the Company's Audit Committee maintains good communication with the internal audit head, and

Date	Communication Items	Suggestions and results
2025/11/05	The 3rd Meeting of the 3rd Audit Committee Internal audit business execution report.	<p>there were no objections.</p> <p>1. Independent Director Tseng suggested that a deactivation date should be set in the system for the AD accounts of resigned personnel so that the accounts will be automatically deactivated upon expiration. External security should be strengthened; in addition to vulnerability scanning, penetration testing should also be evaluated. Besides auditing the backup of firewall configuration files, security controls should be implemented. Information assets with higher classifications should be subject to rigorous inventory checks.</p> <p>Status: Adjustments have been made according to the suggestions.</p> <p>3.Regarding other matters, the Company's Audit Committee maintains good communication with the internal audit head, and there were no objections.</p>
2025/12/24	The 4th Meeting of the 3rd Audit Committee 1. Internal audit business execution report. 2. Review of the 2026 Audit Plan. 3. Amendments to the Internal Control System and the Internal Audit System.	The Company's Audit Committee maintains good communication with the internal audit head, and there were no objections.
2026/03/11	The 5th Meeting of the 3rd Audit Committee 1. Internal audit business execution report. 2. Review of the assessment of the effectiveness of the 2025 internal control system and the 2025 Internal Control System Statement.	The Company's Audit Committee maintains good communication with the internal audit head, and there were no objections.
2026/05/13	The 6th Meeting of the 3rd Audit Committee Internal audit business execution report.	The Company's Audit Committee maintains good communication with the internal audit head, and there were no objections.

(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 transfection 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		<p>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.</p>	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 environmental social governance report and report to the Board of</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	
			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 (http://www.ir-cloud.com/taiwan/6160/irwebsite_c/pages.php?id=13) 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 http://www.ir-cloud.com/taiwan/6160/irwebsite_c/ . 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 & Casualty Insurance for directors and key employees</p>	
9. Please describe improvements that have been made about	V		The Company conducted self-evaluations according to the 2025	No deviation from the "Corporate

Assessment Criteria	Actual Governance			Deviation and Causes of Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
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)			<p>evaluation indicators of the Corporate Governance Center. The results were announced on April 30, 2026 , with the Company achieving a final score of 85.22, ranking within the 6%–20% bracket among OTC-listed companies.</p> <p>Please refer to Appendix I below for the improvements made in 2025, and Appendix II for the priority enhancement items and measures regarding those yet to be improved.</p>	Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Appendix I. Improvements made in the 2025 Corporate Governance Evaluation.

No.	Evaluation Indicators	Improvements and enhancement items/measures.
4.24	Whether the Sustainability Report prepared by the Company has been submitted to and approved by the Board of Directors?	The 2024 Sustainability Report published in 2025 was submitted to and approved by the Board of Directors via a resolution before its official announcement.

Appendix II. Summary of Unscored Indicators with Total Scores Above 65% and Their Respective Improvements in the 2025 Corporate Governance Evaluation

No.	Evaluation Indicators	Circumstances requiring improvement and enhancement items/measures.
4.11	Has the Company disclosed its water consumption and total weight of waste for the past two years? 【If the water consumption or total weight of waste for the past two years has obtained external verification, an additional point will be added to the total score.】	Supplemental disclosure of annual water consumption and total weight of waste will be included in the Sustainability Report, with the scope of data (including specific companies and locations) clearly specified. Additionally, for non-material items, specific quantitative assessment criteria (such as percentage or degree of impact) will be supplemented to comply with scoring regulations.

(4) Remuneration Committee:

1. The information of Remuneration Committee members

December 31, 2025

Capacity	Qualifications	Professional qualifications and experiences(Note 1)	Independence status	Number of other public companies at which the person concurrently served as the remuneration committee member
	Name			
Independent Director (convener)	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
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	Tsai, Yu-Ping	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Independent Director, WELLDONE COMPANY. Independent Director, Weikeng Industrial Co., Ltd.	Note 2	0
Independent Director	Tseng, Shu-Ling	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Senior Project Manager, Components Business Group, Cyntec Co., Ltd.	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 4 persons.
- B, Term of Office: June 24, 2025 to June 23, 2028. The Remuneration Committee held 2 meetings (A) in the most recent year. The qualifications and attendance of the members are as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Yu, Ming-Chang	2	0	100%	None
Member	Chen, Wen-Yu	2	0	100%	None
Member	Tsai, Yu-Ping	2	0	100%	None
Member	Tseng, Shu-Ling	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
2025/08/06	The 1st Meeting of the 6th Term	Proposal 1: Amendments to certain articles of the Company's "Organizational Regulations of the Remuneration Committee." Proposa2 : Proposal for remuneration recommendations for the Company's Directors, Independent Directors, and members of the Remuneration Committee.	Proposal 1: The Chairman consulted all attending members, and the proposal was approved as submitted without objection. Proposa2 : 1. Proposal for remuneration recommendations for Independent Directors and members of the Remuneration Committee: As this motion involves resolutions concerning their own interests, each Independent Director returned to the meeting room when their individual case was not being discussed to participate in the discussion and voting for other portions. 2. In accordance with legal requirements, Chairman Yu Ming-Chang recused himself and left the meeting as this motion involved his own interests. Therefore, the Chairman designated Independent Director Tsai Yu-Ping as the Acting Chairman. 3. The Chairman or Acting Chairman consulted the attending members, and the proposal was approved as submitted without objection.	None

		Proposa3 : Proposal for the recommendation of the policy, standard, and structure of remuneration for the Company's managers.	Proposa3 : 1. As the Chairman, Mr. Liao Yi-Yen, representative of CIPHER MANAGEMENT INC., had a personal interest in the resolution concerning his own remuneration, he recused himself and left the meeting, and did not participate in the discussion or voting, in accordance with the law. 2. The Chairman consulted all attending members, and the proposal was approved as submitted without objection.	
2025/12/24	The 2nd Meeting of the 6th Term	Proposal 1: Establishment of internal control standards for the scope of entry-level employees.	Proposal 1: The Chairman consulted all attending members, and the proposal was approved as submitted without objection.	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	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	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	Tsai, Yu-Ping	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Independent Director, WELLDONE COMPANY. Independent Director, Weikeng Industrial Co., Ltd.
Member	Tseng, Shu-Ling	Have more than five years of work experience in business, legal, finance, accounting, or corporate business Work experience : Senior Project Manager, Components Business Group, Cytotec Co., Ltd.
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: The Committee was established on June 21, 2022, and a re-election was held on June 24, 2025.		

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

- a) 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.
- b) 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.
- c) Plan and implement the directors' education plan.
- d) Formulate the Company's "Corporate Governance Practice Principles"

C. Operation of Corporate Governance and Nomination Committee

- a) The total number of members in the Corporate Governance and Nomination Committee amounts to 5 persons.
- b) The term of office for the current members: June 24, 2025 to June 23, 2028. 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	Yu, Ming-Chang	2	0	100	Note
Convener	Hu, Chiu-Chiang	1	0	100	Note
Member	Chen, Wen-Yu	2	0	100	
Member	Tsai, Yu-Ping	2	0	100	
Member	Tseng, Shu-Ling	1	0	100	Note
Member	Steven Liao	2	0	100	

Note : The Company completed a full re-election of Directors at the Annual General Meeting on June 24, 2025. Former Independent Director, Mr. Hu Chiu-Chiang, transitioned to the role of Director for the current term, while Ms. Tseng Shu-Ling was newly appointed as Independent Director. On the same day, as elected by the Board of Directors, Independent Director Mr. Yu Ming-Chang was appointed as the convener of the 2nd "Corporate Governance and Nomination Committee."

D. 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	Agenda Items / Report Content	Resolution	Opinions of Committee's suggestions or objection
2025/05/07	The 5th Meeting of the 1st Term	Agenda Proposal 1: Nomination and Review of Candidates for Directors (including Independent Directors).	The Chairman consulted all attending members, and the proposal was approved as submitted without objection.	None
2025/11/05	The 1st Meeting of the 2nd Term	Report: Report on the status of professional development for Directors in 2025	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	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
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 : Independent Director, WELLDONE COMPANY. Independent Director, Weikeng Industrial Co., Ltd.
Member	Tseng, Shu-Ling	Have more than five years of work experience in business, legal, finance, accounting, or corporate business

Title	Name	Professional qualifications and experience
		Work experience : Senior Project Manager, Components Business Group, Cytotec Co., Ltd.
Note: The Committee was established on August 9, 2023). The Company completed a full re-election of Directors at the Annual General Meeting on June 24, 2025. Former Independent Director, Mr. Hu Chiu-Chiang, transitioned to the role of Director for the current term, while Ms. Tseng Shu-Ling was newly appointed as Independent Director. On the same day, as elected by the Board of Directors, Chairman Liao Yi-Yen, representative of CIPHER MANAGEMENT INC., was appointed as the convener of the 2nd "Sustainability Development Committee."		

- 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: June 24, 2025, to June 23, 2028. 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	Steven Liao	2	0	100	Note
Convener	Hu, Chiu-Chiang	1	0	100	Note
Member	Chen, Wen-Yu	2	0	100	
Member	Yu, Ming-Chang	2	0	100	
Member	Tsai, Yu-Ping	2	0	100	
Member	Tseng, Shu-Ling	1	0	100	Note

Note: The Committee was established on August 9, 2023). The Company completed a full re-election of Directors at the Annual General Meeting on June 24, 2025. Former Independent Director, Mr. Hu Chiu-Chiang, transitioned to the role of Director for the current term, while Ms. Tseng Shu-Ling was newly appointed as Independent Director. On the same day, as elected by the Board of Directors, Chairman Liao Yi-Yen, representative of CIPHER MANAGEMENT INC., was appointed as the convener of the 2nd "Sustainability Development Committee."

