

Stock Code: 3213



**茂訊電腦股份有限公司**

**MilDef Crete Inc.**

**2025 Annual Report**

**Annual report website**

**TWSE MOPS: <http://mops.twse.com.tw>**

**MilDef Crete Website: <http://www.crete.com.tw>**

Published on May 15, 2026

**Notice to Reader:**

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

- I. Company Spokesman:** Yong-Xiang Chou    Position: Executive deputy general manager  
Tel: (02) 2662-6074 ext 501                      Email: nelson.chou@mildefcrete.com  
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**II. Company address and telephone number:**

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Taipei Office Address: 1-2F, No. 38, Section 1, Bade Road, Zhongzheng District, Taipei City

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Taichung West District Office Address: Room 108, No. 508, Yingcai Road, West District, Taichung City

Telephone: (04) 310-1992

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Kaohsiung JianWu Business Office Address: 1-3F, No. 109-17, Jianguo 2nd Road, Sanmin District, Kaohsiung City

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Telephone: (07) 235-0113

**III. Stock transfer institution:**

Name: Capital Securities Corp.

Address: B2, No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei 106, Taiwan

Tel: (02) 2703-5000

Website: <http://www.capital.com.tw>

**IV. Latest Annual Financial Report CPAs:**

Name of CPAs: Ching-Wen Kao, Wei-Ming Shih

Name of CPAs firm: KPMG

Address: 68th Floor, No. 7, Section 5, Xinyi Road, 110615, Xinyi District, Taipei City

Tel: (02) 8101-6666 (Representative No.)

Website: <http://www.kpmg.com.tw>

**V. Name of the place of trading in overseas securities and the way of enquiring information of such overseas securities: NIL**

**VI. Company Website: <http://www.crete.com.tw>**

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# Chapter 1. Report to shareholders

Dear shareholders, investors, and distinguished guests:

Greetings! Thank you all for your continued support and attention to Mildef Crete Inc. The year 2025 has once again been a year of significant change. Under the new policies of U.S. President Donald Trump, the world has been attempting to reshape the global economic balance and trade agreements. As a result, many countries have experienced shifts in their economic, political, and defense-related policies, leading to the emergence of a new global order. For Mildef Crete Inc., these developments have brought both opportunities and challenges. On the one hand, the new defense and military drone markets are rapidly expanding across the globe. On the other hand, the instability of supply chains continues to test our organization’s core capabilities—specifically, whether we can effectively adapt to this new order and evolving market landscape.

The following is an overview of the market developments in 2025:

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## I. Development of the Defense Industry

In 2025, driven by both geopolitical conflicts and rapid technological transformation, the global defense industry has undergone profound restructuring. U.S. companies continue to consolidate their leading position, while Europe is accelerating integration toward greater defense autonomy. Meanwhile, emerging players represented by Turkey and Korea are rising quickly through differentiated competitive strategies. At the same time, cutting-edge technologies such as artificial intelligence are becoming critical variables shaping the future landscape of the industry. The following are the key highlights of the global defense industry in 2025:

<b>Defense Industry Trends</b>	<b>Core Performance and Drivers</b>	<b>Key Data/Impact</b>
<b>U.S. Leading Companies Continue to Dominate</b>	Driven by geopolitical conflicts and increased defense budgets, leading companies have maintained a stable dominant position.	Lockheed Martin, RTX, and Northrop Grumman remain the top three in the SIPRI ranking. Total revenue of U.S. defense companies reached USD 334 billion, accounting for nearly half of the global total.
<b>Europe Accelerates Defense Autonomy</b>	The EU continues to promote domestic procurement. Countries such as France and Germany are increasing defense spending and advancing cross-border programs such as sixth-generation fighter jets.	Revenue of 23 European companies increased, reaching USD 151 billion, a 13% year-on-year growth.

<b>Defense Industry Trends</b>	<b>Core Performance and Drivers</b>	<b>Key Data/Impact</b>
<b>Emerging Powers Achieve Differentiated Breakthroughs Technology Companies Reshape the Industry Landscape</b>	Countries such as Turkey and Korea are avoiding direct competition with traditional defense giants and instead focusing on niches such as drones and armored vehicles.  Artificial intelligence and unmanned systems have become core competitive drivers, enabling rapid growth of startups.	Hanwha Group’s revenue increased by 42% to USD 7.97 billion, while five Turkish companies entered the global rankings.  German company Helsing secured a key AI contract for a sixth-generation fighter program, and multiple drone companies are expected to enter the global top 100.

## II. Development of the PC Industry

The PC industry in 2025 experienced a pivotal turning point amid the intersection of recovery and transformation. Driven by the end of support for Windows 10, the market saw a strong wave of device replacements, bringing an end to the previous downturn. At the same time, the industry itself has been undergoing a profound shift from a “performance race” toward “intelligent computing.”

The following outlines the key developments shaping the industry during the year:

<b>Development Trends</b>	<b>Core Performance</b>	<b>Key Drivers and Impacts</b>
<b>Market Recovery</b>	Global shipments increased by <b>9.2%</b> , reaching <b>279.5 million units</b> .	The end of support for Windows 10 triggered a wave of enterprise PC replacement.
<b>The First Year of AI PCs</b>	The industry moved from the “AI PC” concept to broad real-world deployment.	AI has become a new engine for the industry, though it has not yet become the primary driver of consumer demand.
<b>Supply Chain Pressures</b>	Memory and storage costs surged by <b>40%-70%</b> .	Tight supply prompted vendors to adjust product strategies and shift toward developing higher-end products.
<b>Competitive Landscape</b>	Lenovo remained the market leader with a <b>25.4%</b> market share.	Growth among leading vendors diverged, and AI capabilities may become a key differentiator in the future.
<b>Form Factor Innovation</b>	New form factors such as Arm-based PCs, rollable displays, and handheld devices emerged.	Competition is evolving from purely hardware-driven development to a multidimensional race involving architecture, form factors, and intelligent capabilities.

The overall financial performance of the company in 2025 is as follows:

### 1. Operating Results

In 2025, the Company's consolidated turnover was NT\$2.89 billion, an increase of 1.40% compared with NT\$2.85 billion in 2024. The after-tax profit attributable to the parent company was NT\$430 million, representing a decrease of 14% from NT\$500 million in 2024.

### 2. Financial revenue and expenditure (consolidated company)

Unit: NT\$1,000

Item	2025	2024	Increase (decrease) ratio (%)
Operation interests	514,845	542,476	(5.09)
Net non-operating income and expenditure	44,013	96,974	(54.61)
Net income before tax	558,858	639,450	(12.60)
After-tax earnings per share	7.40	8.44	(12.32)

### 3. Profitability (consolidated company):

Item	2025	2024	
Return on assets (%)	9.66	12.89	
Return on shareholders' equity (%)	12.37	16.96	
Ratio to paid-in capital (%)	Operation interests	87.73	92.44
	Net income before tax	95.23	108.96
Net profit rate (%)	15.16	17.36	
Retroactive adjustment of earnings per share (NT\$)	7.40	8.44	

### 4. Research and development

The R&D expenses in 2025 were NT\$108.4 million, representing an increase of 5.55% as compared with NT\$102.7 million in 2024, which was mainly due to the upgrading of existing model platforms and the development of special models for regional clients. We completed the development of several products in the 15 Series and started to prepare products for Android platform. We **also** invested in R & D for the preparation of the new market and began to develop targeted products for the mining market.

## **Future Development Strategies**

### **1. Continuous Innovation and Investment in Research and Development**

We will continue to increase our investment in research and development, particularly in the areas of AI technology, unmanned aerial vehicle control systems, and information security. We believe that maintaining a leading position in the highly competitive market requires continuous innovation.

### **2. Expanding Global Markets**

Mildef Crete Inc. will continue to expand its global market, particularly in Europe, North America, the Middle East, India, and the Asia-Pacific region. We will further increase our market share through close collaboration with local partners.

### **3. Improving Customer Service and Product Quality**

We will continue to uphold the principle of "Customer First" while enhancing the quality of our products and the level of our services. Only by earning the trust of our customers can we achieve long-term sustainable development.

In summary, we will continue to drive growth momentum and increase sales volume in the coming years.

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## **Outlook**

In 2025, the global economic landscape remains challenging; however, we are optimistic about the future. Mildef Crete Inc. will continue to uphold a development strategy driven by innovation and focused on quality, actively responding to market changes and seizing new development opportunities. We believe that, with the efforts of all our colleagues, Mildef Crete Inc. will achieve even more remarkable results in the future.

In conclusion, we wish to extend our sincere gratitude to all shareholders, clients, and partners for their ongoing support and trust. We will continue to strive to create greater value for everyone.

Best wishes

Good health and good luck!

**Chairman: Yi-Tong Shen**

**February 2026**

## Chapter 2. Corporate Governance Report

### I. Directors, President, Vice Presidents, Associate Managers, and Supervisors of All the Company's Divisions and Branch Units

#### (I) Director Information:

April 13, 2026

Title	Nationality or place of registration	Name	Gender Age	Election (on board) date	Term of office	Date of initial election	Shares held at the time of election		Number of shares held at present		Shares held by spouses and minor children at present		Holding shares in the name of others		Major experience (education)	At present, the person holds concurrent positions in the Company and other companies	Other department heads, directors or supervisors who has a relationship as a spouse or second-degree relative			Remark
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationships	
Chairman	Republic of China	Yi-Tong Shen	Male 71-80 years old	2023.06.14	3	1990.03.15	3,126,244	5.33	3,126,244	5.33	0	0	0	0	Graduated from Taipei Tech Electronic Engineering; Chairman of Macnica Galaxy Inc.	General manager of the Company and Director of Flexbasis Technology	None	None	None	
Director	Republic of China	Nankang Rubber Tire Corp., Ltd.	N/A	2023.06.14	3	1997.01.23	2,150,829	3.67	2,150,829	3.67	0	0	0	0	N/A	N/A	None	None	None	
		Representative: Jun-Ying Lin	Female 41-50 years old	2023.06.14	3	1997.01.23	0	0	0	0	0	0	0	0	0	Graduated from the Department of Communication of China University of Technology and the Graduate Institute of Johnson & Wales University in the United States; Director/General Manager of Nankang Rubber Tire Corp., Ltd.	Director of Zhikai Development Co., Ltd., Director of Yuanhong Development Co., Ltd., Director of NanGuan Tire Co., Ltd. and Director of Nanzong Construction Developments, Co., Ltd.	None	None	None
Director	Republic of China	Ming-Xiao Lu	Male 71-80 years old	2023.06.14	3	2002.06.21	945,563	1.61	945,563	1.61	0	0	0	0	Graduated from Mechanical & Electrical Engineering of National Taipei University of Technology; deputy general manager of Yung Loong Engineering CORP.	Director of Motech Industries Inc.	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Election (on board) date	Term of office	Date of initial election	Shares held at the time of election		Number of shares held at present		Shares held by spouses and minor children at present		Holding shares in the name of others		Major experience (education)	At present, the person holds concurrent positions in the Company and other companies	Other department heads, directors or supervisors who has a relationship as a spouse or second-degree relative			Remark
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationships	
Independent director	Republic of China	Yong-Cheng Chun	Male 71-80 years old	2023.06.14	3	2002.06.21	0	0	0	0	0	0	0	0	Master of College of Law and Business at National Chung Hsing University; passed the examination for lawyers and the special examination for magistrates; practicing lawyer of Yong-Cheng Chun Law Firm	Responsible person of Yong-Cheng Chun Law Firm	None	None	None	
Independent director	Republic of China	Jun-Ming Wang	Male 71-80 years old	2023.06.14	3	2003.06.26	0	0	0	0	0	0	0	0	Graduated from the College of Business and Management, Tamkang University; passed the special examination of customs affairs; Customs Administration Ministry of Finance Taipei Customs, finance manager of Easy International Marketing Corporation, chairman and general manager of Precision Mfg. Inc.	Chairman and general manager of Precision Mfg. Inc. and Director of Cancer Prevention and Treatment Foundation	None	None	None	
Independent director	Republic of China	Xiao-Long Feng	Male 71-80 years old	2023.06.14	3	2004.06.28	65,132	0.11	65,132	0.11	0	0	0	0	Graduated from the Collage of Communication of Fu Jen Catholic University and graduated from the 2000 Senior Manager (SMG) class of John F. Kennedy School of Government, Harvard Kennedy School; reporter of Broadcasting	Business consultant of Taipei International Community Cultural Foundation, and Director of Yishitang, Keelung City, Taiwan	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Election (on board) date	Term of office	Date of initial election	Shares held at the time of election		Number of shares held at present		Shares held by spouses and minor children at present		Holding shares in the name of others		Major experience (education)	At present, the person holds concurrent positions in the Company and other companies	Other department heads, directors or supervisors who has a relationship as a spouse or second-degree relative			Remark
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationships	
														Corporation of China (BCC), interview team leader, general editor and director, manager of news department and director of BCC, spokesman of BCC, director of Satellite Television Broadcasting Association, R.O.C., director of China Journalism Society, part-time lecturer of Department of Radio, Television and Film and Department of Journalism and part-time assistant professor of Shih Hsin University, part-time lecturer of Mass Communication and Department of Journalism of Fu Jen Catholic University.						
Director	Republic of China	Wen-Chun Cai	Female 61-70 years old	2023.06.14	3	2008.06.19	15,139	0.01	15,139	0.03	0	0	0	0	Graduated from Department of Accounting of Hsing Wu University	None	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Election (on board) date	Term of office	Date of initial election	Shares held at the time of election		Number of shares held at present		Shares held by spouses and minor children at present		Holding shares in the name of others		Major experience (education)	At present, the person holds concurrent positions in the Company and other companies	Other department heads, directors or supervisors who has a relationship as a spouse or second-degree relative			Remark
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationships	
Independent director	Republic of China	Mei-Hsueh Yang	Female 61-70 years old	2025.06.11	1	2025.06.11	0	0	0	0	0	0	0	0	Bachelor's degree in Accounting, Department of Accounting, National Chengchi University; EMBA, National Chengchi University; Senior Manager and Consultant, KPMG Taiwan; Managing Director, Aragon Trust Company	None	None	None	None	

◆ Major shareholders of corporate shareholders

March 26, 2026

Name of corporate shareholder	Major shareholders of corporate shareholders
Nankang Rubber Tire	NanGuan Tire Co., Ltd. (16.85%), Yuanrui Development (9.34%), Yuanhong Development (5.53%), Quanye Investment (4.04%), Zhikai Development (3.78%), Jun-Ying Lin (2.27%), Nankang Rubber Tire Corp., Ltd. (1.48%), GCT Technology Co., Ltd. (1.21%), Federal Corporation (0.97%), Farglory Life Insurance Co., Ltd. (0.94%), and the custody investment account for the Advanced Total International Equity Index Fund under the Advanced Starlight Fund series held by the Business Department of Standard Chartered Bank (Taiwan) Limited (0.51%).



◆ If the major shareholder is a legal person, its major shareholder


March 26, 2026

Name of legal person	Major shareholders of legal person
NanGuan Tire Co., Ltd.	Hengtai Holding 55.56%, Nankang Rubber Tire 20.37%, Chiu Pu Cultural Foundation 22.96%, Chun-Ming Lin 1.11%
Yuanhong Development	Hengtai Holding 99.34%, Zhikai Development 0.35%, Chiu Pu Cultural Foundation 0.21%, Yuanrui Development 0.10%
Zhikai Development	Hengtai Holding 90.70%, Quanye Investment 6.58%, Chiu Pu Cultural Foundation 2.62%, Yuanhong Development 0.10%
Yuanrui Development	Hengtai Holding 72.27%, Chiu Pu Cultural Foundation 24.39%, Jun-Ying Lin 2.05%, Yuanhong Development 0.80%, Quanye Investment 0.49%
Quanye Investment	Hengtai Holding 99.90%, Yuanrui Development 0.10%

◆ Disclosure of professional qualifications of directors and independence of independent directors:

Name \ Condition	Professional qualifications and experience	Independence	Number of Independent Directors concurrently serving in other public companies
Chairman Yi-Tong Shen	<ol style="list-style-type: none"> <li>1. Chairman of Macnica Galaxy Inc.</li> <li>2. Have over 40 years of management experience across multiple industries; lead Mildef Crete Inc. through numerous challenges and successfully transform it into a publicly listed company on the OTC market; possess the professional experience required for business management, finance, accounting, and corporate operations; and have none of the disqualifying conditions set forth in Article 30 of the Company Act.</li> </ol>	N/A	None
Director Nankang Rubber Tire Representative: Jun-Ying Lin	<ol style="list-style-type: none"> <li>1. Director/General Manager of Nankang Rubber Tire</li> <li>2. Have the necessary working experience in business, finance, accounting and company business, and have not been involved in any of the subparagraphs of Article 30 of the Company Act.</li> </ol>	N/A	None
Director Ming-Xiao Lu	<ol style="list-style-type: none"> <li>1. Deputy general manager of Yung Loong Engineering CORP.</li> <li>2. Possess over 40 years of practical experience in business operations and management. Have the necessary working experience in business, finance, accounting and company business, and have not been involved in</li> </ol>	N/A	None

Name \ Condition	Professional qualifications and experience	Independence	Number of Independent Directors concurrently serving in other public companies
	any of the subparagraphs of Article 30 of the Company Act.		
Director Wen-Chun Cai	<ol style="list-style-type: none"> <li>1. Independent Director of Farcent Enterprise Co., Ltd</li> <li>2. Have the necessary working experience in business, finance, accounting and company business, and have not been involved in any of the subparagraphs of Article 30 of the Company Act.</li> </ol>	N/A	None
 <p>Independent director Yong-Cheng Chun</p>	<ol style="list-style-type: none"> <li>1. Passed the examination for lawyers and the special examination for magistrates; practicing lawyer of Yong- Cheng Chun Law Firm</li> <li>2. Professional and technical personnel who have passed the examination of lawyers and magistrates, and work experience required for business, legal affairs, finance, accounting and company business.</li> <li>3. A member of the Audit Committee and the Remuneration Committee and has no circumstances under Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>1. Not an employee of the Company or its affiliated enterprises.</li> <li>2. Not a director or supervisor of the Company or any of its affiliates.</li> <li>3. Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.</li> <li>4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items.</li> <li>5. Not a director, supervisor, or employee of a corporate shareholder that directly holds greater than 5% of the total number of issued shares of the company or is ranked top 5 in terms of quantity of shares held or appoints the representative as director or supervisor of the company under Paragraphs 1 or 2, Article 27 of the Company Act.</li> <li>6. Not a Director - a member of the governing board or a Director, supervisor, or employee of another company controlled by the same person having a majority of voting shares.</li> </ol>	None
 <p>Independent director Jun-Ming Wang</p>	<ol style="list-style-type: none"> <li>1. Passed the special examination of customs affairs; Customs Administration Ministry of Finance Taipei Customs, finance manager of Easy International Marketing Corporation, chairman and general manager of Precision Mfg. Inc.</li> <li>2. Working experience in business, finance,</li> </ol>	<ol style="list-style-type: none"> <li>6. Not a Director - a member of the governing board or a Director, supervisor, or employee of another company controlled by the same person having a majority of voting shares.</li> </ol>	None

Name \ Condition	Professional qualifications and experience	Independence	Number of Independent Directors concurrently serving in other public companies
	<p>accounting and company business.</p> <p>3. Serves as a member of the Audit Committee and the Remuneration Committee; graduated from the Department of Business Administration, Tamkang University; and has many years of experience serving as a Finance Manager.</p> <p>4. No any circumstance under Article 30 of the Company Act.</p>	<p>7. Not a Director (member of the governing board), supervisor (member of the supervising board), or employee who or whose spouse is the same person as the chairman or president or has an equivalent position of the Company.</p> <p>8. Not a Director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding 5% or more shares of any affiliated company or institution with financial services or financial operations with the Company.</p>	
 <p>Independent director Xiao-Long Feng</p>	<p>1. Reporter of Broadcasting Corporation of China (BCC), interview team leader, general editor and Director, manager of news department and Director of BCC, spokesman of BCC, Director of Satellite Television Broadcasting Association, R.O.C., Director of China Journalism Society, part-time lecturer of Department of Radio, Television and Film and Department of Journalism and part-time assistant professor of Shih Hsin University, part-time lecturer of Mass Communication and Department of Journalism of Fu Jen Catholic University.</p> <p>2. Working experience in business, finance, accounting and company business.</p> <p>3. A member of the Audit Committee and the Remuneration Committee</p>	<p>9. Not a person that provides audit or commercial, legal, financial, accounting, or other services to the Company and any affiliated company for remuneration from the last two years.</p> <p>10. Not a spouse or a relative within the second degree of kinship with any Director.</p> <p>11. Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.</p>	None

Condition Name	Professional qualifications and experience	Independence	Number of Independent Directors concurrently serving in other public companies
	and has no circumstances under Article 30 of the Company Act.		
Independent director Mei-Hsueh Yang	<ol style="list-style-type: none"> <li>Senior Manager and Consultant, KPMG Taiwan; Managing Director, Aragon Trust Company</li> <li>Have the necessary working experience in business, finance, accounting and company business, and have not been involved in any of the subparagraphs of Article 30 of the Company Act.</li> </ol>		None

◆ Diversity and independence of the Board of Directors:

\* Board diversity:

The Company's "code of practice on corporate governance" establish a policy on board member diversity. The nomination and selection of directors are conducted in accordance with the provisions of the Company's Articles of Association and adopt a candidate nomination system. In addition to evaluating each candidate's academic and professional qualifications, the process also complies with the "measures for the election of Directors" and the "code of practice on corporate governance" to ensure diversity among board members.

The current Board of Directors consists of eight directors. The specific objectives of the diversity policy and the status of their implementation are as follows:

Target	Achievement Status	Improvement Plan
Independent directors to account for more than one-third of the board seats	Achieved	
Sufficient diversity of professional knowledge and expertise	Achieved	
More than half of the independent directors shall not serve more than three consecutive terms	Not achieved	To be addressed at the next board re-election upon the expiration of the current directors' term in 2026
Directors of either gender to account for at least one-third of the board seats	Achieved	

The diversification policy and implementation of the current board members of the Company are as follows:

Diversified core items Name of Director	Nationality	Gender	Concurrently serving as an employee of the Company	Age			Term of office and length of service of Directors Over 10 years	Operational judgment/ management	Crisis management/ leadership decision-making	Industry knowledge	International market view	Financial accounting	Law
				41 to 50	61 to 70	71 to 80							
Yi-Tong Shen	Republic of China	Male	✓			✓	✓	✓	✓	✓	✓		
Representative of Nankang Rubber Tire: Jun-Ying Lin	Republic of China	Female		✓			✓	✓	✓	✓	✓		
Ming-Xiao Lu	Republic of China	Male				✓	✓	✓	✓	✓	✓		
Independent director Jun-Ming Wang	Republic of China	Male				✓	✓	✓	✓	✓	✓		
Independent director Xiao-Long Feng	Republic of China	Male				✓	✓	✓	✓	✓	✓		
Independent director Yong-Cheng Chun	Republic of China	Male				✓	✓	✓	✓	✓	✓		✓
Wen-Chun Cai	Republic of China	Female				✓	✓	✓	✓	✓	✓		
Independent director Mei-Hsueh Yang	Republic of China	Female				✓		✓	✓	✓	✓		

- The average term of office of the directors of the Company is more than 10 years. The members of the Board of Directors are all Taiwanese, and the proportion of the composition structure:

Item	Seats	Percentage of occupied Board Director seats (%)
Independent director	4	50
Director with employee status	1	13
Female director	3	38
41-50 years old	1	13
61-70 years old	2	25
71-80 years old	5	62

- The diversity orientation, complementarity and implementation of directors have included and are better than the standards set out in Article 20 of the Company's code of practice on corporate governance; In the future, the diversification policies will be revised in due time according to the operation, operation type and development needs of the Board of Directors, including but not limited to the standards of basic conditions and values, professional knowledge and skills, so as to ensure that the members of the Board of Directors should generally have the knowledge, skills and literacy necessary for performing their duties.

\* Independence of the Board of Directors:

- (1) None of the members of the Board of Directors are subject to any of the disqualifying conditions set forth in Article 30 of the Company Act. In addition, none of the board members fall under the circumstances specified in Article 26-3 of the Securities and Exchange Act (i.e., where more than half of the board seats are held by directors who are spouses or relatives within the second degree of kinship).
- (2) All independent directors fully comply with the regulations governing independent directors as prescribed by the Financial Supervisory Commission. Their independence status is presented as follows:

Name	Whether the individual, spouse, or relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or its affiliated enterprises	Whether the individual, spouse, or relatives within the second degree of kinship (or under another person's name) hold more than 1% of the Company's shares or are among the top ten individual shareholders	Whether the individual serves as a director, supervisor, or employee of a company with a controlling relationship with the Company	Whether the individual provides auditing services or, within the past two years, has received cumulative remuneration exceeding NT\$500,000 for professional services in business, legal, financial, or accounting areas for the Company or its affiliated enterprises
Jun-Ming Wang	No	None	No	None
Xiao-Long Feng				
Yong-Cheng Chun				
Mei-Hsueh Yang				

(II) President, Vice Presidents, Associate Managers, and Supervisors of All the Company's Divisions and Branch Units

April 13, 2026

Title	Nationality	Name	Gender	Election (on board) date	Shares held		Shares held by spouse and minor children		Holding shares in the name of others		Major experience (education)	Currently holding positions in other companies	Managers with spouse or second degree relationship			Remark
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationships	
Chief Executive Officer	Republic of China	Yi-Tong Shen	Male	2000.7.21	3,126,244	5.33	0	0	0	0	Graduated from Taipei Tech Electronic Engineering; Chairman of Macnica Galaxy Inc.	Director of Flexbasis Technology Co., Ltd. – Legal Entity Representative	None	None	None	
General manager of Channel Business Department	Republic of China	Jia-Xing Hu	Male	2011.08.01	153,211	0.26	0	0	0	0	EMBA, Graduate School of Management, National Taiwan University of Science and Technology; Senior Organization Engineer of Conjutek Co. Ltd.	None	None	None	None	
Executive deputy general manager	Republic of China	Yung-Hsiang Chou	Male	2019.01.01	21,000	0.04	0	0	0	0	Edith Cowan University, Australia - double bachelor of computer information technology and multimedia technology; general manager of China and Asia Pacific region of Shengdi Wisdom Technology Co., Ltd.; vice president of Asia Pacific market, Franke, Switzerland	Chairman of Flexbasis Technology	None	None	None	

Title	Nationality	Name	Gender	Election (on board) date	Shares held		Shares held by spouse and minor children		Holding shares in the name of others		Major experience (education)	Currently holding positions in other companies	Managers with spouse or second degree relationship			Remark
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationships	
Deputy general manager of R & D department	Republic of China	Wei Liang	Male	2018.10.01	6,593	0.01	6,832	0.01	0	0	Tungnan University (associate degree) - graduated from electronic engineering; Electronic engineer of Shenxun Enterprise Co., Ltd; Customer service engineer of Jiashang Co., Ltd	Director of Flexbasis Technology	None	None	None	
AVP of Planning Department of Channel Business Department	Republic of China	Xiao-Ming Lin	Female	2009.12.01	3,414	0.01	0	0	0	0	Graduated from the National Taipei University Department of Sociology; Zhongxiao Hydropower Engineering, Sunlight Computer	None	None	None	None	
AVP of north district business of Channel Business Department	Republic of China	Shi-Zhe Lin	Male	2010.12.01	5,400	0.01	3,759	0.01	0	0	Graduated from the Department of Textiles and Clothing, Fu Jen Catholic University; Financial Services Department of Collins, Daya Department Store	None	None	None	None	

Title	Nationality	Name	Gender	Election (on board) date	Shares held		Shares held by spouse and minor children		Holding shares in the name of others		Major experience (education)	Currently holding positions in other companies	Managers with spouse or second degree relationship			Remark
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationships	
AVP of south district business of Channel Business Department	Republic of China	Xin-Xiong Huang	Male	2010.12.01	0	0	0	0	0	0	Graduated from Department of Industrial and Information Management Institute of Information Management; R&D engineer and business specialist of Zhaotong Enterprise and Taiwan Sakura Corporation	None	None	None	None	
AVP of Business Division	Republic of China	Sheng-Xian Wang	Male	2022.05.01	0	0	0	0	0	0	Graduated from Mechanical Department of Tungnan University; Solomon (Longmen) Co., Ltd., Ouliya Co., Ltd.	None	None	None	None	
AVP of Manufacturing Division	Republic of China	Yung-Teng Wu	Male	2026.01.01	5,000	0.01	0	0	0	0	Graduated from the Department of Power Mechanical Engineering, National Yunlin Institute of Technology; Mechanical Engineer at Hedi Optics Co., Ltd.; Senior Engineer at Hon Hai Precision Industry Co., Ltd.	None	None	None	None	

II. Remuneration paid to directors (including independent directors), general manager and deputy general manager in the most recent year

(I) Remuneration of Directors (including Independent Directors)

Unit: NT\$1,000

Title	Name	Directors' remuneration								Proportion of the total amount of items A, B, C and D to net income after tax (Note 5)		Part time employees receive relevant remuneration								Proportion of the total amount of items A, B, C, D, E, F and G to the net profit after tax		Any remuneration received from reinvestment enterprises other than subsidiaries
		Remuneration (A) (Note 1)		Retirement pension (B)		Directors' remuneration (C) (Note 2)		Business execution cost (D) (Note 3)				Salary, bonus and special expenses (E) (Note 4)		Retirement pension (F)		Employee remuneration (G) (Note 2)						
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial report	
Chairman	Yi-Tong Shen	0	0	0	0	1,667	1,667	48	48	1,715 0.40	1,715 0.40	2,868	2,868	0	0	924	0	924	0	5,507 1.27	5,507 1.27	None
Director	Nankang Rubber Tire Representative: Jun-Ying Lin	0	0	0	0	1,275	1,275	6	6	1,281 0.30	1,281 0.30	0	0	0	0	0	0	0	0	1,281 0.30	1,281 0.30	None
Director	Ming-Xiao Lu	0	0	0	0	1,493	1,493	24	24	1,517 0.35	1,517 0.35	0	0	0	0	0	0	0	0	1,517 0.35	1,517 0.35	None
Director	Wen-Chun Cai	0	0	0	0	1,493	1,493	24	24	1,517 0.35	1,517 0.35	0	0	0	0	0	0	0	0	1,517 0.35	1,517 0.35	None
Independent director	Yong-Cheng Chun	0	0	0	0	1,927	1,927	48	48	1,975 0.45	1,975 0.45	0	0	0	0	0	0	0	0	1,975 0.45	1,975 0.45	None
Independent director	Jun-Ming Wang	0	0	0	0	2,015	2,015	48	48	2,063 0.48	2,063 0.48	0	0	0	0	0	0	0	0	2,063 0.48	2,063 0.48	None
Independent director	Xiao-Long Feng	0	0	0	0	2,015	2,015	48	48	2,063 0.48	2,063 0.48	0	0	0	0	0	0	0	0	2,063 0.48	2,063 0.48	None
Independent director	Mei-Hsueh Yang	0	0	0	0	0	0	18	18	18 0.00	18 0.00	0	0	0	0	0	0	0	0	18 0.00	18 0.00	None

1. The policy, system, standard and structure of remuneration payment for independent directors, along with an explanation of the relationship with the amount of remuneration according to the responsibilities, risks, investment time and other factors:
  - (1) All Directors of the Company will not receive other remuneration except the attendance fee for each board meeting and the Director's remuneration allocated in accordance with the Articles of Association for the Company's annual profits.
  - (2) The Directors' remuneration allocated in accordance with the Articles of Association for the Company's annual profits is handled in accordance with the Articles of Association and other provisions of the Company. The Articles of Association stipulates that if the Company makes profits, it may allocate no more than 3% of the Directors' remuneration. The amount allocated shall be reviewed by the Remuneration Committee, approved by the resolution of the Board of Directors and submitted to the shareholders' meeting.
  - (3) The Directors' remuneration payment policy is to strengthen corporate governance and improve the salary system of Directors and managers of the Company, and the "measures for the management of Directors' and managers' remuneration" is formulated for approval.

