

Stock Code: 6160



# CIPHERLAB CO., LTD.

## 2026 Annual Shareholders' Meeting

### Meeting Handbook

Notice to readers

*This English-version meeting handbook 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.*

**Date of the Meeting: June 16, 2026**

**Venue of the Meeting: R2F., No. 196, Sec. 3, Datong Rd., Xizhi Dist., New Taipei City**

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# **CIPHERLAB CO., LTD.**

## **2026 Annual Shareholders' Meeting Procedures**

1. Commencement of Meeting
2. Chairman's Remarks
3. Reported Matters
4. Acknowledged Matters
5. Matters for Discussion
6. Extemporaneous Motions
7. Adjournment

# **CIPHERLAB CO., LTD.**

## **2026 Annual Shareholders' Meeting Agenda**

Time: 9:00 a.m. on Tuesday, June 16, 2026

Place: R2F., No. 196, Sec. 3, Datong Rd., Xizhi Dist., New Taipei City

1. Convening Method: Physical Meeting
2. Commencement of Meeting
3. Chairman's Remarks
4. Reported Matters
  - (1) 2025 Business Report.
  - (2) 2025 Audit Committee's Review Report.
  - (3) 2025 Directors' Remuneration Report.
5. Acknowledged Matters
  - (1) Acknowledgment of the 2025 Business Report and Financial Statements.
  - (2) Acknowledgment of the 2025 Deficit Compensation.
6. Matters for Discussion

Proposal for the Amendment of Certain Articles of the Company's "Procedures for Derivatives Trading."
7. Extemporaneous Motions
8. Adjournment

# Reported Matters

## **Report No. 1**

2025 Business Report

Explanation:

The 2025 Business Report is provided on pages 7-12, Annex 1.

## **Report No. 2**

2025 Audit Committee's Review Report

Explanation:

2025 Audit Committee's Review Report is attached as page 13, annex 2.

## **Report No. 3**

2025 Directors' Remuneration Report

Explanation:

The distribution policy of director remuneration was in accordance with the regulation of the article of association, and the information for the director remuneration, including the remuneration policy, details and the amount of the remuneration is attached as page 14-15, annex 3.

# Acknowledged Matters

## **Proposal No. 1**

Acknowledgment of the 2025 Business Report and Financial Statements (Proposed by the Board)

Explanation:

- (1) The Company's Financial Statements for 2025, were audited by independent auditors, Chang, Keng-Hsi and Yu, Meng-Kuei of Deloitte & Touche. Besides, Business Report and Financial Statements have been approved by the audit committee and the Board on March 11, 2026.
- (2) 2025 Business Report is attached as page 7-12, annex 1.
- (3) 2025 Financial Statement is attached as page 21-40, annex 5-6.
- (4) Please acknowledge.

Resolution:

## **Proposal No. 2**

Acknowledgment of the 2025 Deficit Compensation

(Proposed by the Board)

Explanation:

- (1) The deficit compensation plan for 2025 has been discussed and approved by the Board on March 11, 2026.
- (2) The Company's net loss after tax for the year 2025 was NT\$ 81,672,474. After deducting the income tax on actuarial losses of defined benefit plans in the amount of NT\$ 175,051, and adding the remeasurements of defined benefit plans recognized in retained earnings of NT\$ 875,258, the total accumulated deficit to be covered for 2025 amounted to NT\$ 80,972,267. It is proposed to offset the deficit with legal reserve in the amount of NT\$ 37,123,532. Following the offsetting of the deficit, the remaining balance of the accumulated deficit at the end of the period will be NT\$ 43,848,735.
- (3) Deficit Compensation Statement is attached as page 41, annex 7.
- (4) Please acknowledge.

Resolution:

# Matters for Discussion

Proposal for the Amendment of Certain Articles of the Company's "Procedures for Derivatives Trading." Submitted for discussion.

(Proposed by the Board)

Explanation:

- (1) To meet operational requirements, it is proposed to amend the relevant articles of the Company's "Procedures for Derivatives Trading."
- (2) The comparison table of the amended articles is attached as pages 16-20, Annex 4.
- (3) The pre-amended "Procedures for Derivatives Trading" is attached as pages 51-53, Appendix 3.
- (4) Please discuss.

Resolution:

# **Extemporany Motions**

## **Adjournment**

## 【Annex 1】

# CIPHERLAB CO., LTD. 2025 Business Report

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, an increased 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. 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. 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. 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. 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. 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 + ReMo-Cloud).

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 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.

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 the minimum order quantities (MOQ) for procurement. Enhance the quick linkage between production, sales, and inventory (PSI) information and appropriately extend the lead time for business orders to achieve effective inventory usage and reduction.
- D. Smart Factory:

1. Continuously integrate information from various stages of the production process to provide product production traceability and analysis.
2. Continuously introduce automated product 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: Yi-Yan Liao    General Manager: Yi-Yan Liao    Accounting Supervisor: Chia-Jung Chang

## **【Annex 2】**

### **2025 Audit Committee's Review Report**

The Board has submitted the operating report, financial statements (including consolidated financial statements), and deficit compensation proposal for the year ended December 31, 2025. The financial statements (including consolidated financial statements) have been audited by Deloitte & Touche, including auditors Chang, Keng-Hsi and Yu, Meng-Kuei, who issued an audit report. The abovementioned operating report, financial statements (including consolidated financial statements), and deficit compensation proposal have been reviewed by our Audit Committee and deemed compliant. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby report the above. Please review accordingly.

To the Shareholders' Meeting of CIPHERLAB CO., LTD. in the Year 2026

Independent Director: Mr. Yu, Ming-Chang

Independent Director: Ms. Chen, Wen-Yu

Independent Director: Mr. Tsai, Yu-Ping

Independent Director: Ms. Tseng, Shu-Ling

March 11, 2026

**【Annex 3】**

**2025 Information on Directors' Remuneration**

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)						
		CI-PHERLAB CO.	every company in financial report	CI-PHERLAB CO.	every company in financial report	CI-PHERLAB CO.	every company in financial report	CI-PHERLAB CO.	every company in financial report	CI-PHERLAB CO.	every company in financial report	CI-PHERLAB CO.	every company in financial report	CI-PHERLAB CO.	every company in financial report	Cash amount	Shares amount	Cash amount	Shares amount	CI-PHERLAB 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	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	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	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	60 thousand dollars -0.07%	60 thousand dollars -0.07%	
Director	Mr. YANG, KUO-LIANG (Retire)	0	0	0	0	0	0	30	30	30 thousand dollars -0.04%	30 thousand dollars -0.04%	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	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	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	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	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	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.

1. Policy, standards, and composition of remuneration, and procedures for establishing remuneration.

- (1) The policy and system for remuneration payment to directors and independent directors of the Company, as well as the standards and structure, are established in accordance with the provisions of Article 16 of the laws and regulations and the Company's articles of association, and the "Organization Regulations of the Compensation Committee" serve as the basis for formulating remuneration policies and assessments.
- (2) Director remuneration, as stipulated in Article 16 of the Company's articles of association, is assessed by the Compensation Committee. The remuneration for directors performing their duties is determined based on the level of participation and contribution of individual directors (including the risks assumed and time invested), taking into account the usual industry standards and overall operational performance, as well as external market factors. It is regularly reviewed and approved by the Compensation Committee and the Board of Directors to ensure reasonable compensation. Performance evaluations and salary alignment are reviewed by the Compensation Committee and the Board of Directors, and remuneration is periodically reviewed based on actual circumstances and relevant laws and regulations to achieve a balance between sustainable business operations and risk management.
- (3) Director salary, as stipulated in Article 20 of the company's articles of association, should not exceed 3% of the profits for the year, if any. Independent directors do not participate in the distribution of director remuneration. The company regularly evaluates director remuneration according to the "Board of Directors Performance Evaluation Method." Performance assessments and the reasonableness of compensation are reviewed by the Compensation Committee and the Board of Directors.
- (4) The remuneration of managers in our company is determined according to the salary guidelines, with clear provisions for various allowances and bonuses, aiming to appreciate and reward employees' efforts in their work. The related bonuses are also granted based on the company's annual operating performance, financial condition, operational status, and individual work performance. Additionally, if the company is profitable for the year, 0.5% to 10% of the profits are allocated for employee compensation in accordance with Article 20 of our company's articles of association.
- (5) The composition of remuneration paid by our company, as stipulated in the Organization Regulations of the Compensation Committee, includes cash compensation, stock options, dividend shares, retirement benefits or severance payments, various allowances, and other measures with substantial incentives. Its scope aligns with the guidelines for disclosure of director and manager remuneration in the annual reports of publicly listed companies.
- (6) In addition to the disclosed information in the table above, the remuneration received by directors for services provided during the recent fiscal year (such as serving as consultants for the parent company/all companies in the financial reports/and non-employee consultants for invested enterprises): 0 dollars.

2. The Relationship with Business Performance and Future Risks:

- (1) The review of the company's remuneration policy, relevant payment standards, and system is primarily based on the overall operating condition of the company. The payment standards are determined based on the achievement rate of performance and contribution to enhance the overall organizational effectiveness of the Board of Directors and managers. Reference is made to industry salary standards to ensure that the compensation for the company's management is competitive in the industry, aiming to retain outstanding management talents.
- (2) The performance goals of the company's managers are all combined with "risk management" to ensure that potential risks within their scope of responsibility are managed and prevented. Ratings are given based on actual performance, linking to relevant human resources and related salary remuneration policies. Important decisions made by the company's management are balanced after considering various risk factors. The performance of these decisions is reflected in the company's profitability, thereby correlating the management's compensation with the effectiveness of risk management.

**【Annex 4】**

**Revised Comparison Table of  
“Procedures for Acquisition or Disposal of Derivatives”**

Article No.	Revised Provisions	Current Provisions	Explanation
<b>Article 4.</b>	<p>1. Transaction Types The types of derivative products the Company engages in are limited to foreign currency forward exchange, <b><u>cross currency swaps, and foreign exchange swaps</u></b>, which shall be reviewed by the General Manager and approved by the Chairman, and reported to the <b><u>most recent Board of Directors meeting</u></b>. Transactions involving any other types of derivative products shall only be executed after obtaining a resolution of approval from the Board of Directors.</p> <p>2. Operating and Hedging Strategies The Company engages in derivative transactions for hedging purposes. The selection of trading instruments shall primarily aim to hedge risks arising from the Company's business operations and shall not involve speculative trading. Counterparties shall be financial institutions with superior credit standing selected based on operational needs to avoid credit risks.</p> <p>3. Performance Evaluation The execution unit shall evaluate and review trading performance at least weekly based on market prices or other reasonable real-time information. Furthermore, the unit shall consider international economic trends and conditions to review and improve hedging operational strategies.</p> <p>4. Division of Responsibilities (1) Finance Department</p> <ol style="list-style-type: none"> <li>1. Responsible for making recommendations regarding the Company's financial instrument transactions.</li> <li>2. Shall periodically calculate transaction positions, collect market information, conduct trend judgments and risk assessments, and use these as the basis for transactions after applying for and obtaining appropriate approval via signed memos.</li> <li>3. Shall provide assessment explanations and recommendations whenever signif-</li> </ol>	<p>1. Transaction Types The types of derivative products the Company may engage in are limited to foreign currency forward exchange contracts, which shall be reviewed by the General Manager and approved by the Chairman, and reported to the Board of Directors on a quarterly basis. Transactions involving any other types of derivative products shall only be executed after obtaining a resolution of approval from the Board of Directors.</p> <p>2. Operating and Hedging Strategies The Company engages in derivative transactions for hedging purposes. The selection of trading instruments shall primarily aim to hedge risks arising from the Company's business operations and shall not involve speculative trading. Counterparties shall be financial institutions with superior credit standing selected based on operational needs to avoid credit risks.</p> <p>3. Performance Evaluation The execution unit shall evaluate and review trading performance at least weekly based on market prices or other reasonable real-time information. Furthermore, the unit shall consider international economic trends and conditions to review and improve hedging operational strategies.</p> <p>4. Division of Responsibilities (1) Finance Department</p> <ol style="list-style-type: none"> <li>1. Responsible for making recommendations regarding the Company's financial instrument transactions.</li> <li>2. Shall periodically calculate transaction positions, collect market information, conduct trend judgments and risk assessments, and use these as the basis for transactions after applying for and obtaining appropriate approval via signed memos.</li> <li>3. Shall provide assessment explanations and recommendations whenever signif-</li> </ol>	<p>To increase the types of derivative transactions for operational needs and incorporate risk considerations for cash flow.</p>