- 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	Agenda Items	Resolution	Opinions of Committee's suggestions or objection
2025/05/07	The 4th Meeting of the 1st Term	None	NA	NA
2025/08/06	The 1st Meeting of the 2nd Term	Proposal 1: The Company's 2024 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) The execution results for 2025 (based on the operational boundaries of the Taiwan parent company) were reported to the Sustainability Development Committee on May 7 and August 6, 2025.</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 designates responsible personnel to report regularly each year to the Board of Directors on operational performance (including stakeholder communication status), as well as material topics of concern to stakeholders, specific implementation plans, and execution status. The 2025 Sustainability Report is expected to be completed in 2026 and will be made available on the company website for stakeholder review by August 31, 2026. A report on the relevant handling status is scheduled to be presented to the Board of Directors on May 13, 2026. The Board will hear the report from the management team, evaluate and supervise the management policies, strategies, target setting, and review measures reported by management, frequently review the progress of these strategies, and urge the management team to continue execution according to the planned schedule.</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		<p>1. This disclosure covers the company's sustainability performance at its major locations from January to December 2025. The scope of the risk assessment primarily focuses on the company's Taiwan sites (Taipei Headquarters and Xizhi Plant).</p> <p>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.</p> <p>3. Based on the risk after assessing, formulate relevant risk management policies or strategies as follows:</p> <table border="1"> <thead> <tr> <th>Importance issue</th> <th>Risk Assessment Project</th> <th>Explanation</th> </tr> </thead> <tbody> <tr> <td>environment</td> <td>Environmental impact and management</td> <td> <p>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.</p> <p>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.</p> <p>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.</p> <p>4. The Company voluntarily disclosed its ISO 14064-1 Greenhouse Gas (GHG) inventory results in 2024, and has continued proactive disclosure by</p> </td> </tr> </tbody> </table>	Importance issue	Risk Assessment Project	Explanation	environment	Environmental impact and management	<p>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.</p> <p>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.</p> <p>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.</p> <p>4. The Company voluntarily disclosed its ISO 14064-1 Greenhouse Gas (GHG) inventory results in 2024, and has continued proactive disclosure by</p>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
Importance issue	Risk Assessment Project	Explanation								
environment	Environmental impact and management	<p>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.</p> <p>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.</p> <p>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.</p> <p>4. The Company voluntarily disclosed its ISO 14064-1 Greenhouse Gas (GHG) inventory results in 2024, and has continued proactive disclosure by</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>conducting a consolidated GHG inventory for the Group in 2025.</p> <p>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.</p>	
			<p>Give back to society / Environmental protection</p> <p>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.</p> <p>In 2025, the Company launched a "Used Clothing Recycling Initiative," integrating R&D requirements with social welfare. To support the field simulation needs of the Company's RFID technology development, employees were encouraged to donate clothing in good condition. This initiative allowed the R&D team to conduct verification and optimization within a practical simulated environment, enhancing the feasibility and efficiency of future applications in malls, retail, and other sectors. To ensure transparency in resource flow and the fulfillment of social benefits, CipherLab donated all 26 kilograms of recycled clothing to the "Taipei Family Association of Mental Health" following the completion of the R&D testing. This action provides tangible support for the service needs of individuals in mental rehabilitation and their families. This initiative demonstrates the Company's governance spirit in social engagement, employee mobilization, and resource management—turning public welfare into a meaningful step toward the social reintegration of the association's members.</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>Society</p> <p>Occupational safety</p> <p>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.</p>	
			<p>Give back to society / Environmental protection</p> <p>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.</p> <p>In 2025, the Company launched the "Yilan: Slow Sustainability" employee wellness initiative, inviting employees and their families to connect with nature through walking and low-carbon travel. A total of 137 employees and family members participated, with each individual averaging 9,000–10,000 steps, promoting both physical and mental health while remaining environmentally friendly. It is estimated that this event reduced approximately 117 kg of \$CO_2\$ emissions. The Company further extended these wellness efforts into sustainable actions by organizing weight loss and walking challenges with approximately 40 participants. These activities encouraged walking instead of short-distance commuting to foster health promotion and low-carbon living. Based on projections, these initiatives achieved a carbon reduction of approximately 315 kg \$CO_2\$, transforming changes in employees' daily habits into quantifiable environmental achievements.</p>	
			<p>Product Safety</p> <p>1. The Company's current products are totally compliant with the EU's RoHS Directive on</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>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 purchased product liability insurance.</p>
			Corporate Governance	<p>Socioeconomic Regulation Compliance</p> <p>Through the established governance organization and implemented internal control mechanism to ensure that all company's employees and operations truly comply with related regulations of law</p>
			Strengthen the functions of directors	<p>1. Plan the related training issue for directors and provide the director with the newest regulations, system development, and policy every year.</p> <p>2. Help directors to insure the liability insurance to protect them from lawsuits or claims.</p>
			The communication of stakeholder	<p>1. In order to avoid different positions from stakeholders and the Company, causing misunderstandings raising business risks, etc., the Company's website has set up stakeholder concerns topics and communication methods.</p> <p>2. The Company seeks to maintain good cooperative relationships with stakeholders, hoping to through perfect communication to achieve the protection of their rights, the Company's website has set up a communication channel for stakeholders.</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>3. Environmental Issue</p> <p>(1) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</p>	V		<p>According to the industrial characteristics, the Company establishes the appropriate environmental management system including collecting and evaluating that effective and timely information on the effect on the natural environment caused by operating activity, setting up the measurable goal of environmentally sustainable, and regularly reviewing the sustainability and relevance of its development, formulate the specific plan or action plan, etc. executing behavior, and regularly reviewing the effectiveness of its operation. The Company has established a ESG promotion and execution office to formulate, promote and maintain the environmental management system and specific action plans, and have environmental education classes for management and employees. The Company in order to fulfill its social responsibility to protect the earth's environment develops relevant processes and technologies to reduce the use of harmful substances in electronic and electrical equipment and enhance to provide excellent products, reasonable prices, and satisfied service as the guideline of business operating and request all suppliers provide the raw material which meets environmental requirements. Currently, all products of the Company meet the EU RoHS directive on the restriction of hazardous substances in electronic and electrical 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.</p>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
<p>(2) Is the Company committed to enhancing the efficiency of resources and using renewable materials with low impact on the environment?</p>	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"> 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) 2. Substituting LED lights for old lighting equipment in offices. (Ongoing) 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) 4. Promote recycle to reduce garbage and waste. (Ongoing) 5. Reduce pollutants, toxins, and waste emission, and process waste via laws and regulations appointed manufacturers regularly. (Ongoing) 	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																
(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 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.</p>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies															
(4) Has the Company calculated the greenhouse gas emissions, water consumption, and total weight of 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 border="1"> <thead> <tr> <th colspan="3">Greenhouse Gas (GHG) Emissions Inventory</th> </tr> <tr> <th>Emission volume (metric tons CO2e)</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>28.52</td> <td>38.09</td> </tr> <tr> <td>Scope 2</td> <td>496.93</td> <td>475.27</td> </tr> <tr> <td>Scope 3</td> <td>755.17</td> <td>537.72</td> </tr> </tbody> </table> <p>Note 1: In 2024, operating revenue was NTS1,244.799 million Note 2: In 2025, operating revenue was NTS1,191.580 million</p>	Greenhouse Gas (GHG) Emissions Inventory			Emission volume (metric tons CO2e)	2024	2025	Scope 1	28.52	38.09	Scope 2	496.93	475.27	Scope 3	755.17	537.72	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	
			<p>Water withdrawal and consumption: Total water withdrawn:</p> <p>Total Water Withdrawal: As the Company's offices and plants are located in leased buildings and facilities, water fees are included in the management fees, making statistical data difficult to obtain. The estimated withdrawal was 5,402.304 \$m³ in 2024 (Year 113) and 5,738.880 \$m³ in 2025.</p> <p>Total Water Consumption: Due to the nature of the company's operations, there is no water consumption required for production processes.</p> <p>Waste:</p> <p>2025: Hazardous waste 0.148 tonnes, total non-hazardous waste 0.071 tonnes. 2024: Hazardous waste 0.142 tonnes, total non-hazardous waste 0.144 tonnes. (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"> 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 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. 3. Strengthen waste recycling and resource recovery to achieve the purpose of waste reduction. 4. Reduce the emission of pollutants, toxic substances, and waste, and regularly and properly dispose of waste through contracted manufacturers. 	

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons						
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<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> <table border="1"> <thead> <tr> <th>Human Rights Management Policy Component</th> <th>Concrete Actions and Corresponding Outcomes</th> </tr> </thead> <tbody> <tr> <td>Offering of a safe and healthy working environment Diversity inclusive and equal opportunity</td> <td> <ul style="list-style-type: none"> 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. By the local government labor law and international regulations and implement internal related regulations. 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. </td> </tr> <tr> <td>Prohibition of forced and compulsory labor, in addition to compliance with applicable local labor regulations</td> <td> <ul style="list-style-type: none"> Respect employee's willingness, forbidden of force, and have set up the appeal channels Implementing vacation policies and encouraging employees to maintain work-life balance. 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 </td> </tr> </tbody> </table>	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"> 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. By the local government labor law and international regulations and implement internal related regulations. 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. 	Prohibition of forced and compulsory labor, in addition to compliance with applicable local labor regulations	<ul style="list-style-type: none"> Respect employee's willingness, forbidden of force, and have set up the appeal channels Implementing vacation policies and encouraging employees to maintain work-life balance. 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 	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	
				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.
			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 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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			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 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 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: <ul style="list-style-type: none"> 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, 	

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			<p>("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.</p> <ul style="list-style-type: none"> 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 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>Furthermore, the Company obtained the ISO/IEC 27001:2022 Information Security Management System certification in 2023. At the end of 2025, the certification body was transitioned to TCIC (Global Certification Service). The audit was passed in January 2026, and the certificate was issued in March 2026 and has been maintained since. Additionally, the Company has established a data governance system, formulated data standards and classifications, and implemented data access control to ensure that data access and sharing are properly governed and protected.</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</p>	