The distribution principle is: 1. The distribution of Directors' remuneration is directly proportional to the Company's operating performance. 2. In order to implement the spirit of corporate governance and take into account the contribution and increased responsibilities of members' participation, in compliance with the principle of fairness, the base number shall be added according to the number of personal attendance of members participating in functional committees (excluding power of attorney).

2. Except as disclosed in the above table, the remuneration received by the Directors of the Company for providing services (such as serving as consultants other than employees) for all companies in the financial report in the most recent year: none

◆ Remuneration level

Levels of remuneration paid to each of the Company's Directors	Name of Director			
	Total remuneration for the first four items (A+B+C+D)		Total remuneration for the first seven items (A+B+C+D+E+F+G)	
	The Company	All companies in the financial report H	The Company	All companies in the financial report
Less than NT\$1,000,000	Mei-Hsueh Yang	Mei-Hsueh Yang	Mei-Hsueh Yang	Mei-Hsueh Yang
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Yi-Tong Shen, Nankang Rubber Tire Representatives: Jun-Ying Lin, Ming-Xiao Lu, Wen-Chun Cai, Yong-Cheng Chun	Yi-Tong Shen, Nankang Rubber Tire Representatives: Jun-Ying Lin, Ming-Xiao Lu, Wen-Chun Cai, Yong-Cheng Chun	Nankang Rubber Tire Representatives: Jun-Ying Lin, Ming-Xiao Lu, Wen-Chun Cai, Yong-Cheng Chun	Nankang Rubber Tire Representatives: Jun-Ying Lin, Ming-Xiao Lu, Wen-Chun Cai, Yong-Cheng Chun
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Jun-Ming Wang, Xiao-Long Feng	Jun-Ming Wang, Xiao-Long Feng	Jun-Ming Wang, Xiao-Long Feng	Jun-Ming Wang, Xiao-Long Feng
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)			Yi-Tong Shen	Yi-Tong Shen
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)				
More than NT\$100,000,000				
Total	8 persons	8 persons	8 persons	8 persons

- Note 1: Refers to the remuneration of Directors in the most recent year (including Directors' salary, duty allowance, severance pay, various bonuses, awards, etc.).
- Note 2: On March 11, 2026, the Board of Directors approved the proposal, which had been reviewed by the Remuneration Committee on February 25, 2026, to appropriate NT\$11,885 thousand as directors' remuneration and NT\$59,300 thousand as employees' remuneration for fiscal year 2025. The proposal will be reported to the 2026 Annual Shareholders' Meeting. The proposed distribution amounts are based on the allocation ratios of the preceding year. Independent Director Ms. Mei-Hsueh Yang, having been newly elected at the shareholders' meeting on June 11, 2025, has no prior-year allocation; therefore, her amount is temporarily recorded as zero.
- Note 3: The above refers to the related business execution expenses of directors for the most recent year (travel expenses).
- Note 4: Refers to the remuneration received by the directors and employees (including general manager, deputy general manager, other managers and employees) in the most recent year, including salary, allowance, severance pay, various bonuses, incentives, travel expenses, special expenses, various allowances, dormitories, car allocation and other in kind.
- Note 5: It is calculated based on the parent only net profit after tax and the net profit attributable to the parent company in the consolidated financial statements of 2025, which is NT\$434,074 thousand.

## (II) Remuneration of general manager and deputy general manager

Unit: In Thousands of New Taiwan Dollars

Title	Name	Remuneration (A)		Retirement pension (B) (Note 1)		Bonuses and special expenses, etc. (C)		Employee remuneration amount (D) (Note 2)				Proportion of the total amount of items A, B, C and D to net income after tax (%) (Note 3)		Any remuneration received from reinvestment enterprises other than subsidiaries
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chief Executive Officer	Yi-Tong Shen	9,858	10,038	347	347	827	827	9,075	0	9,075	0	20,107 4.63	20,287 4.67	0
General manager of Channel Business Department	Jia-Xing Hu													
Executive vice president	Yung-Hsiang Chou													
Deputy general manager of R & D department	Wei Liang													

◆ Remuneration level

Remuneration level paid to each general manager and deputy general manager of the Company	Names of general manager and deputy general manager	
	The Company	All companies in the financial report
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	Yi-Tong Shen, Wei Liang	Yi-Tong Shen, Wei Liang
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Jia-Xing Hu, Yong-Xiang Zhou	Jia-Xing Hu, Yong-Xiang Zhou
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
More than NT\$100,000,000		
Total	4 persons	4 persons

Note 1: This represents retirement benefits accrued in accordance with applicable laws. No actual retirement payments were made in the most recent year.

Note 2: The Company's Remuneration Committee resolved on February 25, 2026, and the Board of Directors approved on March 11, 2026, to allocate employees' remuneration of NT\$59,300 thousand for the year 2025. A report will be submitted to the Shareholders' Meeting in 2026. The distribution amount is determined based on the distribution ratio of the previous year.

Note 3: It is calculated based on the parent only net profit after tax and the net profit attributable to the parent company in the consolidated financial statements of 2025, which is NT\$434,074 thousand.

Name of the manager who receives employee remuneration and distribution status  
2025; Unit: NT\$1,000

	Title	Name	Stock amount	Cash amount (Note 1)	Total	Proportion of total amount to net profit after tax (%) (Note 2)
Manager	Chief Executive Officer	Yi-Tong Shen	0	12,026	12,026	2.77
	Channel Business Department General manager	Jia-Xing Hu				
	Executive deputy general manager / Chief Information Security Officer	Yung-Hsiang Chou				
	R&D Division Vice General Manager	Wei Liang				
	AVP of Planning Department of Channel Business Department	Xiao-Ming Lin				
	AVP of north district business of Channel Business Department	Shi-Zhe Lin				
	AVP of south district business of Channel Business Department	Xin-Xiong Huang				
	AVP of Business Division	Sheng-Xian Wang				
	AVP of Manufacturing Division	Yung-Teng Wu (Note 3)				
	Financial Manager / Corporate Governance Officer	Ya-Ping Liu				

Note 1: The 19th meeting of the 14th Board of Directors of the Company passed a resolution on March 11, 2026, to allocate employees' remuneration of NT\$59,300 thousand for the year 2025. A report was submitted to the Shareholders' Meeting in 2026. The distribution amount is determined based on the distribution ratio of the previous year.

Note 2: It is calculated based on the parent only net profit after tax and the net profit attributable to the parent company in the consolidated financial statements of 2025, which is NT\$434,074 thousand.

Note 3: Associate Vice President of Manufacturing, Mr. Yung-Teng Wu, assumed office on January 1, 2026; therefore, he is not included in this calculation.

(III) Analysis of the proportion of the total remuneration paid by the company to the directors, supervisors, general manager and deputy general manager of the Company to the net profit after tax of parent only or individual financial reports in the last two years, the policies, standards and combination of remuneration, the procedures for setting remuneration, and the correlation with business performance and future risks

1. Analysis of the proportion of the total amount paid by the company and all companies in the consolidated statements to the Company's directors, supervisors, general manager and deputy general manager to the net profit after tax of parent only financial reports in the last two years

Identity \ Year	Proportion of total remuneration to net profit after tax (Note 1) of parent only or individual financial reports (%)			
	Fiscal Year 2025 (Note 2)		Fiscal Year 2024	
	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement
Director	3.67	3.67	3.58	3.58
Supervisor	0	0	0	0
General manager and deputy general manager	4.63	4.67	4.19	4.22

Note 1: The net profit after tax of parent only financial report in 2025 and 2024 is NT\$434,074 thousand and NT\$495,221 thousand respectively.

Note 2: On March 11, 2026, the Board of Directors of the Company decided to allocate NT\$59,300 thousand for employees and NT\$11,885 thousand for directors for the year 2025, and submitted the report to the 2026 Shareholders' Meeting. The distribution amount is proposed based on the distribution ratio from the previous year.

2. Policies, standards and combinations of remuneration payments, procedures for determining remuneration, and their relationship to business performance and future risks:

◎ The Company has established a Remuneration Committee responsible for reviewing the compensation and payment mechanisms for directors' remuneration and senior management compensation. In addition to receiving attendance fees for Board and functional committee meetings, directors are entitled to remuneration for the year based on the Company's Articles of Association if the Company records profits. No other forms of compensation are provided.

- ◎ The distribution of directors' remuneration is governed by the Company's Articles of Association, which stipulate that up to 3% of annual profits may be allocated as directors' remuneration to align with operating performance. The rationality of the remuneration policy is primarily based on the Board performance evaluation mechanism and procedures, the Company's overall operating results, future industry development needs, corporate governance and sustainability practices, as well as each director's contribution to the Company's operations. The remuneration is determined after review by the Remuneration Committee and approval by the Board of Directors.
- ◎ The Company has established the "measures for the management of Directors' and managers' remuneration," which govern the remuneration of directors and managerial officers. Sustainability performance has been incorporated into the compensation evaluation mechanism to strengthen corporate governance and the implementation of sustainability responsibilities, ensuring fairness, transparency, and reasonableness in the compensation system and preventing improper remuneration practices, thereby safeguarding the interests of the Company and its shareholders.
- ◎ The principles for directors' remuneration allocation are as follows: (1) remuneration is positively correlated with the Company's operating performance; and (2) to enhance corporate governance and sustainability practices while ensuring fairness in reflecting directors' participation and contributions, allocation is based on attendance at functional committee meetings (excluding proxy attendance), with additional weighting applied.
- ◎ The appointment, dismissal, and remuneration of senior executives (defined as the General Manager and Vice Presidents and above) are governed by the "measures for the management of Directors' and managers' remuneration," and are implemented after review by the Remuneration Committee and approval by the Board of Directors.
- ◎ The remuneration standards for senior executives are determined based on individual professional qualifications and experience, with reference to prevailing market levels among peer companies. In addition to fixed monthly salary and allowances, compensation is further determined based on individual performance, the implementation of sustainability responsibilities, and overall contribution to the Company's operations. The remuneration package is reviewed by the Remuneration Committee and submitted to the Board of Directors for approval. The compensation for senior management is also reviewed by the Remuneration Committee and implemented upon approval by the Board of Directors. Retirement benefit schemes are consistent with those provided to general employees and are administered in accordance with applicable laws and regulations.
- ◎ Relevance of future risks: The Company's remuneration will be evaluated and adjusted in consideration of future changes in environment and operating performance, and any Directors and employees who are involved in illegal activities that result in losses to the Company may be subject to disciplinary action as required by law.

### III. Operation of corporate governance:

#### (I) Operation of the Board of Directors

In the most recent year, the Board of Directors held a total of 5 meetings [A]. The attendance of Directors is as follows:

Title	Name	Actual number of attendance (present) B	Number of delegated attendance	Actual attendance (present) (%) [B/A]	Remark
Chairman	Yi-Tong Shen	5	0	100	
Director	Representative of Nankang Rubber Tire: Jun-Ying Lin	1	4	20	
Director	Ming-Xiao Lu	4	1	80	
Independent director	Jun-Ming Wang	5	0	100	
Independent director	Xiao-Long Feng	5	0	100	
Independent director	Yong-Cheng Chun	5	0	100	
Director	Wen-Chun Cai	4	1	80	
Independent director	Mei-Hsueh Yang	3	0	100	First elected on June 11, 2025

Other matters to be recorded:

- In case of any of the following circumstances in the operation of the Board of Directors, the date of the Board of Directors, the term, the content of the proposal, the opinions of all independent directors and the company's handling of the opinions of independent directors shall be stated:

(1) The matters listed in Article 14-3 of the Securities and Exchange Act:

Date of board meeting	Content of proposal	Opinions of all independent directors and subsequent treatment
The 14th session of the 14th term-2025.03.12	<ol style="list-style-type: none"> <li>2024 "effectiveness assessment of internal control system" and "statement of internal control system"</li> <li>Proposal for the CPA Fees for 2025</li> <li>The definition of "entry-level employees" of the Company</li> <li>Amendment to the "Articles of Association"</li> <li>Proposal to amend the internal control content of the "approval authority form"</li> <li>2024 directors' and employees' remuneration distribution plan</li> <li>Review of the 2024 Business Report and Financial Statements</li> <li>2024 Earnings distribution project</li> </ol>	For all the meetings and agenda items listed above, the independent directors expressed no dissenting or reserved opinions.

Date of board meeting	Content of proposal	Opinions of all independent directors and subsequent treatment
	<ol style="list-style-type: none"> <li>9. 2025 Annual budget and operation plan</li> <li>10. Proposal to elect an additional independent director</li> <li>11. Proposal to nominate the list of independent director candidates for 2025</li> <li>12. Proposal on matters related to the convening of the 2025 Shareholders' Meeting</li> <li>13. Performance evaluation of directors and managers in 2024</li> <li>14. 2025 Salary Adjustment Plan</li> <li>15. Manager's salary adjustment evaluation in 2025</li> </ol>	
The 15th session of the 14th term-2025.05.07	<ol style="list-style-type: none"> <li>1. First Quarter 2025 Financial Statements Report</li> <li>2. Report on the achievement of the budget for the first quarter of 2025</li> </ol>	
The 16th session of the 14th term-2025.08.06	<ol style="list-style-type: none"> <li>1. Second Quarter 2025 Financial Statements Report</li> <li>2. Report on the achievement of the budget for the second quarter of 2025</li> <li>3. Disposition of partial equity in MilDef Group AB</li> <li>4. Proposal for the purchase of "Fubon Life Insurance Unsecured Corporate Bonds"</li> <li>5. Proposal to amend the internal control content of the "approval authority form"</li> <li>6. Proposal to approve the "2024 Sustainability Report"</li> <li>7. Proposal to establish the "entry-level employee salary guidelines"</li> <li>8. 2024 Directors' remuneration distribution plan</li> <li>9. Remuneration distribution plan for managers in 2024</li> </ol>	
The 17th session of the 14th term-2025.11.05	<ol style="list-style-type: none"> <li>1. Third Quarter 2025 Financial Statements Report</li> <li>2. Report on the achievement of the budget for the third quarter of 2025</li> <li>3. Proposal to revise the "internal audit system"</li> <li>4. Proposal to amend the internal control content of the "approval authority form"</li> </ol>	

Date of board meeting	Content of proposal	Opinions of all independent directors and subsequent treatment
The 18th session of the 14th term-2025.12.24	<ol style="list-style-type: none"> <li>1. Approval of annual audit plan in 2026</li> <li>2. Change of CPA Case</li> <li>3. The evaluation results of the independence of the CPAs for 2026</li> <li>4. Procurement Project for SMT Equipment in the Manufacturing Division</li> <li>5. Proposal to amend the internal control procedures related to the “Production Cycle” and the “Sales and Collection Cycle”</li> <li>6. Proposal on the 2025 entry-level employee compensation evaluation report</li> <li>7. Proposal to amend the “board performance evaluation measures”</li> <li>8. Amendments to the “measures for the management of Directors' and managers' remuneration”</li> <li>9. Implementation plan for the 2025 performance evaluation of the Board of Directors and functional committees</li> <li>10. Implementation plan for the 2025 performance appraisal of senior executives</li> </ol>	

(2) Except for the matters mentioned above, other matters resolved by the Board of Directors with objections or reservations of independent directors and with records or written statements: none.

2. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified:

Date of meeting	Name of Director	Content of proposal	Reasons for recusal	Participation in voting
The 14th session of the 14th term-2025.03.12	Yi-Tong Shen	Manager's salary adjustment evaluation in 2025	Concurrently acting as general manager	Recusal from voting on the motion
The 16th session of the 14th term-2025.08.06		Remuneration distribution plan for managers in 2024		

3. The evaluation cycle and period, evaluation scope, method and evaluation content of the board (or peer) evaluation:

- (1) Perform the performance evaluation of the Board of Directors and functional committees in accordance with the Company's "board performance evaluation measures".
- (2) Evaluation cycle: the performance evaluation of the internal Board of Directors shall be carried out at least once a year.
- (3) Evaluation period: from January 1, 2025, to December 31, 2025.
- (4) Evaluation scope: including the performance evaluation of the overall Board of Directors, individual board members and functional committees.
- (5) Evaluation method: self-evaluation, including internal self-evaluation of the Board of Directors and functional committees and self-evaluation of board members.
- (6) Rating: excellent / very agreeable, 5 points; Excellent / agreed 4 points; Medium / ordinary 3 points; Poor / disagree 2 points; Extremely poor / very disagree 1 point
- (7) Evaluation results:

★ Performance evaluation results of the Board of Directors: excellent.

The performance evaluation and measurement items of the Board of Directors of the Company cover six aspects, with a total of 50 questions. The score results of each aspect are shown in the table below, with an average score of 4.55 points (a full score of 5 points).

Measurement items	Number of questions	Average score in 2025	Average score in 2024	Variance Analysis	Evaluation results
A. Participation in the operation of the Company	11	4.50	4.49		
B. Improvement of the decision-making quality of the Board of Directors	12	4.57	4.61	*	
C. Composition and structure of the Board of Directors	7	4.71	4.86	*	
D. Board of Directors Appointments and Continuous Education	7	4.63	4.73	*	
E. Internal controls	7	4.55	4.63	*	
F. Participation in ESG	6	4.27	-		
<b>Total / average</b>	<b>50</b>	<b>4.55</b>	<b>4.65</b>	<b>(0.10)</b>	<b>Excellent</b>

★ Performance evaluation results of the Directors: excellent.

The Company's Directors (including Independent Directors) members, a total of 8 seats, measured six aspects of the project cover, the total number of questions is 23 questions, and the average score for each aspect is 4.56 (out of 5).

Measurement items	Number of questions	Average score in 2025	Average score in 2024	Variance Analysis	Evaluation results
A. Mastery of company objectives and tasks	3	4.5	4.81	*	
B. Cognition of directors' responsibilities	3	4.75	4.86	*	
C. Participation in the operation of the company	8	4.47	4.46		
D. Internal relationship management and communication	3	4.58	4.62	*	
E. Professional and continuing education of directors	3	4.5	4.67	*	
F. Internal controls	3	4.71	4.76	*	
<b>Total / average</b>	<b>23</b>	<b>4.56</b>	<b>4.65</b>	<b>(0.09)</b>	<b>Excellent</b>

(8) Conclusion:

Based on the evaluation results, the overall operation of the Board of Directors is sound, with effective decision-making and supervisory functions, and will continue to be further enhanced. All members of the Board of Directors uphold a loyal and prudent attitude, actively participate in Board operations, maintain good interaction and effective communication with the management team, and duly fulfill their supervisory responsibilities.

4. The objectives of strengthening the functions of the Board of Directors in the current year and the most recent year (such as establishing an Audit Committee, improving information transparency, etc.) and the evaluation of the implementation:
- (1) The schedule of the annual meeting is planned and scheduled in advance.
  - (2) The discussion unit shall consult relevant units about one month before the meeting of the Board of Directors.
  - (3) According to the provisions of laws and regulations, we regularly or irregularly announce the company's major financial and business information.
  - (4) One female independent director was additionally elected at the shareholders' meeting on June 11, 2025.

(II) Operation of the Audit Committee:

The Audit Committee held 5 meetings in the most recent year [A], and the attendance of independent directors is as follows:

Title	Name	Actual attendance B	Number of delegated attendance	Actual attendance (%) [B/A] (Note)	Remark
Independent director	Jun-Ming Wang	5	0	100	
Independent director	Yong-Cheng Chun	5	0	100	
Independent director	Xiao-Long Feng	5	0	100	
Independent director	Mei-Hsueh Yang	3	0	100	First elected on June 11, 2025

Other matters to be recorded:

1. In case of any of the following circumstances in the operation of the Audit Committee, the date and period of the Audit Committee, the contents of the proposal, the objections, reservations or major suggestions of the independent directors, the resolution results of the Audit Committee and the company's handling of the opinions of the Audit Committee shall be stated.

(1) The matters listed in Article 14-5 of the Securities and Exchange Act:

Audit Committee Date	Content of proposal	Resolution results of the Audit Committee and follow-up treatment
The 14th session of the 8th term- 2025.03.12	<ol style="list-style-type: none"><li>1. Internal control audit report</li><li>2. 2024 "effectiveness assessment of internal control system" and "statement of internal control system"</li><li>3. Review of the 2024 Business Report and Financial Statements</li><li>4. 2024 Earnings distribution project</li><li>5. Proposal for the CPA Fees for 2025</li><li>6. Amendment to the "Articles of Association"</li><li>7. Proposal to amend the internal control content of the "approval authority form"</li></ol>	All members of the Audit Committee have not expressed any objection or reservations for the following proposals, and the proposals have been adopted by all members.
The 15th session of the 8th term- 2025.05.07	<ol style="list-style-type: none"><li>1. Proposal for Internal control audit report</li><li>2. First Quarter 2025 Financial Statements Report</li><li>3. Report on the achievement of the budget for the first quarter of 2025</li></ol>	
The 16th session of the 8th term- 2025.08.06	<ol style="list-style-type: none"><li>1. Internal control audit report</li><li>2. Second Quarter 2025 Financial Statements Report</li><li>3. Report on the achievement of the budget for the second quarter of 2025</li><li>4. Disposition of partial equity in MilDef Group AB</li><li>5. Proposal for the purchase of "Fubon Life Insurance Unsecured Corporate Bonds"</li><li>6. Proposal to amend the internal control content of the "approval authority form"</li></ol>	

Audit Committee Date	Content of proposal	Resolution results of the Audit Committee and follow-up treatment
The 17th session of the 8th term-2025.11.05	<ol style="list-style-type: none"> <li>1. Proposal for "Internal control audit report"</li> <li>2. Proposal to revise the "internal audit system"</li> <li>3. Proposal to amend the internal control content of the "approval authority form"</li> <li>4. Third Quarter 2025 Financial Statements Report</li> <li>5. Report on the achievement of the budget for the third quarter of 2025</li> </ol>	
The 18th session of the 8th term-2025.12.24	<ol style="list-style-type: none"> <li>1. Internal control audit report</li> <li>2. Approval of annual audit plan in 2026</li> <li>3. Change of CPA Case</li> <li>4. The evaluation results of the independence of the CPAs for 2026</li> <li>5. Procurement Project for SMT Equipment in the Manufacturing Division</li> <li>6. Proposal to amend the internal control procedures related to the "Production Cycle" and the "Sales and Collection Cycle"</li> <li>7. Amendments to the "Directors' and Manager's Remuneration Measures"</li> <li>8. Implementation plan for the 2025 performance evaluation of the Board of Directors and functional committees</li> </ol>	

- (2) Other matters not approved by the Audit Committee but agreed by more than two-thirds of all Directors, except for the preceding matters: none.
2. The implementation of the recusal of interest related proposals by independent directors shall state the name of the independent director, the content of the proposal, the reasons for the recusal of interest and the voting situation: none.
3. Communication between independent directors and internal audit supervisors and CPAs (such as matters, methods and results of communication on the company's financial and business conditions):

(1) Communication between the Audit Committee and the audit supervisor in 2025:

Communication method and date	Communication matters	Communication results
The 14th session of the 8th term Audit Committee-2025.03.12	Audit business performance report from December 2024 to January 2025	Members attended and agreed, no other views
The 15th session of the 8th term Audit Committee-2025.05.07	Performance report of audit business from February to March 2025	
The 16th session of the 8th term Audit Committee-2025.08.06	Performance report of audit business from April to June of 2025	
The 17th session of the 8th term Audit Committee-2025.11.05	Audit business performance report from July to September 2025	
The 18th session of the 8th term Audit Committee-2025.12.24	Audit business performance report from October to November 2025	

The auditor shall communicate with the independent directors through the audit report every month. Through the meeting of the Audit Committee, the implementation status of the audit business should be reported at least once a quarter. In case of special conditions, the members of the Audit Committee should be reported immediately. As of the printing date of the annual report, there was no such special situation. The Audit Committee of the Company has good communication with the internal audit supervisor.

Since the chairman of the Board of Directors and the general manager of the Company are the same person, the Company passed at the eighth session of the seventh term Audit Committee to add one more director to sign on the audit business report.

(2) Communication between the Audit Committee and CPAs in 2025:

Date	Communication method	Communication object	Communication matters	Communication results
2025.03.12	Before the 14th Audit Committee Meeting of the 8th term	Tzu-Chieh Tang CPAs	<ol style="list-style-type: none"> <li>1. Audit results of consolidated and parent only financial reports in 2024</li> <li>2. Key regulatory updates               <ol style="list-style-type: none"> <li>(1) Amendment to Paragraph 6, Article 14 of the Securities and Exchange Act</li> <li>(2) Revisions to the Corporate Governance Evaluation Indicators for the 2025 (12th) Corporate Governance Evaluation</li> </ol> </li> </ol>	Agree, no other comments
2025.11.05	Before the 17th Audit Committee Meeting of the 8th term	Ching-Wen Kao CPAs	<ol style="list-style-type: none"> <li>1. Review results of consolidated financial report for the third quarter of 2025</li> <li>2. Annual audit plan</li> <li>3. Key regulatory updates               <ol style="list-style-type: none"> <li>(1) Announcement of the draft amendments to the “Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies” and the “Regulations Governing the Contents of Annual Reports of Public Companies” – reporting deadlines</li> </ol> </li> </ol>	Agree, no other comments

Date	Communication method	Communication object	Communication matters	Communication results
			<ul style="list-style-type: none"> <li>(2) Amendments to the FAQ on shareholding reporting for insiders – calculation of holding period for newly appointed directors and supervisors due to corporate merger</li> <li>(3) Updated FAQs on insider shareholding reporting – related impacts of the amendments</li> <li>(4) Article 10-1 of the Industrial Innovation Statute – tax credit for equipment investment</li> <li>(5) Article 22 of the Industrial Innovation Statute – filing requirements for overseas investment</li> <li>(6) Article 23-2 of the Industrial Innovation Statute – tax incentives for angel investors</li> <li>(7) Announcement of the draft amendments to the “Regulations Governing the Contents of Annual Reports of Public Companies”</li> </ul>	

The communication between the Company's CPAs and the Audit Committee, including the review or audit results of the third quarter and annual financial reports, the scope and time plan of the review or audit, as well as major findings, providing that the personnel of the firm to which the CPAs belong have complied with the statement on independence in the code of professional ethics of CPAs, and determining the key audit matters to be communicated in the financial report, the impact of the amendment of laws and regulations on the Company. In case of any special situation, it will also report to the members of the Audit Committee immediately. As of the printing date of the annual report, there is no such special situation. The Audit Committee of the Company is in good communication with the CPAs.

4. The evaluation cycle and period, evaluation scope, method and evaluation content of the Audit Committee's self-evaluation:

- (1) Perform the performance evaluation of the Board of Directors and functional committees in accordance with the Company's "board performance evaluation measures".
- (2) Evaluation cycle: the performance evaluation of the internal Board of Directors shall be carried out at least once a year.
- (3) Evaluation period: from January 1, 2025, to December 31, 2025.
- (4) Evaluation scope: including the performance evaluation of the overall Board of Directors, individual board members and functional committees.
- (5) Evaluation method: self-evaluation, including internal self-evaluation of the Board of Directors and functional committees and self-evaluation of board members.
- (6) Rating: excellent / very agreeable, 5 points; Excellent / agreed 4 points; Medium / ordinary 3 points; Poor / disagree 2 points; Extremely poor / very disagree 1 point
- (7) Performance evaluation results of the Audit Committee: excellent

According to the performance evaluation of the Audit Committee, the measurement results cover five aspects, the total number of questions is 21, and the average score of each dimension is 4.71 (full score is 5).