Article No.	Revised Provisions	Current Provisions	Explanation
	<p>icant changes in financial markets render established strategies inapplicable, and use these as the basis for transactions after obtaining appropriate approval.</p> <p>(2) Accounting Department</p> <ol style="list-style-type: none"> <li>1. Disclose information related to risk exposure positions in accordance with the Regulations Governing the Preparation of Financial Reports and other legal requirements.</li> <li>2. Maintain books and prepare financial statements in accordance with generally accepted accounting principles.</li> </ol> <p>(3) Finance and Accounting Division</p> <ol style="list-style-type: none"> <li>1. Evaluate risk measurement based on recommendations provided by the Finance Department and supervise relevant execution.</li> <li>2. Periodically report to the Board of Directors, the Chairman, and the General Manager based on the financial statements prepared by the Accounting Department and other publicly disclosed information.</li> </ol>	<p>icant changes in financial markets render established strategies inapplicable, and use these as the basis for transactions after obtaining appropriate approval.</p> <p>(2) Accounting Department</p> <ol style="list-style-type: none"> <li>1. Disclose information related to risk exposure positions in accordance with the Regulations Governing the Preparation of Financial Reports and other legal requirements.</li> <li>2. Maintain books and prepare financial statements in accordance with generally accepted accounting principles.</li> </ol> <p>(3) Finance and Accounting Division</p> <ol style="list-style-type: none"> <li>1. Evaluate risk measurement based on recommendations provided by the Finance Department and supervise relevant execution.</li> <li>2. Periodically report to the Board of Directors, the Chairman, and the General Manager based on the financial statements prepared by the Accounting Department and other publicly disclosed information.</li> </ol>	
<b>Article 5</b>	<p>Transaction Limits:</p> <p>For foreign currency forward exchange, <b><u>cross currency swaps, and foreign exchange swaps</u></b>, the total contract amount shall not exceed the total amount of foreign currency demand arising from the Company's actual import/export activities and specific-purpose capital expenditures for the purchase of production equipment.</p> <p>Transaction limits for other derivative products shall be approved by the Board of Directors and comply with relevant laws and regulations. Among them, interest rate swap hedging transactions shall not exceed NTD 100 million; for foreign currency option transactions, when evaluated at market price, the total contract amount of option transactions that may be required for performance shall not exceed USD 5 million.</p>	<p>Transaction Limits:</p> <p>For foreign currency forward exchange transactions, the total contract amount shall not exceed the total amount of foreign currency demand arising from the Company's actual import/export activities and specific-purpose capital expenditures for the purchase of production equipment.</p> <p>Transaction limits for other derivative products shall be approved by the Board of Directors and comply with relevant laws and regulations. Among them, interest rate swap hedging transactions shall not exceed NTD 100 million; for foreign currency option transactions, when evaluated at market price, the total contract amount of option transactions that may be required for performance shall not exceed USD 5 million.</p>	Same as the reasons for the amendment to Article 4.
<b>Article 6</b>	<p>Operating Procedures:</p> <ol style="list-style-type: none"> <li>1. Authorization Limits</li> </ol> <p>For foreign currency forward exchange, <b><u>cross currency swaps, and foreign exchange swaps</u></b> conducted by the Company, the transactions shall be reviewed by the</p>	<p>Operating Procedures:</p> <ol style="list-style-type: none"> <li>1. Authorization Limits</li> </ol> <p>For foreign currency forward exchange transactions conducted by the Company, the transactions shall be reviewed by the General Manager, approved by the Chairman,</p>	Same as the reasons for the amendment to Article 4

Article No.	Revised Provisions	Current Provisions	Explanation
	<p>General Manager, approved by the Chairman, and reported to the Board of Directors on a quarterly basis. Transactions involving any other types of derivative products shall only be executed after obtaining a resolution of approval from the Board of Directors..</p> <p>2. Execution Limits Execution Limits: &gt; The maximum loss limit for all derivative transaction contracts shall be USD 250,000. For individual contracts, the maximum loss limit shall be 5% of the individual contract amount and shall not exceed USD 250,000.</p> <p>3. Execution Unit Executed in accordance with the division of responsibilities in Article 4.</p>	<p>and reported to the Board of Directors on a quarterly basis. Transactions involving any other types of derivative products shall only be executed after obtaining a resolution of approval from the Board of Directors.</p> <p>2. Execution Limits Execution Limits: &gt; The maximum loss limit for all derivative transaction contracts shall be USD 250,000. For individual contracts, the maximum loss limit shall be 5% of the individual contract amount and shall not exceed USD 250,000.</p> <p>3. Execution Unit Executed in accordance with the division of responsibilities in Article 4.</p>	
<b>Article 8</b>	<p>Internal Control:</p> <p>1. Risk Management</p> <p>(1) Credit Risk Consideration: Counterparties are limited to banks that have business dealings with the Company and can provide professional information as a principle.</p> <p>(2) Market Risk Consideration: The market is primarily through bank OTC (Over-the-counter).</p> <p>(3) Liquidity Consideration: To ensure liquidity, the trading bank must have sufficient equipment, information, and trading capabilities, and be able to conduct transactions in any market.</p> <p>(4) Operational Consideration: Authorization limits and operational processes must be strictly followed to avoid operational risks.</p> <p>(5) Legal Consideration: Any documents signed with banks must be reviewed by appropriate personnel before formal signing.</p> <p>(6) Considerations for Financial Product Risks: Internal trading personnel shall possess comprehensive and accurate professional knowledge regarding the financial products being traded. Furthermore, banks shall be required to fully disclose relevant risks to avoid losses resulting from the misuse of financial products.</p> <p>(7) Considerations for Cash Settlement Risks: Trading personnel shall consistently mon-</p>	<p>Internal Control:</p> <p>1. Risk Management</p> <p>(1) Credit Risk Consideration: Counterparties are limited to banks that have business dealings with the Company and can provide professional information as a principle.</p> <p>(2) Market Risk Consideration: The market is primarily through bank OTC (Over-the-counter).</p> <p>(3) Liquidity Consideration: To ensure liquidity, the trading bank must have sufficient equipment, information, and trading capabilities, and be able to conduct transactions in any market.</p> <p>(4) Operational Consideration: Authorization limits and operational processes must be strictly followed to avoid operational risks.</p> <p>(5) Legal Consideration: Any documents signed with banks must be reviewed by appropriate personnel before formal signing.</p> <p>(6) Considerations for Financial Product Risks: Internal trading personnel shall possess comprehensive and accurate professional knowledge regarding the financial products being traded. Furthermore, banks shall be required to fully disclose relevant risks to avoid losses resulting from the misuse of financial products.</p> <p>(7) Considerations for Cash Settlement Risks: Trading personnel shall consistently mon-</p>	<p>Same as the reasons for the amendment to Article 4. Additionally, the wording is adjusted with reference to Article 22 of the 'Regulations Governing the Acquisition and Disposal of Assets by Public Companies,' requiring that a logbook be established for derivative transactions.</p>

Article No.	Revised Provisions	Current Provisions	Explanation
	<p>itor the Company’s foreign currency cash flows to ensure sufficient cash is available for payment at the time of settlement.</p> <p><b><u>(8) Cash Flow Risk: To ensure liquidity, trading personnel shall confirm with treasury personnel prior to transactions that the transaction limits will not result in insufficient liquidity.</u></b></p> <p>2. Operating Procedures</p> <p>(1) Personnel responsible for trading, confirmation, and settlement shall not concurrently hold each other's positions (appropriate division of responsibilities shall be confirmed based on the Company's actual operations and risk assessment of the derivatives being traded).</p> <p>(2) The Finance Department shall periodically reconcile accounts or perform bank confirmations with correspondent banks.</p> <p>(3) The Finance Department shall continuously verify whether the total transaction amount has exceeded the net position of foreign currency assets, liabilities, and commitments.</p> <p>(4) At the end of each month, the Finance Department shall evaluate gains and losses based on the closing exchange rate of that day, prepare reports, and provide them to relevant supervisors for confirmation.</p> <p>(5) The Finance Department shall evaluate the hedging transactions conducted for business needs at market price on a weekly basis, review the performance of held positions, and provide these to relevant supervisors for confirmation.</p> <p>(6) <b><u>The Company shall establish a logbook for derivative transactions.</u></b> The types and amounts of derivative transactions, the dates of approval by the Board of Directors, and the evaluation items specified in Article 8, Paragraph 2, Subparagraph 5; Paragraph 3, Subparagraph 1, Item 2; and Paragraph 3, Subparagraph 2, Item 1 <b><u>shall be recorded in detail in the logbook for future reference.</u></b></p> <p>(7) Personnel responsible for risk measurement, supervision, and control shall belong to different departments from the personnel mentioned in the preceding</p>	<p>itor the Company’s foreign currency cash flows to ensure sufficient cash is available for payment at the time of settlement.</p> <p>2. Operating Procedures</p> <p>(1) Personnel responsible for trading, confirmation, and settlement shall not concurrently hold each other's positions (appropriate division of responsibilities shall be confirmed based on the Company's actual operations and risk assessment of the derivatives being traded).</p> <p>(2) The Finance Department shall periodically reconcile accounts or perform bank confirmations with correspondent banks.</p> <p>(3) The Finance Department shall continuously verify whether the total transaction amount has exceeded the net position of foreign currency assets, liabilities, and commitments.</p> <p>(4) At the end of each month, the Finance Department shall evaluate gains and losses based on the closing exchange rate of that day, prepare reports, and provide them to relevant supervisors for confirmation.</p> <p>(5) The Finance Department shall evaluate the hedging transactions conducted for business needs at market price on a weekly basis, review the performance of held positions, and provide these to relevant supervisors for confirmation.</p> <p>(6) A logbook shall be established to record in detail the types and amounts of derivative transactions, the dates of approval by the Board of Directors, and the evaluation items specified in Article 8, Paragraph 2, Subparagraph 5; Paragraph 3, Subparagraph 1, Item 2; and Paragraph 3, Subparagraph 2, Item 1.</p> <p>(7) Personnel responsible for risk measurement, supervision, and control shall belong to different departments from the personnel mentioned in the preceding</p>	