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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			<p>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, 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. To stabilize and promote the labor market by hiring unemployed workers, the "Stable Employment Program" aims to provide steady job opportunities for groups facing potential employment challenges, including the long-term unemployed. Through collaboration with the Keelung Employment Service Center, CipherLab has provided these individuals with employment opportunities and integrated them into our corporate environment. From 2021 to 2025, we hired a total of 100 workers, enabling them to reintegrate into society and achieve self-sufficiency. At the same time, our participation has stimulated labor market development, created more employment opportunities for society, and driven social economic growth.</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 orientation for new employees covers the Company's work rules, occupational safety and health, integrity and anti-corruption guidelines, and human rights protection policies. This training reached a total of 70 attendees, with a cumulative total of 315 training hours.</p>	

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
			Furthermore, we promote a friendly and equal workplace culture to build a gender-friendly environment. Regarding employee communication mechanisms, the Company values the voices of all staff members and has established a General Manager's Suggestion Box and a Grievance Channel (IA@cipherlab.com.tw). Both channels are handled directly by dedicated departments to ensure that employee feedback is heard and addressed appropriately.	
(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 employee remuneration?	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 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. Workplace Diversity and Equality: 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</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										
			<p>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 2025, women accounted for an average of 43.85% of the total workforce, with female managerial officers representing 7.38% of all managerial positions.</p> <table border="1"> <thead> <tr> <th>Proportions of women</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Total workforce</td> <td>42.21%</td> <td>43.85%</td> </tr> <tr> <td>Managerial position</td> <td>7.40%</td> <td>7.38%</td> </tr> </tbody> </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"> If the Company reports a profit for the year, it shall allocate 0.5% to 10% as employees' remuneration and no more than 3% as directors' remuneration. However, if the Company has accumulated deficits, profits must first be reserved to offset the deficits before applying the aforementioned allocation percentages. <p>At least 30% of the employees' remuneration shall be allocated to base-level employees.</p> <p>Employees' remuneration may be distributed in shares or cash, and eligible recipients may include employees of affiliated companies</p>	Proportions of women	2024	2025	Total workforce	42.21%	43.85%	Managerial position	7.40%	7.38%	
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			<p>meeting certain criteria. Directors' remuneration shall be paid in cash only.</p> <ul style="list-style-type: none"> The overall salary policy <p>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 2025 was 1.83%.</p>	
(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: 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 2025: 0 accident.</p> <p>Related publicity or improvement regulations:</p> <ol style="list-style-type: none"> Formulate labor safety rules, prevent occupational accidents, and maintain the safety and health of the Company's workplace. Implement safety and health education and training, and strengthen publicity. Implement emergency response regulations and drills. Education and training on firefighting, fire prevention, and AED operation. Emergency person training. Employee health check. Prevent hazards caused by radiation or noise. 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 2025. <p>Workplace environmental monitoring: 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: 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</p>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

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			<p>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 border="1"> <thead> <tr> <th>Year</th> <th>Occupational Safety Education and Training Hours</th> </tr> </thead> <tbody> <tr> <td>2025</td> <td>902.8 hours</td> </tr> <tr> <td>2024</td> <td>572.0 hours</td> </tr> <tr> <td>2023</td> <td>210.2 hours</td> </tr> </tbody> </table>	Year	Occupational Safety Education and Training Hours	2025	902.8 hours	2024	572.0 hours	2023	210.2 hours	
Year	Occupational Safety Education and Training Hours											
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(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>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies								

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	Yes	No	Summary					
			<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>					
(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 border="1"> <thead> <tr> <th>New Supplier Assessment</th> <th>Annual Supplier Assessment</th> </tr> </thead> <tbody> <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</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: A: Can be listed as inspection-free supplier and will have priority when the Company considers an increase in purchase B: Maintain regular purchase C: The Company will not offer new equipment development or make new purchases. 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.</p> </td> </tr> </tbody> </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</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: A: Can be listed as inspection-free supplier and will have priority when the Company considers an increase in purchase B: Maintain regular purchase C: The Company will not offer new equipment development or make new purchases. 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.</p>	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
New Supplier Assessment	Annual Supplier Assessment							
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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	
			Commitment,” “Supplier Questionnaire,” “Integrity Commitment,” “Supplier Evaluation Report,” and “Conflict Minerals-Free Statement.”	technology, production process, yield, performance in environmental protection, safety, and health, and ask for a commitment for emission reduction.
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 prepares the 2025 Sustainability Report in accordance with the GRI Standards. The report is scheduled to be presented to the Board of Directors on August 5, 2026. Following approval by the Board, the report will be uploaded to the Market Observation Post System (MOPS) and the company website by August 31, 2026.</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 2025 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"> 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. 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. 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. 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. 				

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

Item	Implementation status																						
<p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p>	<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>																						
<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>	<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 2025 are as follows:</p> <table border="1" data-bbox="723 1078 1998 1385"> <thead> <tr> <th data-bbox="723 1078 831 1161">Code</th> <th data-bbox="831 1078 990 1161">Type</th> <th data-bbox="990 1078 1149 1161">Climate-Related Risks/Opportunities</th> <th data-bbox="1149 1078 1429 1161">Timeframe</th> <th data-bbox="1429 1078 1592 1161">Risk/Opportunity Level</th> <th data-bbox="1592 1078 1998 1161">Note</th> </tr> </thead> <tbody> <tr> <td data-bbox="723 1161 831 1244">R1</td> <td data-bbox="831 1161 990 1385" rowspan="3">Transition Risks</td> <td data-bbox="990 1161 1149 1244">Enhanced emissions-reporting obligations</td> <td data-bbox="1149 1161 1429 1244">Medium and Long term</td> <td data-bbox="1429 1161 1592 1244">Moderate</td> <td data-bbox="1592 1161 1998 1244" rowspan="2">Note1: Short term: 1-3 years;</td> </tr> <tr> <td data-bbox="723 1244 831 1276">R2</td> <td data-bbox="990 1244 1149 1276">Exposure to litigation</td> <td data-bbox="1149 1244 1429 1276">Long term</td> <td data-bbox="1429 1244 1592 1276">Low</td> </tr> <tr> <td data-bbox="723 1276 831 1385">R3</td> <td data-bbox="990 1276 1149 1385">Technology</td> <td data-bbox="990 1276 1149 1385">Substitution of existing products and services with lower emissions options</td> <td data-bbox="1149 1276 1429 1385">Long term</td> <td data-bbox="1429 1276 1592 1385">Low</td> <td data-bbox="1592 1276 1998 1385">Medium term: 3-5 years; Long term: 6 years and</td> </tr> </tbody> </table>	Code	Type	Climate-Related Risks/Opportunities	Timeframe	Risk/Opportunity Level	Note	R1	Transition Risks	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
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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	Market Reputation		Unsuccessful investment in new technologies	Short, Medium, and Long term	Moderate	beyond Risk/Opportunity Level: ≤ 3 : Low; $3 \geq 6$: Moderate; $6 \geq 9$: High
	R5		Costs to transition to lower emissions technology	Long term	Moderate		
	R6		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			
O6	Use of new technologies		Long term	Low			

Item	Implementation status					
	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:					
	Type	Climate-Related Risks/Opportunities	Timeframe	Risk/Opportunity Level	Financial Impact on CipherLab and Corresponding Mitigation Measures	
	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 integration of AI is expected to introduce	

Item	Implementation status				
					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&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&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 term, CipherLab actively monitors market</p>

Item	Implementation status				
					<p>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 lowering the costs of acquiring raw material and reducing inventory pressure. In the short term,</p>

Item	Implementation status				
					<p>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 in-house and outsourced production. In the medium to long term, the Company intends to further expand its influence by encouraging</p>

Item	Implementation status																
					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.												
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="698 576 1977 820"> <thead> <tr> <th data-bbox="698 576 801 608">Steps</th> <th data-bbox="810 576 1977 608">Process content</th> </tr> </thead> <tbody> <tr> <td data-bbox="698 614 801 667">1</td> <td data-bbox="810 614 1977 667">The Corporate Social Responsibility Committee (ESG Promotion and Execution Office) completes the collection of climate-related environmental background information</td> </tr> <tr> <td data-bbox="698 673 801 699">2</td> <td data-bbox="810 673 1977 699">Assessing the climate-related risks and operational scope</td> </tr> <tr> <td data-bbox="698 705 801 730">3</td> <td data-bbox="810 705 1977 730">Establishing a list of climate-related risks and opportunities</td> </tr> <tr> <td data-bbox="698 737 801 762">4</td> <td data-bbox="810 737 1977 762">Developing an internal operational impact survey questionnaire</td> </tr> <tr> <td data-bbox="698 769 801 820">5</td> <td data-bbox="810 769 1977 820">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"> 1. 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). 2. 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. 3. 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. 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: <ul style="list-style-type: none"> (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. 																

Item	Implementation status				
	<p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p><u>Transition Risks</u> 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><u>Physical Risks</u> 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> <ol style="list-style-type: none"> 1. Establishing comprehensive carbon management framework and enhancing foundational emission reduction measures. 2. Identifying high-risk emission activities through greenhouse gas (GHG) inventory data and conducting optimization assessments aimed at reducing these emissions. 3. Assessing current energy usage and prioritizing the replacement or upgrading of equipment with high energy consumption and emission. 4. Promoting energy efficiency and conservation initiatives to encourage responsible energy use. 5. Optimizing transportation processes to reduce unnecessary travel. <p>Following the merger of subsidiaries, the Company has redesignated 2025 as the base year for CipherLab’s greenhouse gas inventory and management. Please refer to point 9 for the indicators and targets used to identify greenhouse gas emissions.</p>				
<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>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):</p> <table border="1" data-bbox="698 1353 1971 1436"> <tr> <td data-bbox="698 1353 869 1436">Climate scenario</td> <td data-bbox="869 1353 1227 1436">Tax imposition under Taiwan’s Climate Change Response Act</td> <td data-bbox="1227 1353 1621 1436">European Union’s Carbon Border Adjustment Mechanism (CBAM)</td> <td data-bbox="1621 1353 1971 1436">North American carbon cap</td> </tr> </table>	Climate scenario	Tax imposition under Taiwan’s Climate Change Response Act	European Union’s Carbon Border Adjustment Mechanism (CBAM)	North American carbon cap
Climate scenario	Tax imposition under Taiwan’s Climate Change Response Act	European Union’s Carbon Border Adjustment Mechanism (CBAM)	North American carbon cap		