Measurement items	Number of questions	Average score in 2025	Average score	Variance Analysis	Evaluation results
A. Participation in the operation of the Company	4	4.75	4.92	*	
B. Awareness of responsibilities of the Audit Committee	5	4.67	4.67		
C. Provide functional committee decision-making quality	7	4.76	4.67		
D. Composition and member selection of the Audit Committee	2	4.67	4.67		
E. Internal controls	3	4.67	4.67		
<b>Total / average</b>	<b>21</b>	<b>4.71</b>	<b>4.71</b>	<b>0.00</b>	<b>Excellent</b>

(8) Conclusion:

According to the evaluation results, the organization and operation of the Audit Committee are in good condition. the Company will continue to refine the functions of the Audit Committee, improve the enterprise operation and implement the effectiveness of corporate governance.

5. The major annual responsibilities and key matters of the Company's Audit Committee are summarized as follows:

- (1) Establishment or amendment of the internal control system.
- (2) Evaluation of the effectiveness of the internal control system.
- (3) Establishment or amendment of important management policies or operating procedures, such as procedures for acquisition or disposal of assets, derivatives transactions, lending of funds to others, and endorsement or guarantee for others.
- (4) Matters involving conflicts of interest with directors.
- (5) Significant asset transactions or derivatives transactions.
- (6) Significant lending of funds, endorsements, or guarantees.
- (7) Offering, issuance, or private placement of equity-type securities.
- (8) Appointment, dismissal or remuneration of the CPAs.
- (9) Appointment and removal of the head of finance, accounting or internal audit.
- (10) Review of financial reports.

(III) The operation of corporate governance and the differences with the code of practice for corporate governance of TWSE/TPEX-listed companies and the reasons

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/TPEX-listed companies
	Yes	No	Summary description	
I. Does the company formulate and disclose the code of corporate governance practices in accordance with the code of corporate governance practices for TWSE/TPEX-listed companies?	V		The Company has formulated a code of practice on corporate governance and disclosed on the company's website and MOPS.	No significant difference
II. Ownership structure and shareholders' equity of the company (I) Whether the Company has established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation, and implement them in accordance with the procedures?	V		(I) The Company's internal operating procedures for handling shareholders' suggestions, doubts, disputes and litigation matters: collect relevant issues raised by shareholders through the contact telephone and e-mail of the spokesperson and acting spokesperson. If it is shareholders' suggestions and doubts, the spokesperson and acting spokesperson shall handle and respond to them. In case of disputes and litigation matters, the legal affairs unit shall handle and respond. However, the relationship between the Company and its shareholders is harmonious, and there has been no dispute or litigation.	No significant difference

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/TPEX-listed companies
	Yes	No	Summary description	
(II) Does the Company have a list of the major shareholders who actually control the Company and the ultimate controllers of the major shareholders?	V		(II) The Company's Finance Department concurrently serves as the shareholder services unit, with assistance provided by the stock affairs agent, the Stock Affairs Agency Department of Capital Securities. The Company regularly discloses information regarding shareholders holding more than 5%, as well as directors, including pledges of shares, increases or decreases in shareholding, and other material events that may result in changes in share ownership, in order to monitor major shareholders and the ultimate controlling parties of major shareholders.	
(III) Does the Company establish and implement risk control and firewall mechanisms with related enterprises?	V		(III) The Company has formulated the "operating procedures for transactions between group enterprises, specific companies and related parties" and the "measures for the operation and management of subsidiaries", which clearly regulate the transactions with related enterprises, so as to establish a complete firewall and achieve a risk control mechanism.	
(IV) Does the company have internal regulations to prohibit insiders from trading securities by using unpublished information on the market?	V		(IV) The Company has established "internal major information processing procedures" and "operation procedures for the prevention of insider trading management" as major information processing procedures, which prohibit insiders from using undisclosed information on the market to buy and sell securities.	
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board of Directors formulate diversification policies, specific management objectives and implement them?	V		(I) It is formulated in the "code of practice on corporate governance" and the "measures for the election of directors" and disclosed on the company's website. The contents are as follows: The members of the Board of Directors shall consider diversification and formulate appropriate diversification policies based on their own operation, business type and development needs,	No significant difference

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/TPEX-listed companies
	Yes	No	Summary description	
(II) In addition to setting up salary and Remuneration Committee and Audit Committee according to law, does the company voluntarily set up other functional committees?	V		<p>which should include but not limited to the following two standards:</p> <ol style="list-style-type: none"> <li>1. Basic conditions and values: gender, age, and nationality, etc.</li> <li>2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience.</li> </ol> <p>Members of the Board of Directors shall generally have the knowledge, skills and literacy necessary for the performance of their duties. In order to achieve the ideal goal of corporate governance, the overall capabilities of the Board of Directors are as follows:</p> <ol style="list-style-type: none"> <li>1. Operational judgment.</li> <li>2. Accounting and financial analysis ability.</li> <li>3. Operation and management ability.</li> <li>4. Crisis management ability.</li> <li>5. Industrial knowledge.</li> <li>6. International market view.</li> <li>7. Leadership.</li> <li>8. Decision-making ability.</li> </ol> <p>The Company's Board of Directors consists of eight members in total. The overall competencies of the Board are aligned with the Company's future development needs. The Company has also implemented its Board diversity policy, with specific management objectives and implementation measures. Please refer to pages 12-14 of this annual report for further details.</p>	
(III) Whether the Company has formulated the performance	V		<p>(II) In addition to setting up Remuneration Committee and Audit Committee according to law, the Company will add other functional committees according to actual needs in the future.</p> <p>(III) The Company has established the "board performance evaluation</p>	

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/TPEX-listed companies
	Yes	No	Summary description	
<p>evaluation measures and evaluation methods of the Board of Directors, conducted performance evaluation every year and regularly, and submitted the results of performance evaluation to the Board of Directors, and used it as a reference for the remuneration of individual Directors and nomination for renewal?</p> <p>(IV) Does the company regularly evaluate the independence of CPAs?</p>	V		<p>measures,” which have been approved by the Board of Directors. Internal performance evaluations of the Board of Directors, individual directors, the Remuneration Committee, and the Audit Committee are conducted at least once a year. The results, together with directors’ self-evaluations, are used as a reference for director nominations and the determination of remuneration. The results of the 2025 performance evaluation were submitted to the Board of Directors on March 11, 2026. Please refer to pages 30-31 of this annual report for details regarding the evaluation cycle and period, scope, methodology, and content of the Board self-evaluation.</p> <p>(IV) The Finance Department conducts an annual assessment of the independence and suitability of the certified public accountants. The auditors also provide a statement of independence and Audit Quality Indicators (AQIs). The 2026 CPA independence and suitability assessment form and AQI evaluation results were submitted to the Audit Committee and the Board of Directors on December 24, 2025 for review and approval. Please refer to page 49 of this annual report for further details.</p>	
<p>IV. Whether a TWSE/TPEX-listed company has set up a full-time (part-time) corporate governance unit or personnel to be responsible for corporate governance related affairs (including but not limited to providing data required by Directors and supervisors to perform business, handling matters related to meetings of the Board of Directors and shareholders in accordance with the law, handling company registration</p>	V		<p>The Company’s Corporate Governance Officer is Ms. Ya-Ping Liu, Manager of the Finance Department, who concurrently oversees corporate governance-related matters within the Finance Department. The main responsibilities include handling matters related to Board of Directors and shareholders’ meetings in accordance with applicable laws, preparing minutes of Board and shareholders’ meetings, assisting directors with onboarding and ongoing training, providing information necessary for</p>	No significant difference

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/TPEX-listed companies
	Yes	No	Summary description	
and change registration, making minutes of meetings of the Board of Directors and shareholders, etc.)?			<p>directors to perform their duties, assisting directors in compliance with laws and regulations, and reporting to the Board the results of the review on whether independent directors meet relevant legal and regulatory requirements.</p> <p>The business performance in 2025 is as follows:</p> <ol style="list-style-type: none"> <li>1. It is the main contact window between Directors and the Company.</li> <li>2. Assist the directors in performing their duties, provide the company information required by the directors at the meeting, and maintain smooth communication between the directors and the business executives.</li> <li>3. Provide relevant training course information for Directors and assist in arranging Directors' further study.</li> <li>4. Assist in arranging the communication between the audit members, the CPAs and the audit supervisor.</li> <li>5. Draft the agenda of the Board of Directors and notify the Directors, convene the meeting and provide meeting data. If the topic needs recusal for interest, a prior reminder should be given, and the minutes of the Board of Directors meeting should be completed within 20 days after the meeting.</li> <li>6. Assist in handling the affairs of the shareholders' meeting.</li> <li>7. An independent director qualification review is conducted annually, with the results submitted to the Board of Directors.</li> <li>8. For the year 2025, the results were presented at the 18th session of the 14th term Board of Directors on December 24, 2025.</li> <li>9. At the end of each year, report to the Board of Directors the results of the previous year's Corporate Governance Evaluation and the implementation</li> </ol>	

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/TPEX-listed companies
	Yes	No	Summary description	
			status of corporate governance initiatives for the current year.	
V. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up stakeholder zones on the company's website, and properly respond to important corporate social responsibility issues concerned by stakeholders?	V		<p>The Company has established a dedicated "Stakeholders" section on its official website (<a href="https://webserver3.crete.com.tw/www/rwd/index.htm">https://webserver3.crete.com.tw/www/rwd/index.htm</a>) and designated contact channels to maintain open and effective communication with stakeholders, including banks, other creditors, employees, customers, suppliers, and others. Through these channels, the Company continuously monitors relevant information to safeguard the legitimate and reasonable interests of all parties.</p> <p>* Investor relations contact personnel Spokesman: Executive deputy general manager, Yong-Xiang Chou (02)2662-6074 #501 Acting Spokesman: Financial Manager, Ya-Ping Liu #301</p> <p>* Customer service/customer complaint contact personnel North District- Shi-Zhe Lin (02)2322-1769 Central South District- Xin-Xiong Huang (07)2358069</p> <p>For specific instructions, please refer to the description of stakeholders on pages 44-46 of this annual report.</p>	No significant difference
VI. Does the Company appoint a professional stock affairs agency to handle the affairs of the shareholders' meeting?	V		Professional stock service agent commissioned by the Company - Capital Jinding Securities Co., Ltd. assists shareholders business.	No significant difference
VII. Information disclosure				
(I) Does the Company set up a website to disclose financial business and corporate governance information?	V		(I) The Company's financial, business and corporate governance information has been disclosed in detail in the "stakeholder" section of the Company's website, and a special person is responsible for maintaining and updating the data.	No significant difference
(II) Does the Company adopt other ways of information disclosure (such as setting up an English website,	V		(II) The Company has set up websites in both Chinese and English, and has a spokesman (Executive deputy general	

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/TPEX-listed companies
	Yes	No	Summary description	
<p>appointing a special person to be responsible for the collection and disclosure of the Company's information, implementing the spokesperson system, placing the Company's website in the process of investor conference presentation, etc.)?)</p> <p>(III) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the financial reports of the first, second and third quarters and the operation of each month before the specified time limit?</p>	V		<p>manager Yong-Xiang Chou) and an acting spokesman (manager Ya-Ping Liu) to uniformly speak the relevant information of the Company to the public. A dedicated unit is also responsible for the collection, disclosure and update of information on shareholders, laws, investment and market.</p> <p>This year, the Company was invited by IBF Securities Co., Ltd. to host an online investor conference on December 16. The video recording and presentation materials have been compiled and uploaded to the Market Observation Post System and the Company's website for public access and reference.</p> <p>(III) The financial reports for the first through third quarters were all announced and filed ahead of the statutory deadlines. As for the annual financial report, the Company is currently reviewing and making efforts to release it earlier.</p>	
<p>VIII. Whether the Company has any other important information to understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, Director and supervisors training, risk management policy and risk measurement criteria); (Implementation of the account policy, the Company purchasing liability insurance for Directors and supervisors, etc.)?)</p> <p>(I) Employee Rights: Please refer to "V. Labor Relations" on pages 80-86 of this annual report for details.</p> <p>(II) Employee Care: Please refer to "V. Labor Relations" on pages 80-86 of this annual report for details.</p> <p>(III) Investor Relations: To facilitate investors to understand the Company's operating status,</p> <ol style="list-style-type: none"> <li>1. A "spokesperson" system is provided to facilitate direct communication between investors and companies.</li> <li>2. Disclosure of company information at "Market Observation Post System" and company website when appropriate.</li> <li>3. The Company holds investor conferences to announce and explain its operational performance, future development strategies, and other relevant information. Recordings of the conferences, including video and audio files, are uploaded to the Market Observation Post System and the Company's official website for public access.</li> </ol> <p>(IV) Supplier relationship: The Company has consistently maintained good relationships with its suppliers. Within its internal control system, the Company has established "supplier management" procedures to ensure the quality of supplied materials and to maintain stable supplier relationships. Suppliers are treated in accordance with the principles of integrity and fairness, fostering a mutually beneficial and sustainable partnership.</p>				

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/TPEX-listed companies
	Yes	No	Summary description	

(V) Stakeholder:

In respect of stakeholders' rights and interests, the Company adheres to the principles of integrity, ethics, and sound corporate governance. Through appropriate communication channels and stakeholder engagement, the Company seeks to understand stakeholders' reasonable expectations and needs, and responds appropriately to important corporate social responsibility issues of concern to them. Various departments are assigned responsibility for communicating with stakeholders, and updates are reported to the Board of Directors on a periodic basis.

The key issues of concern to the Company's stakeholders, along with the corresponding communication channels and response mechanisms, are summarized in the table below:

Stakeholder	Main issues of concern	Communication channel and response method
Shareholder	Market image / economic performance / compliance with environmental laws and regulations / environmental assessment of suppliers / investment / labor employment relationship / health and safety of customers / product and service labeling / ethical corporate management	<ol style="list-style-type: none"> <li>1. A shareholders' meeting, held in the second quarter of each year, was held on June 11, 2025. The motion shall be voted on a case by case basis, and shareholders can also exercise their voting rights through electronic means to fully participate in the motion voting process. After the meeting, the voting results of each proposal shall be announced at the MOPS.</li> <li>2. The annual report of the shareholders' meeting and business report shall be issued every year for investors' reference.</li> <li>3. Publish the statistics of the previous month's revenue information on the MOPS and the company's website every month.</li> <li>4. Set up an investor zone on the Company's website to provide other non-financial related information of the Company.</li> </ol>
Employee	Labor employment relationship / non-discrimination / occupational health and safety / diversity and equal opportunities / talent cultivation / remuneration and welfare system / ethical corporate management	<ol style="list-style-type: none"> <li>1. Labor-management meetings are held quarterly, with a total of four meetings convened in 2025.</li> <li>2. An employee welfare committee has been established, and the members are elected by the employees themselves to coordinate various welfare measures.</li> <li>3. Establish a labor retirement reserve supervision committee to supervise the Company to allocate sufficient old-system pensions to ensure the due welfare of employees. In 2025, a total of five meetings were convened to discuss related matters.</li> <li>4. There are educational and training procedures to cultivate talents.</li> <li>5. Hold emergency response drills every year to urge employees to pay attention to workplace and their own safety.</li> <li>6. Every year, a professional and qualified medical team is hired to go to the factory and Taipei Branch for health examination for employees, and colleagues in other business offices are arranged to go to the medical institutions with agreed health examination with the company.</li> <li>7. A professional nurse is engaged annually to provide on-site occupational health services at the facility. In 2025, Nurse Wang from Chang An East Clinic</li> </ol>

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/TPEX-listed companies
	Yes	No	Summary description	
			provided services two days per month, totaling 24 days for the year.	
			8. Establish a sexual harassment complaint hotline and dedicated email address.	
Supplier			Market image / economic performance / compliance with environmental laws and regulations / labor employment relationship / labor evaluation of suppliers / anti-corruption / ethical corporate management	<ol style="list-style-type: none"> <li>1. Irregular exchange of visits.</li> <li>2. There is a supplier's environmental management procedure, and the Purchasing Department conducts environmental surveys in November and December of each year, or from time to time, on suppliers who have cooperated with the Company in the past year and those related to major environmental consideration, and issues the supplier's environmental advocacy notice to urge the supplier to comply with the environmental laws and regulations.</li> </ol>
Customer			Ethical corporate management / innovation / supplier environmental assessment / protection of customer privacy / business performance / marketing communication	<ol style="list-style-type: none"> <li>1. The customer base of the Channel Business Department is consumers. In addition to the relevant information disclosed on the Company's website, the relationship with customers is to communicate face-to-face with customers through various outlets or participate in various computer exhibitions.</li> <li>2. System Manufacturing Business Department- <ol style="list-style-type: none"> <li>(1) Hold dealer meetings every year, in addition to introducing the company's new products, so as to contact with customers and understand the operation status of customers in the previous year. In 2025, the event was held in Sweden from May 12 to May 15, 2025.</li> <li>(2) Conduct customer satisfaction survey every year to improve customer service.</li> <li>(3) Assist customers in product technical discussion from time to time.</li> <li>(4) Use E-supply chain system to provide overall supporting services for customer business.</li> </ol> </li> </ol>
Government agencies			Business performance / ethical corporate management / compliance with environmental regulations / waste water management / air pollutant management / waste management / compliance with socio-economic regulations / climate change and energy conservation and carbon reduction / water resources management	<ol style="list-style-type: none"> <li>1. Communicate through official documents.</li> <li>2. Participate in seminars and advocacy meetings organized by the competent authority.</li> <li>3. Report the information to be announced on MOPS.</li> </ol>

In addition to the above stakeholder communication channels, the Company also has a stakeholder section in the annual report for the shareholders' meeting and the Company's official website to facilitate the selection and reading of stakeholders and the public, and mark the contact channels for stakeholders, hoping to strengthen accessibility, transparency, timeliness, integrity and interaction, so that the Company can understand the issues concerned by stakeholders and respond appropriately, while the feedback will be used as the basis for continuous improvement.

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/TPEX-listed companies
	Yes	No	Summary description	

(VI) Status of Directors' further education:

- The directors of the Company have industrial professional background and practical experience in operation and management.
- The directors' continuing education status for 2025 is as follows:

Title	Name	Study date	Organizer	Course name	Hours of education	Whether the study follows the regulations
Director	Ming-Xiao Lu	2025.07.29	Taipei Exchange	2025 Emerging Stock Companies Insider Shareholding Promotion Seminar	3	Yes
		2025.11.27	Taiwan Institute for Sustainable Energy	8th GCSF Global Corporate Sustainability Forum (3-2)	3	Yes
Independent director	Yong-Cheng Chun	2025.04.15	Taiwan Corporate Governance Association	Case Analysis of Corporate Control Contests	3	Yes
		2025.11.14	Taiwan Corporate Governance Association	Digital Financial Revolution: Principles of Stablecoins and Development Trends of Blockchain Virtual Assets	3	Yes
Independent director	Jun-Ming Wang	2025.06.18	Greater China Financial and Economic Development Association	Trump Tariff 2.0 Implementation and Assessment	3	Yes
		2025.08.08	Taiwan Corporate Governance Association	Fundamental Legal Framework for Listed Companies	3	Yes
Independent director	Xiao-Long Feng	2025.06.18	Greater China Financial and Economic Development Association	Trump Tariff 2.0 Implementation and Assessment	3	Yes
		2025.08.08	Taiwan Corporate Governance Association	Fundamental Legal Framework for Listed Companies	3	Yes
Director	Representative of Nankang Rubber Tire: Jun-Ying Lin	2025.11.05	Taiwan Corporate Governance Association	Current Global Economic and Financial Conditions	3	Yes
		2025.11.19	Taiwan Corporate Governance Association	New Perspectives on Intellectual Property Management	3	Yes
Director	Wen-Chun Cai	2025.03.28	Securities and Futures Institute	Practicing Sustainable Corporate Management: Legal Liability Case Analysis of Gender Equality Laws	3	Yes
		2025.07.03	Securities and Futures Institute	Shareholders' Meetings, Corporate Control, and Equity Strategies	3	Yes

Evaluation items			Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/TPEX-listed companies	
			Yes	No	Summary description		
Independent director	Mei-Hsueh Yang	2025.07.17		Greater China Financial and Economic Development Association	Financial Decision-Making for Directors and Supervisors	3	Yes
		2025.07.23		Greater China Financial and Economic Development Association	Future of Stablecoins and the U.S. Dollar	3	Yes
		2025.07.29		Taipei Bar Association	Corporate Governance and Risk Management	3	Yes
		2025.08.20		Taipei Bar Association	Advanced Practical Sharing for Corporate Governance Officers	3	Yes
		2025.09.12		Taipei Bar Association	Role and Responsibilities of Corporate Governance Officers in Functional Committees and Their Operations	3	Yes

Note: Directors and supervisors who pursue further education are referred to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" published by the Taiwan Stock Exchange Corporation.

(VII) Implementation of risk management policies and risk measurement criteria:

The Board of Directors serves as the Company's highest governing body for risk management. Through the assistance of the Audit Committee, the Board oversees the control of existing and potential risks, including the establishment of internal control systems and the implementation of internal audits. Each responsible department is tasked with promoting and executing risk management practices within its respective business functions. The scope of risk management covers a wide range of areas, including technology risk, operational risk, product risk, legal risk, financial risk, information security risk, climate change risk, human rights risk, and ESG-related risks. These also encompass risks arising from business activities such as marketing and sales, production and services, R&D, procurement and supply chain, quality control, human resources planning, changes in domestic and international regulations, financial accounting, climate change response, and sustainable development. In addition to the existing internal systems and procedures, the Company continues to strengthen its mechanisms for risk identification, assessment, and management, with the objective of reducing both the likelihood of risk occurrence and the potential severity of its impact.

For detailed information on material risk topics, please refer to Note 1 on pages 62-63 of this annual report.

For climate change-related risk information, please refer to the climate-related information implementation status on pages 62-.65.

For information security risks, please refer to "VI. Information Security Management" on pages 116-124.

For financial risks such as exchange rate and interest rate fluctuations, please refer to the "Review and Analysis of Financial Condition and Results of Operations and Risk Matters" on pages 125-131.

(VIII) Enforcement of consumer or customer protection policies:

The Company maintains good relationships with customers and provide them with services in accordance with our internal management system, with customer satisfaction as our highest guiding principle.

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/TPEX-listed companies
	Yes	No	Summary description	
(IX) The Company's purchase of liability insurance for Directors and supervisors:				
	Insured object	Insurance company	Insured amount	Insurance period (start and end)
	Directors and managers	Fubon Insurance Co., Ltd.	Limit of liability: US\$5 million	2024/8/1~2025/8/1
	Directors and managers	Fubon Insurance Co., Ltd.	Limit of liability: US\$5 million	2025/8/1~2026/8/1
The insured amounts, coverage scope, and insurance premium rates for policy renewals in 2025 were reported to the 16th meeting of the 14th Board of Directors held on August 6, 2025.				
IX. Please explain the improvement of the corporate governance evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and put forward priority strengthening matters and measures for those that have not been improved: In the results of the 11th Corporate Governance Evaluation (FY2024), the Company ranked in the 66%-80% range among OTC-listed companies.				
(I) Areas of Improvement Implemented: The Company has enhanced its disclosure of English-language information, including shareholder meeting materials and financial reports.				
(II) Priority Enhancement Measures: During the year, the Company was invited to participate in an investor conference to strengthen communication with institutional investors.				
(III) Areas Without Scoring: The main area where points were not fully achieved relates to the promotion of sustainable development initiatives. The Company has identified this as a key priority for future improvement. The Company also plans to obtain certification for the ISO 45001 Occupational Health and Safety Management System and the ISO 27001 Information Security Management System by 2026.				

◆ Evaluation form of CPAs' independence and competence in 2026

**CPAs' independence evaluation form**

**Assessment date: December 19, 2025**

Evaluation year: 2026

Name of CPAs firm: KPMG

Name of CPAs: Ching-Wen Kao, Wei-Ming Shih

Item	Evaluation items	Yes	No
1	The CPAs have no direct or significant indirect financial interest relationship with the Company.	V	
2	There is no significant close business relationship between the CPAs and the Company.	V	
3	There is no potential employment relationship between the CPAs and the Company.	V	
4	The CPAs shall ensure the ethics, impartiality and independence of their assistants.	V	
5	The CPAs did not receive presents or gifts of significant value from the Company and its Directors and managers (their value did not exceed the general standards of social etiquette).	V	
6	The CPAs have not made any pecuniary borrowing with the Company.	V	
7	The CPAs have not concurrently engaged in other businesses that may lose their independence.	V	
8	The CPAs did not receive any commission related to business.	V	
9	The CPAs did not hold the shares of the Company.	V	
10	The CPAs are not concurrently engaged in the regular work of the Company with fixed salaries.	V	
11	The CPAs have no relationship with the Company to jointly invest or share interests.	V	
12	The CPAs have no management function related to the decision-making of the Company.	V	
13	The CPAs have not served as Directors or managers of the Company or have a significant impact on audit cases at present or within the last two years; they are also determined that they will not hold the above-mentioned relevant positions in the future.	V	
14	During the audit period, the CPAs and their spouses or dependent relatives did not serve as a Director or manager of the Company or have a direct and significant impact on the audit work.	V	
15	So far, they have not been punished or undermined the principle of independence.	V	

Evaluation results:

According to the Independence Declarations issued this year by CPA Ching-Wen Kao and CPA Wei-Ming Shih of KPMG Taiwan, as well as the Audit Quality Indicators provided by the firm—covering five key dimensions (professional competence, quality control, independence, supervision, and innovation) and 13 indicators—and with reference to Article 47 of the Certified Public Accountant Act and the provisions of bulletin of code of professional ethics No. 10, a comprehensive assessment has concluded that the auditors are objectively independent, possess professional competence, and demonstrate excellent audit quality.

(IV) Composition, duties and operation of the Remuneration Committee

1. Composition of the Remuneration Committee

√March 31, 2026

Identity	Name	Condition	Professional qualifications and experience	Independence	Number of members of Remuneration Committees of other public companies
Independent director / Convener	Jun-Ming Wang	Please refer to pages 9-12, "Professional Qualifications of Directors and Information on the Independence of Independent Directors."	Please refer to pages 9-12, "Professional Qualifications of Directors and Information on the Independence of Independent Directors."	Please refer to pages 9-12, "Professional Qualifications of Directors and Information on the Independence of Independent Directors."	None
Independent director	Yong-Cheng Chun				None
Independent director	Xiao-Long Feng				None

2. Scope of Authority of the Remuneration Committee

The Remuneration Committee shall faithfully perform the following duties with the due care of a good administrator and submit its recommendations to the Board of Directors for discussion and approval:

- (1) To establish and periodically review the policies, systems, standards, and structure for the performance evaluation and remuneration of directors, members of the Audit Committee, and managerial officers.
- (2) To periodically evaluate and determine the remuneration of directors, members of the Audit Committee, and managerial officers.

Where remuneration proposals related to members of the Audit Committee are concerned, such proposals shall be submitted to the Board of Directors for discussion only if the remuneration of the Audit Committee is stipulated in the Articles of Association or authorized by a resolution of the shareholders' meeting for the Board to handle.

When performing its duties, the committee shall adhere to the following principles:

- (1) Performance evaluation and remuneration of directors, Audit Committee members, and managerial officers shall take into account prevailing industry standards, individual performance, the Company's operational performance, and the reasonableness of its correlation with future risk exposure.
- (2) Remuneration policies shall not encourage directors or managerial officers to engage in conduct that exceeds the Company's risk tolerance in pursuit of compensation.

- (3) The proportion of short-term performance-based incentives and the timing of variable remuneration for directors and senior executives shall be determined with consideration of industry characteristics and the Company’s business nature.

For the purposes of these regulations, remuneration includes cash compensation, stock options, profit sharing or stock incentives, retirement benefits or severance payments, various allowances, and other substantive incentive arrangements. The scope shall be consistent with the “Regulations Governing Information to be Published in Annual Reports of Public Companies” regarding director and managerial compensation disclosure. When the Board of Directors deliberates on the committee’s recommendations, it shall comprehensively consider the amount of remuneration, payment methods, and the Company’s future risk exposure.

If the Board does not adopt or modifies the committee’s recommendations, such resolution shall require the attendance of more than two-thirds of all directors and the approval of more than half of the directors present. The resolution shall include a specific explanation of whether the approved remuneration is more favorable than the committee’s recommendation.

If the remuneration approved by the Board is more favorable than the committee’s recommendation, the differences and reasons shall be recorded in the Board meeting minutes and disclosed through the information reporting system designated by the competent authority within two days from the date of Board approval.

For remuneration matters of directors and managerial officers of the Company’s subsidiaries that require approval by the Company’s Board of Directors under delegated authority, the matter shall first be reviewed and recommended by the Remuneration Committee before being submitted to the Board for deliberation.

### 3. Operation of Remuneration Committee

- (1) The Remuneration Committee of the Company consists of three members.  
 (2) Term of office of the current (4th term) member: June 14, 2023 to June 13, 2026.

The Remuneration Committee has held 3 meetings (A) in recent years. The qualifications and attendance of the members are as follows:

Title	Name	Actual attendance (B)	Number of delegated attendance	Actual attendance (%) (B/A)	Remark
Convener	Jun-Ming Wang	3	0	100	
Committee member	Yong-Cheng Chun	3	0	100	
Committee member	Xiao-Long Feng	3	0	100	

4. Other matters to be recorded:

- (1) If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date, term, content of the proposal, the resolution results of the Board of Directors and the Company's handling of the opinions of the Remuneration Committee (if the remuneration passed by the Board of Directors is better than the recommendations of the Remuneration Committee, it shall state the differences and reasons):

There are no circumstances in which the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee.

- (2) For the decisions of the Remuneration Committee, if the members of the Remuneration Committee have objections or reservations and have records or written statements, the date, term, content of the proposal, opinions of all members and the handling of the opinions of members shall be stated:

No member has any objection or reservation.