Article No.	Revised Provisions	Current Provisions	Explanation
	<p>subparagraphs and shall report to the Board of Directors or to the Chairman and the General Manager.</p> <p>3. Supervision and Management</p> <p>The Board of Directors shall supervise and manage in accordance with the following principles:</p> <p>(1) Designate relevant senior management personnel to continuously monitor and control the risks associated with derivative transactions.</p> <p>(2) Senior management personnel authorized by the Board of Directors shall periodically evaluate whether the trading performance aligns with the established business strategies and whether the assumed risks remain within the Company’s tolerable limits.</p> <p>The senior management personnel authorized by the Board of Directors shall manage derivative transactions in accordance with the following principles:</p> <p>(1) Periodic Evaluation: Periodically evaluate whether the current risk management measures are appropriate and ensure that transactions are conducted strictly in accordance with these Procedures and relevant laws and regulations.</p> <p>(2) Abnormality Management: Monitor trading activities and gain/loss status. Upon discovery of any abnormal circumstances, necessary responsive measures (including stop-loss recommendations) shall be taken, and a report shall be submitted to the Board of Directors immediately. Where the Company has appointed independent directors, the independent directors shall attend the Board meeting and express their opinions.</p>	<p>subparagraphs and shall report to the Board of Directors or to the Chairman and the General Manager.</p> <p>3. Supervision and Management</p> <p>The Board of Directors shall supervise and manage in accordance with the following principles:</p> <p>(1) Designate relevant senior management personnel to continuously monitor and control the risks associated with derivative transactions.</p> <p>(2) Senior management personnel authorized by the Board of Directors shall periodically evaluate whether the trading performance aligns with the established business strategies and whether the assumed risks remain within the Company’s tolerable limits.</p> <p>The senior management personnel authorized by the Board of Directors shall manage derivative transactions in accordance with the following principles:</p> <p>(1) Periodic Evaluation: Periodically evaluate whether the current risk management measures are appropriate and ensure that transactions are conducted strictly in accordance with these Procedures and relevant laws and regulations.</p> <p>(2) Abnormality Management: Monitor trading activities and gain/loss status. Upon discovery of any abnormal circumstances, necessary responsive measures (including stop-loss recommendations) shall be taken, and a report shall be submitted to the Board of Directors immediately. Where the Company has appointed independent directors, the independent directors shall attend the Board meeting and express their opinions.</p>	

## **【Annex 5】**

# **Independent Auditors' Report and 2025 Parent Company Only Financial Statement**

To the Board of Directors and Shareholders of CipherLab Co., Ltd.:

### **Audit Opinion**

We have audited the accompanying balance sheets of CipherLab Co., Ltd., as of December 31, 2025 and 2024; the related statement of comprehensive income, the statement of changes in equities, and the statement of cash flows for the period of January 1 to December 31, 2025 and 2024; and notes to the financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying financial statements in all material respects, are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers; and present equitably the financial status of the CipherLab Co., Ltd. as of December 31, 2025 and 2024 and its financial performance and cash flows from January 1 to December 31, 2025 and 2024.

### **Basis for Opinion**

We have conducted our audits entrusted by CipherLab Co., Ltd. in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under these terms and conditions will be further elaborated in the section of the Auditors' Responsibilities for the Audit of the Financial Statement in this report. Abiding by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, we have maintained objective and are independent of CipherLab Co., Ltd., and have fulfilled these ethical standards and other responsibilities. We believe that we have obtained sufficient and appropriate evidence as to the basis for our audit opinions.

### **Key Audit Matters**

The key audit matter refers to the most important content in our audit of CipherLab Co., Ltd.'s financial statements for the year 2025 based on our professional judgment. These matters have been addressed in the process of our audit of the financial statements and in forming of the audit opinions, and we will not provide any additional view on these matters discretely.

The followings are the key audit matters for CipherLab Co., Ltd.'s financial statements for the year 2025:

Key audit matter: Authenticity of revenue recognition from specific products.

For the year 2025, the revenue from specific products of CipherLab Co., Ltd. has a material impact on the parent-company-only financial statements. Furthermore, as management may be under pressure from market expectations or seek to maximize performance-based compensation, they might attempt to achieve such objectives through sales turnover. Given the materiality of revenue from specific products, the primary risk lies in the veracity of whether such revenue has actually occurred. Therefore, the auditors have identified this as a Key Audit Matter.

For the accounting policy on the revenue, please refer to Note 4 (11) of the financial statements.

The auditors have obtained an understanding of and tested the design and operating effectiveness of internal controls relevant to revenue recognition. In addition, the auditors selected appropriate samples from the detailed sales data of the aforementioned specific products to inspect purchase orders and export declarations, and verified whether the payers were consistent with the counterparties, so as to confirm that the sales revenue was free from material misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

Those charged with governance, including the audit committee, are responsible for overseeing CipherLab Co., Ltd.'s financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CipherLab Co., Ltd.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CipherLab Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements, or to modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause CipherLab Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within CipherLab Co., Ltd. to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of CipherLab Co., Ltd.'s audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of CipherLab Co., Ltd.'s financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

Accountant Chang, Keng-Hsi, Accountant Yu, Meng-Kuei

Securities and Futures Administration  
Commission R.O.C (Taiwan) Approved  
MOF Securities No. 0920123784

Financial Supervisory Commission R.O.C.  
(Taiwan) Approved  
FSC Securities Review No. 1130357402

March 30, 2026

## CIPHERLAB CO., LTD.

## BALANCE SHEETS

December 31, 2025 and 2024

Code	Assets	December 31, 2025		In Thousands of New Taiwan Dollars December 31, 2024	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash (Note 4 & 6)	\$ 74,857	8	\$ 77,242	7
1110	Financial assets at fair value through profit or loss – current (Note 4, 7 & 27)	10,089	1	9,760	1
1136	Financial assets at amortized cost (Note 4 & 29)	2,500	-	1,500	-
1150	Notes receivable (Note 4, 8 & 20)	-	-	228	-
1170	Accounts receivable (Note 4, 8 & 20)	164,307	16	147,563	13
1180	Accounts receivable – related parties (Note 4, 20 & 28)	39,737	4	58,795	5
1200	Other receivables (Note 4, 8 & 28)	6,115	1	7,655	1
1220	Current tax assets (Note 4 & 22)	175	-	5,959	1
130X	Inventories (Note 4, 5 & 9)	407,810	40	490,309	44
1479	Other current assets (Note 14)	42,496	4	36,456	3
11XX	Total current assets	<u>748,086</u>	<u>74</u>	<u>835,467</u>	<u>75</u>
	<b>Non-current assets</b>				
1550	Investments accounted for using equity method (Note 4 & 10)	49,126	5	36,518	3
1600	Property, plant and equipment (Note 4, 11 & 29)	108,229	11	120,148	10
1755	Right-of-use assets (Note 4 & 12)	10,579	1	30,988	3
1780	Intangible assets (Note 4 & 13)	1,497	-	1,794	-
1840	Deferred tax assets (Note 4, 5 & 22)	84,846	8	87,910	8
1990	Other non-current assets (Note 4 & 14)	13,309	1	8,261	1
15XX	Total non-current assets	<u>267,586</u>	<u>26</u>	<u>285,619</u>	<u>25</u>
1XXX	Total assets	<u>\$ 1,015,672</u>	<u>100</u>	<u>\$ 1,121,086</u>	<u>100</u>
	<b>Liabilities and equity</b>				
	<b>Current liabilities</b>				
2100	Short-term borrowings (Note 4, 15 & 29)	\$ 168,000	17	\$ 130,000	12
2130	Contract liabilities - current (Note 4 & 20)	28,419	3	27,447	3
2150	Notes payable (Note 16)	43	-	-	-
2170	Accounts payable (Note 16 & 28)	43,245	4	59,225	5
2219	Other payables (Note 17 & 28)	77,109	8	87,788	8
2280	Lease liabilities – current (Note 4 & 12)	7,701	1	25,756	2
2399	Other current liabilities	3,495	-	3,130	-
21XX	Total current liabilities	<u>328,012</u>	<u>33</u>	<u>333,346</u>	<u>30</u>
	<b>Non-current liabilities</b>				
2527	Contract liabilities – non-current (Note 4 & 20)	28,182	3	30,658	3
2570	Deferred tax liabilities (Note 4 & 22)	6,828	1	6,775	1
2580	Lease liabilities – non-current (Note 4 & 12)	3,010	-	5,480	-
2640	Net defined benefit liability – non-current (Note 4 & 18)	4,747	-	6,081	-
2670	Other non-current liabilities (Note 4 & 17)	-	-	11,334	1
25XX	Total non-current liabilities	<u>42,767</u>	<u>4</u>	<u>60,328</u>	<u>5</u>
2XXX	Total liabilities	<u>370,779</u>	<u>37</u>	<u>393,674</u>	<u>35</u>
	<b>Equity (Note 19)</b>				
3110	Ordinary share capital	684,891	67	684,891	61
3210	Capital surplus	1,151	-	1,151	-
	(accumulated deficit) Retained earnings				
3310	Legal reserve	37,124	4	73,869	6
3320	Special reserve	-	-	867	-
3350	Accumulated deficit	(80,972)	(8)	(37,612)	(3)
3300	Total (accumulated deficit) retained earnings	<u>(43,848)</u>	<u>(4)</u>	<u>37,124</u>	<u>3</u>
	<b>Other equity</b>				
3410	Exchange differences on translation of foreign financial statements	4,879	-	6,426	1
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(2,180)	-	(2,180)	-
3400	Total other equity interest	<u>2,699</u>	<u>-</u>	<u>4,246</u>	<u>1</u>
3XXX	Total equity	<u>644,893</u>	<u>63</u>	<u>727,412</u>	<u>65</u>
	Total liabilities and equity	<u>\$ 1,015,672</u>	<u>100</u>	<u>\$ 1,121,086</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

Chairman : Liao, Yi-Yan

Manager : Liao, Yi-Yan

Accounting : Chang, Chia-Jung

CIPHERLAB CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2025 and 2024

		In Thousands of New Taiwan Dollars			
		2025		2024	
Code		Amount	%	Amount	%
4000	Operating revenues(Note 4, 20 & 28)	\$ 1,063,021	100	\$ 1,244,799	100
5000	Operating costs(Note 9, 21 & 28)	( 710,874)	( 67)	( 798,938)	( 64)
5900	Operating profit margin	352,147	33	445,861	36
5910	Unrealized Profits on Transactions with subsidiaries (Note 4 & 10)	( 23,994)	( 2)	( 36,861)	( 3)
5920	Realized Profits on Transactions with subsidiaries (Note 4 & 10)	<u>36,861</u>	<u>3</u>	<u>36,635</u>	<u>3</u>
5950	Operating profit margin realized	<u>365,014</u>	<u>34</u>	<u>445,635</u>	<u>36</u>
	Operating expenses (Note 8, 21 & 28)				
6100	Selling expenses	( 234,882)	( 22)	( 207,033)	( 17)
6200	Administrative expenses	( 47,504)	( 4)	( 47,377)	( 4)
6300	Research and development expenses	( 166,431)	( 16)	( 217,134)	( 17)
6450	Impairment loss of impairment loss determined in accordance with IFRS 9	( 485)	-	( 397)	-
6000	Total operating expenses	<u>( 449,302)</u>	<u>( 42)</u>	<u>( 471,941)</u>	<u>( 38)</u>
6900	Net operating loss	<u>( 84,288)</u>	<u>( 8)</u>	<u>( 26,306)</u>	<u>( 2)</u>
	Non-operating income and expenses				
7100	Interest income (Note 21)	1,325	-	1,095	-
7010	Other income (Note 21 & 28)	3,411	-	4,859	-
7020	Other gains and losses (Note 21)	( 1,872)	-	13,330	1