Item	Implementation status			
	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"> The carbon price announced by the Ministry of Environment is set at NT\$300 per metric ton. The benchmark carbon fee recommended by the World Bank is set at USD 40-80 per metric ton. 	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 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	<p>The Company has implemented the ISO 14064-1 Greenhouse Gas (GHG) inventory since 2022. Due to the inclusion of merged subsidiaries in the 114 inventory, 2025 has been redesignated as the base year. Inventory operations are conducted annually, and GHG inventory reports for 2022 through 2025 have been completed. The inventory scope covers all types of greenhouse gases generated within the reporting boundaries (Parent Company), including: \$CO_2\$, CH_4, N_2O, HFCs, PFCs, SF_6,\$ and \$NF_3\$. The specific categories of direct and indirect GHG emission sources within the reporting boundaries include: Category 1: Direct emissions (Mobile combustion sources, fugitive emission sources). Category 2: Indirect emissions from imported energy (Purchased electricity). Category 3: Indirect emissions from transportation (Upstream and downstream transportation). Category 4: Indirect emissions from products used by the organization (Extraction, manufacturing, and processing of purchased raw materials).</p> <p>The Company has established annual intensity reduction targets for total emissions based on the greenhouse gas inventory report. These targets</p>			

Item	Implementation status
specified.	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 completed the 2025 Greenhouse Gas (GHG) Inventory Report on April 30, 2026. As the Company's paid-in capital is less than NT\$5 billion, external assurance is not yet required; the Company will proceed with assurance in accordance with the regulatory schedule 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 2024		Greenhouse Gas Inventory for 2025	
	Total emission volume (metric tons CO2e)	Intensity (metric tons CO2e/NT\$ million)	Total emission volume (metric tons CO2e)	Intensity (metric tons CO2e/NT\$ million)
Scope 1				
Parent company	28.52	0.0229	27.21	0.026
Consolidated Company	NA	NA	38.09	0.032
Scope 2				
Parent company	496.93	0.3992	450.21	0.424
Consolidated Company	NA	NA	475.24	0.399
Scope 3				
Parent company	755.17	0.6066	550.99	0.518
Consolidated Company	NA	NA	573.72	0.482
Note 1: The parent company's revenue in 2024 was NT\$1,244.799 million.				
Note 2: The parent company's revenue in 2025 was NT\$1,063.021 million.				
Note 3: The Consolidated Company's operating revenue in 2025 was NT\$1,191.58 million.				

✳ Starting from 2025, the Consolidated Company has adjusted its reporting and organizational boundaries for inventory data. The base year has been redefined as 2025, and activity data for 2024 covers the Parent Company only.

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 2025 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"> 1. Establish effective carbon management methodologies and enhance foundational decarbonization measures. 2. Phase in LED lighting across office areas and maintain air conditioning at a constant temperature (24–26°C). 3. Continuously promote energy-saving measures for purchased electricity, targeting an annual reduction of at least 1%. 4. Reduce carbon emissions of new products during design and development by more than 5.0% compared to similar mass-produced models. 	<ul style="list-style-type: none"> - The Parent Company's emissions from purchased electricity in 2025 decreased by 46.7280 \$tCO_{2e}/year\$ compared to 2024, achieving a 9.40% energy reduction. The Parent Company's purchased electricity emissions were 496.9333 \$tCO_{2e}/year\$ in 2024 and 450.2053 \$tCO_{2e}/year\$ in 2025. - In 2025, the carbon footprint of the new product RK96 was 165 mt \$CO_{2eq}\$, representing a 5.17% reduction in carbon emissions compared to 174 mt \$CO_{2eq}\$ for the mass-produced product RK95 of the same category.

(9) Explanatory Notes on Sustainability-Related Financial Information Disclosures for Fiscal Year 2025

Based on our self-assessment conducted in accordance with Article 7, Paragraph 2 of the 'Regulations Governing Information to be Published in Annual Reports of Public Companies,' the Company's current financial scale and industry category have not yet met the mandatory application thresholds prescribed by the competent authority for dedicating a specific chapter to sustainability-related financial information disclosures

(10) 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	
<p>1. Establishment of the ethical corporate management policy and programs</p> <p>(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?</p>	V		<p>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.</p> <p>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.</p> <p>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.</p> <p>3. The integrity management statement has been signed by the Company's directors and senior managers.</p>	No deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies
<p>(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”?</p>	V		<p>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"</p>	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. Execution Results of the Ethical Corporate Management Policy for 2025: The dedicated unit reported the status of ethical management for 2025 to the Board of Directors on December 24, 2025 as follows: 1. Education and Training: In 2025 (114), the Company organized internal training sessions on topics related to ethical corporate management. The training recorded a total of 78 participants, with a cumulative total of 39 person-hours. 2. Law compliance declaration: (1) On November 28, 2025, an email was sent to the Chairman, General Manager, all Directors, and company insiders to	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>conduct regulatory advocacy regarding the "Ethical Corporate Management Best Practice Principles and Code of Conduct."</p> <p>(2) On June 2 and November 4, 2025, emails were sent to all employees of the Company to conduct regulatory advocacy regarding the "Ethical Corporate Management Best Practice Principles and Code of Conduct."</p> <p>3. Whistleblowing System: As of December 24, 2025, no reports or complaints have been received via the Company's ethical integrity grievance mailbox for the year 2025.</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 2025: There is no such thing.</p> <p>6. 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.</p>	
(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

Assessment Criteria	Implementation			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies and the Reasons
	Yes	No	Summary	
(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. Education and Training: In 2025, the Company organized internal training sessions on topics related to ethical corporate management. The training recorded a total of 78 participants, with a cumulative 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. 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. 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.	No deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies
(2) Has the Company set up standard investigation procedures and a related confidentiality mechanism for the matter being reported?	V		The Company has set up standard operating procedures for the investigation of the reported issue : 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.	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>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.</p> <p>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.</p> <p>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 improvement measures to prevent the same behavior from happening again.</p> <p>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.</p>	
(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
<p>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:</p> <p>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.</p>				
<p>6. Other important information which can help to realize the Company's integrity management operation status:</p> <p>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.</p>				

(11) 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 / Guarantees	Audit Committee Charter	Ethical Management and Guidelines for Conduct	Purchasing and Supplier Evaluation Procedures
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 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
(Investor relationship/ Corporate Governance / Corporate Important Regulations)

(12) 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.

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

Please refer to the "Information on the Operation of the Board of Directors" section of this Annual Report for major resolutions of the Board. The content and implementation of Shareholders' Meeting resolutions are as follows:

Date of Board of Director meeting	Proposal content	Status
2025/06/24	1. Approval of 2024 annual business report and financial statements.	The Company's 2024 consolidated operating revenue was NT\$1,294,440 thousand, with a net loss attributable to the Company of NT\$39,103 thousand, and a loss per share of NT\$0.57. This was resolved and approved by the 2025 Annual General Meeting, with 38,568,081 votes in favor, representing 97.00% of the total voting rights present at the meeting.
	2. Approval of proposal of loss off-setting for the year 2024.	The Company's net loss after tax for 2024 was NT\$39,103,599. After deducting the income tax of NT\$372,823 related to the actuarial loss on defined benefit plans, and adding NT\$1,864,118 in remeasurements of defined benefit plans recognized in retained earnings, plus the reversal of a special reserve of NT\$867,967, the accumulated deficit to be offset for 2024 totaled NT\$36,744,337. It was proposed that this deficit be fully offset by the legal reserve, resulting in a remaining accumulated deficit of NT\$0 at the end of the period. This proposal was resolved and approved by the 2025 Annual General Meeting, with 38,563,754 votes in favor, representing 96.99% of the total voting rights present.
	3. Proposal to Amend Portions of the Company's "Articles of Incorporation"	In accordance with the amendment to Paragraph 6, Article 14 of the Securities and Exchange Act, the Company shall specify in its Articles of Incorporation that a certain percentage of its annual earnings be allocated for salary adjustments or distribution of remuneration for entry-level employees. However, if the Company has accumulated losses, such losses shall first be covered. The proposed amendment to the Company's Articles of Incorporation was resolved and approved by the 2025 Annual General Meeting, with 38,567,779 votes in favor, representing 97.00% of the total voting rights present. Furthermore, the change of corporate registration with the competent authority has been completed in accordance with the law.
	4. Proposal for the Comprehensive Re-election of Directors	The Company completed the comprehensive re-election of its 14th term of Directors at the Annual General Meeting held on June 24, 2025. The term for this board is three years, effective from June 24, 2025 to June 23, 2028. The list of elected directors is as follows, and the change of corporate registration with the competent authority has been completed in accordance with the law: Director: CIPHER MANAGEMENT INC. (Representative: Liao, Yi-Yan) Director: Lin, Yung-Fa Director: Tan, Chen-Huan

Date of Board of Director meeting	Proposal content	Status
		Director: Hu, Chiu-Chiang Director: Yen, Wei-Chun Independent Director: Yu, Ming-Chang Independent Director: Chen, Wen-Yu Independent Director: Tsai, Yu-Ping Independent Director: Tseng, Shu-Ling
	5. Proposal to Release the Newly Elected Directors and Their Representatives from Non-competition Restrictions	This proposal was resolved and approved by the Annual General Meeting on June 24, 2025. Under the premise of not prejudice to the interests of the Company, the newly elected 14th-term Directors and their representatives are permitted by law to hold concurrent positions in other companies. Relevant details of such positions have been publicly disclosed in a timely manner in accordance with the law.

(14) 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	Yu, Meng-Kuei	2025.01.01-2025.09.30	NT\$2,330 thousand	NT\$419 thousand	NT\$ 2,749 thousand	None
	Alice Huang	2025.01.01-2025.09.30				
	Chang, Keng-Hsi	2025.10.01-2025.12.31				
	Yu, Meng-Kuei	2025.10.01-2025.12.31				

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\$64 thousand is the cost of report typing and printing ; NT\$165 thousand is the cost of CPAs auditing travel ; NT\$190 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 2025.11.05		
Reason for replacement and explanation	Due to internal adjustment within the accounting firm, effective beginning in the fourth quarter of 2025, the CPA Yu, Meng-Kuei and CPA Alice Huang were replaced by CPA Chang, Keng-Hsi and CPA Yu, Meng-Kuei.		
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.		