- (3) Evaluation cycle and period, evaluation scope, method and evaluation content of the Remuneration Committee's self-evaluation:

A. Perform the performance evaluation of the Board of Directors and functional committees in accordance with the Company's "board performance evaluation measures".

B. Evaluation cycle: the performance evaluation of the internal Board of Directors shall be carried out at least once a year.

C. Evaluation period: from January 1, 2025, to December 31, 2025.

D. Evaluation scope: including the performance evaluation of the overall Board of Directors, individual board members and functional committees.

E. Evaluation method: self-evaluation, including internal self-evaluation of the Board of Directors and functional committees and self-evaluation of board members.

F. Rating: excellent / very agreeable, 5 points; Excellent / agreed 4 points; Medium / ordinary 3 points; Poor / disagree 2 points; Extremely poor / very disagree 1 point

G. Performance evaluation results of the Remuneration Committee: excellent

In the performance evaluation of the Remuneration Committee, the measurement results cover five aspects, the total number of questions is 21, and the average score of each aspect is 4.70 (the full score is 5).

Measurement items	Number of questions	Average score in 2025	Average score in 2024	Variance Analysis	Evaluation results
A. Participation in the operation of the Company	4	4.67	4.75	*	
B. Awareness of Remuneration Committee Responsibilities	4	4.67	4.67		
C. Improvement on the decision-making quality of the Remuneration Committee	7	4.76	4.76		
D. Composition and member selection of Remuneration Committee	3	4.67	4.89	*	
E. Internal controls	3	4.67	4.67		
<b>Total / average</b>	<b>21</b>	<b>4.70</b>	<b>4.75</b>	<b>(0.05)</b>	<b>Excellent</b>

#### H. Conclusion:

According to the evaluation results, the organization and operation of the Remuneration Committee is good. The Company will continue to refine the functions of the Remuneration Committee to improve the effectiveness of corporate operation and corporate governance.

#### 5. Key Resolutions for the 2025 Remuneration Committee

Remuneration Committee Date	Content of proposal	Member opinion	Handling of opinions
The 6th session of the 5th term-2025.02.26	<ol style="list-style-type: none"> <li>Performance evaluation of Directors and Managers for 2024</li> <li>Proposal on the definition of “entry-level employees” for employee remuneration</li> <li>Proposal on the 2024 remuneration amounts for Directors and employees</li> <li>2025 salary adjustment plan</li> <li>Evaluation of 2025 salary adjustment for managerial personnel</li> </ol>	No objection and reservation	None
The 7th session of the 5th term-2025.07.11	<ol style="list-style-type: none"> <li>The Company's 2024 directors' remuneration distribution plan</li> <li>Remuneration distribution plan of the Company's managers in 2024</li> </ol>		
The 8th session of the 5th term-2025.12.12	<ol style="list-style-type: none"> <li>Proposed amendment to the Company’s “board performance evaluation measures”</li> <li>Proposed amendment to the Company’s “measures for the management of Directors' and managers' remuneration”</li> <li>Implementation plan for the 2025 performance evaluation of the Board of Directors and functional committees</li> <li>Implementation plan for the 2025 performance appraisal of senior executives</li> </ol>		

(V) Implementation of promoting sustainable development and differences with the code of practice for sustainable development of TWSE/TPEX-listed companies and reasons:

Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/TPEX-listed companies
	Yes	No	Summary description	
I. Does the Company establish a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is handled by the senior management authorized by the Board of Directors, and the supervision of the Board of Directors?	V		<p>In 2024, the Company established a Sustainable Development Department and three functional groups under it, namely: Corporate Governance, Social Responsibility, and Sustainable Environment. The Board of Directors authorized Executive Vice General Manager Yong-Xiang Chou to serve as the Convener of Sustainable Development Department, while the conveners of the three functional groups are concurrently held by the highest-ranking managers of the corresponding internal departments. In addition, the Sustainable Development Department shall report quarterly to the Board of Directors on the implementation progress of various sustainability development strategies.</p> <p>★ On August 6, 2025, at the 16th meeting of the 14th Board of Directors, the Board reviewed and approved the public release of the 2024 Sustainability Report.</p> <p>★ On November 5, 2025, at the 17th meeting of the 14th Board of Directors, the status of greenhouse gas inventory implementation and the verification disclosure schedule were presented to the Board.</p>	No significant difference
II. Does the company conduct risk assessment on environmental, social and corporate governance issues related to the company's operation in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	V		<p>In accordance with the principle of materiality, the Company conducts risk assessments on environmental, social, and corporate governance (ESG) issues related to its operations. The assessment results serve as references for the Company's risk management and operational strategies, and various project plans and related initiatives are implemented through the Sustainability Promotion Group.</p> <p>In light of the assessed risks, appropriate risk policies have been established. Please refer to Note 1 on pages 62-63 for further details.</p>	No significant difference
III. Environmental issues (I) Does the Company establish an appropriate environmental management system according to its industrial characteristics?	V		<p>1. The Company established an environmental management system according to the requirements of ISO 14001 International standard in 2003, passed the ISO 14001 environmental management system certification in October 2005, and incorporated RoHS production into the ISO14001 system to set environmental sustainability objectives and regularly review progress.</p>	No significant difference

Promoted items	Implementation		Summary description	Differences and reasons between the code of practice for sustainable development of TWSE/TPEX-listed companies
	Yes	No		
			<p>2. Based on its industry characteristics, the Company has established an “environmental manual” and related management procedures. An environmental management review meeting is held every six months, and an external audit is conducted annually.</p> <p>3. The Company continuously monitors updates to relevant laws and regulations in order to formulate timely response measures, and conducts periodic internal communications to achieve effective environmental risk control, enhance employees’ awareness of hazardous substances, and strengthen emergency response capabilities.</p> <p>4. The Company is committed to promoting smoke prevention and health promotion in the workplace. It has been assessed by the Health Promotion Administration, MOHW as meeting the Ten Year Award Badge of Accredited Healthy Workplace.</p> <p>★ Certificate related information  * ISO 9001-  Issued by: Taiwan Products Testing and Certification Center  Certificate No.: 3EAY017-05  Date of issue: September 23, 2025  Term of validity: September 22, 2028  * ISO 14001-  Issued by: Taiwan Products Testing and Certification Center  Certificate No.: 3EAE002-05  Date of issue: September 23, 2025  Term of validity: September 22, 2028  * Health Activation Badge of Accredited Healthy Workplace  Certificate No.: HPAB1101034  Date of issue: November 20, 2024  Term of validity: January 1, 2025 to December 31, 2027</p>	
(II) Is the company committed to improving energy efficiency and using recycled materials with low impact on environmental load?	✓		<p>1. The Company actively monitors contracted electricity usage and continuously evaluates the replacement of aging equipment to improve operational efficiency. In addition, it leverages diversified digital systems, such as the implementation of an electronic approval workflow and a Product Lifecycle Management system, to continuously promote carbon</p>	No significant difference

Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/TPEX-listed companies																		
	Yes	No	Summary description																			
			<p>reduction measures by reducing paper consumption.</p> <p>2. With regard to raw materials, the Company strictly adheres to the ISO 14001 environmental management standards and requires suppliers to comply with RoHS and WEEE directives and related requirements.</p> <p>3. For waste management, the Company enforces strict control in accordance with applicable laws and regulations, and conducts regular waste sorting and centralized collection and disposal, striving to minimize environmental impact.</p>																			
(III) Does the company evaluate the potential risks and opportunities of climate change to enterprises now and in the future, and take relevant countermeasures?	V		The Company is continuously evaluating the impact of climate change on its current and future operations. For further details, please refer to pages 62-65 of the annual report.	No significant difference																		
(IV) Does the Company count the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for greenhouse gas reduction, water reduction or other waste management?	V		<p>1. The statistics of the head office and factories in 2025 and 2024 are as follows:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Fiscal Year 2025</th> <th>Fiscal Year 2024</th> </tr> </thead> <tbody> <tr> <td>General solid waste volume - hazardous substances (ton)</td> <td>2.4</td> <td>2.4</td> </tr> <tr> <td>Wood pallet clearing and transportation (3.5 tons / vehicle)</td> <td>18 trucks</td> <td>10 trucks and 2 units of 10-ton trucks</td> </tr> <tr> <td>Plant carbon dioxide (Legal 5,000ppm)</td> <td>Date of inspection: July 29 450~850</td> <td>Date of inspection: October 30 470~830</td> </tr> <tr> <td>Water consumption (degree)</td> <td>2,764</td> <td>2,537</td> </tr> <tr> <td>Lead concentration in air</td> <td>0.00288 mg/m3</td> <td>0.00350 mg/m3</td> </tr> </tbody> </table> <p>2. The above data are obtained from the Company's own or outsourced testing and internal statistics. They have not been verified by a third-party certification body, and the scope of the data covers only the Shenkeng plant.</p> <p>3. In 2025, the continued renovation of factory buildings, increased rental costs for factory spaces, and the hiring of additional staff have resulted in higher carbon dioxide emissions, water usage, and lead concentrations in the air compared to 2024.</p>	Item	Fiscal Year 2025	Fiscal Year 2024	General solid waste volume - hazardous substances (ton)	2.4	2.4	Wood pallet clearing and transportation (3.5 tons / vehicle)	18 trucks	10 trucks and 2 units of 10-ton trucks	Plant carbon dioxide (Legal 5,000ppm)	Date of inspection: July 29 450~850	Date of inspection: October 30 470~830	Water consumption (degree)	2,764	2,537	Lead concentration in air	0.00288 mg/m3	0.00350 mg/m3	No significant difference
Item	Fiscal Year 2025	Fiscal Year 2024																				
General solid waste volume - hazardous substances (ton)	2.4	2.4																				
Wood pallet clearing and transportation (3.5 tons / vehicle)	18 trucks	10 trucks and 2 units of 10-ton trucks																				
Plant carbon dioxide (Legal 5,000ppm)	Date of inspection: July 29 450~850	Date of inspection: October 30 470~830																				
Water consumption (degree)	2,764	2,537																				
Lead concentration in air	0.00288 mg/m3	0.00350 mg/m3																				

Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/TPEX-listed companies
	Yes	No	Summary description	
IV. Social issues (I) Does the Company formulate relevant management policies and procedures in accordance with relevant laws and regulations and International Bill of Human Rights?	V		<p>The Company strictly complies with domestic labor-related regulations and has established a "Human Rights Policy," which was approved by the 13th meeting of the 14th Board of Directors on December 25, 2024, and subsequently announced and implemented.</p> <p>The human rights policy of the Company is outlined as follows:</p> <ol style="list-style-type: none"> <li>1. Foster a fair working environment while promoting diversity and inclusion</li> <li>2. Opposition to Discrimination, Bullying, and Harassment</li> <li>3. Respect for Human Rights in the Workplace</li> <li>4. Health and Safety in the Workplace</li> <li>5. Implementation of Information Security</li> <li>6. Promoting Harmony Between Labor and Management</li> <li>7. Complaint Reporting</li> </ol> <p>The relevant management policies and procedures are detailed in the respective sections of the annual report</p>	No significant difference
(II) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits), and properly reflect the business performance or results in the employee remuneration?	V		<ol style="list-style-type: none"> <li>1. The salary and remuneration policy of employees is determined based on personal ability, contribution to the Company, performance, competitiveness and future operation risks of the Company. On June 11, 2025, the Company's shareholders' meeting resolved to amend the Articles of Association. According to the amended Articles, if the Company has earnings in a given year, 5% to 10% shall be appropriated as employee compensation and up to 3% as director compensation. Of the employee compensation mentioned above, no less than 10% shall be allocated to frontline employees. However, it shall reserve an amount to compensate a deficit in advance if the Company has a cumulative deficit. The recipients of the employee remuneration in stock or cash in the preceding paragraph include employees at subsidiaries who meet certain criteria. The distribution of employee remuneration in cash or shares shall be resolved by the Board of Directors.</li> <li>2. It has formulated the "employee work rules", "performance appraisal measures", "reward and punishment measures", "overtime and compensatory leave management measures",</li> </ol>	No significant difference

Promoted items	Implementation		Summary description	Differences and reasons between the code of practice for sustainable development of TWSE/TPEX-listed companies
	Yes	No		
			"employee retirement management measures", "employee leave management measures", "wedding and funeral greetings management measures" and "education and training procedures". In addition to advocating relevant corporate ethics, employee performance, reward and punishment systems, it also lists talents, systems and forward-looking deployment as assessment indicators, echoing the important mission of corporate social responsibility and people-oriented enterprise sustainable development, in order to enhance the company's future competitiveness.	
(III) Does the company provide a safe and healthy working environment for employees and regularly implement safety and health education for employees?	V		<ol style="list-style-type: none"> <li>1. For many years, the Company has set up an environment-friendly, safe and healthy workplace in accordance with the requirements of relevant laws and regulations such as environmental protection, occupational safety, fire control and Ionizing radiation, as well as the results of environmental impact and safety risk assessment.</li> <li>2. Each year, the Occupational Safety Department conducts emergency response drills at the plant. In 2025, the drill was completed on September 11. The training covered CPR awareness and practice, evacuation route guidance, emergency exit operation, and the use of fire-fighting equipment. Hung-I Liao, instructor from the Kaohsiung Branch of the Taiwan Asia-Pacific Health Management Association, was invited to provide on-site guidance. A total of 25 employees participated.</li> <li>3. We send personnel to participate in the fire prevention / fire fighting / refuge retraining held by the park management committee. In 2025, a total of 11 individuals participated on March 26.</li> <li>4. The annual health examination was carried out on February 21, 2025: general health examination: 270 people were examined; including health examination for special operations: (1) ionizing radiation: 6 persons tested (2) lead: 23 persons tested.</li> <li>5. The Company is committed to promoting smoke prevention and health promotion in the workplace. It has been assessed by the Health Promotion Administration, MOHW as meeting the Ten Year Award Badge of Accredited Healthy Workplace.</li> </ol>	No significant difference

Promoted items	Implementation		Summary description	Differences and reasons between the code of practice for sustainable development of TWSE/TPEX-listed companies
	Yes	No		
			<p>6. In 2025, a total of four occupational injury incidents occurred, representing 1.41% of the total number of employees on duty (283 employees). The Company has provided assistance and ensured that all cases were properly handled.</p> <p>7. No fire incidents occurred in 2025.</p>	
(IV) Does the company establish an effective career competency development training plan for employees?	V		<p>The Company has established "education and training procedures" to improve the quality of employees and enhance employees' professional knowledge and skills.</p> <p>For detailed information, please refer to pages 109-114 of this annual report, "Employee Education and Training."</p>	No significant difference
(V) Does the company comply with relevant laws and regulations and international standards on issues such as customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and complaint procedures to protect the rights and interests of consumers or customers?	V		<p>1. The Company adheres to relevant regulations and international standards in the marketing and labeling of products and services, ensuring compliance with customer needs and legal requirements. This includes the application of safety regulations in various countries, control of hazardous substances, and management of electromagnetic interference (EMI), among others. We are committed to enhancing customer satisfaction and closely monitoring international environmental regulations to remain informed of the latest regulatory trends.</p> <p>2. The Company's "code of ethical corporate management" stipulates that the Company's employees shall abide by the relevant laws and regulations on intellectual property, standardize business activities and protect the rights and interests of consumers in accordance with applicable laws and regulations and international standards.</p> <p>3. The Company has nine internal control cycles to standardize each operation process. To protect consumer rights and interests, a customer service department has been set up with a publicly accessible email address, <a href="mailto:service@mildefcrete.com">service@mildefcrete.com</a>, to safeguard the rights and interests of consumers and customers. The Company has also disclosed the customer complaint contact window for its distribution business division on its official website (<a href="http://www.crete.com.tw">www.crete.com.tw</a>). North District (02)2322-1769 AVP Shi-Zhe Lin Central South District (07)2358069 AVP Xin-Xiong Huang</p>	No significant difference

Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/TPEX-listed companies																											
	Yes	No	Summary description																												
(VI) Does the company formulate supplier management policies to require suppliers to comply with relevant regulations and their implementation on environmental protection, occupational safety and health or labor human rights?	V		<p>The Company has implemented a "supplier evaluation method" to ensure the stability of the materials utilized. We conduct regular assessments of our suppliers to verify compliance with regulations, green product requirements, and company standards. If it is determined that the supplier does not adhere to the "supplier evaluation method," the Purchasing Department will terminate or dissolve the partnership with the supplier as deemed appropriate.</p> <p>For 253 qualified suppliers in 2025, the evaluation results are as follows -</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Qualified number</th> <th>% of suppliers</th> </tr> </thead> <tbody> <tr> <td>Environmental Promotion Notification Form</td> <td>253</td> <td>100</td> </tr> <tr> <td>Letter of commitment for environmental restricted substances of green products</td> <td>225</td> <td>89</td> </tr> <tr> <td>Conflict-Free Minerals Statement</td> <td>240</td> <td>95</td> </tr> <tr> <td>Magnets and Tungsten Declaration</td> <td>214</td> <td>85</td> </tr> <tr> <td>Integrity Statement</td> <td>244</td> <td>96</td> </tr> <tr> <td>Location - Taiwan</td> <td>243</td> <td>96</td> </tr> <tr> <td>On-Site Visit</td> <td>12</td> <td>8</td> </tr> <tr> <td colspan="3">Average Delivery Quality 97.9%</td> </tr> </tbody> </table>	Item	Qualified number	% of suppliers	Environmental Promotion Notification Form	253	100	Letter of commitment for environmental restricted substances of green products	225	89	Conflict-Free Minerals Statement	240	95	Magnets and Tungsten Declaration	214	85	Integrity Statement	244	96	Location - Taiwan	243	96	On-Site Visit	12	8	Average Delivery Quality 97.9%			No significant difference
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V. Does the company refer to the internationally accepted standards or guidelines for the preparation of reports to prepare sustainability reports and other reports that disclose the company's non-financial information? Has the disclosure report obtained the confirmation or assurance opinion of the third-party verification unit?		V	<p>The Company, in accordance with the "Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies" issued by the Taipei Exchange, completed the preparation of its 2024 Sustainability Report in August 2025. The report was submitted to the competent authority after being approved at the 16th meeting of the 14th Board of Directors in 2025. The content of the report is prepared with reference to the Global Reporting Initiative (GRI) Universal Standards, Sector Standards, and Material Topics Standards issued by the Global Sustainability Standards Board (GSSB). At present, the report has not undergone third-party assurance.</p>	No significant difference																											
VI. If the company has its own sustainable development code in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the differences between its operation and the established code:																															

Promoted items	Implementation		Summary description	Differences and reasons between the code of practice for sustainable development of TWSE/TPEX-listed companies
	Yes	No		
<p>The Company has established a “Sustainable Development Best Practice Principles,” which were reported to and approved by the 12th meeting of the 14th Board of Directors in 2024. The content of these principles does not materially differ from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.” For the sustainable development operation of the Company, please refer to the above description.</p>				
<p>VII. Other important information helpful to understand the implementation of promoting sustainable development: As a company focused on the manufacturing of industrial computers and the sales of commercial computers, we are acutely aware of the impact that product design, development, and sales processes have on the environment and resources. To achieve sustainable operations, we are committed to improving service quality, extending product lifespan, and optimizing product performance, while actively reducing the consumption of raw materials and energy. We continuously optimize our internal production processes to reduce waste generation and strive to minimize the potential environmental impact of our products. At the same time, guided by our commitment to corporate social responsibility, we ensure that higher environmental standards are achieved across all aspects of our business operations.</p>				

Note 1: Specific description on risk assessment of major issues

Major issues	Risk assessment items	Risk Management Policy
Environment (E)	Climate Change and Adaptation	The Company continuously complies with relevant laws and regulations and closely monitors climate-related issues as well as changes in related regulatory frameworks. Through the replacement of aging equipment to improve efficiency and the annual systematic waste collection and disposal process, the Company reduces environmental risks. We incorporate climate change-related risks and opportunities into internal management considerations to facilitate timely assessment of potential impacts, actively mitigate possible climate risks, and safeguard the interests of all stakeholders.
Sociology (S)	Labor relations	The Company upholds a people-centered philosophy and is committed to creating a diverse, equal, and stable workplace environment, with strong emphasis on employee safety and professional development. In addition to providing training and growth opportunities to support employees' holistic development, the Company has also established effective communication channels to ensure that employees can express their opinions and suggestions at any time, thereby fostering harmonious cooperation between the Company and its employees.
	Occupational health and safety	<p>The Company is committed to creating a healthy and safe working environment and actively promotes occupational health and safety management. Through training programs and timely internal communications, we enhance employees' safety awareness, enable effective identification and prevention of potential risks, and reduce the occurrence of unsafe behaviors.</p> <p>The Company also provides professional on-site medical services and conducts annual employee health examinations, offering health consultations and care to help prevent and manage work-related illnesses. In addition, environmental inspections are carried out to ensure that facilities and equipment comply with safety standards, thereby safeguarding employees in a healthy and safe workplace.</p>
Governance (G)	Legal Compliance	<p>The Company has implemented regulations, including the "code of ethical corporate management," "Operating Procedures and Code of Conduct for Integrity Management," and the "code of ethical conduct." These regulations mandate compliance from all stakeholders, including directors, managers, employees, and suppliers, to prevent conflicts of interest, eliminate corruption and bribery, and prohibit the abuse of power for improper gain. Additionally, these regulations protect whistleblowers from retaliation.</p> <p>To strengthen employees' awareness of integrity and legal compliance, the Company has incorporated policies related to ethical business conduct and professional ethics into its "employee work rules," which are also published on the internal website for promotion and communication purposes. In addition, new employees are required to undergo relevant training to enhance their understanding and implementation of laws and regulations regarding integrity, anti-corruption, and professional ethics, thereby ensuring compliance and effective execution.</p>
	Product Quality and Safety	1. All products and services offered by the Company comply with relevant regulations and international standards. This includes, but is not limited to, safety specifications of various countries, as well as

Major issues	Risk assessment items	Risk Management Policy
		<p>RoHS, REACH, and WEEE requirements. These measures ensure that our products meet the quality and safety standards of the global market.</p> <p>2. The Company has established a dedicated customer service department with a public email address, <a href="mailto:service@mildefcrete.com">service@mildefcrete.com</a>, providing a channel for customers and all stakeholders to submit inquiries, complaints, and suggestions. The Quality Assurance customer service team handles and responds to such matters in accordance with the principle of integrity.</p> <p>3. The Company has also established supplier management operating procedures to ensure the stability of incoming materials and compliance with quality standards and environmental regulatory requirements. Regular supplier evaluations are conducted to ensure that suppliers comply with applicable laws and regulations, green product requirements, and the Company's internal policies. In the event of any non-compliance issues, the cooperation with the supplier will be terminated or dissolved promptly.</p>

◆ Execution Status of Climate-related Information

Item	Implementation
<p>1. The Board of Directors and management are responsible for overseeing and managing climate-related risks and opportunities.</p>	<p>The Board of Directors of the Company is responsible for overseeing climate-related risks and opportunities. In January 2024, the Company established a Sustainable Development Department, which comprises three functional groups: Corporate Governance, Social Responsibility, and Sustainable Environment. The Board of Directors has authorized Vice General Manager Yong-Xiang Chou to serve as the convener and has appointed mid-level managers to lead each functional group. The group integrates climate-related risks and opportunities into its considerations, formulating relevant policies, strategies, and objectives. Furthermore, it conducts regular training sessions to enhance employees' awareness and response capabilities concerning climate risk management.</p> <p>The task force conducts regular reviews of the developments and implementation status of climate-related issues, providing periodic reports to the Board of Directors to demonstrate the company's commitment to climate governance.</p>
<p>2. Explain the identified climate risks and opportunities impact the company's business, strategy, and finances (short-term, medium-term, and long-term).</p>	<p>The Company's Sustainable Environment Task Force identifies the risks and opportunities posed by climate change, effectively addresses related issues, and integrates climate-related risks into the Company's overall management framework to better respond to climate challenges.</p> <p>Identifying the impact of key climate risks and opportunities on financials as Note 2</p>
<p>3. The Impact of Extreme Weather Events and Transition Actions on Finance</p>	<p>The Company's Sustainable Environment Task Force identifies the risks and opportunities posed by climate change, effectively addresses related issues, and integrates climate-related risks into the Company's overall management framework to better respond to climate challenges.</p>

Item	Implementation
	Identifying the impact of key climate risks and opportunities on financials as Note 2.
4. The process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	<p>The Board of Directors is responsible for reviewing and overseeing the implementation of the Company's overall risk management strategies. It incorporates the identification, assessment, and management of climate risks into the existing risk management framework to ensure that the company can systematically and effectively address climate-related challenges. The process for identifying and managing climate risk assessments is outlined as follows:</p> <ol style="list-style-type: none"> <li>1. Risk and Opportunity Identification The Sustainable Development Department has established a Sustainable Environment Task Force tasked with identifying and assessing climate-related risks and opportunities. These risks include physical risks, such as extreme weather events, and transition risks, such as changes in policies and regulations and technological advancements. Through cross-departmental collaboration and the use of meteorological data and industry trend analysis, a comprehensive identification of potential risks is carried out.</li> <li>2. Risk assessment The three major functional groups will conduct a comprehensive assessment of the identified climate risks, analyzing their potential impacts on the company's business operations, financial condition, and overall strategy. The assessment process will categorize and prioritize the risks based on their severity, likelihood of occurrence, and potential financial impact. Following this assessment, management will identify which risks require priority attention and ensure that they are effectively managed and addressed within the company's strategy.</li> <li>3. Risk management The functional groups will prioritize high-risk items based on the results of the risk assessment and will formulate climate-related policies, strategies, and objectives. Concurrently, significant climate risks that have been identified and assessed will be integrated into the company's overall risk management framework. Management will adjust business strategies based on the comprehensive risk assessment results, including climate risks, and will develop risk response plans—such as enhancing supply chain resilience and investing in low-carbon technologies—and implement countermeasures to ensure the synergistic effects of risk management.</li> <li>4. Monitoring and Reporting The three major functional groups are tasked with monitoring changes in climate risks and reporting the current risk status and related strategy implementation to the Board of Directors. All management activities, strategies, and implementation progress related to climate risks will be disclosed in the sustainability report to ensure transparency of information.</li> </ol>

Item	Implementation
5. When using scenario analysis to assess resilience to climate change risks, it is important to provide an explanation of the context, parameters, assumptions, analysis factors, and significant financial impacts.	The Company has not yet employed scenario analysis to evaluate its resilience against climate change risks
6. If there is a transformation plan in place to address climate-related risks, please provide the details of the plan, including the indicators and objectives used to identify and manage both physical and transition risks.	The Company currently has no significant transformation plans.
7. If internal carbon pricing is used as a planning tool, the basis for determining the price should be explained.	The Company has not yet adopted internal carbon pricing as a planning tool.
8. When setting climate-related goals, it is important to provide a clear explanation of the activities that will be covered, the scope of GHG emissions, the planning schedule, and the annual progress. If carbon offsetting or renewable energy certificates (RECs) are utilized to achieve these goals, it is necessary to specify the source and quantity of carbon offset or the quantity of RECs.	As of 2025, the Company has not yet established climate-related goals. In accordance with the "Regulations for OTC Listed Companies on Preparing and Disclosing Sustainability Reports" issued by the Taipei Exchange, the Company plans to disclose the inventory information in 2026. By the base year of 2026, the Company will also disclose its reduction targets, strategies, and specific action plans for the year 2027. As of 2025, the Company has not participated in carbon offsetting or the purchase of Renewable Energy Certificates (RECs).
9. Inventory and Assurance of Greenhouse Gas Emissions, Reduction Targets, Strategies, and Specific Action Plans (filled in sections 1-1 and 1-2).	In 2025, Mildef Crete Inc. (the parent company) completed its first greenhouse gas inventory. Scope 1 emissions totaled 31.29 metric tons of CO <sub>2</sub> e, while Scope 2 emissions totaled 430.86 metric tons of CO <sub>2</sub> e. The emissions intensity was 0.16 (total Scope 1 and Scope 2 emissions in metric tons of CO <sub>2</sub> e per NT\$1 million of annual revenue). The results have not yet been subject to third-party assurance. In accordance with the "Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies" issued by the Taipei Exchange, the Company plans to disclose the parent company's 2025 greenhouse gas inventory information in its 2026 Sustainability Report. It also intends to establish 2027 emission reduction targets, strategies, and concrete action plans, with a base year no later than 2026.