(Continue)

(Previous)

Code		2025		2024	
		Amount	%	Amount	%
7050	Financial costs (Note 4 & 21)	(\$ 3,471)	-	(\$ 3,297)	-
7070	Subsidiaries' shares of profit and loss accounted for using equity method (Note 4)	<u>6,550</u>	-	<u>(38,420)</u>	<u>(3)</u>
7000	Total non-operating income and expenses	<u>5,943</u>	-	<u>(22,433)</u>	<u>(2)</u>
7900	Loss before tax	( 78,345)	( 8)	( 48,739)	( 4)
7950	Income tax (expense) benefit (Note 4 & 22)	<u>(3,328)</u>	-	<u>9,636</u>	<u>1</u>
8200	Loss for the year	<u>(81,673)</u>	<u>(8)</u>	<u>(39,103)</u>	<u>(3)</u>
	Other comprehensive income (Note 18, 19 & 22)				
8310	Items not to be reclassified into profit or loss:				
8311	Remeasurements of defined benefit plans	876	-	1,864	-
8349	Income tax related to items that will not be reclassified to profit or loss	( 175)	-	( 373)	-
8360	Items that may be reclassified to profit or loss:				
8361	Exchange differences in translation of financial statements of foreign operations	( 1,933)	-	6,391	-
8399	Income tax related to items that will be reclassified to profit or loss	<u>386</u>	-	<u>(1,278)</u>	-
8300	Total other comprehensive income (after tax)	<u>(846)</u>	-	<u>6,604</u>	-
8500	Total comprehensive income	<u>(\$ 82,519)</u>	<u>(8)</u>	<u>(\$ 32,499)</u>	<u>(3)</u>
	Losses per share (Note 23)				
9710	Basic	<u>(\$ 1.19)</u>		<u>(\$ 0.57)</u>	

The accompanying notes are an integral part of the financial statements.

Chairman : Liao, Yi-Yan

Manager : Liao, Yi-Yan

Accounting : Chang, Chia-Jung

CIPHERLAB CO., LTD.  
STATEMENTS OF CHANGES IN EQUITY  
January 1 to December 31, 2025 and 2024

In Thousands of New Taiwan Dollars

Code		Ordinary share capital	Capital surplus	(Accumulated Deficit) Retained Earnings			Other Equity		Total equity
				Legal reserve	Special reserve	Accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
A1	Balance at January 1, 2024	\$ 684,891	\$ 1,151	\$ 77,998	\$ 1,084	(\$ 4,346)	\$ 1,313	(\$ 2,180)	\$ 759,911
	Making up losses of 2023 (Note 19)								
B13	Making up losses by legal reserve	-	-	( 4,129)	-	4,129	-	-	-
B17	Reversal of special reserve	-	-	-	( 217)	217	-	-	-
D1	Net loss of 2024	-	-	-	-	( 39,103)	-	-	( 39,103)
D3	Other comprehensive income (after tax) of 2024 (Note 19)	-	-	-	-	1,491	5,113	-	6,604
D5	Total comprehensive income of 2024	-	-	-	-	( 37,612)	5,113	-	( 32,499)
Z1	Balance at December 31, 2024	684,891	1,151	73,869	867	( 37,612)	6,426	( 2,180)	727,412
	Making up losses of 2024 (Note 19)								
B13	Making up losses by legal reserve	-	-	( 36,745)	-	36,745	-	-	-
B17	Reversal of special reserve	-	-	-	( 867)	867	-	-	-
D1	Net loss of 2025	-	-	-	-	( 81,673)	-	-	( 81,673)
D3	Other comprehensive income (after tax) of 2025 (Note 19)	-	-	-	-	701	( 1,547)	-	( 846)
D5	Total comprehensive income of 2025	-	-	-	-	( 80,972)	( 1,547)	-	( 82,519)
Z1	Balance at December 31, 2025	\$ 684,891	\$ 1,151	\$ 37,124	\$ -	(\$ 80,972)	\$ 4,879	(\$ 2,180)	\$ 644,893

The accompanying notes are an integral part of the financial statements.

Chairman : Liao, Yi-Yan

Manager : Liao, Yi-Yan

Accounting : Chang, Chia-Jung

## CIPHERLAB CO., LTD.

## STATEMENTS OF CASH FLOWS

January 1 to December 31, 2025 and 2024

		In Thousands of New Taiwan Dollars	
Code		2025	2024
	Cash flows from operating activities		
A10000	Loss before tax	(\$ 78,345)	(\$ 48,739)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expenses	42,495	40,154
A20200	Amortization expenses	2,144	3,099
A20300	Expected credit impairment loss	485	397
A20400	Loss (Gain) on financial assets at fair value through profit or loss	( 329)	240
A20900	Financial costs	3,471	3,297
A21200	Interest income	( 1,325)	( 1,095)
A22400	Subsidiaries' shares of profit and loss accounted for using equity method	( 6,550)	38,420
A22500	Losses on disposal of property, plant, and equipment	-	133
A23700	Inventory valuation and obsolescence losses	4,654	4,481
A23900	Unrealized gains on transactions with subsidiaries	23,994	36,861
A24000	Realized gains on transactions with subsidiaries	( 36,861)	( 36,635)
A24100	Unrealized foreign exchange gains	( 1,323)	( 3,906)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	-	( 10,000)
A31130	Notes receivable	228	2,257
A31150	Accounts receivable	( 23,653)	10,162
A31160	Accounts receivable – related parties	18,810	( 51,629)
A31180	Other receivables	1,556	21,792
A31200	Inventories	77,845	( 8,692)
A31240	Other current assets	( 6,040)	5,392
A32125	Contract liabilities	( 1,504)	4,178
A32130	Notes payable	43	-
A32150	Accounts payable	( 16,027)	( 64,790)
A32180	Other payables	( 6,996)	( 7,615)
A32220	Other current liabilities	365	( 646)
A32240	Net defined benefit liabilities	( 458)	( 421)
A33000	Cash flows from operations	( 3,321)	( 63,305)

(Continue)

(Previous)

<u>Code</u>		<u>2025</u>	<u>2024</u>
A33100	Interest received	\$ 1,324	\$ 1,095
A33500	Income taxes refund (paid)	<u>5,784</u>	( <u>77</u> )
AAAA	Net cash flows generated from (used in) operating activities	<u>3,787</u>	( <u>62,287</u> )
	Cash flows from investing activities		
B00040	Increase in financial assets at amortized cost	( 1,000 )	-
B07100	Increase in prepayments for business equipment	( 6,788 )	( 7,578 )
B02700	Acquisition of property, plant and equipment	( 7,538 )	( 9,574 )
B04500	Acquisition of intangible assets	( 1,266 )	( 852 )
B03700	Increase in refundable deposits	( <u>676</u> )	( <u>391</u> )
BBBB	Net cash flows used in investing activities	( <u>17,268</u> )	( <u>18,395</u> )
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	38,000	50,000
C04020	Repayment of lease liabilities	( 24,790 )	( 23,906 )
C05600	Interest paid	( <u>3,367</u> )	( <u>3,327</u> )
CCCC	Net cash flows generated from financing activities	<u>9,843</u>	<u>22,767</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>1,253</u>	( <u>232</u> )
EEEE	Net decrease in cash and cash equivalents	( 2,385 )	( 58,147 )
E00100	Cash and cash equivalents at beginning of the year	<u>77,242</u>	<u>135,389</u>
E00200	Cash and cash equivalents at end of the year	<u>\$ 74,857</u>	<u>\$ 77,242</u>

The accompanying notes are an integral part of the financial statements.

Chairman : Liao, Yi-Yan

Manager : Liao, Yi-Yan

Accounting : Chang, Chia-Jung

## **【Annex 6】**

# **Independent Auditors' Report and 2025 Consolidated Financial Statement**

### **Audit Opinion**

We have audited the accompanying consolidated balance sheets of CipherLab Co., Ltd. and its subsidiaries (hereinafter “the consolidated company”), as of December 31, 2025 and 2024; the related consolidated statement of comprehensive income, the consolidated statement of changes in equities, and the consolidated statement of cash flows for the period of January 1 to December 31, 2025 and 2024; and notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements in all material respects, are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers; and present equitably the consolidated financial status of the consolidated company as of December 31, 2025 and 2024 and its consolidated financial performance and cash flows from January 1 to December 31, 2025 and 2024.

### **Basis for Opinion**

We have conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under these terms and conditions will be further elaborated in the section of the Auditors' Responsibilities for the Audit of the Financial Statement in this report. Abiding by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, we have maintained objective and are independent of the consolidated company, and have fulfilled these ethical standards and other responsibilities. We believe that we have obtained sufficient and appropriate evidence as to the basis for our audit opinions.

### **Key Audit Matters**

The key audit matter refers to the most important content in our audit of the consolidated company's consolidated financial statements for the year 2025 based on our professional judgment. These matters have been addressed in the process of our audit of the consolidated financial statements and in forming of the audit opinions, and we will not provide any additional view on these matters discretely.

The followings are the key audit matters for the consolidated company's consolidated financial statements for the year 2025:

#### **Key Audit Matter: Authenticity of Sales Revenue Recognition for Specific Products**

The sales revenue from specific products of CipherLab Group for the year 2025 had a significant impact on the consolidated financial statements. In addition, when management is under pressure to

meet market expectations or desires to maximize performance-based rewards, they may use sales turnover to achieve their objectives. Given that sales revenue from specific products is significant, the primary risk is whether such revenue has actually occurred. Therefore, the auditors have identified the authenticity of sales revenue from specific products as a key audit matter.

For the accounting policy on the revenue, please refer to Note 4 (11) of the consolidated financial statements.

The auditors understood and tested the design and operating effectiveness of internal controls relevant to sales revenue recognition. The auditors also selected appropriate samples from the sales revenue details of the aforementioned specific products and inspected sales orders and export declarations, as well as verified whether the payers and the transaction counterparties were consistent, in order to confirm that there were no material misstatements in the sales revenue.