1. Information Regarding the Successor CPAs

Name of accounting firm	Deloitte & Touche Tohmatsu Limited
Name of CPAs	Chang, Keng-Hsi , Yu, Meng-Kuei
Date of engagement	2025.11.05
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 13, 2026, and reported to the Board of Directors on May 13,

2026, 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
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

Ethical Behavior of Accountants	
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 Allied 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 2026 and up to May 13, 2026	
		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	-	-1,800,000	-	-
Director and Senior Vice President	Tan, Chen-Huan	-	-	-	-
Director	Yen, Wei-Chun	-	-	-	-
Director	Hu, Chiu-Chiang	-	-	-	-
Independent Director	Yu, Ming-Chang	-	-	-	-
Independent Director	Chen, Wen-Yu	-	-	-	-
Independent Director	Tsai, Yu-Ping	-	-	-	-
Independent Director	Tseng, Shu-Ling	-	-	-	-
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 18, 2026
Unit :Share : %

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	
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	4,813,376	7.03	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
Partner Tech Corp.	2,218,000	3.24	0	0.00	0	0.00	None	None	None
Tan, Chen-Huan	1,386,215	2.02	764,209	1.12	0	0.00	Yang, Yu-Jen	Husband	None
HSBC Custody Acadian Emerging Markets Micro Cap Equity Master Fund	1,126,000	1.64	0	0.00	0	0.00	None	None	None
Wu, Jyun-Cin	1,029,000	1.50	0	0.00	0	0.00	None	None	None
Lin, Ta-Chun	900,000	1.31	0	0.00	0	0.00	None	None	None
Lin, Ssu-Hung	900,000	1.31	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

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, 2025
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 Electronic Trade (Shanghai) Limited Company	—	—	3,800,000	100	3,800,000	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, 13, 2026

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 18, 2026 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

(2) List of Major Shareholders

April 18, 2026

Share	Shares held(share)	Shareholding percentage (%)
Name of major shareholder		
Cipher Management Inc. Representative: Steven Liao	6,706,934	9.79%
Lin, Yung-Fa	4,813,376	7.03
Lin, Rung-Yuan	4,638,000	6.77
Partner Tech Corp.	2,218,000	3.24
Tan, Chen-Huan	1,386,215	2.02
HSBC Custody Acadian Emerging Markets Micro Cap Equity Master Fund	1,126,000	1.64
Wu, Jyun-Cin	1,029,000	1.50
Lin, Ta-Chun	900,000	1.31
Lin, Ssu-Hung	900,000	1.31
Yang, Yu-Jen	764,209	1.12

(3) 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 2025. 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

(4) 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

(5) 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.

Of the aforementioned amount of employee remuneration, no less than 30% shall be allocated for distribution to entry-level employees.

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 2025. 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 2025. 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 2025.

4. The distribution of the remuneration of employees and directors in 2024

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	-	-	-	-
Stock Amount	-	-	-	-
Percentage of outstanding shares at the end of 2024	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	-0.57	-0.57	-	-
2.Estimated Earnings per share	-0.57	-0.57	-	-

(6) 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 Depository 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	2024		2025	
	Sales Amount	%	Sales Amount	%
Pocket-Size Industrial Computer	960,807	74.23	827,215	69.42
Handheld Automatic identification scanner	74,446	5.75	81,102	6.81
WEARABLE DEVICE	10,528	0.81	5,853	0.49
POS Series Touchscreen Mobile Computers	8,033	0.62	42,243	3.55
Others	240,626	18.59	235,167	19.73
Total	1,294,440	100.00	1,191,580	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, RK95 series, RK96 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

Looking ahead to 2026, the Company's research and development direction will focus on "Extreme Environment Applications" and "Modular Flexible Architecture" to meet the needs of enterprises for resilient operations:

- a. **Rugged Industrial Communication and Automation Support:** In response to warehousing and logistics centers, heavy industrial manufacturing, and cold storage operating environments, the Company is developing rugged mobile computers equipped with the latest high-end processing platforms and 5G/Wi-Fi high-speed communication technologies. By combining image stabilization technology with self-developed auxiliary software (such as Pic 'n Fill), the Company assists field personnel in processes such as receiving, inventory counting, and data verification to enhance data capture efficiency and reduce manual input errors. The overall design emphasizes increasing per-unit labor output and equipment lifespan. Through a stable and scalable product deployment strategy, the Company supports the long-term usage requirements of enterprise customers and facilitates the establishment of a sustainable shipment and revenue structure.
- b. **Core product line designed specifically for front-line retail operations:** R&D of a core product line tailored for front-line store operations. In terms of product functionality, the Company does not pursue conceptual trends but instead focuses on the pain points in the actual operational processes of retail operators. Our self-developed Pic 'n Fill is designed in conjunction with the high-frequency operational characteristics of the retail industry. When paired with NFC induction functions, it supports the rapid induction needs of stores during member identification, identity verification, and transaction processes, reducing additional devices and manual operational steps.
This solution can also be applied to operational scenarios such as goods receiving, price verification, and expiration date checks, assisting store personnel in quickly capturing and populating key information while reducing manual input errors and time costs. Overall, it is positioned as an efficiency tool for retail field operations rather than adding extra systemic burdens. The goal is to assist retail operators in steadily enhancing operational accuracy and efficiency within their existing operational frameworks.
- c. **AIDC (Automatic Identification and Data Capture) Technology:** The integrated solutions for the retail market cover key segments such as POS systems, self-checkout, smart inventory management, and customer identification, effectively enhancing retail operational efficiency. For example, RFID technology can be utilized for inventory management and product tracking. AI visual recognition combined with CipherLab Pic 'n Fill™ OCR technology supports smart inventory counting and price tag recognition, while self-checkout and anti-theft monitoring further optimize customer experience and reduce losses. The integrated application of these technologies drives the realization of AI-powered smart stores, strengthening the competitiveness and service quality of the retail industry.

(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.

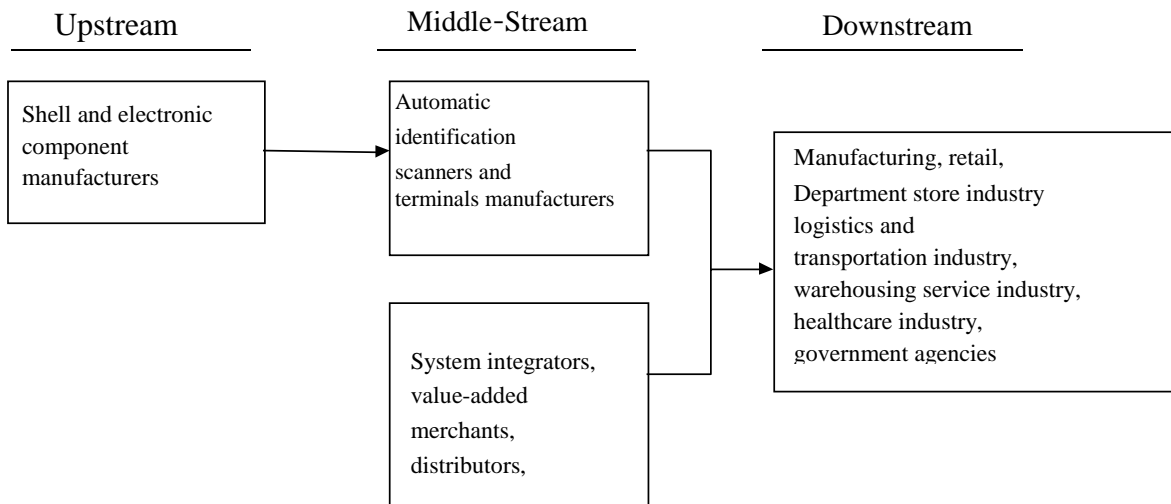
The automatic identification system has some features with fast data input speed, reducing people input errors, real-time process management, and programmability, it can satisfy the requirement of enterprises and government for improving efficiency and reducing costs. In recent years, each kind of data 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	2024	2025
R&D Expenses	217,988	168,524
Operating revenue	1,294,440	1,191,580
% of net revenue	16.84%	14.14%

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

Year	R&D outcomes
2022	<ol style="list-style-type: none"> 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. 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. Android product-related software development: 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. 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.
2023	<ol style="list-style-type: none"> 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 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. 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. 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. 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

Year	R&D outcomes
	<p>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	<ol style="list-style-type: none"> 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. 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. 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. 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. 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.
2025	<ol style="list-style-type: none"> 1.RS38H In the healthcare sector, the Company highlights the RS38H as a key product for expanding medical applications, primarily targeting the emerging "Hospital at Home (HaH)" care model. The core of this model lies in safely and effectively extending care processes—which originally required hospitalization—to the patient's home environment, thereby reducing the demand for inpatient beds and enhancing the efficiency of medical resource utilization. 2.1204/1264 In response to inventory structures and shifts in market demand, the Company plans to launch the 1204/1264 series as a next-generation low-cost scanner product line. This series is intended to gradually replace the existing 15 series to optimize the product portfolio and enhance market competitiveness. Both corded and wireless versions will be available to meet deployment requirements across various operational scenarios. 3.2506 In response to inventory structures and shifts in market demand, the Company plans to launch the 1204/1264 series as a next-generation low-cost scanner product line. This series is intended to gradually replace the existing 15 series to optimize the product portfolio and enhance market competitiveness. Both corded and wireless versions will be available to meet deployment requirements across various operational scenarios.

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

1. Overview of short-term plans

(1) Marketing strategy

Focusing on industry-specific models, the Company utilizes its cloud-based remote device management system (ReMoCloud) and Edge-side OCR optical character recognition (Pic 'n Fill™). By continuously strengthening cooperation with leading global software brands,

system integrators (SIs), and value-added resellers (VARs), the Company actively recruits strategic partners and large-scale enterprise users within specific vertical markets. Particular emphasis is placed on value-added system integrators specializing in Android-based solutions, while bolstering project development in logistics, warehousing, retail, manufacturing, and healthcare.