Note 2: Identifying the impact of key climate risks and opportunities on financials

The Company's Sustainable Environment Task Force identifies the risks and opportunities posed by climate change, effectively addresses related issues, and integrates climate-related risks into the Company's overall management framework to better respond to climate challenges. Identifying the impact of key climate risks and opportunities on financials as follows:

Risk Category	Risk Dimension	Risk Content	Impact Duration	Impact of risks on company strategy, operations, and financials	Response Strategy	Financial Impact of the Response Plan	Results and Performance
Transition Risk	Policies and Regulations	<ol style="list-style-type: none"> <li>The Ministry of Environment has announced that carbon taxation is expected to commence in May 2026.</li> <li>The Financial Supervisory Commission has also issued regulations stating that corporate entities with paid-in capital below NT\$5 billion are expected to integrate sustainability disclosures with their annual reports starting in 2029, and a dedicated sustainability information section must be included within the annual report.</li> </ol>	Long term (5-10 years)	<ul style="list-style-type: none"> <li>New policies and regulations may require the Company to make internal adjustments in order to proactively comply with regulatory requirements. From a strategic perspective, business directions must also be adjusted in accordance with government regulations, which may result in additional investments and increased operating costs. If the Company fails to comply with relevant regulations, it may face risks such as fines and legal liabilities, which could negatively impact its financial performance and corporate reputation.</li> </ul>	<ul style="list-style-type: none"> <li>System upgrades and process optimization: The Company will optimize internal management systems and processes to improve operational efficiency across departments, while also reducing paper usage to lower carbon emissions.</li> <li>ESG and finance personnel participate in various government briefings to stay informed of regulatory developments, and the Company engages KPMG to provide guidance on sustainability disclosures in annual reports and related implementation timelines.</li> </ul>	<ul style="list-style-type: none"> <li>In response to regulatory requirements, the Company may need to increase necessary compliance-related investments, such as system upgrades or advisory services from KPMG. These measures will result in capital expenditures and higher operating costs.</li> <li>The Company will continue to monitor changes in carbon fees, carbon trading mechanisms, and related regulations, which may also increase research and compliance-related costs.</li> </ul>	<ul style="list-style-type: none"> <li>By diligently adhering to policies and regulations, the company can not only mitigate legal risks but also achieve a significant competitive advantage in a market that increasingly prioritizes environmental protection, thereby enhancing its brand image and market share.</li> <li>In 2025, the Company officially initiated its greenhouse gas emissions inventory. By reviewing internal organizational activities, the Company assessed its actual carbon emissions in order to prepare for potential carbon tax costs.</li> </ul>
	Market	<ol style="list-style-type: none"> <li>In response to the global trend of rising demand for AI, the costs of related materials, such as SSDs, have increased sharply.</li> <li>Ongoing geopolitical conflicts around the world have heightened geopolitical risks, which may in turn lead to market volatility and potential disruptions in shipments.</li> </ol>	Medium term (3-5 years)	<ul style="list-style-type: none"> <li>Due to rapid changes in the global supply chain, supply allocation imbalances may occur, which could lead to delays in order delivery and a decline in customer satisfaction.</li> <li>Rising procurement costs may also have a negative impact on the Company's financial performance and revenue.</li> </ul>	<ul style="list-style-type: none"> <li>The Company will further refine supplier management, enhance supply chain flexibility, and actively diversify its sources of supply to reduce reliance on single suppliers and mitigate supply risks.</li> <li>The Company will adopt a proactive internal planning approach by anticipating customer orders and incorporating real-time pricing feedback from suppliers to determine in advance whether to procure materials that are subject to significant cost fluctuations.</li> </ul>	<ul style="list-style-type: none"> <li>To ensure supply chain stability, the Company will continue to invest resources in managing supply sources and establishing long-term partnerships with stable suppliers.</li> <li>Based on forecasted order volumes, the Company will evaluate in advance the allocation of material procurement costs, which will help mitigate the risks arising from cost volatility.</li> </ul>	<ul style="list-style-type: none"> <li>Supplier management optimization: In 2025, the Company enhanced supply chain stability and resilience by carefully selecting and retaining suppliers with the highest cooperation potential.</li> <li>In addition, based on foreseeable customer order forecasts, the Company proactively arranged material procurement in advance, successfully mitigating the impact of market fluctuations and reducing high cost pressures.</li> </ul>

Risk Category	Risk Dimension	Risk Content	Impact Duration	Impact of risks on company strategy, operations, and financials	Response Strategy	Financial Impact of the Response Plan	Results and Performance
	Reputational Risks Associated with Climate Change	The company's current measures for addressing climate change and its high carbon emission products may not align with stakeholder expectations. This misalignment could lead to negative public sentiment, further diminishing customer trust and satisfaction, which in turn could damage the company's reputation.	Long term (5-10 years)	If the transformation does not proceed as expected and fails to meet the expectations of stakeholders and customers, it may result in customer attrition and consequently lead to a decline in revenue.	The integration of product design and production-sales services with circular economy principles involves selecting environmentally friendly materials, enhancing product energy efficiency, and extending product life cycles. The company will progressively shift towards the development and selection of low-carbon products, incorporating circular economy concepts, with the goal of meeting stakeholder and customer demand for sustainable products.	<ul style="list-style-type: none"> <li>The optimization process of promoting a circular economy will require initial capital expenditure.</li> <li>At the same time, the Company seeks to absorb existing inventory in the production process as much as possible, thereby reducing potential environmental costs during operations.</li> </ul>	<ul style="list-style-type: none"> <li>System optimization and efficiency improvement: In 2025, the Company optimized its existing management systems and implemented paperless processing procedures, laying the foundation for future carbon reduction initiatives.</li> <li>Enhancement of Customer Satisfaction: By improving product services, customer satisfaction has significantly increased, thereby enhancing brand image and fostering customer loyalty.</li> </ul>
Physical Risk	Immediacy	Extreme weather events, such as typhoons and heavy rainfall, can result in transportation disruptions, logistics delays, supply chain damage, and reduced employee attendance. These factors may lead to interruptions or delays in production and increase operational risks.	Short term (1-3 years)	<ul style="list-style-type: none"> <li>Extreme weather conditions may disrupt production schedules and delivery timelines, consequently impacting customer satisfaction and market competitiveness.</li> <li>In the event of an operational disruption, the company may experience short-term revenue losses and increased operating costs, which could further challenge its financial performance.</li> </ul>	<ul style="list-style-type: none"> <li>In response to the early warning issued by the Central Weather Administration, emergency procedures were promptly activated, and safety inspections and environmental risk assessments were conducted.</li> <li>The Company optimizes its internal information network to enhance flexibility, including the regular implementation of system maintenance to ensure uninterrupted critical business operations.</li> <li>In response to extreme climate scenarios, evaluate and adjust the company's insurance strategy to ensure that the risk management system effectively addresses potential disasters.</li> </ul>	To effectively address the risks posed by extreme weather events, the Company has focused on establishing a more flexible operating model, including upgrading internal system resources and diversifying supply sources. These strategies may result in increased internal management costs.	Through optimized risk management and response measures, the company was not significantly impacted by extreme weather events in 2025, successfully maintaining the stability of its operations. This also illustrates the company's capability to effectively address the challenges posed by extreme weather and ensure seamless business continuity.

Opportunity Category	Opportunity Content	Impact Duration	Impact of opportunities on company strategy, operations, and financials	Response Strategy	Financial Impact of the Response Plan	Results and Performance
Development of Low-Carbon Products and Services	In response to global environmental trends and to address market demand, we aim to reduce carbon emissions and enhance the company's competitiveness through innovative design and technological applications.	Medium term (3-5 years)	Incorporating low-carbon practices into the product development and design process will help differentiate products and align with the environmental trend of carbon reduction.	<ul style="list-style-type: none"> <li>In response to changing market demand, the Company evaluates and timely adjusts its technology upgrade strategies and/or existing product designs to enhance product competitiveness.</li> <li>The Company extends the product lifecycle of existing products and maximizes the use of existing materials.</li> </ul>	<ul style="list-style-type: none"> <li>In the short term, investment in technology upgrades and product optimization may be required; however, in the long term, such efforts are expected to expand the product portfolio and enhance profitability.</li> <li>By extending the applicability of existing materials, the Company reduces the generation of obsolete inventory.</li> </ul>	<ul style="list-style-type: none"> <li>As of the end of 2025, the Company has successfully developed new models, including DP10A and DH8, as well as handheld and tablet products.</li> <li>Existing inventory levels are monitored on a monthly basis, with primary usage allocated to new product development testing and maintenance of existing products.</li> </ul>

(VI) The Company's performance of ethical corporate management and measures taken:

Evaluation items	Operation situation		Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	
<p>I. Formulate ethical corporate management policies and plans</p> <p>(I) Whether the Company has formulated an ethical corporate management policy approved by the Board of Directors, and clearly stated the policies and practices of ethical corporate management in the rules and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the operation policy?</p> <p>(II) Does the Company establish an evaluation mechanism for the risk of unethical conduct, regularly analyze and evaluate the business activities with high risk of unethical conduct within its business scope, and formulate a plan to prevent unethical conduct, which at least covers the preventive measures for the conducts in paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>(III) Does the Company specify the operating procedures, conduct guidelines, punishment and appeal system for violations in the plan for preventing unethical conduct, implement it, and regularly review and amend the aforementioned plan?</p>	<p>V</p> <p>V</p> <p>V</p>	<p>(I) The Company has established a "code of ethical corporate management," "operation procedures and guidelines of conduct for ethical corporate management," and "code of ethical conduct," which are published on the Company's official website. In addition, annual training and awareness programs are conducted to demonstrate the Board of Directors' and management's commitment to the active implementation of ethical business practices.</p> <p>(II) The "operation procedures and guidelines of conduct for ethical corporate management" formulated by the Company include the prohibition of unethical conduct, the reporting system, and the punishment for violation of regulations, which are placed on the website of the Company. The Audit Office is designated by the Company as a dedicated unit to handle the revision, implementation, interpretation, consulting services, registration and filing of notification contents and other related operations of these operating procedures, supervise the implementation, list its main responsibilities in detail, and report to the Board of Directors on a regular basis.</p> <p>(III) The Company clearly regulates the unethical conduct plan in the "operation procedures and guidelines of conduct for ethical corporate management", specifies the operation procedures, conduct guidelines, punishment and appeal system for violations, implements</p>	<p>No significant difference</p>

Evaluation items	Operation situation		Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	
			them, and regularly reviews and modifies the above plan, so as to improve the effectiveness of ethical corporate management of the Company.
II. Implement ethical corporate management (I) Does the Company evaluate the ethical record of the trading partner and specify the ethical conduct terms in the contract signed between the Company and the trading partner?	V		(I) The Company's "operation procedures and guidelines of conduct for ethical corporate management" - 1. Article 17 stipulates: Before establishing business relations with others, the Company shall first evaluate the legitimacy, ethical corporate management policies and records of unethical conduct of agents, suppliers, customers or other business contacts, so as to ensure that its business operation is fair and transparent and will not ask for, provide or accept bribes. 2. Article 20 stipulates: When signing a contract with others, the Company shall fully understand the ethical corporate management of the other party, and incorporate compliance with the ethics policy of the Company into the terms of the contract. At least the following matters shall be specified in the contract: (1) After signing the contract, the contracting party shall advocate and explain the honesty code within the Company. (2) When a contracting party violates the principle of ethics, its improper interests or losses may be claimed from the other party and may be deducted from the contract price payable.

Evaluation items	Operation situation		Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	
(II) Does the Company set up a dedicated unit subordinate to the Board of Directors to promote ethical corporate management, and regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy, plan to prevent unethical conduct and supervision and implementation?	V		(3) If the contracting parties are involved in unethical conduct in their commercial activities, the other party may sever the trading relationship between them. (II) The Audit Office is designated by the Company as a dedicated unit to handle the revision, implementation, interpretation, consulting services, registration and filing of notification contents and other related operations of these operating procedures, supervise the implementation, list its main responsibilities in detail, and report to the Board of Directors on a regular basis. At the 18th meeting of the 14th Board of Directors held on December 24, 2025, the Company submitted a report confirming that there were no violations of integrity and ethical business conduct during 2025.
(III) Does the Company formulate policies to prevent conflicts of interest, provide appropriate presentation channels, and implement them?	V		(III) The Company's "code of ethical corporate management," "operation procedures and guidelines of conduct for ethical corporate management," and "code of ethical conduct" stipulate that no one may directly or indirectly offer, promise, request, or accept any improper benefits, or engage in any other dishonest conduct that violates integrity, laws, or fiduciary duties in order to obtain or maintain benefits. To implement this policy, the Company arranges annual employee training and has established whistleblowing procedures. The internal independent whistleblower mailbox is specified in Article 21 of the "operation procedures and guidelines of conduct for ethical corporate management"

Evaluation items	Operation situation		Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit formulates the relevant audit plan according to the evaluation results of the risk of unethical conduct, so as to check the compliance of the plan to prevent unethical conduct, or appoint CPAs to carry out the audit?	V		<p>hr303@crete.com.tw or hotline (02) 2662-6074#303 as the statement channel.</p> <p>In 2025, there were no internal whistleblowing cases. One external complaint alleging workplace bullying was reported. For the external complaint case, the Taipei City Labor Inspection Office issued its ruling on July 16, 2025, determining that no illegal conduct was found. However, the case involved violations of the Regulations for the Occupational Safety and Health Equipments and Measures, including Article 324-1-02 and Article 324-3, Paragraph 2, as well as Article 6, Paragraph 2 of the Occupational Safety and Health Act.</p> <p>(IV) The Company has established internal control system, internal audit system, accounting system and various management rules, implemented the requirements and regulations of good faith operation in the implementation, conducted internal audit, and regularly and irregularly implemented relevant audit matters, and reported the audit results to the Board of Directors.</p> <p>During the 2025 internal audit operations, no irregularities were identified. In addition, the Company did not engage CPAs in 2025 to examine the compliance status of the anti-corruption and ethical conduct prevention program.</p>
(V) Does the Company regularly hold internal and external education and training on ethical corporate management?	V		<p>(V) On October 16, 2025, the Audit Office conducted a three-hour advocacy session to strengthen colleagues' awareness and importance of the Company's rules - operation procedures and guidelines of conduct for ethical corporate management, internal</p>

Evaluation items	Operation situation		Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies	
	Yes	No		Summary description
			major information processing operating procedures, intellectual property management measures, code of ethical corporate management, code of ethical conduct, reward and punishment operating measures, staff working rules, internal control and internal audit, supplier ethical corporate management policy statement, and called on colleagues to safeguard the honor of the Company, so that colleagues can abide by the law and the rule of law and do nothing illegal.	
<p>III. Operation of the company's whistleblower system</p> <p>(I) Does the Company have a specific reporting and reward system, establish a convenient reporting channel, and assign appropriate special personnel to accept the reported object?</p> <p>(II) Whether the company has established the standard operating procedures for the investigation of complaints, the follow-up measures to be taken after the investigation and the relevant confidentiality mechanism?</p> <p>(III) Does the company take measures to protect the whistleblower from improper treatment due to reporting?</p>	V	V	<p>(I) The Company specified a specific reporting and reward system in the "Integrity Business Procedures and Conduct Guide", and set up an internal independent report email: hr303@crete.com.tw or dedicated line (02) 2662-6074#303 as the acceptance specialist.</p> <p>(II) Article 21 of the Company's "operation procedure and guidelines of conduct for ethical corporate management" specifies the standard operating procedures for the investigation of complaints, subsequent measures to be taken after the investigation is completed, and relevant confidentiality mechanisms.</p> <p>(III) The relevant measures are regulated in Article 21 of the Company's "operation procedure and guidelines of conduct for ethical corporate management".</p>	No significant difference
<p>IV. Strengthen information disclosure</p> <p>Does the Company disclose the content and promotion effectiveness of its code of ethical corporate management on its website and MOPS?</p>	V		The information has been disclosed on the Company's website and the Market Observation Post System, and a designated unit is responsible for promoting and implementing the Company's ethical management policies.	No significant difference

Evaluation items	Operation situation		Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	
V. If the Company has its own code of ethical corporate management in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its operation and the code: The Company has established its own code of ethical corporate management in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. Its operation and differences are detailed in the above columns.			
VI. Other important information helpful to understand the Company's ethical corporate management: (such as the Company's review and amendment of its code of ethical corporate management) None.			

(VII) Other important information sufficient to enhance the understanding of the operation of corporate governance:

1. The "internal material information processing procedures" formulated to manage the Company's internal material information have been informed to all Directors, managers and heads of all units, and the procedures have been placed on the Company's internal network for all colleagues to follow, and all Directors, managers and unit heads have been educated and advocated every year to avoid violations or insider transactions.
2. When taking office, the newly appointed directors, managers and other internal personnel of the Company will be distributed the latest version of the "laws and regulations related to the equity of insiders of TPEX and emerging companies and precautions to be taken" prepared by the TPEX for internal personnel to follow.
3. The Company will immediately disclose major information and monthly operating results to investors.
4. The work rules of the Company clearly stipulate that employees of the Company shall not seek to benefit themselves or others in the name of the Company or their position. It is also prohibited to use the convenience of his position, engage in malpractice for personal gain, require customers or manufacturers to entertain, accept gifts, commissions and other money transactions or other illegal interests.
5. The Company's general manager, deputy general manager, accounting, finance, and internal audit supervisor participated in further education related to corporate governance:

Title	Name	Study date	Organizer	Course name	Hours of education
Finance manager	Ya-Ping Liu	2025.05.15~ 2025.05.16	Accounting Research and Development Foundation	Continuing education course for stock exchange accounting supervisor of issuing securities firms (video) - Recent Updates to ESG Regulations in Taiwan and the Potential Risks of ESG for Corporate Operations	3
		2025.12.18	Shih Chien University	Practical Applications of the Corporate Governance Evaluation Transitioning Toward ESG Evaluation	3
Audit	Yu-Xuan Chen	2025.04.22	The Institute of Internal Auditors-Chinese Taiwan	Analysis of Sustainability Reports and Practical Approaches to Auditing Sustainability Information	6
		2025.05.20	The Institute of Internal Auditors-Chinese Taiwan	Case Analysis of Illegal Conduct by Auditors/Accounting Personnel and Response Strategies	6
		2025.09.23	The Institute of Internal Auditors-Chinese Taiwan	The New Role of Internal Auditing from Case Studies: The Intersection of Ethics and Law	6
Audit agent	Yi-Ping Liao	2025.07.11	The Institute of Internal Auditors-Chinese Taiwan	Key Considerations and Impacts of IFRS S1/S2 on Internal Control and Internal Auditing	6
Corporate Governance Officer	Ya-Ping Liu	2025.03.31	Accounting Research and Development Foundation	Practical Training on the Preparation and Reporting of Sustainability Information (Online Course)	6
		2025.07.09	Accounting Research and Development Foundation	Analysis of Sustainability and Financial Reporting-Related Regulatory Requirements (Online Course)	6
		2025.08.22	Chinese National Association of Industry and Commerce	2025 Taishin-Shin Kong Net-Zero Summit	3

(VIII) Implementation status of internal control system:

1. Internal control statement

The Company's Internal Control System Statement was filed with the Market Observation Post System on March 12, 2026. For the main contents, please visit the Market Observation Post System website and navigate to: Single Company > Corporate Governance > Company Regulations / Internal Control > Internal Control Statement Announcement (<https://mops.twse.com.tw/mops/##/web/t06sg20>) to make the inquiry.

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(IX) Important resolutions of the shareholders' meeting and the Board of Directors in the most recent year and up to the printing date of the annual report:

1. Important resolutions of the shareholders' meeting on June 11, 2025

Motion items	Important resolutions	Implementation										
Recognition matters Proposal I	<p>2024 Annual Business Report and Financial Statements Number of voting rights of shareholders present during voting: 36,682,938</p> <table border="1" data-bbox="347 555 1121 1120"> <thead> <tr> <th data-bbox="347 555 874 629">Voting results</th> <th data-bbox="874 555 1121 629">Percentage of voting rights</th> </tr> </thead> <tbody> <tr> <td data-bbox="347 629 874 763">Votes in favor: 33,984,188 votes (including 1,638,597 votes cast via electronic voting)</td> <td data-bbox="874 629 1121 763">92.64%</td> </tr> <tr> <td data-bbox="347 763 874 898">Votes against: 4,659 votes (including 4,659 votes cast via electronic voting)</td> <td data-bbox="874 763 1121 898">0.01%</td> </tr> <tr> <td data-bbox="347 898 874 954">Invalid votes: 0 votes</td> <td data-bbox="874 898 1121 954">0.00%</td> </tr> <tr> <td data-bbox="347 954 874 1120">Abstentions and non-votes: 2,694,091 votes (including 2,638,091 votes cast via electronic voting)</td> <td data-bbox="874 954 1121 1120">7.34%</td> </tr> </tbody> </table> <p>Reached the number of approval votes stated in the laws and regulations; hence, the case is approved as written.</p>	Voting results	Percentage of voting rights	Votes in favor: 33,984,188 votes (including 1,638,597 votes cast via electronic voting)	92.64%	Votes against: 4,659 votes (including 4,659 votes cast via electronic voting)	0.01%	Invalid votes: 0 votes	0.00%	Abstentions and non-votes: 2,694,091 votes (including 2,638,091 votes cast via electronic voting)	7.34%	According to the content of the resolution
Voting results	Percentage of voting rights											
Votes in favor: 33,984,188 votes (including 1,638,597 votes cast via electronic voting)	92.64%											
Votes against: 4,659 votes (including 4,659 votes cast via electronic voting)	0.01%											
Invalid votes: 0 votes	0.00%											
Abstentions and non-votes: 2,694,091 votes (including 2,638,091 votes cast via electronic voting)	7.34%											
Recognition matters Proposal II	<p>2024 Earnings distribution project Number of voting rights of shareholders present during voting: 36,682,938</p> <table border="1" data-bbox="347 1305 1121 1827"> <thead> <tr> <th data-bbox="347 1305 874 1379">Voting results</th> <th data-bbox="874 1305 1121 1379">Percentage of voting rights</th> </tr> </thead> <tbody> <tr> <td data-bbox="347 1379 874 1514">Votes in favor: 33,997,946 votes (including 1,652,455 votes cast via electronic voting)</td> <td data-bbox="874 1379 1121 1514">92.68%</td> </tr> <tr> <td data-bbox="347 1514 874 1648">Votes against: 7,811 votes (including 7,811 votes cast via electronic voting)</td> <td data-bbox="874 1514 1121 1648">0.02%</td> </tr> <tr> <td data-bbox="347 1648 874 1704">Invalid votes: 0 votes</td> <td data-bbox="874 1648 1121 1704">0.00%</td> </tr> <tr> <td data-bbox="347 1704 874 1827">Abstentions and non-votes: 2,677,181 votes (including 2,621,081 votes cast via electronic voting)</td> <td data-bbox="874 1704 1121 1827">7.29%</td> </tr> </tbody> </table> <p>Reached the number of approval votes stated in the laws and regulations; hence, the case is approved as written.</p>	Voting results	Percentage of voting rights	Votes in favor: 33,997,946 votes (including 1,652,455 votes cast via electronic voting)	92.68%	Votes against: 7,811 votes (including 7,811 votes cast via electronic voting)	0.02%	Invalid votes: 0 votes	0.00%	Abstentions and non-votes: 2,677,181 votes (including 2,621,081 votes cast via electronic voting)	7.29%	According to the content of the resolution. The Chairman designated July 5, 2025 as the ex-dividend record date, and July 25, 2025 as the cash dividend payment date. The total cash dividend amounted to NT\$352,113 thousand, with a distribution of NT\$6.0 per share.
Voting results	Percentage of voting rights											
Votes in favor: 33,997,946 votes (including 1,652,455 votes cast via electronic voting)	92.68%											
Votes against: 7,811 votes (including 7,811 votes cast via electronic voting)	0.02%											
Invalid votes: 0 votes	0.00%											
Abstentions and non-votes: 2,677,181 votes (including 2,621,081 votes cast via electronic voting)	7.29%											
Discussion items Proposal I	<p>Amendment to the "Articles of Association" Number of voting rights of shareholders present during voting: 36,682,938</p>	The matters have been revised										

Motion items	Important resolutions		Implementation						
	Voting results	Percentage of voting rights	accordingly, disclosed on the Company's official website, and the relevant amendment procedures have been duly completed.						
	Votes in favor: 34,003,220 votes (including 1,657,729 votes cast via electronic voting)	92.69%							
	Votes against: 4,909 votes (including 4,909 votes cast via electronic voting)	0.01%							
	Invalid votes: 0 votes	0.00%							
	Abstentions and non-votes: 2,674,809 votes (including 2,618,709 votes cast via electronic voting)	7.29%							
	Reached the number of approval votes stated in the laws and regulations; hence, the case is approved as written.								
Election items Proposal I	Proposal to elect an additional independent director Election Results: List of Elected Directors are as follows <table border="1" data-bbox="359 918 1133 1048"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Number of Votes</th> </tr> </thead> <tbody> <tr> <td>Independent director</td> <td>Mei-Hsueh Yang</td> <td>33,881,112 votes</td> </tr> </tbody> </table>		Title	Name	Number of Votes	Independent director	Mei-Hsueh Yang	33,881,112 votes	The nominees elected were approved by a resolution of the Board of Directors on March 12, 2025, with a term of office from June 11, 2025 to June 13, 2026.
Title	Name	Number of Votes							
Independent director	Mei-Hsueh Yang	33,881,112 votes							

## 2. Important resolutions of the Board of Directors

Date	Important resolutions	Implementation
The 14th session of the 14th term-2025.03.12	1. 2024 "effectiveness assessment of internal control system" and "statement of internal control system"	The case was passed without objection, and the statement of internal control system was uploaded to the Market Observation Post System on March 13, 2025
	2. Proposal for the CPA Fees for 2025	This case is passed without objection
	3. The definition of "entry-level employees" of the Company	This case is passed without objection
	4. Amendment to the "Articles of Association"	This case is passed without objection but it still needs to be resolved by the 2025 annual shareholders' meeting
	5. Proposal to amend the internal control content of the "approval authority form"	This case is passed without objection

Date	Important resolutions	Implementation
	6. 2024 directors' and employees' remuneration distribution plan	The case was passed without objection, and it was reported to the 2025 annual shareholders' meeting
	7. Review of the 2024 Business Report and Financial Statements	This case is passed without objection but it still needs to be resolved by the 2025 annual shareholders' meeting
	8. 2024 Earnings distribution project	There is no objection in this case. The allotment of NT\$6.0 per share is approved as per the proposal, but it must be resolved by the 2025 annual shareholders' meeting
	9. 2025 Annual budget and operation plan	This case is passed without objection
	10. Proposal to elect an additional independent director	This case is passed without objection
	11. Proposal to nominate the list of independent director candidates for 2025	This case is passed without objection
	12. Proposal on matters related to the convening of the 2025 Shareholders' Meeting	This case is passed without objection
	13. Performance evaluation of directors and managers in 2024	This case is passed without objection
	14. 2025 Salary Adjustment Plan	This case is passed without objection
	15. Manager's salary adjustment evaluation in 2025	Except for Director Yi-Tong Shen of the Company, who recused from voting because he was also the general manager, the other Directors present had no objection and passed the resolution.
The 15th session of the 14th term-2025.05.07	1. First Quarter 2025 Financial Statements Report	This case is passed without objection
	2. Report on the achievement of the budget for the first quarter of 2025	This case is passed without objection
The 16th session of the 14th term-2025.08.06	1. Second Quarter 2025 Financial Statements Report	This case is passed without objection
	2. Report on the achievement of the budget for the second quarter of 2025	This case is passed without objection
	3. Disposition of partial equity in MilDef Group AB	This case is passed without objection
	4. Proposal for the purchase of "Fubon Life Insurance Unsecured Corporate Bonds"	This case is passed without objection
	5. Proposal to amend the internal control content of the "approval authority form"	This case is passed without objection
	6. Proposal to approve the "2024 Sustainability Report"	This case is passed without objection

Date	Important resolutions	Implementation
	7. Proposal to establish the “entry-level employee salary guidelines”	This case is passed without objection
	8. 2024 Directors' remuneration distribution plan	This case is passed without objection and was fully distributed in cash on August 8, 2025
	9. Remuneration distribution plan for managers in 2024	This case is passed without objection and was fully distributed in cash on August 8, 2025
The 17th session of the 14th term-2025.11.05	Third Quarter 2025 Financial Statements Report	This case is passed without objection
	Report on the achievement of the budget for the third quarter of 2025	This case is passed without objection
	Proposal to revise the "internal audit system"	This case is passed without objection
	Proposal to amend the internal control content of the “approval authority form”	This case is passed without objection
The 18th session of the 14th term-2025.12.24	1. Approval of annual audit plan in 2026	This case is passed without objection
	2. Change of CPA Case	This case is passed without objection
	3. The evaluation results of the independence of the CPAs for 2026	This case is passed without objection
	4. Procurement Project for SMT Equipment in the Manufacturing Division	This case is passed without objection
	5. Proposal to amend the internal control procedures related to the “Production Cycle” and the “Sales and Collection Cycle”	This case is passed without objection
	6. Proposal on the 2025 entry-level employee compensation evaluation report	This case is passed without objection
	7. Proposal to amend the “board performance evaluation measures”	This case is passed without objection
	8. Amendments to the “Directors' and Manager's Remuneration Measures”	This case is passed without objection
	9. Implementation plan for the 2025 performance evaluation of the Board of Directors and functional committees	This case is passed without objection
	10. Implementation plan for the 2025 performance appraisal of senior executives	This case is passed without objection

(X) For the most recent year and up to the date of printing of the annual report, if the directors have different opinions on the important resolutions adopted by the Board of Directors and have records or written statements, the main contents: None.

#### IV. CPAs fee

Unit: \$1,000

Name of CPAs firm	Name of CPA	CPA audit period	Audit fees	Non-audit fees	Total	Remark
KPMG Taiwan	Ching-Wen Kao Tzu-Chieh Tang	Fiscal Year 2025	2,158	597	2,755	Please refer to the table below

Note: Content of Non-Audit Services -

Item	Fees
Tax compliance audit	440
Review the salary information of the Company's full-time employees who did not hold the position of supervisor in 2025	37
Special transaction accounting processing fee	120
Total	597

(I) If the accounting firm is changed and the audit fee paid in the year of change is lower than that in the year before the change, the amount, proportion and reasons for the reduction of audit fee shall be disclosed: None.

(II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: None.

V. Change of CPA: None.

VI. The chairman, general manager or manager in charge of financial or accounting affairs of the Company has worked in the firm to which the CPAs belong or its affiliated enterprise within the most recent year: None.

VII. Changes in equity transfer and equity pledge of directors, supervisors, managers and shareholders with a shareholding ratio of more than 10% in the most recent year and up to the printing date of the annual report:

(I) Changes in equity of Directors, supervisors, managers and major shareholders

Please refer to the Market Observation Post System > Single Company > Shareholding Changes / Securities Issuance > Share Transfer Information Inquiry > Insider Shareholding Change Post-Reporting Form for details: [https://mops.twse.com.tw/mops/#/web/query6\\_1](https://mops.twse.com.tw/mops/#/web/query6_1)

(II) Equity pledge:

Please refer to the Market Observation Post System > Single Company > Shareholding Changes / Securities Issuance > Insider Pledge/Release of Shares > Insider Pledge/Release Announcement for details: [https://mopsov.twse.com.tw/mops/web/STAMAK03\\_1](https://mopsov.twse.com.tw/mops/web/STAMAK03_1)

(III) Counterparties to equity transfer that are related parties: None.