### **Other Matters**

We have also audited CipherLab Co., Ltd.'s parent company only financial statements for the year ended December 31, 2025 and 2024, on which we have issued an unqualified opinion.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the consolidated company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements, or to modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the consolidated company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the consolidated company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the consolidated company's audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated company's consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche Tohmatsu Limited

Accountant Chang, Keng-Hsi, Accountant Yu, Meng-Kuei

Securities and Futures Administration  
Commission R.O.C (Taiwan) Approved  
MOF Securities No. 0920123784

Financial Supervisory Commission R.O.C.  
(Taiwan) Approved  
FSC Securities Review No. 1130357402

March 30, 2026

## CIPHERLAB CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

December 31, 2025 and 2024

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash (Note 4 & 6)	\$ 101,159	9	\$ 129,690	11
1110	Financial assets at fair value through profit or loss – current (Note 4 & 7)	47,008	4	9,760	1
1136	Financial assets at amortized cost (Note 4 & 29)	2,500	-	1,500	-
1150	Notes receivable (Note 4, 8 & 20)	-	-	228	-
1170	Accounts receivable (Note 4, 8 & 20)	194,823	18	189,117	16
1200	Other receivables (Note 4 & 8)	5,911	1	6,635	1
1220	Current tax assets (Note 4 & 22)	175	-	5,959	-
130X	Inventories (Note 4, 5 & 9)	439,219	41	539,289	45
1479	Other current assets (Note 14)	48,395	5	43,864	4
11XX	Total current assets	<u>839,190</u>	<u>78</u>	<u>926,042</u>	<u>78</u>
	<b>Non-current assets</b>				
1600	Property, plant and equipment (Note 4, 11 & 29)	108,385	10	120,304	10
1755	Right-of-use assets (Note 4 & 12)	25,189	3	48,917	4
1780	Intangible assets (Note 4 & 13)	1,497	-	1,794	-
1840	Deferred tax assets (Note 4, 5 & 22)	84,846	8	87,910	7
1990	Other non-current assets (Note 4 & 14)	13,721	1	8,691	1
15XX	Total non-current assets	<u>233,638</u>	<u>22</u>	<u>267,616</u>	<u>22</u>
1XXX	Total assets	<u>\$ 1,072,828</u>	<u>100</u>	<u>\$ 1,193,658</u>	<u>100</u>
	<b>Liabilities and equity</b>				
	<b>Current liabilities</b>				
2100	Short-term borrowings (Note 4, 15 & 29)	\$ 168,000	16	\$ 130,000	11
2130	Contract liabilities - current (Note 4 & 20)	44,267	4	63,271	5
2150	Notes payable (Note 16)	43	-	-	-
2170	Accounts payable (Note 16 & 28)	43,245	4	59,225	5
2219	Other payables (Note 17)	83,059	8	92,562	8
2280	Lease liabilities – current (Note 4 & 12)	10,072	1	27,999	2
2399	Other current liabilities	3,570	-	3,212	-
21XX	Total current liabilities	<u>352,256</u>	<u>33</u>	<u>376,269</u>	<u>31</u>
	<b>Non-current liabilities</b>				
2527	Contract liabilities – non-current (Note 4 & 20)	44,194	4	46,028	4
2570	Deferred tax liabilities (Note 4 & 22)	6,828	1	6,775	1
2580	Lease liabilities – non-current (Note 4 & 12)	18,955	2	24,899	2
2640	Net defined benefit liability – non-current (Note 4 & 18)	4,747	-	6,081	-
2645	Guarantee deposits received	-	-	6,458	1
25XX	Total non-current liabilities	<u>74,724</u>	<u>7</u>	<u>90,241</u>	<u>8</u>
2XXX	Total liabilities	<u>426,980</u>	<u>40</u>	<u>466,510</u>	<u>39</u>
	<b>Equity attributable to owners of parent company (Note 19)</b>				
3110	Ordinary share capital	684,891	64	684,891	58
3210	Capital surplus	1,151	-	1,151	-
	(accumulated deficit) Retained earnings				
3310	Legal reserve	37,124	4	73,869	6
3320	Special reserve	-	-	867	-
3350	Accumulated deficit	(80,972)	(8)	(37,612)	(3)
3300	Total (accumulated deficit) retained earnings	<u>(43,848)</u>	<u>(4)</u>	<u>37,124</u>	<u>3</u>
	<b>Other equity</b>				
3410	Exchange differences on translation of foreign financial statements	4,879	-	6,426	-
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(2,180)	-	(2,180)	-
3400	Total other equity interest	<u>2,699</u>	<u>-</u>	<u>4,246</u>	<u>-</u>
31XX	Total equity interest attributable to owners of parent company	<u>644,893</u>	<u>60</u>	<u>727,412</u>	<u>61</u>
36XX	Non-controlling interest	955	-	(264)	-
3XXX	Total equity interest	<u>645,848</u>	<u>60</u>	<u>727,148</u>	<u>61</u>
	<b>Total liabilities and equity</b>	<u>\$ 1,072,828</u>	<u>100</u>	<u>\$ 1,193,658</u>	<u>100</u>

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

Chairman : Liao, Yi-Yan

Manager : Liao, Yi-Yan

Accounting : Chang, Chia-Jung

CIPHERLAB CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 to December 31, 2025 and 2024

In Thousands of New Taiwan Dollars  
Except Losses per Share

Code		2025		2024	
		Amount	%	Amount	%
4000	Operating revenues(Note 4 & 20)	\$ 1,191,580	100	\$ 1,294,440	100
5000	Operating costs(Note 9, 21 & 28)	( 725,618)	( 61)	( 790,580)	( 61)
5900	Operating profit margin	465,962	39	503,860	39
	Operating expenses (Note 21)				
6100	Selling expenses	( 301,738)	( 25)	( 271,343)	( 21)
6200	Administrative expenses	( 69,263)	( 6)	( 71,026)	( 6)
6300	Research and development expenses	( 168,524)	( 14)	( 217,988)	( 17)
6450	Impairment loss of impair (Note 8)	( 420)	-	( 943)	-
6000	Total operating expenses	( 539,945)	( 45)	( 561,300)	( 44)
6900	Net operating loss	( 73,983)	( 6)	( 57,440)	( 5)
	Non-operating income and expenses (Note 21)				
7100	Interest income	1,446	-	1,222	-
7010	Other income (Note 24)	3,144	-	1,276	-
7020	Other gains and losses	( 3,173)	-	13,515	1
7050	Financial costs (Note 4)	( 4,560)	( 1)	( 4,593)	-
7000	Total non-operating income and expenses	( 3,143)	( 1)	11,420	1
7900	Loss before tax	( 77,126)	( 7)	( 46,020)	( 4)
7950	Income tax (expense) benefit (Note 4 & 22)	( 3,328)	-	6,973	1
8200	Loss for the year	( 80,454)	( 7)	( 39,047)	( 3)

(Continue)

(Previous)

Code		2025		2024	
		Amount	%	Amount	%
	Other comprehensive income (Note 4, 18, 19 & 22)				
8310	Items not to be reclassified into profit or loss:				
8311	Remeasurements of defined benefit plans	\$ 876	-	\$ 1,864	-
8349	Income tax related to items that will not be reclassi- fied to profit or loss	( 175 )	-	( 373 )	-
8360	Items that may be reclassified to profit or loss:				
8361	Exchange differences in translation of financial statements of foreign oper- ations	( 1,933 )	-	6,391	-
8399	Income tax related to items that will be reclassified to profit or loss	<u>386</u>	<u>-</u>	( <u>1,278</u> )	<u>-</u>
8300	Total other comprehensive income (after tax)	( <u>846</u> )	<u>-</u>	<u>6,604</u>	<u>-</u>
8500	Total comprehensive income	( <u>\$ 81,300</u> )	( <u>7</u> )	( <u>\$ 32,443</u> )	( <u>3</u> )
	Loss attributable to:				
8610	Owners of parent company	( \$ 81,673 )	( 7 )	( \$ 39,103 )	( 3 )
8620	Non-controlling interests	<u>1,219</u>	<u>-</u>	<u>56</u>	<u>-</u>
8600		( <u>\$ 80,454</u> )	( <u>7</u> )	( <u>\$ 39,047</u> )	( <u>3</u> )
	Comprehensive income attributa- ble to:				
8710	Owners of parent company	( \$ 82,519 )	( 7 )	( \$ 32,499 )	( 3 )
8720	Non-controlling interests	<u>1,219</u>	<u>-</u>	<u>56</u>	<u>-</u>
8700		( <u>\$ 81,300</u> )	( <u>7</u> )	( <u>\$ 32,443</u> )	( <u>3</u> )
	Losses per share (Note 23)				
9710	Basic	( <u>\$ 1.19</u> )		( <u>\$ 0.57</u> )	

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

Chairman : Liao, Yi-Yan

Manager : Liao, Yi-Yan

Accounting : Chang, Chia-Jung

CIPHERLAB CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
January 1 to December 31, 2025 and 2024

In Thousands of New Taiwan Dollars

Code	Equities attributable to owners of parent company					Other Equity		Total	Non-controlling interests	Total equity	
	Ordinary share capital	Capital surplus	(Accumulated Deficit) Retained Earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income				
			Legal reserve	Special reserve	Accumulated deficit						
A1	Balance at January 1, 2024	\$ 684,891	\$ 1,151	\$ 77,998	\$ 1,084	(\$ 4,346)	\$ 1,313	(\$ 2,180)	\$ 759,911	(\$ 320)	\$ 759,591
	Making up losses of 2023 (Note 19)										
B13	Making up losses by legal reserve	-	-	( 4,129)	-	4,129	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	( 217)	217	-	-	-	-	-
D1	Net loss of 2024	-	-	-	-	( 39,103)	-	-	( 39,103)	56	( 39,047)
D3	Other comprehensive income (after tax) of 2024 (Note 19)	-	-	-	-	1,491	5,113	-	6,604	-	6,604
D5	Total comprehensive income of 2024	-	-	-	-	( 37,612)	5,113	-	( 32,499)	56	( 32,443)
Z1	Balance at December 31, 2024	684,891	1,151	73,869	867	( 37,612)	6,426	( 2,180)	727,412	( 264)	727,148
	Making up losses of 2024 (Note 19)										
B13	Making up losses by legal reserve	-	-	( 36,745)	-	36,745	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	( 867)	867	-	-	-	-	-
D1	Net loss of 2025	-	-	-	-	( 81,673)	-	-	( 81,673)	1,219	( 80,454)
D3	Other comprehensive income (after tax) of 2025 (Note 19)	-	-	-	-	701	( 1,547)	-	( 846)	-	( 846)
D5	Total comprehensive income of 2025	-	-	-	-	( 80,972)	( 1,547)	-	( 82,519)	1,219	( 81,300)
Z1	Balance at December 31, 2025	\$ 684,891	\$ 1,151	\$ 37,124	\$ -	(\$ 80,972)	\$ 4,879	(\$ 2,180)	\$ 644,893	\$ 955	\$ 645,848

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

Chairman : Liao, Yi-Yan

Manager : Liao, Yi-Yan

Accounting : Chang, Chia-Jung

CIPHERLAB CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to December 31, 2025 and 2024

In Thousands of New Taiwan Dollars

Code		2025	2024
	Cash flows from operating activities		
A10000	Loss before tax	(\$ 77,126)	(\$ 46,020)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expenses	45,131	42,900
A20200	Amortization expenses	2,144	3,099
A20300	Expected credit impairment loss	420	943
A20400	Losses (gains) on financial assets at fair value through profit or loss	( 617)	240
A20900	Financial costs	4,560	4,593
A21200	Interest income	( 1,446)	( 1,222)
A22500	Losses on disposal of property, plant, and equipment	-	133
A23700	Inventory valuation and obsoles- cence losses	5,548	4,481
A24100	Unrealized foreign exchange gains	( 316)	( 2,981)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily meas- ured at fair value through profit or loss	( 36,631)	( 10,000)
A31130	Notes receivable	228	2,257
A31150	Accounts receivable	( 13,877)	( 12,079)
A31180	Other receivables	740	22,527
A31200	Inventories	93,082	( 9,193)
A31240	Other current assets	( 4,753)	268
A32125	Contract liabilities	( 19,489)	15,995
A32130	Notes payable	43	-
A32150	Accounts payable	( 16,027)	( 65,236)
A32180	Other payables	( 5,718)	( 5,662)
A32220	Other current liabilities	358	( 593)
A32240	Net defined benefit liabilities	( 458)	( 421)
A33000	Cash flows from operations	( 24,204)	( 55,971)
A33100	Interest received	1,445	1,222
A33500	Income taxes refund (paid)	6,134	( 77)
AAAA	Net cash used in operating activities	( 16,625)	( 54,826)