(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 the cloud-based remote device management system (ReMoCloud) and Edge-side OCR (Pic 'n Fill™) while deepening engagement in key vertical markets such as logistics, warehousing, retail, manufacturing, and healthcare. By launching new products that satisfy the application needs of specific vertical markets, the Company aims to increase its market share within these sectors.
- 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. Continuously upgrade and refine the cloud-based remote device management system (ReMoCloud) and Edge-side OCR optical character recognition (Pic 'n Fill™).
- 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	2024		2025	
	Amount	Ratio (%)	Amount	Ratio (%)
Domestic	80,776	6.24	103,193	8.66
Europe	405,767	31.35	379,095	31.81
American	283,390	21.89	276,324	23.19
Asia	384,012	29.67	326,885	27.43
Other	140,495	10.85	106,083	8.91
Total	1,294,440	100.00	1,191,580	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-based remote device management system (ReMoCloud) and Edge-side OCR (Pic 'n Fill™).

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.

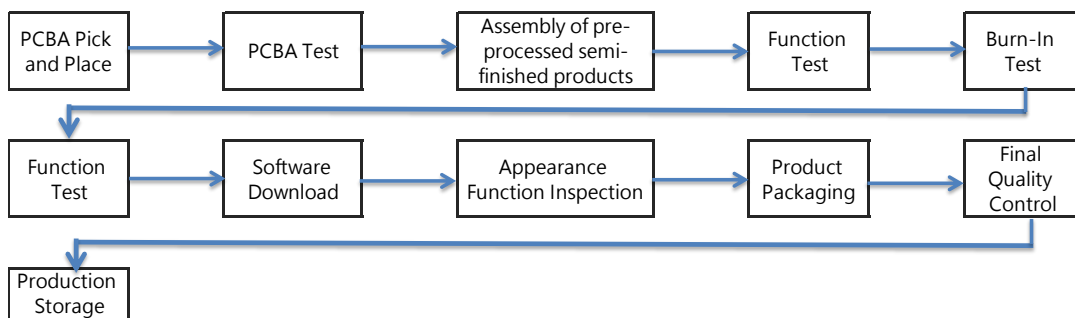
(2) Purpose and manufacturing process of main products

1. Purpose of main products

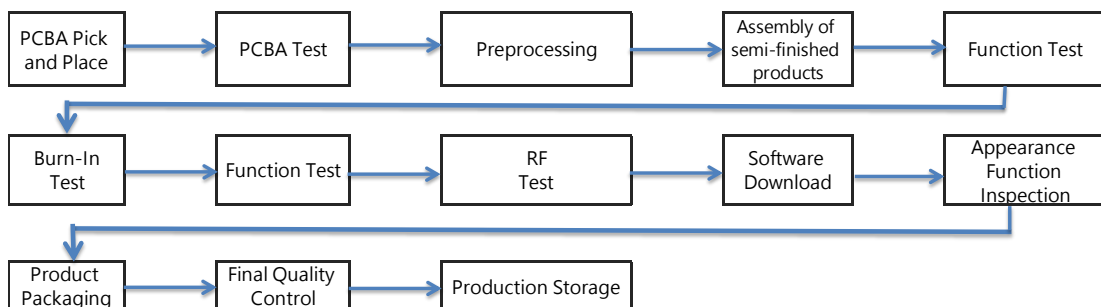
Product Category	Purpose
Pocket-sized Industrial Mobile computer (Mobile Computer)	It is a high-end model among automatic identification scanners. It not only has the function of reading barcodes and collecting data but also integrates the main functions of RFID and smartphones. It is mainly used in 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

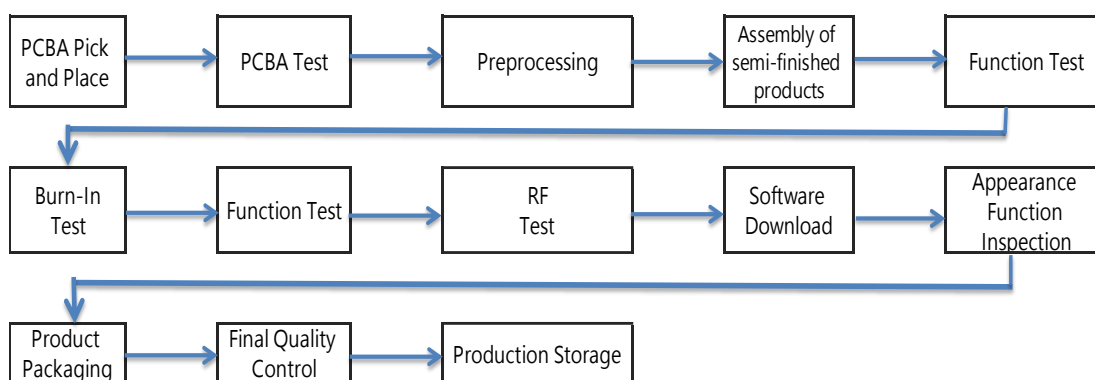
Handheld Barcode Scanner



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	2024				2025				Up to 2026 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 A	146,123	20.75	None	Supplier C	130,612	22.44	None	Supplier C	56,399	27.02	None
2	Supplier B	118,150	16.77	None	Supplier A	97,747	16.79	None	Supplier A	36,241	17.36	None
3	Other	440,082	62.48	None	Supplier B	81,458	13.99	None	Supplier B	30,995	14.85	None
4		-	-		Other	272,347	46.78		Other	85,075	40.77	None
	Net Purchases	704,355	100.00		Net Purchases	582,164	100.00		Net Purchases	208,710	100.00	

Reason for increases or decreases in the above figures:

- Supplier A is the provider for Models Alpha, Beta, and Gamma. Due to a decrease in market demand for these models, purchase orders were reduced, leading to a decrease in procurement in 2025.
- Supplier C is the provider for Model Delta. As mass production commenced in 2025 (114), the procurement amount increased accordingly.

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

Unit :NT\$ Thousand ; %

Item	2024				2025				Up to 2026 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 A	165,031	12.75	None	Customer B	135,765	11.39	None	Customer B	26,543	10.07	None
2	Customer B	137,019	10.59	None	Customer C	109,441	9.18	None	Customer D	24,462	9.28	None
3	Other	992,390	76.66	None	Other	946,374	79.43	None	Other	212,511	80.65	None
	Net sales amount	1,294,440	100.00		Net sales amount	1,191,580	100.00		Net sales amount	263,516	100.00	

Reason for increases or decreases in the above figures:
1. The customer was the largest customer in 2024 due to project shipments in that year. The project was completed and fully shipped within 2024.
2. Customer C and Customer D were the second largest customers in 2025 and Q1 2026, respectively, both due to project shipments.

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

May 13, 2026

Year		2024	2025	As of the publication date for the year 2026
Number of employees (persons)	Direct employees	10	11	11
	Indirect employees	233	233	221
	Total	243	244	232
Average age		43.51	43.75	44.25
Average years of service		8.47	8.58	9.28
Percentage distribution of education background	Ph.D.	0.00%	0.00%	0.00%
	Master's	23.05%	20.08%	19.40%
	College and University	61.73%	65.98%	65.94%
	Senior High School	11.52%	10.25%	10.78%
	Senior High School and below	3.70%	3.69%	3.88%

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 2024 ;
(Packing material changes.)
 - Reduce carbon emission of RK96 series products / pcs by 5% in 2025 ;
(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

The Company established the "CipherLab Co., Ltd. Employee Welfare Committee" on October 21, 2000 (89), in accordance with the law (Letter No. Bei-Xian-Lao-Fu-405194). Following the relocation of the Company's headquarters to Taipei City, the change of registration was approved and completed by the competent authority (Letter No. Bei-Shi-Zhi-Fu-0892100240).

The Employee Welfare Committee is responsible for the overall planning and implementation of various employee welfare measures, striving to enhance employee well-being and organizational cohesion. The key measures are as follows:

- ◆Subsidize employee travel and social activities to facilitate interaction among colleagues and strengthen team bonding.
- ◆Organize occasional employee activities (such as movie screenings and travel excursions) to enrich the leisure lives of employees.
- ◆Provide holiday bonuses, birthday bonuses, or gifts to enhance employee care.
- ◆Issue marriage allowances, funeral gifts, or flower wreaths to provide support during significant life milestones.
- ◆Provide maternity benefits and hospitalization consolations to demonstrate the corporate culture of care.

b. Long-Service Award System

- ◆To recognize the long-term commitment and contributions of senior colleagues, the Company has established the "Long-Service Award Guidelines" to strengthen employee identification with and commitment to the enterprise through a formalized system.

- ◆ Full-time employees who have completed a specific number of years of service (with every five years serving as one award cycle) are presented with commemorative plaques and monetary awards during annual corporate events (such as the year-end party or general staff meeting). This serves to recognize their long-term contributions and encourage stable, long-term retention.

c. Employee Referral Incentive Program

- ◆ The Company regards talent as a key asset. To enhance recruitment effectiveness and talent quality, the "Employee Referral Incentive Program" has been implemented.
- ◆ The Company recruits outstanding talent through an internal referral mechanism. If a referred candidate is hired and successfully passes the probationary period, the referrer is entitled to a corresponding incentive. This initiative aims to establish a high-quality talent source and promote team optimization.

B. Employee Health and Care

a. Comprehensive Insurance Coverage

- ◆ Labor Insurance and National Health Insurance
- ◆ Group Insurance (including term life insurance, medical insurance, cancer insurance, and occupational accident insurance)
- ◆ Business Travel Accident Insurance
- ◆ Ensuring that employees receive peace of mind and protection in all aspects of work and life.

b. Leave and Vacation Policy

- ◆ Five-day workweek system.
 - ◆ Annual paid leave provided in accordance with the Labor Standards Act.
- Encouraging employees to take appropriate rest and achieve work-life balance

c. Health Promotion and Management

- ◆ Annual health checkups

The Company provides free annual health checkups for all regular employees and arranges professional health consultation services to help employees monitor their health status and prevent potential risks early.