(IV) Counterparties to share pledges that are related parties: None.

VIII. Among top 10 shareholders, information on anyone who is a related party or spouse, a relative within the second degree of kinship

April 13, 2026; Unit: shares; %

Name	Self shares held		Shares held by spouse and minor children		Total shares held in the name of others		AMONG TEN LARGEST SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANYONE WHO IS A RELATED PARTY OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP		Remark
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Name (or name)	Relationships	
Yi-Tong Shen	3,126,244	5.33	0	0	0	0	Fang Shen / An Shen	Relatives within the second degree of kinship	None
An Shen	2,254,147	3.84	0	0	0	0	Yi-Tong Shen / Fang Shen	Relatives within the second degree of kinship	None
Fang Shen	2,252,543	3.84	0	0	0	0	Yi-Tong Shen / An Shen	Relatives within the second degree of kinship	None
Nankang Rubber Tire Responsible person: Lin-Liang Guo	2,150,829	3.67	N/A	N/A	N/A	N/A	None	None	None
	0	0	0	0	0	0	None	None	None
Ming-Xiao Lu	945,563	1.61	0	0	0	0	None	None	None
Hui-Nan Lin	553,388	0.94	0	0	0	0	None	None	None
Shenyu Investment Co., Ltd	500,000	0.85	N/A	N/A	N/A	N/A	None	None	None
Chih-Sheng Chen	498,000	0.85	0	0	0	0	None	None	None
Guo-Xiang Tang	451,780	0.77	0	0	0	0	None	None	None
Jung-Hsiang Chao	405,626	0.69	0.	0	0	0	None	None	None

Note: the calculation of shareholding ratio refers to the total number of shares held in one's own name, spouse, minor children or in the name of others.

IX. The number of shares held by the Company, its Directors, managers and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise shall be combined to calculate the comprehensive shareholding ratio

March 31, 2026; Unit: shares; %

Reinvestment business	Investment of the Company		Investment of Directors, managers and enterprises directly or indirectly controlled		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Flexbasis Technology Inc.	2,080,000	56.2%	632,000	17.1%	2,712,000	73.3%

Note: The long-term investment of the Company using the equity method.

## Chapter 3. Fund raising

### I. Capital and share

#### (I) Source of capital

##### ◆ Type of shares

Unit: share

Type of shares	Approved share capital			Remark
	Outstanding shares of TPEX-listed company stocks	Un-issued shares	Total	
Registered Common Stock	58,685,547	11,314,453	70,000,000	The total share capital contains 4,800,000 shares for the purpose of issuing employee stock option certificates

##### ◆ Information about the general reporting system: N/A

#### (II) List of major shareholders (shareholders with a shareholding ratio of more than 5% or shareholders with a shareholding ratio of the top ten)

April 13, 2026

Name of major shareholder	Shares	Number of shares held	Shareholding ratio
Yi-Tong Shen		3,126,244	5.33
An Shen		2,254,147	3.84
Fang Shen		2,252,543	3.84
Nankang Rubber Tire		2,150,829	3.67
Ming-Xiao Lu		945,563	1.61
Hui-Nan Lin		553,388	0.94
Shenyu Investment Co., Ltd		500.000	0.85
Chih-Sheng Chen		498.000	0.85
Guo-Xiang Tang		451,780	0.77
Jung-Hsiang Chao		405.626	0.69

(III) Company dividend policy and implementation status

1. Dividend policy stipulated in the Articles of Association of the Company

The dividend distribution policy of the Company is based on the Company's capital budget, medium and long-term operation plan, and financial situation, and is distributed after the resolution of the shareholders' meeting under the following principles:

(1) Except under the provisions of Paragraph II below, the Company shall not distribute dividends when there is no earnings. However, the excess part may be distributed as a bonus when the statutory earnings reserve has exceeded 50% of the total capital. The distribution of earnings may be made in the form of stock dividends or cash dividends. In determining the distribution ratio, the following factors shall be taken into consideration:

- A. To meet the needs of the Company to expand its operation scale in the future
- B. Maintain the balance of earnings per share and profit level of the Company
- C. Consider the Company's cash flow and operating earnings

Cash Dividends account for 20% ~ 100% of the total dividends, and Stock Dividends account for 0% ~ 80% of the total dividends.

The distribution of earnings referred to in the preceding paragraph shall be decided by the Board of Directors and distributed by resolution of the shareholders' meeting.

(2) The Company has no earnings to distribute in the current year, or although there are earnings, the earnings are much lower than the earnings distributed by the Company in the previous year, or according to consideration of corporate finance, business, and management, the Company may distribute all or part of the

2. Dividend Distribution proposed at the shareholders' meeting

The 2025 earnings distribution plan was formulated by the Board of Directors on March 11, 2026. It is proposed to distribute a cash dividend of NT\$7.0 per share, totaling NT\$410,799 thousand, with an estimated distribution ratio of 95%. After the resolution of the shareholders' meeting on June 10, 2026, is passed, the Chairman is authorized to set another dividend base date and distribution date.

3. Whether there are any significant changes to the expected dividend policy: None.

(IV) The impact of the dividend distribution at the shareholders' meeting on the Company's operating performance and earnings per share

There is no proposed dividend distribution at the Company's 2026 shareholders' meeting, so the impact of this dividend distribution on the Company's operating performance, earnings per share and return on shareholders' equity is not applicable.

(V) Remuneration of employees, Directors and supervisors

1. The percentages or ranges with respect to employee, Director, and supervisor compensation, as set forth in the Company's Articles of Association:

It shall allocate 5% to 10% for the remuneration of employees and no more than 3% for the remuneration of directors if the company makes profits in the year. In the employee remuneration amount mentioned above, no less than 10% should be allocated as remuneration for junior employees. However, it shall reserve an amount to compensate a deficit in advance if the Company has a cumulative deficit. The recipients of the employee remuneration in stock or cash in the preceding paragraph include employees at subsidiaries who meet certain criteria.

2. The basis for the estimation of the amount of remuneration of employees, Directors and supervisors, the basis for the calculation of the number of shares of employee remuneration distributed by shares, and the accounting treatment of the actual distribution amount if there is any difference from the estimation:

- (1) Basis of current estimation: The Company takes the pre-tax net profit before deducting the remuneration of employees and Directors multiplied by the distribution percentage of remuneration of employees and Directors as stipulated in the Articles of Association.

- (2) If the employee remuneration is issued in the form of shares, the number of shares allotted shall be calculated based on the closing market price of ordinary shares on the day ahead of the meeting of Board of Directors. However, there was no allotment of shares in the remuneration of employees and Directors of the Company in the current period.

- (3) If there is a difference between the actual distribution amount and the estimated amount, it shall be treated according to the change of accounting estimation, and the difference shall be recognized as the profit and loss of the current period.

3. The Board of Directors approved the distribution of remuneration

- (1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

The distribution of employee remuneration and Director remuneration of the Company in 2025 was decided by the Board of Directors on March 11, 2026, as follows:

- A. A total of NT\$59,300 thousand in cash remuneration was allocated to employees
- B. A cash remuneration of NT\$11,885 thousand was allotted to Directors.

C. There is no difference between the amount of employees' cash remuneration and directors' remuneration resolved by the Board of Directors and the annual estimated amount of recognized expenses.

(2) The amount of employee remuneration distributed by shares and its share in the net profit after tax and employee remuneration of parent only or individual financial reports in the current period

The Board of Directors passed a resolution this year that there was no allotment of employee stock compensation, thereby this is not applicable.

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

The Company's employee dividends and Directors' remuneration in 2024 are as follows:

Item	Resolution of the Board of Directors	Actual distribution (Note)		
	Amount (NT\$)	Amount (NT\$)	Number of shares upon conversion	Dilution ratio of equity (%)
Employee remuneration - cash	67,752,173	67,752,173	0	0
Directors' remuneration	13,578,724	13,578,724	0	0
Total	81,330,897	81,330,897	0	0

Note: there is no difference between the actually allocated remuneration of employees and Directors and the annual estimated amount of the recognized expenses.

- (VI) The Company bought back its shares: None.
- II. Handling of corporate bonds: None.
- III. Handling of preferred shares: None.
- IV. Handling of overseas depository receipts: None.
- V. Handling of employee stock option certificates: None.
- VI. Handling of new shares with restricted employee rights: None.
- VII. Merger or acquisition of shares of other companies and issuance of new shares: None.
- VIII. Implementation of capital utilization plan: The Company has not issued or privately placed securities in the recent year, so there is no relevant information.

## Chapter 4. Operation overview

### I. Business content

#### (I) Scope of business

◆ Main contents of business:

The business of the Company is as follows in accordance with Article 2 of the Articles of Association:

1. CC01110 Computer and its peripheral equipment manufacturing industry
2. CC01120 Data Storage Media Manufacturing and Duplicating
3. CC01080 Electronics Components Manufacturing
4. F113050 Wholesale of Computers and Clerical Machinery Equipment
5. F213030 Retail Sale of Computers and Clerical Machinery Equipment
6. E605010 Computer Equipment Installation
7. F118010 Wholesale of Computer Software
8. F218010 Retail Sale of Computer Software
9. I301010 Information Software Services
10. J399010 Software Publishing
11. F119010 Wholesale of Electronic Materials
12. F219010 Retail Sale of Electronic Materials
13. E701010 Telecommunications Engineering
14. I501010 Product Designing
15. F401010 International Trade

ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

◆ Operating proportion:

Unit: NT\$1,000

Revenue and proportion Item	2025	
	Operating revenue	Operating proportion (%)
Commercial notebook computer	1,414,469	48.99
Rugged notebook computer	1,390,864	48.17
Maintenance services and others - Commercial	81,878	2.84
<b>Total</b>	<b>2,887,211</b>	<b>100.00</b>

Note: the revenue of rugged notebook computers includes rugged maintenance services and others

- ◆ Current product (service) items of the Company
  - ◎ Sales of commercial notebook computers and their peripheral products
  - ◎ Rugged notebook computer manufacturing and sales
  - ◎ Manufacturing and sales of rugged vehicle mounted (including flat) computers
  - ◎ Rugged keyboard manufacturing and sales
  - ◎ Rugged tablet computer manufacturing and sales
  - ◎ Docking station
  - ◎ Battery charging base
  - ◎ Vehicle power supply
  - ◎ LCD series
  - ◎ Rugged handheld computer manufacturing and sales
  
- ◆ New products (services) planned to be developed
  - ◎ Rugged laptop.
  - ◎ Rugged tablet.
  - ◎ Rugged handheld computer

## (II) Industry Overview

### ◆ Current situation and development of industry

- ◎ Rugged notebook computer

Rugged computer (including three specifications of notebook computer, tablet and handheld) refers to solid and durable computer equipment. This market is a highly customized, small and diverse niche market, emphasizing reliability and durability. As the digital trend of various industries brings diversified vertical application fields and use scenarios, rugged computer business opportunities are growing.

It is characterized by ruggedness, high reliability and mobility

As the name suggests, the rugged computer refers to a fairly "solid and durable" computer. It can still operate normally without downtime when used in extreme high temperature, humidity, rainy days or dusty and other harsh environments. It also has a long product life cycle and can withstand strong external impact, vibration or falling from high places. Therefore, the rugged computer is made of

magnesium alloy shell and fully sealed design, making it have the advantages of "dustproof, waterproof, fall resistant and high and low temperature resistant", provide users with "high reliability" equipment, and then reduce the total cost of ownership (TCO).

Since most of the usage scenes of the rugged computers are located outdoors rather than indoor fixed points, in order to meet the mobility needs and portability of users, the rugged computers are developed into three types: notebook, tablet and handheld. Some notebook computers are designed as "two in one notebook computers", and the keyboard can be used in the notebook mode, the display panel can also be rotated left and right to adapt to different viewing angles, and the keyboard can also be removed to use the touch screen as a tablet.

It is worth mentioning that with the maturity of network and cloud technology, data can be processed directly in the cloud through the network. As users are familiar with the use of mobile phones and other devices, the threshold of users is reduced. Industries such as retail, manufacturing, transportation and logistics are more willing to adopt rugged handheld computers and tablets. It is expected that the adoption rate of rugged tablets and handheld computers is expected to increase.

In addition, the design focus of the rugged computer also includes "sunlight readable display technology" and battery hot plugging technology. In the case of "sunlight readable display technology", by reducing the reflected light and increasing the brightness of the display screen, users can operate the computer in the hot sun without losing sight of the picture. In order to cope with long-term outdoor use, the rugged computer battery also has long-term use performance, dual battery design and "battery hot plugging technology". This technology refers to that when the computer is still running, the battery can be replaced without turning off the power supply, and there is no need to worry about work interruption due to power failure.

#### © Distribution of computer and its peripheral products

The PC industry in 2025 experienced a pivotal turning point amid the intersection of recovery and transformation. Driven by the end of support for Windows 10, the market saw a strong wave of device replacements, bringing an end to the previous downturn. At the same time, the industry itself has been undergoing a profound shift from a “performance race” toward “intelligent computing.”

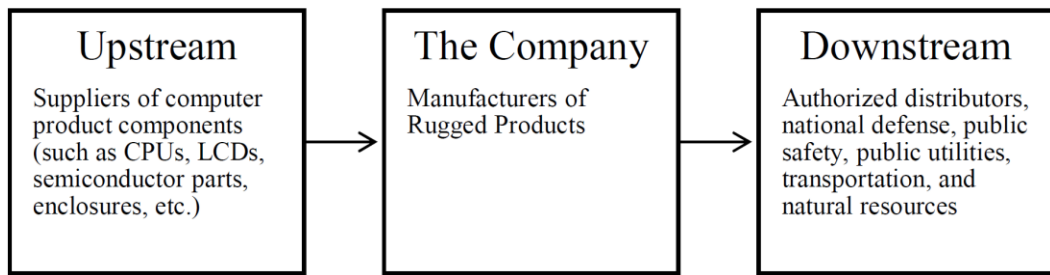
The following outlines the key developments shaping the industry during the year:

<b>Development Trends</b>	<b>Core Performance</b>	<b>Key Drivers and Impacts</b>
<b>Market Recovery</b>	Global shipments increased by <b>9.2%</b> , reaching <b>279.5 million units</b> .	The end of support for Windows 10 triggered a wave of enterprise PC replacement.
<b>The First Year of AI PCs</b>	The industry moved from the “AI PC” concept to broad real-world deployment.	AI has become a new engine for the industry, though it has not yet become the primary driver of consumer demand.
<b>Supply Chain Pressures</b>	Memory and storage costs surged by <b>40%-70%</b> .	Tight supply prompted vendors to adjust product strategies and shift toward developing higher-end products.
<b>Competitive Landscape</b>	Lenovo remained the market leader with a <b>25.4%</b> market share.	Growth among leading vendors diverged, and AI capabilities may become a key differentiator in the future.
<b>Form Factor Innovation</b>	New form factors such as Arm-based PCs, rollable displays, and handheld devices emerged.	Competition is evolving from purely hardware-driven development to a multidimensional race involving architecture, form factors, and intelligent capabilities.

◆ Relevance of upstream, middle and downstream industries

◎ Rugged notebook computer

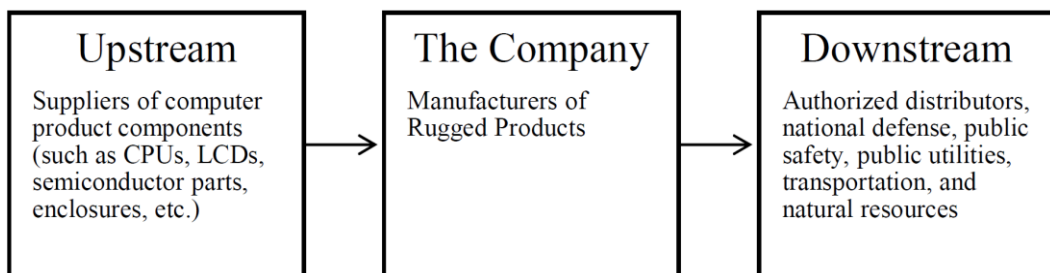
Mildef Crete Inc. specializes in the production and sale of rugged laptops, tablet computers, handheld devices, and accessories. Its sales target a diverse range of application fields, including defense, transportation, industrial manufacturing, the automotive industry, public utilities, natural resources, and public safety. As the demand for high durability and reliability continues to grow, the market potential for rugged computers is consistently expanding. Mildef Crete Inc. operates within the midstream industry, characterized by a well-defined supply chain structure. The upstream sector includes the semiconductor, electronic components, and precision machinery industries, which supply essential key components. The downstream market comprises government agencies, defense units, and information service providers, all of which have exceptionally high demands for product stability and safety. The Company is committed to providing high-performance rugged products that meet the stringent standards of various industries. We continuously invest in technological innovation to maintain our leadership in a highly competitive market.



© Distribution of computer and its peripheral products

Additionally, Mildef Crete Inc. is focused on the sales of laptops and related peripheral products, striving to offer a diverse range of options to meet market demand.

However, due to the rapid iteration of market products and the corresponding decline in prices, manufacturers face rising operational costs in areas such as inventory management, distribution, and maintenance. Even with performance improvements, profits may not necessarily increase proportionally. To survive in this highly competitive market, it is essential to adopt a large-scale development strategy, focusing on procurement, modernizing storage equipment, and improving distribution efficiency to achieve economies of scale, thus securing a space for survival. Currently, the larger suppliers in the market include Xander, AFASTOR, Weblink, Unitech, Genuine, Synnex, and others. The Company is a medium-sized player in the industry's midstream, with competitors of similar scale such as Mitsui and Hon Yu, targeting specific products to focus on niche markets and enhance competitiveness. Our upstream partners include well-known brands like Acer, ASUS, Lenovo, HP, MSI, Gigabyte, DELL, and Microsoft, while our downstream market primarily consists of general consumers. We are committed to meeting the needs of end customers and achieving sustainable business growth.



◆ Product development trend

© Rugged notebook computer

The development of rugged computers in 2026 centers on AI edge computing, drone ground control, and integrated hardware–software solutions. Benefiting from rising global defense budgets and geopolitical tensions, demand for rugged equipment remains strong. By integrating edge AI capabilities, these systems can significantly enhance data analytics performance. In addition, the industry is

moving toward modular design and localized production to mitigate supply chain risks.

Key development trends for military computers in 2026 include the following:

- **Integration of Edge AI and High-Performance Computing:** Military computers are no longer focused solely on ruggedness but increasingly emphasize intelligence. With the rapid development of robotics and autonomous systems, Edge AI computers will be widely used for real-time data processing and image recognition, enhancing battlefield situational awareness.
- **Applications in Drones and Digital Soldier Systems:** Demand for drone ground control stations (GCS) is expected to surge, making related key components and modular control equipment important growth areas. At the same time, increasing demand for digital soldier systems is driving the need for wearable rugged computers.
- **Supply Chain Localization and De-risking from China:** To comply with the “local production” requirements of defense procurement in many countries, manufacturers are establishing new production lines in locations such as Thailand and the United States to ensure supply chain resilience.
- **Enhanced Ruggedization and Cybersecurity:** In addition to resistance to extreme temperatures and vibration, greater emphasis is being placed on cybersecurity defenses against AI-driven cyberattacks.

© Distribution of computer and its peripheral products

Four Key Highlights of CES 2026:

A. Major Brands Redefine the AI PC: Laptops Transform into “AI Agent Platforms” with Proactive Capabilities

Leading laptop manufacturers are redefining the AI PC as a core strategic direction, positioning laptops not merely as computing tools but as “AI agent platforms.” Their core competitiveness will no longer rely solely on hardware specifications but on a fundamental transformation of computing architecture and human-machine interaction. Proactive AI agents are expected to become a defining trend of AI PCs. The most significant shift is from passive question-and-answer interactions to proactive task execution, such as understanding user habits, automatically transcribing meetings, conducting research, and drafting emails. These functions can operate entirely on-device, ensuring user privacy while improving productivity.

Laptops will no longer serve merely as carriers for software; instead, they will evolve into intelligent entities equipped with cognitive engines capable of understanding user intent and decomposing complex tasks. Looking ahead, as the number of AI users continues to grow, rising cloud inference costs and privacy concerns will drive computing workloads back to local devices. Competition is therefore expected to focus on hybrid AI architectures, where local computing handles sensitive data and real-time tasks, while cloud systems manage large-scale inference, achieving a complementary cloud-to-edge computing model.

#### B. Wearable Devices Upgrade to Proactive Intelligence through AI Agent Integration

The evolution of wearable devices is shifting from merely stacking sensors to integrating AI agents capable of interpreting and translating data. The focus is increasingly on data insights, actionable recommendations, and seamless integration into user workflows. More companies are recognizing that as data becomes highly real-time and fragmented, AI agents must transform this information into actionable, traceable, and valuable insights.

In the future, differentiation among wearable devices will not depend on how much data they collect but on whether their AI agents can deliver insightful interpretations and actionable suggestions at the right moment. Competitive advantage will lie in deep integration of AI agents into user workflows, while balancing privacy protection and battery life. However, most mainstream wearable devices currently remain auxiliary tools, requiring integration with smartphones or computers to fully realize their capabilities.

#### C. Vision-Language Models Become Standard in Software and Hardware Products

Manufacturers are increasingly incorporating Vision-Language Models (VLMs) into physical AI products. Examples include helping visually impaired individuals recognize surroundings and plan walking routes, assisting enterprises in posture analysis and ergonomic improvements for employees, and enabling automated workflow platforms. These applications demonstrate that VLMs are likely to become a standard capability in future software and hardware products. Previously, adding image recognition to hardware required extensive efforts to fine-tune vision models. The key innovation of VLMs lies in combining visual recognition with reasoning and understanding, extending capabilities from simple visual perception to integrated visual cognition, thereby enabling better decision-making.

By leveraging VLMs, companies can significantly expand their capabilities, enabling scenario-based intelligence and adaptive functionality with lower development barriers. In the future, hardware and software solutions will no longer focus solely on cameras and image capture; instead, they will first interpret what is seen and then determine the appropriate actions and services.

#### D. AI Applications Continue to Evolve into Emotionally Interactive Digital Companions

Beyond common applications such as customer service and knowledge management, an increasing number of companies are deploying AI agents to provide emotional value, companionship, and even partnership-like interactions at the cognitive level. These systems can recognize users, estimate physiological data and emotional states, and leverage large-scale emotional datasets to provide personalized services—for example, delivering customized educational content for children through emotionally interactive approaches.

Manufacturers are fully utilizing multimodal technologies to extend software and hardware services with cognitive interaction capabilities. Rather than simply answering predefined questions, these systems can identify users' learning status, emotional fluctuations, and goal preferences during conversations, offering personalized guidance, staged training exercises, and proactive reminders. Currently, companies are actively developing digital mental companions designed to support scenarios such as educational guidance, personal growth, and anxiety reduction.

### ◆ Competition

#### ◎ Rugged notebook computer

Although Panasonic, Getac and Dell are the three major manufacturers of global rugged computers, with the trend of digitization in various industries and the acceleration of the demand for contactless and work-from-home devices driven by COVID-19, business opportunities are brewing for rugged computers, attracting Taiwan computer manufacturers with manufacturing and production advantages to increase business momentum with high gross profit products. However, this market relies on SI or dealers to successfully bid, and once the bid is obtained, the two sides will usually establish a long-term cooperative relationship, which is the biggest challenge for newcomers to enter the market.

#### ◎ Distribution of computer and its peripheral products

The competition in the same industry is very fierce, mainly due to the diversification of computer and peripheral equipment products, short life cycle and

rapid price decline, which gradually increases the inventory cost, distribution, maintenance and other operating costs of various manufacturers, so that even if the performance is improved, the profit is not necessarily increased. Therefore, we must take the route of large-scale, and establish economies of scale in procurement, automated storage equipment, distribution efficiency and so on. At present, the larger operators include Synnex, Acer, Genuine, etc; med-sized companies such as Sanjing, Honyu and Mildef lock in a small niche market with specific products.

(III) Technology and R&D overview

- ◆ R&D expenses invested in the most recent year up to the printing date of the annual report:

Unit: In Thousands of New Taiwan Dollars

Item	Year
	2025
R&D expenses	108,448
Net operating revenue	2,887,211
Proportion of R&D expenses in net operating revenue (%)	3.76

- ◆ Successfully developed technologies:

The Company uses its own personnel and equipment to develop a number of technologies in cooperation with customers and research institutions at home and abroad. The description is as follows:

- ◎ Environmental resistance design:

In cooperation with National Chung-Shan Institute of Science & Technology (NCSIST), the organization and hardware design in line with the MIL-STD-810G standard of the U.S. military has been successfully implemented on the existing models, which have been verified by customers and are superior to competitors.

- ◎ Electromagnetic interference / tolerance design:

In cooperation with NCSIST, the whole machine design meeting the MIL-STD-461F standard of the US Army has been successfully implemented on several models.

Some models have even reached Tempest (NSA) AMSG (NATO) confidential computer standard, which is obviously much better than competitors.

- ◎ MTBF/MTTR (reliability / maintenance):

Cooperate with Taiwan Testing and Certification Center to establish a reliability evaluation system, which can predict and improve the reliability to meet the requirements of customers.

◆ Successfully developed products

In 2025, the Company successfully developed the ML15 (rugged laptop for military and industrial applications) and the DP10 (rugged tablet for military and industrial applications).

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

◆ Short term development plan

◎ Marketing strategy:

A. Increase sales channels.

B. Regularly participate in exhibitions and visit customers to improve customer satisfaction.

◎ R&D Strategy:

A. Improve specifications and create high standard products.

B. Cooperate with customers to develop derivative products and create a high-tech image.

◎ Production strategy:

A. Continuously reduce the process defect rate and improve product quality.

B. Reduce production costs.

◎ Business strategy:

A. Maintain a flat organization, make full use of internal information systems, and improve decision-making efficiency, execution and operational performance.

B. Train talents, strengthen staff training and recruit excellent talents to enhance the competitiveness of the Company.

◎ Financial strategy:

Maintain a good financial structure, properly plan the use of funds, and create the maximum return of capital under the principle of soundness.

◆ Long term development plan

◎ Marketing strategy:

A. Establish strategic alliances with customers through investment and shareholding, and guide their testing and service capabilities, and gradually implement them to major countries, so as to achieve the framework of local operation and global support and expand market share.

- B. Provide customers with competitive advantages and solutions, and establish a solid cooperative relationship with customers with innovative technology, reliable quality and perfect technical support and services.
- ◎ R&D Strategy:

Continuously improve technology and develop high value-added products to create the best interests of the Company.
- ◎ Production strategy:
  - A. Improve the proportion of automatic production, continuously improve efficiency, improve quality, reduce cost and defect rate.
  - B. Promote the satellite system, reduce material inventory and shorten order delivery time.
- ◎ Business strategy:
  - A. Grasp the international pulse and industrial development trend, deeply cultivate Taiwan market, plan for the world road map, and establish a global operation headquarters.
  - B. Integrate the information systems between upstream suppliers and the Company and between the Company and downstream customers to enable closer integration and create dual win-win situations.
- ◎ Financial strategy:
  - A. High standard and strict risk control to grasp all possible risks.
  - B. Sustained and steady financial operation, in line with the operation objectives and development plans, strengthen the operation structure, improve the overall competitiveness, create the best rate of return on shareholders' equity, and give our shareholders sustainable, stable and growing profits.
  - C. Improve specifications and create a high-quality image.
  - D. Cooperate with customers to develop derivative products and create a high-tech image.

## II. Market, production and sales overview

### (I) Market analysis

#### ◆ Sales area of main products:

Unit: NT\$1,000

Region \ Year	2025		2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Americas	61,074	2.12	187,469	6.57
Europe	1,067,061	36.96	1,048,769	36.76
Oceania	155,996	5.40	37,927	1.33
Asia	1,603,080	55.52	1,579,226	55.34
Total	2,887,211	100.00	2,853,391	100.00

#### ◆ Market share:

Due to the small scale of rugged computers in the domestic market and most of the sales of various manufacturers are mainly for export, there are no clear industrial statistics. In terms of the distribution of computers and their peripheral products, due to the large number of competitors in the domestic market and the competitive status as the great one is always great, the Company is not a fully professional computer product agent, so we have a small share in Taiwan.

#### ◆ Future supply and demand and growth of the market

##### ◎ Rugged computer

##### ★ Supply and demand

##### A. Demand side

The main sales targets of rugged notebook computers are government agencies or military units in various countries. Therefore, the unit price of such special specifications of notebook computers is expensive, which is usually in great demand in advanced countries and regions. At present, 70% are concentrated in the North American market, about 20% in the European market, and the remaining 10% are in the Asia Pacific region. Due to the increasingly powerful functions of rugged notebook computers, the scope of application is becoming wider and wider. In addition to the stable growth of the main market North America in the next few years, the compound growth rate of Europe and the Asia Pacific region will reach about 10% in the next five years.

## B. Supply side

As the industry of rugged notebook computers is relatively special and the market is small, there is no relevant statistical data. Compared with the global commercial notebook computers, the production scale of the company is still small, and the rugged notebook computers are customized according to the special needs of different customers. Therefore, there is no risk of oversupply or insufficient supply.

### ★ Future growth

The scale of rugged notebook computers is gradually expanding, which has been widely accepted in some developed countries, and developing countries have gradually realized the necessity of using rugged notebook computers. In particular, police, patrol vehicles and detection vehicles have been regarded as necessary equipment, and the demand for special specification notebook computers for industrial use is also increasing. Therefore, compared with the commercial notebook computer industry, the market of rugged notebook computers still has considerable room for development in the next few years. At present, there are few manufacturers engage in the industry, which belongs to a niche market with special specifications. Therefore, the Company can still maintain its competitive advantage and sustain stable profit growth in the future.