(Continue)

(Previous)

Code		2025	2024
	Cash flows from investing activities		
B00040	Increase in financial assets at amortized cost	(\$ 1,000)	\$ -
B07100	Increase in prepayments for business equipment	( 6,806)	( 7,552)
B02700	Acquisition of property, plant and equipment	( 7,624)	( 9,623)
B04500	Acquisition of intangible assets	( 1,266)	( 852)
B03700	Increase in refundable deposits	( 658)	( 419)
BBBB	Net cash flows used in investing activities	( <u>17,354</u> )	( <u>18,446</u> )
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	38,000	50,000
C01700	Repayment for long-term borrowings	-	( 3,278)
C04020	Repayment of lease liabilities	( 27,359)	( 26,223)
C05600	Interest paid	( <u>4,456</u> )	( <u>4,628</u> )
CCCC	Net cash generated from financing activities	<u>6,185</u>	<u>15,871</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	( <u>737</u> )	<u>4,321</u>
EEEE	Net decrease in cash and cash equivalents	( 28,531)	( 53,080)
E00100	Cash and cash equivalents at beginning of the year	<u>129,690</u>	<u>182,770</u>
E00200	Cash and cash equivalents at end of the year	<u>\$ 101,159</u>	<u>\$ 129,690</u>

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

Chairman: Liao, Yi-Yan

Manager: Liao, Yi-Yan

Accounting: Chang, Chia-Jung

**【Annex 7】**

**CIPHERLAB CO., LTD.**  
**Deficit Compensation Statement**  
**For the year ended Dec. 31, 2025**

Unit: NT dollar

Item	Amount	Note
Undistributed Retained Earnings of Previous Years	-	
Less: Net Loss after tax in 2025	(81,672,474)	
Less: Income tax related to actuarial losses on defined benefit plans	(175,051)	
Add: Remeasurements of defined benefit plans recognized in retained earnings	875,258	
Accumulated deficit to be covered	(80,972,267)	
Distribution Items:		
Deficit Offset Items		
Deficit offset by legal reserve	37,123,532	
Accumulated deficit at the end of the period	(43,848,735)	
Note: 1. In the event of a share buyback, transfer or cancellation of treasury shares, conversion of convertible bonds, or exercise of employee stock options, which affects the outstanding shares, the dividend distribution ratio may be adjusted accordingly. The Board is authorized to handle such matters.		

Chairman: Yi-Yan Liao

General Manager: Yi-Yan Liao  
Chang

Accounting Supervisor: Chia-Jung

## **【Appendix 1】**

# **CIPHERLAB CO., LTD.**

## **Rules of Procedure for Shareholders Meetings**

- Article 1. The Board of CIPHERLAB CO. is required to comply with this regulation unless otherwise provided by law.
- Article 2. Shareholders attending the shareholders' meeting shall sign the attendance book, and the number of shares they hold will be calculated based on the attendance register or the sign-in card they submit, as well as the number of shares reported through the virtual meeting platform. The number of shares exercised by written or electronic means shall also be counted.
- Article 2-1. Shareholders may issue a power of attorney form, printed by the Company, specifying the scope of authorization at each shareholders' meeting, and the authorized agent may attend the shareholders' meeting.
- Each shareholder is limited to issue one power of attorney form and authorize one agent, and it shall be sent to the Company five days before the shareholders' meeting. If there are multiple power of attorneys delivered, the first one received shall prevail. However, this does not apply to the person who revokes the previous power of attorney.
- Once the power of attorney form is received, shareholders intending to attend the shareholders' meeting in person or exercise their voting rights by written or electronic means shall submit a written notice to the Company to revoke the power of attorney at least two days before the shareholders' meeting. If fail to make the revocation by the deadline, the authorize agent exercise of voting rights on behalf of the shareholder shall prevail.
- After the power of attorney form is delivered to the Company, shareholders intending to attend the shareholders' meeting online shall submit a written notice to the Company to revoke the power of attorney; if fail to make revocation by the deadline, the authorize agent exercise of voting rights on behalf of the shareholder shall prevail.
- Article 3. The attendance and voting at the shareholders' meeting shall be based on the number of shares held.
- Article 3-1. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
- When the Company convene shareholders' meeting, electronic, as well as written means shall be adopted to exercise voting rights; when exercising voting rights by written or electronic means, the method of exercise shall be stated in the notice of the shareholders' meeting. Shareholders who exercise their voting rights by written and electronic means is considered attending the shareholders' meeting in person.
- However, with respect to the extraordinary motions and amendments to the original motions for the shareholders' meeting, they will be deemed as abstentions, so the Company shall avoid proposing extraordinary motions and amendments to the original motions.
- Shareholders who exercise their voting rights by written and electronic means shall submit their statement two days before the shareholders' meeting. If there are multiple statements delivered, the first one received shall prevail. However, this does not apply to the person who revokes the previous statement.
- After shareholders exercised their voting rights by written or electronic means, if they intend to attend the shareholders' meeting in person or online, they shall revoke the statement with the same way they exercised voting rights at least two days before the shareholders' meeting; if fail to make the revocation by the deadline, the vote exercised in writing or electronically shall prevail. If a shareholder authorizes an agent to attend the shareholder' meeting on his behalf and exercise voting rights in writing or electronically, the vote exercised by the agent attending the shareholders' meeting shall prevail.
- Voting on proposals, unless otherwise provided by the Company Act or articles of association, shall be deemed approved with the consent of more than half of the voting rights of the shareholders present. During the vote, the total number of voting rights of the attending shareholders shall be announced by the chairman or a designated person for each proposal, and the shareholders shall vote on each proposal. The results of the shareholders' agreement, objection, and abstention shall be input into the MOPS (Market Observation Post System) on the day of the shareholders' meeting.
- When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- The supervisors and vote counters for the voting on proposals shall be designated by the chairman, but the supervisors shall be a shareholder. The vote counting process for the voting or election proposals at

the shareholders' meeting shall be conducted in public at the meeting venue and the voting results, including the total number of votes, shall be announced on the spot and recorded.

In the case of a virtual shareholders' meeting, shareholders who participate online shall vote on each proposal and election proposal through the virtual meeting platform after the chairman announces the start of the shareholders' meeting and shall be completed before the chairman announces the end of the voting period. Those who fail to do so within the specified time shall be deemed to have forfeited their voting rights.

For a virtual-only meeting, the vote count and the results of the voting and election shall be announced after a single tally after the chairman announced the end of the voting period.

For a hybrid meeting, shareholders who have registered to attend the shareholders' meeting online in accordance with Article 5-1, but intend to attend the physical shareholders' meeting in person, shall cancel their registration in the same way as the registration process no later than two days prior to the shareholders' meeting. If the cancellation is made after the deadline, the shareholder can only attend the shareholders' meeting online.

For shareholders who have exercised their voting rights in writing or electronically and have not made revocation and have participated in the shareholders' meeting online, they shall not exercise their voting rights or propose amendments to the original proposal or any revised proposals, except for any extraordinary motions.

Article 4. Unless otherwise provided by law, the shareholders' meeting of the Company shall be convened by the Board. Any change in the manner of convening the shareholders' meeting shall be resolved by the Board and made before the notice of the shareholders' meeting is sent out.

The Company shall prepare the notice of the shareholders' meeting, the power of attorney form, the reasons and explanatory materials related to proposals, discussion, election or discharge of directors and other matters for submission to the MOPS in electronic file format 30 days before the regular shareholders' meeting or 15 days before the special shareholders' meeting. The Company shall also prepare the meeting agenda handbook and supplemental materials for submission to the MOPS in electronic file format 21 days before the regular shareholders' meeting or 15 days before the special shareholders' meeting. However, in case the aggregated shareholding percentage of foreign investors and Mainland Chinese investors reached 30% or more as recorded in the shareholders' register at the time of holding of the regular shareholders' meeting in the most recent fiscal year, it shall upload the electronic file as in the preceding paragraph by 30 days prior to the day on which the regular shareholders' meeting is to be held. The meeting agenda handbook and supplemental materials shall be prepared and made available to shareholders 15 days before the shareholders' meeting. In addition, they shall be displayed at the Company and its designated stock registrar and transfer agent. Meeting agenda handbook and supplemental materials as in the preceding paragraph shall be provided to shareholders for review by the following means on the day the shareholders' meeting is convened:

1. If the company convenes a physical shareholder meeting, it shall distribute them on-site at the shareholder's meeting.
2. If the company convenes a hybrid shareholder meeting, it shall distribute them on-site at the shareholder meeting and upload the electronic files to the virtual meeting platform.
3. If the company convenes a virtual-only shareholder meeting, it shall upload the electronic files to the virtual meeting platform.

The notice and announcement shall state the reason for the call; if the notice is agreed by the relative person, it can be done electronically.

Matters pertaining to election or discharge of directors, alteration of the articles of association, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters set forth in Article 185, paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, matters as set forth in Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extraordinary motions.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items proposed is lim-

ited to one only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances set forth in Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board may exclude it from the agenda. Shareholders may submit proposals urging the Company to promote public interests or fulfill its social responsibilities; however, the number of items proposed is limited to one only regulated by Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the Company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten days. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

The Company shall inform shareholders who submitted proposals the proposals screening results prior to preparing and delivering the shareholders' meeting notice, and shall list the proposals conforming to the requirements set forth in this Article in the shareholders' meeting notice. With regard to the proposals submitted by shareholders but not included in the meeting agenda, the cause of exclusion of such proposals and explanation shall be made by the Board at the shareholders' meeting.

Article 5. Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by written or electronic means.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned; for virtual-only meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

When, the attending shareholders represent a majority of the total number of issued shares prior to conclusion of the meeting, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 5-1. The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (hereinafter referred to as the "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

Time during which attendance registrations for shareholders as in the preceding paragraph will be accepted shall be at least 30 minutes prior to the start of the meeting; the place to register for attendance shall be clearly marked, and shall assign sufficient suitable personnel to handle registration. For a virtual shareholders' meeting, the attendance registrations shall begin 30 minutes prior to the meeting starts on the virtual meeting platform. Shareholders finishing attendance registration will be deemed as attending the shareholders' meeting in person.

Shareholders shall attend shareholders' meetings with attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend. Solicitors soliciting power of attorney forms shall also bring identification documents for verification.

The Company shall provide shareholders with attendance book to sign, or attending shareholders may hand in sign-in cards in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attend-

ance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

For a virtual shareholding meeting, shareholders intending to attend the meeting online shall register with this company two days before the meeting date.

In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda handbook, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 5-2. To convene a virtual-only shareholders' meeting, the following shall be stated in the shareholders' meeting notice:

1. How shareholders attend the virtual-only meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - (2) Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
  - (3) For a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the quorum, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.
  - (4) Actions to be taken if the outcome of all proposals has been announced and extraordinary motion has not been carried out.
3. For a virtual-only meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.