- ◆ On-site services by occupational nurses and physicians

In accordance with relevant occupational safety and health regulations, professional nursing personnel and physicians provide on-site services for:

- i. Health risk assessments
- ii. Work suitability recommendations
- iii. Health promotion guidance

Strengthening workplace health management mechanisms.

d. Physical and Mental Stress Relief & Friendly Workplace

Establishing a "Massage Station" and employing professional visually impaired masseurs to provide stress-relief services for employees:

- ◆ Relieving work fatigue and stress
- ◆ Promoting physical and mental health
- ◆ Practicing Corporate Social Responsibility (promoting employment for people with disabilities) and embodying the spirit of DEI (Diversity, Equity, and Inclusion)

e. Occupational Safety and Health (OSH)

Employee safety is the primary responsibility of the enterprise. In accordance with the "Occupational Safety and Health Act," the Company has established safety and health rules and implements the following measures:

- ◆Applicable to all workplaces and all employees
- ◆Incorporating safety and health education into orientation for new employees
- ◆Continuous promotion and regular reviews

Committed to creating a zero-accident safe workplace environment.

f. Retirement System and Long-term Protection

The Company provides a comprehensive retirement system in accordance with relevant laws and regulations:

◆Old Labor Pension System

- i. Monthly allocation of retirement reserve funds to the Bank of Taiwan in accordance with the law.
- ii. Establishment of the "Labor Pension Reserve Fund Supervisory Committee" for regular management and deliberation.

◆Labor Pension New System

Monthly contribution of 6% of the insured salary to the individual labor pension account at the Bureau of Labor Insurance.

Ensuring the long-term financial security and quality of life for employees in retirement.

C. Employee Family and Life Support Measures

a. Childcare Support Measures

- ◆The Company provides childcare support measures in accordance with Article 23 of the "Gender Equality in Employment Act." Considering the dispersed operating locations and the varying age groups of employees' children, the Company adopts a "contracted partnership" model, cooperating with legally registered childcare institutions to provide diverse and flexible childcare service options.
- ◆The Company has established partnerships with five childcare centers and one kindergarten. The scope of services covers infant care, preschool education, and after-school care, assisting employees in balancing their professional and family caregiving responsibilities.

b. Establishment of Lactation Rooms

To create a child-friendly workplace, the Company has established compliant lactation rooms that provide a safe, private, and comfortable space. This supports breastfeeding employees in meeting their milk expression needs during working hours, implementing workplace gender equality and family support policies.

c. Employee Health and Sports Promotion

To promote employee physical and mental health and work-life balance, the Company has signed special partnership agreements with 13 sports centers, offering discounts on various sports facilities and courses. By presenting their employee ID card with a photo, employees can enjoy preferential pricing for venue use, course participation, and related programs. This encourages the development of regular exercise habits and enhances overall health and work efficiency.

D. Employee Training and Development

To enhance employee professional capabilities and organizational competitiveness, the Company has established the "Education and Training Guidelines." Through a systematic talent cultivation mechanism, we continuously strengthen employee competencies and

development potential, thereby elevating overall operational performance.

a. New Employee Orientation & Training

Through internal instructors and the e-learning platform, we assist new employees in understanding the corporate culture and quickly integrating into company operations.

b. Training and Education Subsidies

The Company encourages continuous learning and professional growth among its employees:

- ◆ For employees assigned by the Company to attend external training courses due to work requirements, the training fees shall be fully subsidized by the Company.
- ◆ If a request is made based on an individual's personal learning initiative and approved by the responsible supervisor, a portion of the training expenses may be subsidized. This aims to encourage employees to pursue self-directed learning and growth, thereby enhancing the value of human capital.

c. Patent Incentive System

- ◆ To encourage innovative R&D and technological breakthroughs, the Company has established a comprehensive patent application and management mechanism.
- ◆ For R&D achievements in products or technologies that successfully obtain domestic or foreign patents (including invention, utility model, and design patents), patent incentives will be awarded in accordance with relevant regulations to enhance product competitiveness and create corporate value.

d. Computer Subsidy Policy

To enhance work efficiency and support business development, employees may purchase their own laptop computers based on work requirements. For those with ongoing needs, a new application may be submitted every three years to ensure that the equipment continues to meet operational demands.

e. Humanistic Reading and Industry Knowledge Enhancement

To enhance operational efficiency and support business expansion, the Company provides subscriptions to various publications. This allows employees to stay informed of market trends and the latest industry developments through focused reading, continuously broadening their professional perspectives and knowledge depth while fostering a culture of lifelong learning.

E. Employee Retirement System

a. The Company operates in accordance with the Labor Standards Act and the Labor Pension Act. For employees with seniority under the Old System, an appropriate percentage of the total monthly wage is contributed as "Retirement Reserve Funds" to the Bank of Taiwan in accordance with the Labor Standards Act. CipherLab Co., Ltd. has established the "Labor Retirement Reserve Fund Supervision Committee," which is responsible for promoting the Old System retirement scheme and managing the retirement funds. Meetings are held regularly every three months to report on the contribution rates and status of the retirement funds.

An employee may apply for voluntary retirement under any of the following circumstances:

- i. Having served the Company for at least 15 years and reached the age of 55.
- ii. Having served the Company for at least 25 years.
- iii. Having served the Company for at least 10 years and reached the age of 60.

Applications for retirement must be submitted one month in advance by completing a "Retirement Application Form" and attaching one original copy of the Household Registration Transcript. Upon approval by the authorized supervisor, the employee shall

complete the job handover procedures in accordance with the operational guidelines and submit the application to the Labor Retirement Reserve Fund Supervision Committee.

For employees who choose or are subject to the New Pension System, the Company contributes 6% of their monthly wage to a personal pension account at the Bureau of Labor Insurance in accordance with the Labor Pension Act.

b.Labor-Management Agreements and Employee Rights Protection Measures

Harmonious labor-management relations have always been a priority for the Company. Accordingly, all employee-related management regulations are formulated in compliance with the Labor Standards Act to protect the legitimate rights and interests of our staff. Furthermore, the Company values employee feedback and provides multiple communication channels to facilitate constructive dialogue between labor and management, collectively maintaining a sound labor-management relationship.

c.Work Environment and Employee Personal Safety Protection Measures

Item	Descriptions
Access Control Security	<ol style="list-style-type: none"> 1. Factory access control. 2. Contracting with a security company for 24-hour real-time connectivity and installing surveillance systems to ensure office security.
Maintenance and Inspection of Various Equipment	<ol style="list-style-type: none"> 1. In accordance with the "Regulations for Inspection, Verification, and Reporting of Building Public Safety," a professional institution is commissioned through the Management Committee or building leasing company to conduct a public safety inspection every two years. 2. In accordance with the "Fire Services Act," a professional institution is commissioned through the Management Committee or building leasing company to conduct a fire safety inspection every year. 3. The "Safety and Health Work Rules" have been established, and the custodial units perform regular inspections of all equipment in use.
Disaster Prevention Measures and Emergency Response	<ol style="list-style-type: none"> 1. The "Emergency Response Plan" and "Safety and Health Work Rules" have been established, covering disaster prevention and rescue precautions, with annual drills conducted. Responsibilities and tasks for major emergencies are also clearly defined. 2. Fire prevention seminars and drills are conducted annually by fire departments, coordinated through the Management Committee or building leasing company. 3. To maintain employee safety and health, one Grade A Occupational Safety and Health Supervisor and one Occupational Safety and Health Administrator are appointed and officially registered with the Labor Inspection Office.
Physical and Mental Health	<ol style="list-style-type: none"> 1. Regular health checkups are conducted annually for all active employees. 2. Education and Training: Enhancing various professional competencies and physical and mental health through irregular internal and external training programs.

Item	Descriptions
	<ol style="list-style-type: none"> 3. Expression of Opinions: Senior management suggestion boxes and employee email accounts are established to provide channels for employees to express their views at any time, ensuring unimpeded communication. 4. An internal company regulations download area is available for employees to understand current policies and standards. These regulations are adjusted appropriately to reflect employee feedback while balancing labor and management rights. 5. Smoking is strictly prohibited throughout the workplace, and regular cleaning and disinfection of the work environment are conducted. 6. Prevention of Sexual Harassment: Established "Operational Guidelines for the Prevention of Sexual Harassment" and related disciplinary measures, which are promoted to new employees during orientation.
Notification of Hazardous Factors in Contractor Operations	In the event of major engineering projects, the "Notification of Environmental Protection and Hazardous Factors in Contractor Operations" issued by the Management Committee or the building leasing company shall be strictly followed. Contractors are required to comply with these precautions, and assistance shall be provided for the immediate public announcement of such information.
Insurance and Medical Condolences	<ol style="list-style-type: none"> 1. In accordance with the law, the Company provides Labor Insurance (including Occupational Accident Insurance), National Health Insurance, Labor Pension contributions, and Employer Liability Insurance to protect the rights and interests of employees. 2. Each employee is additionally covered by term life insurance, accidental injury insurance, injury medical insurance, inpatient health insurance, cancer health insurance, and occupational accident insurance, providing financial assistance for illnesses or unexpected emergencies. 3. The Company's Employee Welfare Committee provides immediate hospitalization condolences and related subsidies for occasions such as weddings, funerals, celebrations, or temporary emergencies.