## ◎ Distribution of computer and its peripheral products

### ★ Supply and demand

- A. Product price: As product specifications evolve more slowly, price is one of the most important factors for consumers to replace their computers. When the price is lower, consumers' willingness to replace will increase. For example, when the price of products drops rapidly, consumers will give up repairing old products and buy new equipment, increasing the demand for notebook computer manufacturing industry.
- B. Economic status: the economic status affects the willingness of enterprises and consumers to change computers. If the economic boom increases national income, it is expected to drive strong consumer spending, which will be conducive to consumers' purchase of computer products; On the contrary, conservative consumer spending will be detrimental to the growth of demand for notebook computers.
- C. Innovation of related products or systems and software: with the introduction of new generation computers and new operating systems, the demand for computer hardware specifications may increase, which

is expected to accelerate consumers to update the original notebook computers. On the contrary, the introduction of cross-border products has caused tablet computers to replace notebook computers, which is not conducive to the demand for notebook computers.

- D. Substitution effect of notebook computer on desktop computer: due to the continuous narrowing of the price difference between notebook computer and desktop computer, and the hardware specifications of laptops have been brought closer to those of desktops, creating a substitution effect for laptops to replace desktops, resulting in an increase in demand for laptops.
- E. Changes in computer use habits: the use habits of computer users have gradually changed from desktop computers to portable notebook computers. With the popularization of wireless networks, the use of networks is no longer limited to the places that can be reached by the network cable, which greatly enhances the convenience of notebook computers to surf the Internet, and is conducive to enhancing the market demand for notebook computers. However, tablet computers is more convenient to carry, which relatively dilutes the popularity of notebook computers.
- F. The scale of e-sports game market and the application of virtual equipment are expanded: with the governments of various countries supporting the e-sports industry, and e-sports events are different from ordinary computer game software, there are winners and losers in the online game. In order to win the game, e-sports game players do not hesitate to spend money on hardware. In addition, the application of virtual reality devices is expanded, which has boosted the demand for e-sports notebook computers.

★ Future growth

With the advent of the trend of big data era, wearable devices play a key role in collecting user information, which also makes more and more brand factories introduce the research and development of wearable devices such as smart watches, smart bracelets and smart headphones, which has become the next wave of new technology trend after smartphones.

◆ Competitive edge

- ◎ The Company has established a global marketing network, has professional partners in various consumer countries, and invests in dealers in the most important North American and European markets. We can fully grasp the loyalty and market trends.
- ◎ With independent R&D personnel and established knowledge base and laboratory related to environmental resistance and electromagnetic interference, it is difficult for new competitors to catch up.
- ◎ Our products have been scattered to various markets and are less affected by economic changes.
- ◎ The Company's flexible production system can meet the needs of customers for small quantity, diverse design and fast delivery.
- ◎ The main management team has cooperated for more than ten years, the turnover rate of cadres and personnel is very low, and the cohesion of employees is strong.

◆ Favorable and unfavorable factors of development prospects

◎ Favorable factors

★ Master marketing channels and products, and the market is scattered

After years of efforts, the Company has established a close cooperative relationship with customers. Customers have also deeply cultivated this professional market and entered different industries and applications. The cooperation model has also been tested by actual battle with successful experience of repelling competition and winning orders for many times.

★ Strong R&D team and professional management talents

The Company's R&D team has more than 20 years of R&D experience in this field and has obtained a number of patented technologies leading the industry.

Independent R&D ability can also master the development schedule of the latest technology. In addition, the professional management personnel of each department can ensure the stability and improvement of manufacturing cost control and quality capability.

★ Taiwan's overall information industry environment

Taiwan's advantages such as rapid and easy access to technology, parts, abundant professionals and complete support system are very suitable for the Company's high added value, small quantity with diverse design for business orientations.

◎ Adverse factors and countermeasures

- ★ Local manufacturer and Japanese giant brand Panasonic join the competition Notebook computer manufacturers Winmate and Panasonic transform and join competition, and strive for OEM or end customers with low price and large quantity.

Countermeasures: rugged computers are products with small quantity and diverse design, and customers often require local modifications. The Company should maintain the flexibility of small companies, quickly meet the special needs of customers, and strive to improve product specifications and quality, as well as reduce costs in order to maintain competitiveness.

- ★ The Company is small in scale and lack of funds and talents

At present, it is still in the stage of small and medium-sized enterprises. Although the profits are good, the popularity is not high, and it is difficult to obtain funds and talents.

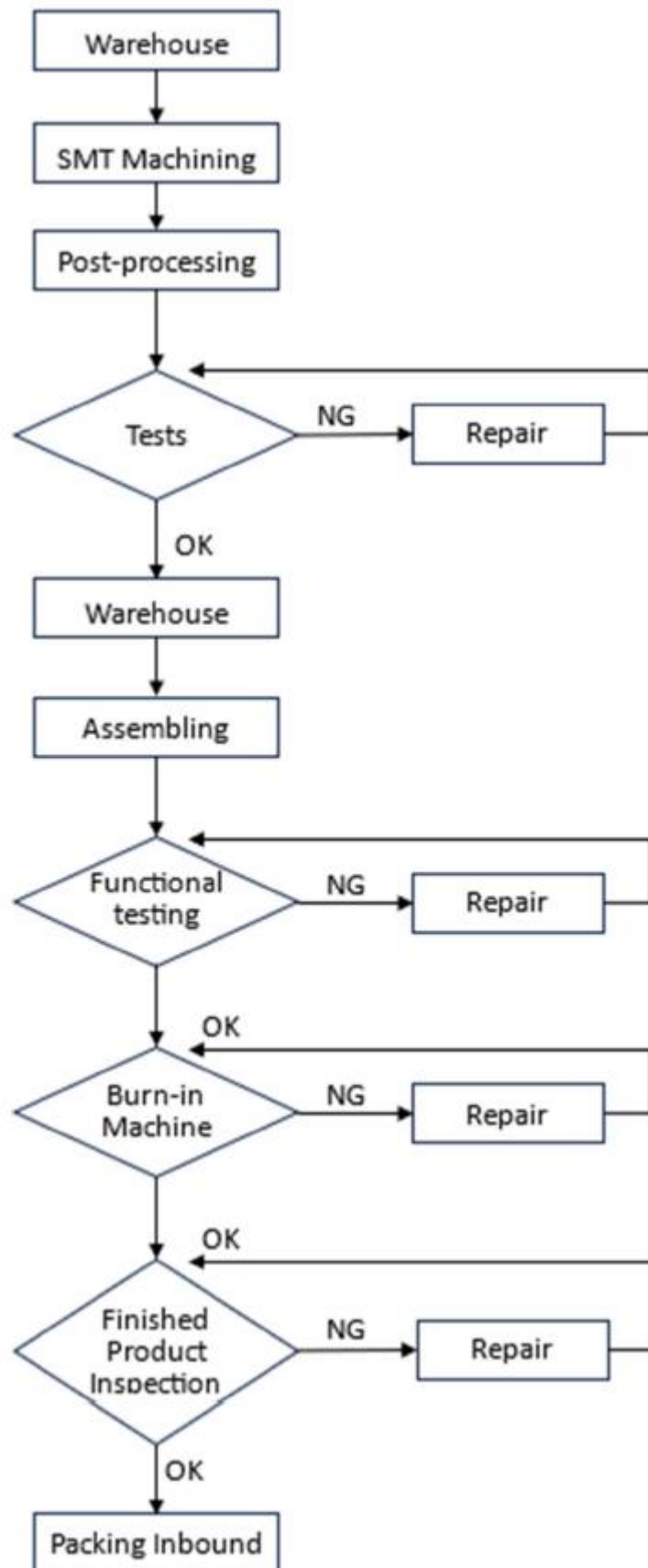
Countermeasures: make operation transparent and go listed to strengthen the Company's image, introduce public funds, implement employee stock option and reward and dividend system, and effectively attract talents.

(II) Important uses and production process of main products

◆ Main product uses

Main product name	Applications	Production process
Rugged computer	Military use, police vehicle reconnaissance use, industrial use	The company develops, designs, produces, processes, assembles, tests, validates and packs by itself.
Distribution of computer and its peripheral products	Personal computer and all kinds of peripheral products required for use	There is no production process in this part

◆ Production process



(III) Supply of main raw materials

- ◆ The main raw materials of rugged notebook computers are liquid crystal display (LCD), hard disk (HDD), central processing unit (CPU), memory (RAM) and lithium battery. Among them, liquid crystal display accounts for the highest proportion of production cost, followed by central processing unit and hard disk.
- ◆ The distribution of commercial notebook computers and peripheral products is mainly to purchase and resell from well-known domestic manufacturers. At present, the purchasing sources of rugged notebook computers, computers and peripheral products are well-known agents at home and abroad, and have a stable cooperative relationship with the Company. The supply is stable and sufficient, so the source of production raw materials should not be scarce.

(IV) The name of the customer who has accounted for more than 10% of the total amount of purchase (sales) in any of the last two years and the amount and percentage of purchase (sales)

◆ Supplier

Unit: NT\$1,000

Item	2025				2024			
	Name	Amount	Percentage of net purchase in the whole year [ % ]	Relationship with the issuer	Name	Amount	Percentage of net purchase in the whole year [ % ]	Relationship with the issuer
1	Company A	800,212	43.95	None	Company A	658,710	37.25	None
2	Company B	385,452	21.17	None	Company B	402,157	22.74	None
3	Company C	184,125	10.11	None				
4								
	Others	450,740	24.77		Others	707,494	40.01	
	Net purchases	1,820,529	100.00		Net purchases	1,768,361	100.00	

◆ Customer of sales

Unit: In Thousands of New Taiwan Dollars

Item	2025				2024			
	Name	Amount	Percentage of the net sales in the whole year [ % ]	Relationship with the issuer	Name	Amount	Percentage of the net sales in the whole year [ % ]	Relationship with the issuer
1	RODA	855,596	29.63	None	RODA	928,676	32.55	Other substantial related parties
	Others	2,031,615	70.37		Others	1,924,715	67.45	
	Net sales	2,887,211	100.00		Net sales	2,853,391	100.00	

The increase or decrease of customers for sales is mainly due to the change of customer demand

Disposed of its entire equity interest in Roda Computer GmbH on March 6, 2025. From that date forward, the company is no longer a related party of the Company.

III. The number of employees, average length of service, average age and education distribution ratio of employees in the last two years and as of the printing date of the annual report:

Data of employees in the last two years and up to the printing date of the annual report

Year		Fiscal Year 2025	Fiscal Year 2024
Number of employees	Management	19	19
	R&D personnel	38	43
	Business personnel	110	122
	Production personnel	116	109
	Total	283	293
Average age		41.52	42.24
Average length of service		12.03	12.65
Education distribution ratio%	Doctor	0	0
	Master	5.65	6.14
	College	70.32	70.65
	High school	19.79	18.77
	Below high school	4.24	4.44

Gender distribution of employees for the last two years and as of the printing date of the annual report

	Number of employees in 2025					Number of employees in 2024				
	Male	Proportion	Female	Proportion	Number of current employees	Male	Proportion	Female	Proportion	Number of current employees
Management	3	1.06	16	5.65	19	3	1.02	16	5.46	19
R&D personnel	28	9.89	10	3.53	38	31	10.58	12	4.10	43
Business personnel	96	33.92	14	4.95	110	104	35.49	18	6.14	122
Production personnel	55	19.44	61	21.56	116	51	17.41	58	19.80	109
<b>Total / average</b>	<b>182</b>	<b>64.31</b>	<b>101</b>	<b>35.69</b>	<b>283</b>	<b>189</b>	<b>64.50</b>	<b>104</b>	<b>35.50</b>	<b>293</b>

Trends in employee turnover rates over the past two years—by gender and age group, as well as reasons for employee turnover

Fiscal Year 2025	Number of current employees	Number of employees who left the company					Turnover rate (%) (Ratio of the number of employees who left the company to the total number of employees employed for the year)	Reasons for employee turnover					Number of employees who left the company, by age group						
		Male	Percentage of total turnover (%)	Female	Percentage of total turnover (%)	Number of employees who left the company (total)		Retirement	Layoffs	Unpaid leave of absence	Resignation	Total	Age < 30		Age 30-50		Age > 50		Number of employees who left the company
													Female	Male	Female	Male	Female	Male	
Management	19	0	0.00	1	1.24	1	0.35	1				1				1		1	
R&D personnel	38	3	3.70	3	3.70	6	2.12	1	1		4	6	3	1		1	1	6	
Business personnel	110	63	77.78	4	4.94	67	23.68	1	13		53	67	2	48	2	13		67	
Production personnel	116	4	4.94	3	3.70	7	2.47	1		2	4	7	1	2	2	1		7	
<b>Total / average</b>	<b>283</b>	<b>70</b>	<b>86.42</b>	<b>11</b>	<b>13.58</b>	<b>81</b>	<b>28.62</b>	<b>4</b>	<b>14</b>	<b>2</b>	<b>61</b>	<b>81</b>	<b>6</b>	<b>51</b>	<b>4</b>	<b>15</b>	<b>1</b>	<b>4</b>	<b>81</b>

Fiscal Year 2024	Number of current employees	Number of employees who left the company					Turnover rate (%) (Ratio of the number of employees who left the company to the total number of employees employed for the year)	Reasons for employee turnover					Number of employees who left the company, by age group						
		Male	Percentage of total turnover (%)	Female	Percentage of total turnover (%)	Number of employees who left the company (total)		Retirement	Layoffs	Unpaid leave of absence	Resignation	Total	Age < 30		Age 30-50		Age > 50		Number of employees who left the company
													Female	Male	Female	Male	Female	Male	
Management	19	0	0.00	3	3.62	3	1.02				3	3	2		1			3	
R&D personnel	43	5	6.02	1	1.20	6	2.05				6	6			1	5		6	
Business personnel	122	51	61.45	1	1.20	52	17.75		3		49	52	1	38		13		52	
Production personnel	109	10	12.05	12	14.46	22	7.51	2		1	19	22	4	7	5	2	3	1	22
<b>Total / average</b>	<b>293</b>	<b>66</b>	<b>79.52</b>	<b>17</b>	<b>20.48</b>	<b>83</b>	<b>28.33</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>77</b>	<b>83</b>	<b>7</b>	<b>45</b>	<b>7</b>	<b>20</b>	<b>3</b>	<b>1</b>	<b>83</b>

#### IV. Environmental protection expenditure

(I) Losses suffered due to environmental pollution in the most recent year and up to the printing date of the annual report (including compensation and environmental protection inspection results, violation of environmental protection laws and regulations, date of punishment, name of punishment, violation of laws and regulations, content of violation of laws and regulations and content of punishment shall be listed):

1. There was no violation of environmental protection laws and regulations in 2025 and up to the printing date of the annual report.

2. The business operations of the Company do not generate any significant pollution. The waste generated from production and activities is disposed of using the following methods:

Classification	Definition	Treatment Method
General business waste	Wastes other than hazardous wastes generated by business units	Commission to cleaning personnel to properly handle it and stack it in a fixed place
Resource waste	Wastes generated by business units that can be recycled (such as paper, iron, aluminum, etc.)	The administration representative and the designated personnel shall properly handle it and stack it in a fixed place
Hazardous business waste	Hazardous waste (defective products) generated by business units in compliance with environmental protection related regulations	All departments shall properly keep the ordinary bad wastes, and give priority to use them if they can be recycled. After the annual scrapping operation is completed, it shall be handed over to the administration representative and the designated personnel to commission a qualified clearance and disposal provider for disposal.

(II) Future countermeasures and possible expenditures:

- ★ Future countermeasures: In October 2005, the Company passed the verification of ISO 14001 environmental management system of the Bureau of Standards, Metrology and Inspection, M.O.E.A., fully understood the importance of environmental protection, not only continued to advocate employees' awareness of environmental protection, but also implemented various measures related to environmental protection within the Company.
- ★ Possible expenses: at present, we focus on the implementation of various measures related to environmental protection within the Company, and the Company's business operations are not expected to result in significant pollution. It is expected that there will be no large amount of expenditure.

## V. Labor relations

### (I) Various Measures and Their Implementation Status

#### ◆ Employee benefits

The Company regards respecting human nature and caring for employees as one of its business philosophies. In order to fully take care of the physical and mental health of colleagues or their dependents, and establish various guarantees for their lives, so that they can concentrate on their duties, work hard for the Company without any worry, the Company hereby provides or sponsors various relevant welfare plans, and the Company's colleagues form a welfare committee, which is approved and put on record by the competent authority to be responsible for the planning and implementation of employee welfare matters. Its funding sources are (1) 0.5% of the monthly salary of employees (2) 0.1% of the monthly net operating revenue (3) 40% of sales of scraps. At present, the following employee welfare measures have been handled:

- ◎ Insurance: labor and health insurance
- ◎ Regular free employee health examination
- ◎ Birthday gift money, Labor Day gift money, gift money for Dragon Boat Festival / Mid Autumn Festival / Spring Festival, year-end party and lottery
- ◎ Various subsidies for employees' marriage, funeral, celebration, hospitalization and childbirth
- ◎ Employee travel subsidy
- ◎ Employee remuneration and sharing of business results
- ◎ Other matters related to employee welfare.

#### ◆ Employee care

- ◎ To support female employees and promote a family-friendly workplace, the facility provides a dedicated lactation room that ensures privacy. In addition, health education and maternal and infant health information are offered, along with partnerships with nearby contracted childcare institutions, creating a work environment that enables female employees to better balance work and family life.
- ◎ A “Human Rights Policy” has been established, along with a complaint and whistleblowing channel: Human Resources Department, Administration Division, email: hr303@crete.com.tw
- ◎ Spinning bike club - the Company purchases 10 spinning bikes, and the employees set their own management and use rules to achieve the effect of sports and fitness.
- ◎ One sphygmomanometer is available for employees to monitor their blood pressure as needed.

◎ Contracted nursing staff and on-site occupational health physician services have been established. In addition to safeguarding and promoting employees' health, these measures further enhance work efficiency and help reduce occupational injuries and illnesses.

◎ Hold health lectures - hire professional doctors to give lectures in the factory

Date	Lecturer	Subject	Course Duration
2025/04/29	Lee Way Electronics – Yu- Yen Lien	CPR+AED	1 hour
2025/08/18	Beixin Hospital – Yu-Hsuan Kao, Clinical Psychologist	Communication skills for preventing unlawful workplace harassment	1 hour

◎ To implement the “Human Rights Policy” and ensure workplace safety, the Human Resources Department conducted a 1-hour training session on December 4, 2025, covering “Workplace Sexual Harassment Prevention Measures, Complaint Procedures, and Disciplinary Regulations” as well as the “Sexual Harassment Response Handbook – Supervisor Edition.”

◎ To enable employees to work with peace of mind while balancing childcare responsibilities, children in the third grade of elementary school or above, or those who are capable of self-management, are allowed to use the Company’s temporary care space for self-study and to safely wait for their parents to finish work.

◆ Employee further education and training

◎ In order to improve the working skills and professional knowledge of the Company's on-the-job employees, make them adjust to technological changes and market changes, cultivate high-quality talents through training, maintain their competitiveness, enhance work performance, improve product quality, strengthen the concept of environmental protection and environmental protection awareness, and enable the sustainable growth of employees' career development and enterprise operation, the Company has formulated the "operation procedure for education and training", and designated the HR Department as the authority and responsibility unit of the procedure, responsible for 1. handling the demand survey on education and training, summarizing the demand table of each unit, and preparing the annual education and training plan and 2. evaluating and reviewing the implementation results of education and training as a reference for future improvement.

◎ The Company's staff education and training includes:

A. Newcomer training: the HR Department shall handle the training for new employees, so that they can get familiar with the company environment, adapt

to the Company culture and understand the relevant systems of the Company as soon as possible.

The training contents include:

- a. Description and introduction of the company's historical evolution.
  - b. According to the "company organization and rights and responsibilities operating procedures", employees can understand the rights, responsibilities and responsibilities of the unit.
  - c. According to the instructions of "employee work rules", employees can understand the Company's management rules and regulations
  - d. Publicize the company's quality policy, environmental policy and quality objectives.
  - e. Description of various welfare measures of the company.
  - f. Advocate the "code of practice on labor safety and health" to prevent occupational disasters.
  - g. Advocate "emergency response management procedures" to reduce disaster losses.
  - h. Other specified or advocated policy descriptions.
- B. Pre-service training: the supervisor of the employer shall assign senior employees or dedicated personnel to assist and guide new employees or new hires to meet with the colleagues of the service unit, environment, describe work content, instruct the use of business instruments, etc., eliminate their fear for the new environment, and enable them to enter the work status as soon as possible.
- C. On the job training: as the compliance with product quality and environmental protection requirements will be directly or indirectly affected by the implementation of relevant staff, the head of each unit may consider the work of employees and provide relevant professional knowledge or skill training to cultivate their ability.

On the job training is divided into internal training and external training.

Internal training: either by the organizer or hired scholars or experts to the Company's courses or lectures, e-learning or company policy advocacy.

External training: it can be assigned by the Company or applied for by employees, and there are regulations for cost subsidies if the employees apply for by themselves.

- ◎ Training hours planning:
  - A. Manager, deputy manager, section chief, specialist, secretary and engineer: 24h / year
  - B. Team leader, assistant, technician and other direct employees: 24h / year
- ◎ According to the nature of the course: fiscal and tax internal control, corporate governance, human resources law, environmental management, health management, labor safety, production process, product technology, business marketing, inspection and certification, operation process, system operation and others, 13 categories in total.
- ◎ The analysis of the implementation status of the 2025 training hour plan, along with the comparison and variance analysis versus 2024, is as follows:

NO	Department	Number of people	Target Training Hours	Actual Training Hours	2025 Achievement Rate (%)	Training expenses	Average Training Hours per Employee	2024 Achievement Rate (%)	Training expenses	Differential Analysis (Achievement Rate)	Differential Analysis (expenses)
1	Research and Development Unit	38	826	1,143.5	138.44%		30	137.19%		1.25%	
2	Management Unit	19	432	717.5	166.09%		38	199.77%		-33.68%	
3	International Sales and Marketing	11	264	275.5	104.36%		25	127.03%		-22.67%	
4	Production Unit (Manufacturing)	97	2,202	1,970.5	89.49%		20	104.61%		-15.12%	
5	Production Unit (Quality Assurance)	21	466	472.0	101.29%		22			101.29%	
<b>5</b>	<b>System Manufacturing Business Department</b>	<b>186</b>	<b>4,190</b>	<b>4,579</b>	<b>109.28%</b>	<b>85,090</b>	<b>25</b>	<b>123.21%</b>	<b>177,130</b>	<b>-13.93%</b>	<b>(92,040)</b>
1	Domestic Channel Marketing	99	2,256	4,659.5	206.54%	4,500	47	78.90%	4,500	0.00%	
<b>1</b>	<b>Channel Business Department</b>	<b>99</b>	<b>2,256</b>	<b>4,660</b>	<b>206.54%</b>	<b>4,500</b>	<b>47</b>	<b>78.90%</b>	<b>4,500</b>	<b>0.00%</b>	<b>0</b>
<b>6</b>	<b>Total (including 2 employees on unpaid leave of absence)</b>	<b>285</b>	<b>6,446</b>	<b>9,239</b>	<b>143.32%</b>	<b>89,590</b>	<b>32</b>	<b>112.79%</b>	<b>181,630</b>	<b>-13.93%</b>	<b>(92,040)</b>

Overall Performance of Implementation:	
I.	In 2025, the Company's training program was primarily aligned with business operations and strategic development objectives. The annual training target was 6,446 hours, while actual training hours reached 9,239 hours, resulting in an overall achievement rate of 143.32%. The average training hours per employee was 32 hours. Compared with the 2024 overall achievement rate of 70.89%, the 2025 training effectiveness showed a significant improvement, reflecting strong progress in talent development and professional capability enhancement.
II.	Total training expenses in 2025 amounted to <b>NT\$301 thousand</b> . In addition to routine training expenses of <b>NT\$90 thousand</b> (including NT\$85 thousand for the System Manufacturing Business Department and NT\$5 thousand for the Channel Business Department), the Company also placed emphasis on developing senior management talent by sponsoring two internal managers to attend EMBA programs, with related tuition costs of <b>NT\$211 thousand</b> . As a result, total training expenses increased by NT\$119 thousand compared with NT\$182 thousand in 2024. Overall, the expenditure remained within a reasonable range.
III.	In summary, the Company continues to promote employee professional and technical training while progressively strengthening managerial competencies at the leadership level. The increase in training expenditure is reasonable and contributes to enhancing overall organizational competitiveness and future development potential.

<b>Analysis of Variances by Department</b>	
R&D Unit – Achievement Rate: 138.44% The R&D Division not only provided guidance on AI and 3D printing technologies this year but also conducted training related to new product and new model development. The Space Product Department actively participated in overseas aerospace exhibitions, gaining exposure to aerospace technologies and international industry trends.	
Management Unit – Achievement Rate: 166.09% The Administration Division supported corporate initiatives by participating in ISO 14064 and ISO 27001 certification training programs, enhancing capabilities in sustainability, carbon inventory, and cybersecurity risk management. In addition, internal training sessions with cross-functional relevance were conducted throughout the year, contributing significantly to overall corporate training effectiveness.	
Business Division – Achievement Rate: 104.36% The Business Division actively participated in training sessions organized by various departments, covering topics such as procurement materials and product mass production. Personnel were also assigned to specialized training in high-tech goods export controls, effectively strengthening professional knowledge and practical competencies.	
Production Unit – Manufacturing – Achievement Rate: 89.49% In addition to standard operating procedure training, the Manufacturing Division conducted technical discussions on vacuum coating, RF signal antennas, and high-efficiency thermal dissipation technologies. Training content was evaluated and adjusted based on process requirements to support future manufacturing development needs.	
Production Unit – Quality Assurance – Achievement Rate: 101.29% The Quality Assurance Division was established in July of this year through the integration of the original Quality Assurance Department, Design Quality Assurance Department, and Customer Service Department. Training programs included SGS inspection standards, import regulations for express shipments, and operational training for newly acquired constant temperature and humidity testing equipment.	
Channel Business Department – Achievement Rate: 206.54% Training focused on product sales techniques based on original manufacturer offerings. Through a combination of in-person courses, online training, and focused briefings, employees strengthened their understanding of product features, sales messaging, and market applications, thereby enhancing overall sales capabilities. The number of training sessions and participant engagement both exceeded initial expectations, demonstrating strong employee involvement and increased demand for product knowledge and sales skills.	

NO	Department	Headcount	Number of new employees trained	Training hours for new employees	Number of employees receiving pre-employment training	Pre-employment training hours	Number of employees receiving on-the-job internal training	On-the-job internal training hours	Number of employees receiving on-the-job external training	On-the-job external training hours	Total number of employees in employment	Total on-the-job training hours	Total number of trainees	Total training hours
1	Research and Development Unit	38	6	24.0	6	23.0	39	1,051.0	7	130.0	46	1,181.0	58	1,228.0
2	Management Unit	19	0	0.0	0	0.0	21	431.5	13	343.5	34	775.0	34	775.0
3	International Sales and Marketing	11	1	4.0	1	8.0	12	244.0	3	31.5	15	275.5	17	287.5
4	Production Unit (Manufacturing)	97	5	20.0	5	76.5	98	1,903.5	5	28.0	103	1,931.5	113	2,028.0
5	Production Unit (Quality Assurance)	21	2	8.0	2	47.0	19	411.0	2	6.0	21	417.0	25	472.0
<b>5</b>	<b>System Manufacturing Business Department</b>	<b>186</b>	<b>14</b>	<b>56.0</b>	<b>14</b>	<b>154.5</b>	<b>189</b>	<b>4,041.0</b>	<b>30</b>	<b>539.0</b>	<b>219</b>	<b>4,580.0</b>	<b>247</b>	<b>4,790.5</b>
1	Domestic Channel Marketing	99	56	224.0	56	56.0	155	4,901.5	41	179.0	196	5,080.5	308	5,360.5
<b>1</b>	<b>Channel Business Department</b>	<b>99</b>	<b>56</b>	<b>224.0</b>	<b>56</b>	<b>56.0</b>	<b>155</b>	<b>4,901.5</b>	<b>41</b>	<b>179.0</b>	<b>196</b>	<b>5,080.5</b>	<b>308</b>	<b>5,360.5</b>
<b>6</b>	<b>Total (including 2 employees on unpaid leave of absence)</b>	<b>285</b>	<b>70</b>	<b>280.0</b>	<b>70</b>	<b>210.5</b>	<b>344</b>	<b>8,942.5</b>	<b>71</b>	<b>718.0</b>	<b>415</b>	<b>9,660.5</b>	<b>555</b>	<b>10,151.0</b>
Overall Performance of Implementation:														
In 2025, a total of 229 courses were recorded. The total number of participations (including resigned employees) was 555 person-times, and total training hours amounted to 10,151 hours.														