Article 6. If a shareholders' meeting is convened by the Board, the meeting agenda shall be determined by the Board, and votes shall be cast on separate proposal in the agenda. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions as in the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene other than the Board.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by the resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other attending shareholders may elect a new chair by agreement of a majority of the votes represented by the attending shareholders, and resume the meeting.

After the meeting adjourned, shareholders may not elect a new chair and continue the meeting at the same or a different place.

Article 7. Before speaking, an attending shareholder must specify the subject of the speech on a speaker's slip, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be determined by the chair.

Attending shareholders submitting speaker's slip but yet to speak will be deemed to have not spoken. When the content does not correspond with the subject specified on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 8. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

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

If the attending shareholder's speech violates the rules regulated by the preceding two paragraphs, exceeding the scope of the agenda item, or disrupt the order of the meeting, the chair may terminate the speech.

For a virtual shareholders' meeting, shareholders attending the meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 3 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

Article 9. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair determines that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, calling for a vote, and schedule sufficient time for voting.

Article 10. Except for otherwise provided by the Company Act and in the Company's articles of association, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 11. The election of directors and independent directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and independent directors and the numbers of votes with which they were elected, and the names of directors and independent directors not elected and number of votes they received.

Article 12. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

The chair shall designate supervisors and vote counters for voting on proposals, but the supervisors shall be shareholders. The results of the vote shall be reported on-site and recorded.

For a virtual-only shareholders' meeting, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

For a virtual shareholders' meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 13. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

The restrictions on the place of the meeting shall not apply to a virtual-only shareholders' meeting.

Article 14. The Company may appoint lawyers, accountants and other related personnel to attend the shareholders' meeting. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

Article 15. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 16. When the meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordi-

nary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

If an air raid warning is encountered when the meeting is in progress, the meeting shall be stopped and the attendee shall evacuate immediately. The meeting will be resumed an hour after the warning is lifted.

Article 17. For a virtual-only shareholders' meeting, the Company shall disclose the result of the vote and election after the end of every voting session on the virtual meeting platform in accordance with the regulations. This disclosure shall continue until at least 15 minutes after the chair has announced the meeting adjourned.

Article 18. When the Company convenes a virtual-only shareholders' meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 19. For a virtual shareholders' meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders' meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders' meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders' meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the quorum for a shareholders' meeting, then the shareholders' meeting shall continue, and no postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholders' meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under the second paragraph.

Article 20. Any matter not be provided by these rules shall be as provided in the Company Act, the article of association and other related laws.

Article 21. These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments shall be taken effect in the same manner.

## **【Appendix 2】**

# **CIPHERLAB CO., LTD. Articles of Incorporation**

### Chapter 1. General Principle

Article 1. The Company is organized in accordance with the Company Act with the name CIPHERLAB CO., LTD.

Article 2. The business scope of the Company is as the following:

1. CB01010 Mechanical Equipment Manufacturing
2. CB01020 Affairs Machine Manufacturing
3. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
4. CE01010 General Instrument Manufacturing
5. F113010 Wholesale of Machinery
6. F113030 Wholesale of Precision Instruments
7. F113050 Wholesale of Computers and Clerical Machinery Equipment
8. F118010 Wholesale of Computer Software
9. F119010 Wholesale of Electronic Materials
10. F213030 Retail Sale of Computers and Clerical Machinery Equipment
11. F213040 Retail Sale of Precision Instruments
12. F213080 Retail Sale of Machinery and Tools
13. F218010 Retail Sale of Computer Software
14. F219010 Retail Sale of Electronic Materials
15. I301010 Information Software Services
16. I031020 Data Processing Services
17. JA02010 Electric Appliance and Electronic Products Repair
18. F401021 Restrained Telecom Radio Frequency Equipment's and Materials Import
19. CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
20. I301040 The Third-Party Payment
21. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1. The Company may provide external guarantees.

Article 2-2. The Company's investment in subsidiaries may exceed 40% of its paid-in capital.

Article 3. The headquarter of the Company is located in Taipei City, and, if necessary, the Company may establish branches or offices at home or abroad with the approval of the Board.

Article 4. The Company's announcement method shall be handled in accordance with the Company Act and the regulations of the competent authority.

### Chapter 2. Shares

Article 5. The capital of the Company is set at NT\$900 million, divided into 90 million shares with a par value of NT\$10 per share, to be issued in stages. The issuance of any unissued shares will be determined by the Board based on actual needs. NT\$100 million of the registered capital will be reserved for the issuance of employee stock option certificates in the future, totaling 10 million shares with a par value of NT\$10 per share, to be issued in stages according to the decision of the Board.

Article 5-1. The price of employee stock option certificates issued by the Company is not subject to restrictions under the applicable laws, but it must be approved by a majority of the total issued shares represented by shareholders present at the meeting, with at least two-thirds of the voting rights in favor. The Company may apply for the issuance of such certificates in stages within one year from the date of the shareholders' meeting resolution.

Article 5-2. The shares repurchased by the Company may be transferred to employees at a price lower than the average repurchase price, but it must be done in accordance with the applicable laws and with the approval of the shareholders' meeting.

Article 6. The stocks issued by the Company are registered and shall be signed or stamped by at least three directors and issued after being certified in accordance with the law. The Company's issued shares may be exempt from printing stock certificates and shall be registered with a centralized securities depository institution.

Article 7. Transfer registration of shares may not be made within 60 days before the regular shareholders' meeting or within 30 days before a special shareholders' meeting, or within five days before the record date for the dis-

tribution of dividends, bonuses, or other benefits determined by the Company.

#### Chapter 3. Shareholders' meeting

Article 8. There are two types of shareholders' meeting, respectively regular and special shareholders' meeting. The regular shareholders' meeting is held within 6 months after every fiscal year ends, and the special shareholders' meeting is held based on the needs.

Article 9. During the shareholders' meeting, video conferencing or other methods announced by the competent authority may be used. Shareholders who participate in the meeting online shall be deemed as present in person. If a shareholder cannot attend the shareholders' meeting due to certain reasons, he/she may issue a power of attorney form printed by the Company specifying the scope of authorization to authorize an agent to attend on his/her behalf. The method of authorizing attendance by shareholders shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholders' meetings of Public Companies" promulgated by the competent authority, in addition to the provisions of Article 177 of the Company Act.

Article 10. A shareholder shall be entitled to one vote for each share held, except when the shares are deemed non-voting shares under Article 179, of the Company Act.

Article 11. The resolution of the shareholders' meeting shall require the attendance of more than half of the shares represented by the shareholders, and the passage of a resolution shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders, unless otherwise provided by the applicable laws. In accordance with the regulations of the competent authority, the shareholders of the Company may also exercise their voting rights electronically, and shareholders who exercise their voting rights electronically shall be deemed to be present in person. The relevant matters shall be handled in accordance with laws.

#### Chapter 4. The Board and The Audit Committee

Article 12. The Board consists of seven to nine members, with a term of three years. The Company shall adopt a nomination system for candidates, and the board members shall be elected from the list of candidates by the shareholders' meeting. Reelection is allowed

Article 13. In accordance with Article 14-2 of Securities and Exchange Act, among the directors set forth in the previous article, at least three persons must be independent directors, and the number of independent directors shall not be less than one-fifth of the total number of directors. The selection shall adopt the candidate nomination system specified in Article 192-1 of the Company Act.

Article 14. The Board is organized by the directors. The chairman of the board shall be elected by mutual recommendation of the directors with the attendance of more than two-thirds of the directors and approved by a majority of the attending directors. The chairman of the board shall represent the Company externally.

Article 14-1. When a director is unable to attend the board meeting, he/she may authorize other directors to attend on his/her behalf. The independent directors may only authorize other independent directors to attend on their behaves.

Article 14-2. The notice of the board meeting may be sent out in written, by email or by fax.

Article 15. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, his representative shall be as Article 208 of the Company Act.

Article 16. The remuneration of all directors shall be determined by the shareholders' meeting. Directors engaging in business operations may receive salaries based on the customary level of their peers, regardless of the Company's profitability.

Article 17. The Company may purchase liability insurance for all directors during their tenure for the scope of their duties.

Article 17-1. The Board of the Company may establish various functional committees, and their members' qualifications, exercise of powers, and related matters shall be handled in accordance with the applicable laws and regulations and as determined by the Board.

The Company has established an audit committee to replace the supervisor's duties.

The audit committee is composed of all independent directors, with a minimum of three members, one of whom serves as the convener.

#### Chapter 5. Manger

Article 18. The Company may have one General Manager and one or more Deputy General Managers. The appointment, removal, and remuneration of such managerial personnel shall be governed by the provisions of Article 29 of the Company Act.

#### Chapter 6. Accounting

Article 19. The Company shall prepare and submit a business report, financial statements, and proposals for the distribution of profits or the offset of losses to the shareholders' meeting for approval at the end of each fiscal

year.

Article 20. The Company shall allocate 0.5% to 10% of its annual profits for employee compensation, and no more than 3% for director compensation, if any profit is made in the fiscal year.

However, if the Company has accumulated losses, the losses must be made up first, and then employee and director compensation can be allocated according to the percentage as in the preceding paragraph.

Of the amount of employee compensation mentioned in the previous paragraph, no less than 30% shall be allocated for the compensation of entry-level employees.

Employee compensation as in the preceding paragraph can be paid in the form of stocks or cash, and it includes employees of subsidiary companies meeting certain criteria. Director compensation can only be paid in cash.

The provisions of preceding two paragraphs shall be resolved by the Board and reported to the shareholders' meeting.

Article 21. If there is a surplus in the annual settlement of the Company, it shall pay taxes, making up for the accumulated losses, and then allocate 10% as statutory surplus reserves in accordance with the law. However, if the statutory surplus reserves have reached the actual paid-in capital of the Company, they may not be allocated again. The remaining amount shall be allocated or reversed as special surplus reserves according to the provisions of laws and regulations, and if there is still a balance, the Board shall propose a profit distribution proposal and submit it to the shareholders' meeting for approval of the distribution of dividends to the shareholders from the accumulated undistributed profits.

Article 22. The dividend policy of this company will take into account the Company's environment, future capital needs, long-term financial planning, and shareholders' requirements for current cash flow. The actual distribution of profits for the year will not be less than 50% of the distributable profits. Currently, the Company operates in a growing industry, with sustained profitability and a sound financial structure. While maintaining stable earnings per share, the cash dividend payment should not be less than 10% of the total dividend amount.

#### Chapter 7. By-laws

Article 23. Any matters not provided in this article shall be as provided in the Company Act and other related laws and regulations.

Article 24. The article is set on October 4<sup>th</sup>, 1988.

The 1<sup>st</sup> amendment was made on June 5<sup>th</sup>, 1994.

The 2<sup>nd</sup> amendment was made on September 1<sup>st</sup>, 1994.

The 3<sup>rd</sup> amendment was made on March 9<sup>th</sup>, 1996.

The 4<sup>th</sup> amendment was made on September 3<sup>rd</sup>, 1996.

The 5<sup>th</sup> amendment was made on August 20<sup>th</sup>, 1997.

The 6<sup>th</sup> amendment was made on April 5<sup>th</sup>, 1998.

The 7<sup>th</sup> amendment was made on September 3<sup>rd</sup>, 1998.