- (2). 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 January 2026; 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

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

<ul style="list-style-type: none"> •Review the emergency contingency plan regularly •Regularly exercises system recovery every year •Establish a system backup mechanism and implement off-site backup •Regularly review computer network security control measure
<p>Promotion and reviewing</p>
<ul style="list-style-type: none"> •Promote the importance of information security at any time, to improve the employee's cyber awareness •Regularly implement the cyber security checking every year

- D. In 2025, the Company invested approximately NT\$390,000 in cybersecurity-related expenditures to strengthen the foundational protection architecture and enhance the corporate cybersecurity framework. These measures ensure that business operations remain within a secure scope; consequently, information security risks have had no material impact on the Company's financial or business performance.
- E. Regularly issue cybersecurity bulletins to communicate various security risks, relevant regulations, and cybersecurity news. In 2025, the total distribution reached over 3,700 person-times. Additionally, two cybersecurity training sessions were held with an attendance rate of over 95%. Two business continuity drills were conducted for information systems to ensure that services can be restored promptly in the event of a system anomaly.
- F. By obtaining ISO/IEC 27001 certification, the Company ensures the integrity and effectiveness of its information security management framework. The conclusions from management review meetings are reported to the Board of Directors. Furthermore, through the "Plan-Do-Check-Act" (PDCA) cycle, the Company continuously improves and refines its information security management framework. At the end of 2025, the Company transitioned to TCIC (Total Compliance International Corp.) for ISO/IEC 27001 certification. The verification was passed in January 2026, and the certificate was issued in March 2026. The issued ISO/IEC 27001 certificate is valid from March 16, 2026, to March 15, 2029.

- (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	2025	Differences	
			Amount	%
Current assets	926,042	839,190	(86,852)	(9%)
Investments accounted for using equity method	0	0	0	0%
Property, plant, and equipment	120,304	108,385	(11,919)	(10%)
Intangible assets	1,794	1,497	(297)	(17%)
Other assets	145,518	123,756	(21,762)	(15%)
Total assets	1,193,658	1,072,828	(120,830)	(10%)
Current liabilities	376,269	352,256	(24,013)	(6%)
Non-current liabilities	90,241	74,724	(15,517)	(17%)
Total liabilities	466,510	426,980	(39,530)	(8%)
Capital stock	684,891	684,891	0	0%
Capital surplus	1,151	1,151	0	0%
Retained earnings	37,124	(43,848)	(80,972)	(218%)
Other equity	4,246	2,699	(1,547)	(36%)
Non-controlling equity	(264)	955	1,219	(462%)
Total equity	727,148	645,848	(81,300)	(11%)

1. Analysis of the reasons for items with a difference exceeding NT\$10 million and a fluctuation rate of over 20%:

Retained Earnings: The decrease was primarily due to the 2025 operating performance falling short of expectations, resulting in a significant loss for the period which consequently reduced retained earnings.

2. Potential impact on the Company's future financial and business performance: No material impact.
3. Future countermeasure plans: Not applicable.

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	2024	2025	Increase (decrease) amount	Change in Percentage (%)
Operating revenue –net		1,294,440	1,191,580	(102,860)	(8%)
Operating costs		790,580	725,618	(64,962)	(8%)
Gross profit		503,860	465,962	(37,898)	(8%)
Operating expenses		561,300	539,945	(21,355)	(4%)
Operating Loss		(57,440)	(73,983)	(16,543)	29%
Non-operating income and expense		11,420	(3,143)	(14,563)	(128%)
Profit before tax		(46,020)	(77,126)	(31,106)	68%
Income tax expense		(6,973)	3,328	10,301	(148%)
Other comprehensive income		6,604	(846)	(7,450)	(113%)
Total comprehensive income		(32,443)	(81,300)	(48,857)	151%
Total net profit attributable to stockholders of the parent		(39,103)	(81,673)	(42,570)	109%
Total comprehensive income attributable to stockholders of the parent		(32,499)	(82,519)	(50,020)	154%

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

- (1) Operating Loss: Primarily due to the decrease in operating revenue in 2025 (Year 114), which led to a decline in gross profit. Although operating expenses were reduced, the reduction was insufficient to offset the impact, resulting in an increased net loss compared to the previous year.
- (2) Non-operating Income and Expenses: Primarily due to the appreciation of the New Taiwan Dollar influenced by fluctuations in international financial conditions in 2025 (Year 114), which resulted in exchange losses on foreign currency positions.

Summary: In summary, the combined impact of the reduced scale of revenue and non-operating exchange losses in 2025 (Year 114) led to an expansion in net loss before tax from continuing operations, income tax expense, total comprehensive income for the year, net loss attributable to owners of the parent, and total comprehensive income attributable to owners of the parent compared to the same period last year.

2. Expected Sales Volume and Basis: The Company's primary operating revenue is derived from the manufacture and sale of industrial mobile computers, data terminals, and scanning peripherals. Based on application scenarios, these can be categorized into warehousing management, manufacturing, retail, transportation, and logistics. As the Company's Board of Directors has not resolved to disclose financial forecasts, there are no statistical figures for expected sales volume.
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
129,690	(16,625)	(11,169)	(737)	101,159	-	-

(1) Cash Flow Analysis for the Current Year

1. Operating Activities:

A. Inventory Management Improvement

Inventory decreased by NT\$93,082 thousand in 2025, compared to an increase of NT\$9,193 thousand in

2024. This indicates the Company's active efforts in inventory depletion, effectively releasing working capital and serving as the primary reason for the improvement in cash flow during this period.

B. Reduced Decline in Accounts Payable

Accounts payable decreased by NT\$16,027 thousand in 2025 (Year 114), a significant narrowing compared to the decrease of NT\$65,236 thousand in 2024 (Year 113). This reflects reduced payment pressure to suppliers, which helps minimize cash outflows.

2. Investing activities: Net cash outflow from investing activities was NT\$17,354 thousand, primarily due to the acquisition of fixed assets and equipment.
3. Financing activities: Net cash inflow from financing activities was NT\$6,185 thousand, primarily due to the decrease in 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
101,159	83,517	8,336	193,012	-	(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 2025	Main reason for the profit or loss	Improvement plan	Other reinvestment plan in the future
CIPHERLAB USA, INC.	(15,260)	The revenue scale did not reach the expected economic benefits, and inflation has pushed up operating costs, resulting in compressed profitability.	Restructuring the U.S. marketing framework and building a professional business team, with the objective of enhancing service quality and continuously deepening customer value.	Depends on its operating status
CIPHERLAB LIMITED (SAMOA)	(719)	The current period incurred non-operating exchange losses due to exchange rate fluctuations affecting the remittance of funds related to the capital reduction.	Shifted the operating strategy to focus on product promotion and customer service.	Depends on its operating status
CipherLab Electron Trade (Shanghai) Limited Company	(799)			
mPlus Technology Co., Ltd	22,529	Focusing on high-quality and	Continuously adjusting product	Depends on its operating

Reinvested business	Recognized (loss) gain for 2025	Main reason for the profit or loss	Improvement plan	Other reinvestment plan in the future
		high-performance customized products to aggressively secure orders.	direction, increasing self-owned operational capabilities, and improving operational efficiency.	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 bank interest expense for 2025 was NT\$3,056 thousand, representing 0.26% of net operating revenue. As the interest expense ratio remains low, the impact of interest rate fluctuations on the Company's profit or loss is limited. The Company will continue to prudently evaluate bank borrowing rates and maintain strong relationships with banks to secure more favorable rates and reduce interest expenses. Note that interest on lease liabilities of NT\$1,504 thousand under IFRS 16 for 2025 is excluded from the aforementioned interest expense.
3. Inflation: The Company maintains close and positive interactive relationships with both upstream and downstream customers. We closely monitor market price fluctuations and reflect these in our costs and quotes in a timely manner to mitigate the impact of inflationary changes on the Company's profit or loss. For the most recent year and up to the date of publication of this Prospectus, the conflict between the U.S. and Iran has heightened market risk aversion, and rising oil prices have caused significant volatility in inflation and commodity prices. The Company will continue to monitor major developments and adjust costs and quotes accordingly.
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 2025.

(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 2026, it will still follow the market and customer needs, and the R&D expenses are estimated to invest NT\$225,950 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 consistently marketed its products internationally under its proprietary brand, CipherLab, competing alongside world-class manufacturers. Consequently, our R&D efforts for new products remain focused on continuous innovation in response to market shifts. In recent years, Google has actively expanded into the enterprise sector, establishing two major standards for enterprise users starting in 2018: AER (Android Enterprise Recommended) and EMM (Enterprise Mobility Management). Since the inception of these standards, CipherLab has strictly adhered to these certifications, ensuring all active products meet Google's hardware and software certification requirements.

Furthermore, CipherLab began developing MDM (Mobile Device Management) solutions in 2017. To provide an integrated service experience, the Company migrated its MDM to the cloud and incorporated it into its ReMoCloud management software. In April 2019, ReMoCloud also achieved Google EMM certification, making CipherLab the first company in the Asia-Pacific region to obtain this credential. Accordingly, our MDM solutions will remain compliant with these specifications, and previously designed MDM systems will be updated to ensure full compatibility with the Android ecosystem.

With the rise of intelligent automation trends, the application of automatic identification and process management across various industries is expected to gradually increase. Android is currently the mainstream operating system for enterprise handheld devices. However, Android must be closely integrated with Google services, and since Google is not supported in the China market, local manufacturers face difficulties in development. Under such circumstances, Taiwanese manufacturers operating in an open environment possess a competitive advantage. In particular, Google has continued to strengthen its support for enterprise users in recent years, and its proactive approach has made the future development of Android even more promising. CIPHERLAB CO., LTD. will closely follow the development of Android, combining its past technologies and experience to accelerate learning and continuously deepen its advantages in vertical application markets.

Looking ahead, supporting enterprise users in accelerating their transition to digital operations will be the key to winning the market. Leveraging its long-standing expertise in data collection and integration, CipherLab is actively introducing Artificial Intelligence (AI) applications (such as image and voice recognition). By combining these with Physical AI (Edge-based OCR, Optical Character Recognition)

technology, the Company can capture information such as Vehicle Identification Numbers (VIN), labels, and documents in real-time, significantly reducing manual entry errors and enhancing data processing efficiency. Through the integration of diverse data sources combined with enterprise application APPs, the Company further refines the digital operating systems of enterprises.

Meanwhile, the Company will continue to promote user-centric ecosystem integration to build a data-driven Internet of Operations (IoO), assisting small and medium-sized enterprises (SMEs) in the rapid implementation of efficient and scalable solutions. This not only strengthens operational efficiency and decision-making quality but also comprehensively enhances CipherLab's customer-value-oriented differentiated competitive advantage, moving toward a new milestone of intelligent and automated operations.

(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), 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