The 8<sup>th</sup> amendment was made on June 16<sup>th</sup>, 1999.

The 9<sup>th</sup> amendment was made on June 22<sup>nd</sup>, 2000.

The 10<sup>th</sup> amendment was made on May 3<sup>rd</sup>, 2001.

The 11<sup>th</sup> amendment was made on June 5<sup>th</sup>, 2002.

The 12<sup>th</sup> amendment was made on May 28<sup>th</sup>, 2003.

The 13<sup>th</sup> amendment was made on May 28<sup>th</sup>, 2003.

The 14<sup>th</sup> amendment was made on June 15<sup>th</sup>, 2004.

The 15<sup>th</sup> amendment was made on May 25<sup>th</sup>, 2005.

The 16<sup>th</sup> amendment was made on May 25<sup>th</sup>, 2005.

The 17<sup>th</sup> amendment was made on April 25<sup>th</sup>, 2006.

The 18<sup>th</sup> amendment was made on May 15<sup>th</sup>, 2007.

The 19<sup>th</sup> amendment was made on May 16<sup>th</sup>, 2008.

The 20<sup>th</sup> amendment was made on May 15<sup>th</sup>, 2009.

The 21<sup>st</sup> amendment was made on May 11<sup>th</sup>, 2010.

The 22<sup>nd</sup> amendment was made on May 18<sup>th</sup>, 2011.

The 23<sup>rd</sup> amendment was made on June 25<sup>th</sup>, 2015.

The 24<sup>th</sup> amendment was made on June 21<sup>st</sup>, 2016.

The 25<sup>th</sup> amendment was made on June 25<sup>th</sup>, 2019.

The 26<sup>th</sup> amendment was made on August 24<sup>th</sup>, 2021.

The 27<sup>th</sup> amendment was made on June 21<sup>st</sup>, 2022.

The 28<sup>th</sup> amendment was made on June 24<sup>th</sup>, 2025.

## **【Appendix 3】**

# **CIPHERLAB CO., LTD.**

## **Procedures for Acquisition or Disposal of Derivatives**

### **【Pre-revised Version】**

#### Article 1: Purpose

To strengthen the risk management of derivative transactions conducted by the Company, these procedures are established.

#### Article 2: Scope of Application

Unless otherwise provided by laws and regulations, all derivative transactions shall be handled in accordance with these procedures

#### Article 3: Definition

The term "derivatives" as used herein refers to forward contracts, options contracts, futures contracts, leveraged margin contracts, and swap contracts whose value is derived from specific interest rates, financial instrument prices, commodity prices, foreign exchange rates, price or rate indices, credit ratings or credit indices, or other variables; or hybrid contracts combining the above, or structured products embedding derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sales) contracts.

#### Article 4: Trading Principles

##### 1. Transaction Types

The types of derivative products the Company may engage in are limited to foreign currency forward exchange contracts, which shall be reviewed by the General Manager and approved by the Chairman, and reported to the Board of Directors on a quarterly basis. Transactions involving any other types of derivative products shall only be executed after obtaining a resolution of approval from the Board of Directors.

##### 2. Operating and Hedging Strategies

The Company engages in derivative transactions for hedging purposes. The selection of trading instruments shall primarily aim to hedge risks arising from the Company's business operations and shall not involve speculative trading. Counterparties shall be financial institutions with superior credit standing selected based on operational needs to avoid credit risks.

##### 3. Performance Evaluation

The execution unit shall evaluate and review trading performance at least weekly based on market prices or other reasonable real-time information. Furthermore, the unit shall consider international economic trends and conditions to review and improve hedging operational strategies.

##### 4. Division of Responsibilities

###### (1) Finance Department

1. Responsible for making recommendations regarding the Company's financial instrument transactions.
2. Shall periodically calculate transaction positions, collect market information, conduct trend judgments and risk assessments, and use these as the basis for transactions after applying for and obtaining appropriate approval via signed memos.
3. Shall provide assessment explanations and recommendations whenever significant changes in financial markets render established strategies inapplicable, and use these as the basis for transactions after obtaining appropriate approval.

###### (2) Accounting Department

1. Disclose information related to risk exposure positions in accordance with the Regulations Governing the Preparation of Financial Reports and other legal requirements.
2. Maintain books and prepare financial statements in accordance with generally accepted accounting principles.

### (3) Finance and Accounting Division

1. Evaluate risk measurement based on recommendations provided by the Finance Department and supervise relevant execution.
2. Periodically report to the Board of Directors, the Chairman, and the General Manager based on the financial statements prepared by the Accounting Department and other publicly disclosed information.

### Article 5: Transaction Limits

For foreign currency forward exchange transactions, the total contract amount shall not exceed the total amount of foreign currency demand arising from the Company's actual import/export activities and specific-purpose capital expenditures for the purchase of production equipment.

Transaction limits for other derivative products shall be approved by the Board of Directors and comply with relevant laws and regulations. Among them, interest rate swap hedging transactions shall not exceed NTD 100 million; for foreign currency option transactions, when evaluated at market price, the total contract amount of option transactions that may be required for performance shall not exceed USD 5 million.

### Article 6: Operating Procedures

#### 1. Authorization Limits

For foreign currency forward exchange transactions conducted by the Company, the transactions shall be reviewed by the General Manager, approved by the Chairman, and reported to the Board of Directors on a quarterly basis. Transactions involving any other types of derivative products shall only be executed after obtaining a resolution of approval from the Board of Directors.

#### 2. Execution Limits

Execution Limits: > The maximum loss limit for all derivative transaction contracts shall be USD 250,000. For individual contracts, the maximum loss limit shall be 5% of the individual contract amount and shall not exceed USD 250,000.

#### 3. Execution Unit

Executed in accordance with the division of responsibilities in Article 4.

### Article 7: Public Announcement and Reporting

In accordance with relevant laws and regulations, the status of derivative transactions conducted by the Company and its domestic non-publicly issued subsidiaries as of the end of the previous month shall be announced and reported in the prescribed format by the 10th day of each month.

### Article 8: Internal Control

#### 1. Risk Management

- (1) Credit Risk Consideration: Counterparties are limited to banks that have business dealings with the Company and can provide professional information as a principle.
- (2) Market Risk Consideration: The market is primarily through bank OTC (Over-the-counter).
- (3) Liquidity Consideration: To ensure liquidity, the trading bank must have sufficient equipment, information, and trading capabilities, and be able to conduct transactions in any market.
- (4) Operational Consideration: Authorization limits and operational processes must be strictly followed to avoid operational risks.
- (5) Legal Consideration: Any documents signed with banks must be reviewed by appropriate personnel before formal signing.
- (6) Considerations for Financial Product Risks: Internal trading personnel shall possess comprehensive and accurate professional knowledge regarding the financial products being traded. Furthermore, banks shall be required to fully disclose relevant risks to avoid losses resulting from the misuse of financial products.
- (7) Considerations for Cash Settlement Risks: Trading personnel shall consistently monitor the Company's foreign currency cash flows to ensure sufficient cash is available for payment at the time of settlement.

#### 2. Operating Procedures

- (1) Personnel responsible for trading, confirmation, and settlement shall not concurrently hold each other's positions (appropriate division of responsibilities shall be confirmed based on the Company's actual operations and risk assessment of the derivatives being traded).
- (2) The Finance Department shall periodically reconcile accounts or perform bank confirmations with correspondent banks.
- (3) The Finance Department shall continuously verify whether the total transaction amount has exceeded the net position of foreign currency assets, liabilities, and commitments.
- (4) At the end of each month, the Finance Department shall evaluate gains and losses based on the closing exchange rate of that day, prepare reports, and provide them to relevant supervisors for confirmation.
- (5) The Finance Department shall evaluate the hedging transactions conducted for business needs at market price on a weekly basis, review the performance of held positions, and provide these to relevant supervisors for confirmation.
- (6) A logbook shall be established to record in detail the types and amounts of derivative transactions, the dates of approval by the Board of Directors, and the evaluation items specified in Article 8, Paragraph 2, Subparagraph 5; Paragraph 3, Subparagraph 1, Item 2; and Paragraph 3, Subparagraph 2, Item 1.
- (7) Personnel responsible for risk measurement, supervision, and control shall belong to different departments from the personnel mentioned in the preceding subparagraphs and shall report to the Board of Directors or to the Chairman and the General Manager.

### 3. Supervision and Management

The Board of Directors shall supervise and manage in accordance with the following principles:

- (1) Designate relevant senior management personnel to continuously monitor and control the risks associated with derivative transactions.
- (2) Senior management personnel authorized by the Board of Directors shall periodically evaluate whether the trading performance aligns with the established business strategies and whether the assumed risks remain within the Company's tolerable limits.

The senior management personnel authorized by the Board of Directors shall manage derivative transactions in accordance with the following principles:

- (1) Periodic Evaluation: Periodically evaluate whether the current risk management measures are appropriate and ensure that transactions are conducted strictly in accordance with these Procedures and relevant laws and regulations.
- (2) Abnormality Management: Monitor trading activities and gain/loss status. Upon discovery of any abnormal circumstances, necessary responsive measures (including stop-loss recommendations) shall be taken, and a report shall be submitted to the Board of Directors immediately. Where the Company has appointed independent directors, the independent directors shall attend the Board meeting and express their opinions.

### Article 9: Internal Audit System

The Company's internal auditors shall periodically examine the suitability of internal controls over derivative transactions, conduct monthly audits on the compliance of the execution unit with these procedures, and prepare audit reports. Should any material violation be discovered, the Audit Committee shall be notified in writing.

### Article 10: Implementation and Amendment

The amendment of these Procedures shall be approved by more than one-half of all members of the Audit Committee and submitted to the Board of Directors for a resolution.

If the amendment in the preceding paragraph is not approved by more than one-half of all members of the Audit Committee, it may be implemented with the approval of more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

These Procedures shall be approved by the Audit Committee, passed by the Board of Directors, and submitted to the Shareholders' Meeting for approval. The same shall apply to any amendments.

**【Appendix 4】**

**CIPHERLAB CO., LTD.**  
**The Total Number of Shares Held by All Directors**  
**And**  
**The Minimum Required Number of Shareholding**

I. Minimum required number of shares held by all directors and the total number of shares recorded in the shareholders' register table.

Note: Book closure period is April 18, 2026 to June 16, 2026.

Unit: share

Title	Minimum Required Combined Shareholding of All Directors	Shareholdings Recorded in the Shareholders' Register
Director	5,479,129	13,462,525

II. Shareholding of director table

Book Closure Date: 2026.4.18

Unit: share ; %

Title	Name	At the time of suspension of share transfer (68,489,120 shares)	
		shares	ratio
Chairman	Representative of CIPHER MANAGEMENT INC.: Mr. LIAU, YI-YAN	6,706,934	9.79%
Director	Mr. LIN, YUNG-FA	4,813,376	7.03%
Director	Mr. TAN, CHEN-HUAN	1,386,215	2.02%
Director	Mr. HU, CHIU-CHIANG	0	0%
Director	Mr. YEN, WEI-CHUN	16,000	0.02%
Independent Director	Mr. YU, MING-CHANG	540,000	0.79%
Independent Director	Ms. CHEN, WEN-YU	0	0%
Independent Director	Mr. TSAI, YU-PING	0	0%
Independent Director	Ms. TSENG, SHU-LING	0	0%
Total		13,462,525	19.65%