I. 2025 Employee Training Hours Statistics		2025		
		Male	Female	Total
Average number of participants by job level	Management level	76	15	91
	Non-management level (including employees on unpaid leave of absence)	107	87	194
<b>Total Number of Participants</b>		<b>183</b>	<b>102</b>	<b>285</b>
Total Employee Training Expenses		89,590		
Explanation: The company primarily focuses on internal training and free training courses provided by competent authorities or related parties				
II. Training Hours on Human Rights Matters		2025		
		Male	Female	Total
Human Rights Training Hours (Measures for the Prevention of Sexual Harassment)		1.5	1.5	3
Total number of employees who have undergone human rights training		69	13	82
Total Employee Training Hours		103.5	19.5	123
<b>Percentage of Employees Trained in Human Rights</b>		<b>84.15%</b>	<b>15.85%</b>	<b>100.00%</b>

III.	Overall average training hours (including 2 employees on unpaid leave)
1.	Average Training Hours per Employee = 9239 hours / 285 people = 32.41 hours per person
2.	Average Training Hours per Female Employee = 2753 hours / 102 people = 26.99 hours per person
3.	Average Training Hours per Male Employee = 6486 hours / 183 people = 35.44 hours per person

◆ Retirement System

- ◎ The Company has formulated the "measures for the administration of employee retirement" and actuarial work on the retirement reserve through a professional actuary. The Company allocates the "retirement reserve" within the limit of 2% of the total salary of employees every month and deposit it in the special pension account of the Bank of Taiwan. By the end of 2025, the balance of the special pension account was NT\$68,468 thousand. According to estimates from the Human Resources Department, this amount is sufficient to cover the retirement payments for employees eligible to retire in 2026.
- ◎ The "retirement reserve supervision committee" organized by both employers and employees is responsible for the management, supervision and review of matters related to retirement reserve.
  - A. If a colleague complies with the retirement regulations, the Company may give two base amounts for each full year of his / her working experience. However, for more than 15 years of working experience, a base amount shall be given for each full year, with a maximum of 45 base points. For less than half a year, it shall be counted as half a year and for half a year, it shall be counted as one year.
  - B. Every year, the HR Department estimates the pension amount of employees eligible for retirement in the current year. If the special pension account is insufficient, it shall be appropriated to the account through the resolution of the committee to protect the due rights and interests of employees.
- ◎ Since July 1, 2005, in line with the implementation of the Labor Pension Act (hereinafter referred to as the "new system"), if the employees who originally applied the measures choose to apply the service length after the new system is implemented, or the employees who come to work after the implementation of the new system, their service length will be changed to the defined contribution system, and the payment of their pension will be set aside by the Company at 6% of their monthly salary and deposited in the individual account of labor pension.
- ◎ In 2025, the pension cost allocated by the new and old system was NT\$11,438 thousand, and four colleagues retired.

◆ Negotiations between labor and management and measures for safeguarding the rights and interests of employees

◎ The Company has always handled labor relations in line with the business philosophy of integration of labor and management, coexistence and common prosperity, so it attaches great importance to the opinions of employees. Employees can reflect their problems in work and life at any time through the formal and informal communication channels of the company. Through the following two-way communication opportunities, the company and employees can better understand and recognize each other, so as to gather consensus and create good results.

◎ Labor-management coordination meetings are held once per quarter, with a total of four meetings convened in 2025.

The advocacy communication of the Company's systems and the two-way communication between employees on the Company's various decrees, working environment, safety and health and other issues. Through this negotiation and communication model, both labor and management can strengthen the good faith relationship of mutual trust and mutual understanding, which can be used as an important reference source in management and administration.

◎ Employee remuneration -

In order to increase employees' sense of participation in the Company and improve business and management performance, according to the Articles of Association adopted by the Board of Directors of the Company but not resolved by the shareholders' meeting, if there is profit in the year, 5% ~ 10% shall be allocated as employees' remuneration. Of the aforementioned employee remuneration, not less than 10% shall be allocated as remuneration for entry-level employees.

Let employees gather their cohesion with the Company through the process of profit sharing, and then work together for the overall goal of the Company.

◎ In order to safeguard gender equality and the dignity of employees in work, it is combined with existing laws and regulations, such as the Act of Gender Equality in Employment:

Formulate the Company's female personnel protection procedures and measures for the prevention and treatment of sexual harassment, so as to safeguard the rights and interests of employees and strengthen workplace safety.

◎ Formulate a "work rules" manual for employees, advocate it when new employees report for duty, and place it on the Company's internal website.

(II) For the most recent year and up to the printing date of the annual report, the losses suffered due to labor disputes (including the violation of the Labor Standards Act in the labor inspection results, the date of sanction, the document number of sanction, the provisions of the law violated, the content of the law violated, and the content of the sanction should be listed), as well as the estimated amount of current and potential future losses and response measures should be disclosed:

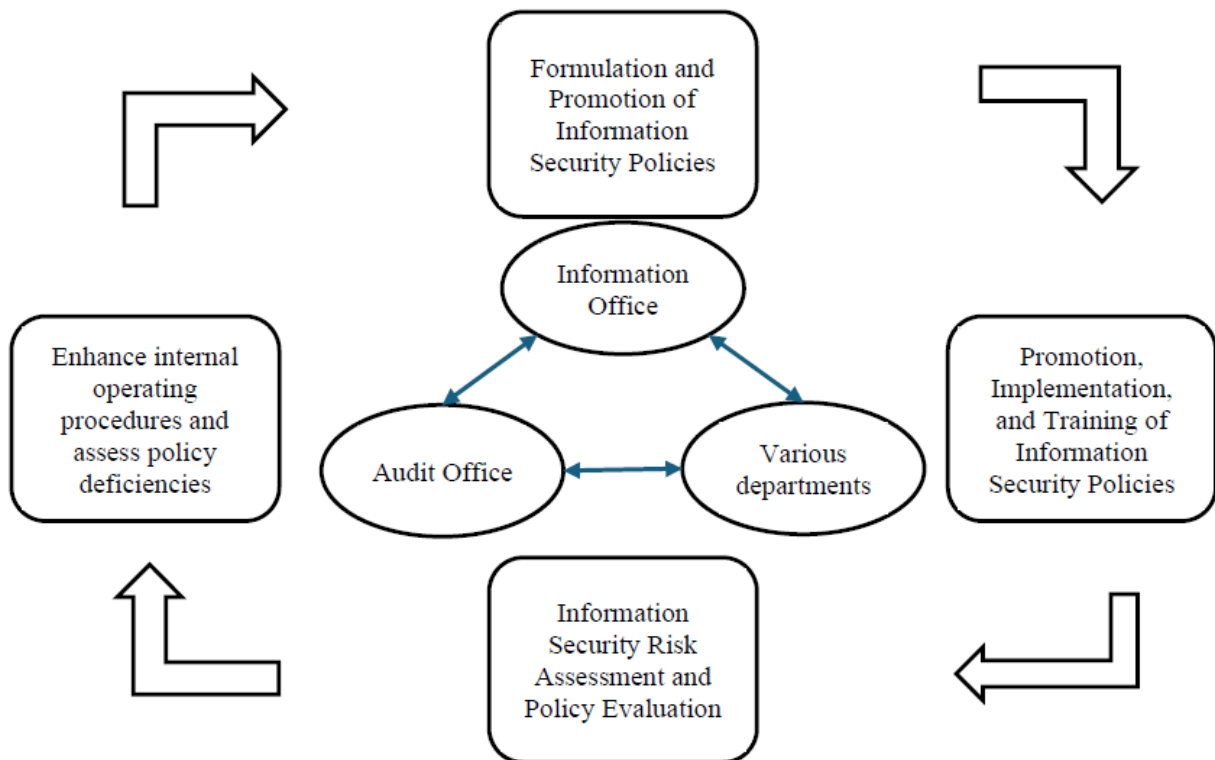
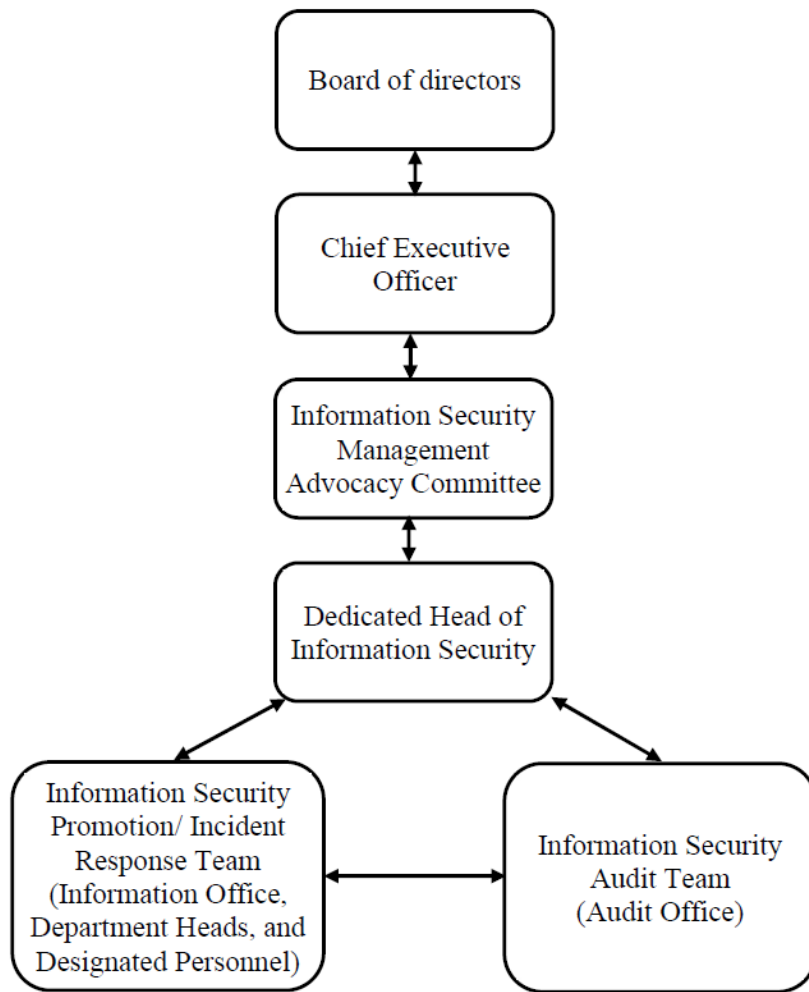
1. In 2025, there was one labor inspection and three occupational safety and health inspections (including one external whistleblowing case related to labor-management dispute). All cases have been concluded with no illegal findings, and no penalties were imposed.
2. In the future, the Company will continue to adhere to the consistent principle, continuously improve various welfare measures of employees, maintain smooth communication channels, and sustain good labor relations and consensus. Therefore, there should be no risk of labor disputes in the future.

## VI. Information security management

(I) Information security risk management framework, policies, specific management plans, and resources dedicated to information security management

◆ Management framework

The Company has established the “Cyber Security Management Measures.” The management structure is as follows:



◆ Information security risk assessment

1. Classify the company's various operations into core and non-core businesses

Business Classification	Description
Core Business	Internal operations of the company and businesses essential for providing critical infrastructure
Non-Core Business Systems	Relevant business information systems, such as information transmission, client services, and others

\* Core Business

Core Business	Core Information Security Business	Explanation of Importance	Description of Impact of Service Disruption	Maximum Tolerable Downtime
Process-Oriented Enterprises Resource Planning	Workflow ERP GP (DINGXIN COMPUTER)	Departmental Process Resource Planning	Interruptions will prevent departments from carrying out their tasks	12Hr
Email	Hardware-based Mail Server (ShareTech Information)	Internal and External Business Communications	Failure will result in the inability to deliver real-time information	12Hr
Graphic and Text Management System	DOC System (Company-Built)	R&D Division Product Graphic and Text Management System	Interruptions will prevent the retrieval of R&D product information (old data)	24Hr
Human Resources and Payroll Management System	Human Resource and Payroll Management System (SunCity Information)	Human Resource Attendance Management System	Interruptions will cause attendance to become ineffective, preventing accurate payroll calculation	12Hr
Intelligent On-Site Execution System	sMES (DINGXIN COMPUTER)	Production Line Product Manufacturing Process and Serial Number Collection	Unable to effectively assign manufacturing tasks and record serial numbers for semi-finished and finished products	12Hr
Product Lifecycle Management System	Open PLM (Broadway Consulting)	R&D Division: Management and Approval of R&D Documentation and BOM	Unable to effectively manage the registration and control of product data	12Hr
Customer Relationship Management System	CRM (DINGXIN COMPUTER)	Customer Quotation and Relationship Management	Unable to effectively and completely provide quotations to customers	24Hr
File Server	Synology RS1221+(NAS)	Department Document Storage Space	Unable to effectively access important documents and information	24Hr
Channel Business Division Intranet System	.NET Platform (In-house Built)	Inventory Management and Employee Attendance	Unable to effectively manage product sales information and employee attendance	12Hr

\* Non-core Business

Non-core Business	Description of Impact of Service Disruption	Maximum Tolerable Downtime
Company Official Website	Unable to effectively promote the company's current business and allow customers to download drivers and other resources	48Hr
Endpoint Protection Software System	The endpoint retains basic protection capabilities even after failure (Windows' built-in security software)	48Hr
Backup System	Backup retention is maintained for a specified number of days, with losses occurring for backups affected during the failure period	48Hr

2. Classification Based on the Occurrence of Information Security Incidents

3. Classify the impact of incidents based on their effect on the company

Impact of the Incident Level	Evaluation Content
Level 4	<p>Leakage of confidential data.</p> <p>The core business systems or data have been severely tampered with or damaged.</p> <p>A significant impact on multiple business operations and systems, negatively affecting the company's reputation.</p>
Level 3	<p>Leakage of internal restricted access information.</p> <p>Impact on core business operations or disruption of related system services.</p> <p>Impact on core business operations or disruption of related systems.</p>
Level 2	<p>General level, non-core business systems. The data has been mildly tampered with, impacting business operations and reducing system efficiency. Does not impact critical business operations or system functionality.</p>
Level 1	<p>Non-core business assets. The impact on losses is minimal and does not affect business operations or system functionality.</p>

## ◆ Information and communication security policy

### \* Purpose

In order to ensure the smooth operation of the Company, prevent unauthorized access, use, control, leakage, destruction, manipulation, destroy or other infringement of information or communication system, and ensure its confidentiality, integrity and availability, the policies are formulated as follows: to safeguard the confidentiality, integrity, and availability of the Company's business information.

### \* Management Principles

1. It is essential to protect the confidentiality and integrity of sensitive information and information systems to prevent unauthorized access and tampering.
2. In response to the evolving landscape of information and communication security threats, it is essential to enhance our employees' awareness of information security. Employees are required to actively engage in information security education and training. The Company will periodically conduct awareness campaigns on information security.
3. Do not open emails from unknown sources or with senders that cannot be clearly identified.
4. Portable media must be utilized in accordance with the management regulations of each respective information system.
5. The use of systems and data requires authorization, and access rights should be granted based on the principle of the minimum necessary scope to fulfill business needs.
6. Establish an information security organization and clearly define its responsibilities and authorities to enhance the management, execution, and auditing of information security.
7. Establish regulations and procedures pertaining to information security management to safeguard the confidentiality, integrity, and availability of personnel, data, information systems, equipment, and networks.
8. Conduct irregularly scheduled information security management meetings to review the latest developments in internal and external risks, technology, and business needs, in order to implement appropriate response measures.

9. Establish appropriate redundancy and backup mechanisms for information systems, and conduct response drills to enhance the resilience of information services against potential threats.
10. Implement ongoing employee information security training to continuously improve staff awareness of information security threats.
11. Handle and protect the security of data and systems with caution, in accordance with the regulations related to information security and personal data protection.

\* Target

1. Quantitative Objectives:

- (1) Upon becoming aware of the information security incident, the notification, response, and recovery operations can be completed within the specified timeframe.
- (2) The availability of the core information and communication system is over 99.99%. (Downtime Hours / Total Operating Hours  $\leq$  0.1%).
- (3) Account sharing is strictly prohibited, and the use of weak passwords is not permitted.

2. Qualitative Objectives:

- (1) Timely adjust the content of information and communication security maintenance in response to changes in laws and technologies to prevent unauthorized access, use, control, leakage, destruction, alteration, or other violations of information systems or data, thereby ensuring their confidentiality, integrity, and availability.
- (2) Achieve the required levels of information security responsibility classification within the Company and reduce the threat of information security risks.
- (3) Enhancing personnel awareness of information security measures, and effectively detecting and preventing external attacks.

\* Review:

1. This policy will be reviewed at least annually to incorporate the latest developments in relevant regulations and the Company's operations, and to implement necessary adjustments.
2. This policy revision will become effective on the date of its announcement, following approval by the General Manager (Chief Executive Officer). Furthermore, the policy revision should be communicated to stakeholders,

such as all employees, partner vendors, suppliers, etc., through announcements, written notices, emails, or other means.

◆ Specific Management Plan

The Company's information security risk through the results of risk identification and risk assessment, confirm the adverse impact of the security risk on the business, and take corresponding management measures as follows:

1. There are "electronic operation cycle" measures to clarify the planning and application policies of information and communication security rights and responsibility units and information systems, as well as their handling and application procedures, so as to meet the requirements of operation safety, standardization, rationality and legitimacy and protect the rights and interests of the Company.
2. Network firewall setting - hardware firewall device.
3. Anti-virus software settings - use the central control security software of Trend Micro for corporate use.
4. System program data access control -
  - (1) Establish identity permissions to govern file use.
  - (2) Establish remote data backup mechanism.
5. Computer management control of e-mail and personal work - establish identity and set personal password control.
6. Information system disaster recovery plan.
7. Production line - automatic plug-in equipment -
  - (1) No networking of equipment
  - (2) The program is distributed to the workstation of each device. Stealing a single program cannot destroy
  - (3) The procedures used in production are placed on the Company's intranet, and only the user units can access them with the authorized password.
8. Compliance

The Company and its employees shall comply with various laws, decrees, regulations or contractual obligations related to information security, as well as matters required by the Company's information security specifications. Regularly conduct information security audits to implement control measures related to information security.

9. Implementation of internal audit

The audit unit shall list information security as an annual audit operation every year, and report the audit results to the Audit Committee and the Board of Directors respectively.

◆ Resources input in information and communication security management

1. The new generation of hardware firewall, status firewall, built-in anti-virus, anti-spyware and intrusion prevention can effectively protect internal security.
2. The security protection software Apex One and the latest version of Trend provide endpoint protection for users.
3. Multi-functional email server with built-in anti-virus function scans, filters and isolates every email sent and received, and built-in active spam filtering engine effectively prevents phishing and bad emails.

◆ Information Security Officer and Information Security Staffing

Unit Job Level	Personnel Authority and Responsibility	Name	Duties and Responsibilities	Remark
General manager	Convener	Yi-Tong Shen	<ol style="list-style-type: none"> <li>1. Responsible for the approval, announcement, and publication of information security policies, objectives, and related procedures</li> <li>2. Report on the implementation of information security matters at the Board of Directors Meeting</li> </ol>	
Executive vice president	Dedicated Head of Information Security / Spokesperson	Yung-Hsiang Chou	<ol style="list-style-type: none"> <li>1. Confirmation and Reporting on the Execution Status of the "Information Security Promotion Task Force"</li> <li>2. In the Event of Receiving Incidents Related to Internal or External Information Security Management, Contact the Appropriate Handling Units for Control and Resolution</li> <li>3. Responsible for External News Releases and Statements, Event Consolidation, and Development of Media Communication Plans</li> </ol>	
Senior Engineer - Information Office	Information Security Officer	I-Hua Chien	<ol style="list-style-type: none"> <li>1. Develop and implement information security initiatives, identify information security risks and levels, and execute response procedures</li> <li>2. Handle recovery operations or system rebuilding according to the response procedures</li> </ol>	

◆ In addition to the previously mentioned management plan, the following measures were implemented in 2025:

1. Irregularly sending emails to employees to inform them of recent information security incidents and remind them to stay vigilant about information security.
2. On December 23, 2025, a 3-hour basic information security training session was conducted by the Information Office, delivering a briefing to employees. The content includes the following topics: 1. Information Security Classification and Case Sharing 2. Information Security Risks 3. Safe Browsing Practices 4. Personal Computer Security Precautions 5. Mobile Phone Security Measures.

(II) Losses, possible impacts and countermeasures caused by major information and communication security incidents in the most recent year and up to the date of printing of the annual report: None.

## VII. Important contract

Supply and sales, technical cooperation, engineering contracts, long-term loan contracts and other important contracts sufficient to affect the rights and interests of investors that are still valid and expire in the most recent year: None.

## Chapter 5. Review and analysis of financial position and financial performance and risk matters

### I. Financial position

#### (I) Comparative analysis of financial position

Unit: In Thousands of New Taiwan Dollars

Item \ Year	Fiscal Year 2025	Fiscal Year 2024	Difference	
			Amount	%
Current assets	3,970,274	2,429,989	1,540,285	63.39
Long-term investments	-	-	-	-
Fixed assets	347,681	343,674	4,007	1.17
Intangible assets	5,030	5,722	(692)	(12.09)
Other assets	554,081	1,429,462	(875,381)	(61.24)
Total assets	4,877,066	4,208,847	668,219	15.88
Current liabilities	913,908	611,634	302,274	49.42
Long-term liabilities	-	-	-	-
Other liabilities	166,506	316,662	(150,156)	(47.42)
Total liabilities	1,080,414	928,296	152,118	16.39
Share capital	586,855	586,855	-	-
Capital surplus	74,381	74,381	-	-
Retained earnings	2,816,141	1,925,319	890,822	46.27
Other Equity	295,321	670,399	(375,078)	(55.95)
Total shareholders' equity	3,796,652	3,280,551	516,101	15.73

Explanatory analysis of changes in the proportion of increase or decrease (if the change in the previous and subsequent periods is more than 20% and the amount of the change reaches NT\$10 million):

The increase in current assets was mainly attributable to the disposal of non-current financial assets measured at FVOCI, resulting in an increase in cash and cash equivalents during the current period.

The decrease in other assets was mainly due to the disposal of non-current financial assets measured at FVOCI, which led to a reduction in the relevant account balance.

The increase in current liabilities was primarily due to increases in contract liabilities, accounts payable, and income tax liabilities during the current period.

The decrease in other liabilities was mainly attributable to a reduction in deferred tax liabilities.

The increase in retained earnings and the decrease in other equity were primarily driven by the disposal of non-current financial assets measured at FVOCI.

- (II) The primary reasons for significant changes in the financial condition over the past two years, along with their material impacts, should be clearly explained. If the impact is substantial, future response plans should also be described

To sum up, the changes in the financial position of the Company in the last two years are benign changes.

## II. Financial performance

- (I) Main reasons for significant changes in operating income, net operating income and net income before tax in the last two years

Unit: NT\$1,000

Item \ Year	Fiscal Year 2025	Fiscal Year 2024	Increase or decrease amount	Percentage change (%)
Net operating revenue	2,887,211	2,853,391	33,820	1.19
Operating costs	2,005,788	1,955,354	50,434	2.58
Gross operating profit	881,423	898,037	(16,614)	(1.85)
Gross profit realized (unrealized) from sales of goods among affiliated companies	-	-	-	-
Realized gross operating profit	881,423	898,037	(16,614)	(1.85)
Operating expenses	366,578	355,561	11,017	3.10
Operation interests	514,845	542,476	(27,631)	(5.09)
Non-operating income and expenses	44,013	96,974	(52,961)	(54.61)
Net profit before tax from continuing operations	558,858	639,450	(80,592)	(12.60)
Income tax expense (gain)	121,187	137,153	(15,966)	(11.64)
Net profit after tax from continuing operations	437,671	502,297	(64,626)	(12.87)
The analysis of the proportion of increase or decrease of more than 20% is as follows: Non-operating income and expenses decreased, mainly due to a decrease in dividend income and foreign exchange gains in the current period.				

- (II) Expected sales volume and its basis, possible impact on the Company's future financial and business, and response plan:

The Company has no public financial forecasts and sets internal targets solely on the basis of the industry environment and market supply and demand conditions and the company's operating conditions. The Company will continue to invest more resources in technological innovation, quality improvement and reduction of manufacturing costs to achieve profitability goals.

### III. Cash flow

#### (I) Analysis of cash flow changes in the last two years

Item	Year	Fiscal Year 2025	Fiscal Year 2024	Percentage increase (decrease) %
	Cash flow ratio		70.59	93.92
Fund flow adequacy ratio		90.97	68.93	31.97
Cash reinvestment ratio		7.50	9.89	(24.17)

Analysis explanation of increase or decrease in the proportion of change of more than 20%:  
The cash flow ratio decreased, mainly due to increases in contract liabilities, accounts payable, and income tax liabilities compared to the same period of the previous year.  
The cash flow adequacy ratio increased, mainly due to higher net cash flows from operating activities over the past five years compared to the same period of the previous year.  
The cash reinvestment ratio decreased, mainly due to an increase in working capital in the current period compared to the same period of the previous year.

(II) Improvement plan for insufficient liquidity: The Company did not suffer from insufficient liquidity.

#### (III) Analysis of cash liquidity in the next year

Unit: In Thousands of New Taiwan Dollars

Cash balance at the beginning of the period	Net cash flow from operating activities throughout the year	Annual cash outflows	Amount of cash remaining (shortfall)	Remedial measures for cash shortfall	
				Investment plan	Financing plan
1,558,801	610,000	500,000	1,668,801	0	0

##### 1. Analysis of changes in cash flows in the next year:

- (1) Net cash flow from operating activities throughout the year: mainly due to net operating profit.
- (2) Annual cash outflows: mainly related to investment activities and financing activities, estimated cash outflows are as follows:

Investment activities: mainly related to the acquisition of fixed assets.

Financing activities: mainly related to the distribution of cash dividends

##### 2. Remedial measures for expected insufficient cash: not applicable.

IV. Effect of significant capital expenditure on financial business in the most recent year

(I) Application and source of funds of major capital expenditure:

The capital expenditure of the consolidated company in 2025 was approximately NT\$42,655 thousand, which was mainly used for the purchase of additional machinery and equipment as well as the enhancement of right-of-use assets improvements; the sources of funds were own funds.

(II) Expected benefits:

The aforementioned significant capital expenditure is required for future development, helping to increase capacity, reduce unit production costs and increase revenue.

V. Reinvestment in recent years

(I) Reinvestment policy

The Company's reinvestment policy is to establish complete marketing channels and provide fast after-sales services through investment, alliances with distributors who are familiar with the local industry environment or have strong sales service capabilities, in order to meet the unique needs of each regional market to develop potential new customers and increase market share.

(II) Analysis of gain or loss on reinvestment and improvement plan

Analysis of gain or loss on reinvestment

Unit: NT\$1,000

Item \ Year	Fiscal Year 2025		
	Shareholding ratio (%)	Gain or loss on investee in this period	Investment income (loss) recognized in this period
Flexbasis Technology Inc. (Note)	56.22	2,692	4,618
MilDef Crete Australasia Pty. Ltd.	100.00	20,281	20,281

Note: It has been eliminated in the consolidated financial statements.

(III) Investment plan for the next year:

To establish complete marketing access and provide fast after-sales service to meet the unique needs of each regional market; to develop potential new customers and increase market share, and plant to establish a closer relationship with existing distributors.

VI. Analysis and evaluation of risk matters in the most recent year and up to the printing date of the annual report

Evaluate the following matters in the most recent year and up to the printing date of the annual report

(I) Effect upon the Company's profits (losses) of interest rate and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

◆ Effect upon the Company's profits (losses) of interest rate and exchange rate fluctuations and changes in the inflation rate

Unit: In Thousands of New Taiwan Dollars

Analysis items	2025		
	Interest income	Interest expense	Net gain (loss) on exchange
Interest income/interest expense/net exchange gains	35,897	1,485	397
Percentage of net operating revenue (%)	1.24	0.05	0.01
Percentage of operating profit (%)	6.97	0.29	0.08
Percentage of net income before tax (%)	8.27	0.34	0.09

Due to the low ratios, the impact of interest rates, exchange rate movements and inflation on the Company's revenue and profits is not significant.

◆ Specific measures taken by the company in response to changes in interest rates, exchange rates and inflation

★ Changes in interest rates

- ◎ It can be seen from the above table that the Company mainly operated with its funds, the amount of external borrowing is not significant, and the financial assets of the company are not materially affected by the change in interest rate. Therefore, the company's management believes that the change in interest rate has no significant impact on the company's short-term profit or loss.
- ◎ In terms of assets, other than investing primarily in highly liquid short-term fixed income bonds and deposit bank time deposits to protect the principal and reduce risk, which is not affected by interest rate changes, and early payment of vendor's goods to receive interest income.

★ Changes in exchange rates

The Company is exposed to exchange rate risk arising from sales and purchase transactions that are not denominated in the functional currency (NTD) of the Company. The currency in which these transactions are denominated is US Dollars. However, since the net position of the Company's foreign currency assets and

liabilities is usually not significant, the management of the company, in addition to continuously controlling the Company's net foreign currency exposure position at an acceptable level, also believes that the Company's exchange rate risk is not significant.

The response measures taken by the Company are:

- ◎ Through export and import goods, the offset of foreign currency claims and debts can produce a natural hedging effect, thus reducing the exchange risk.
- ◎ There are "procedures for dealing with derivatives transactions" as the management basis for engaging in foreign exchange financial operations.
- ◎ Collect relevant information about exchange rate changes every day and fully grasp the trend of exchange rate. In case of large changes, in addition to the processing, and appropriately retain the original currency received for export to reduce exchange risk.

★ Inflation

- ◎ The Company's main export markets are Europe and North America. The Company does not believe that inflation in the Republic of China, Europe and North America has a significant impact on the Company's operating results in 2025. However, the Company cannot guarantee that future inflation will not have a material adverse impact on the Company's operating results.
- ◎ The Company will continue to focus on various cost reduction measures, which is a consistent policy and will not be changed due to the external environment of inflation or deflation.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

- ◆ High risk and highly leveraged investments, fund loans to others, endorsements and guarantees, and derivatives transactions in the most recent year:

In order to ensure the safety of assets, the Company is not engaged in high-risk and highly leveraged investment. If there are idle funds, the Company will adopt a more stable fixed deposit or principal guaranteed bond fund, so the Company will not incur losses.

◆ Specific response measures of the Company


◎ The Company has established the operating procedures for lending funds to others, the measures for external endorsements and guarantees, and the procedures for dealing with derivatives transactions as the management basis for various operations.


◎ Capital management -

Based on the characteristics of the current operating industry and the development of the Company in the future, and considering the changes of the external environment and other factors, the Company plans the working capital, research and development expenses and dividend expenses required by the Company in the future, so as to ensure that the Company can continue to operate, give back to shareholders and take into account the interests of other stakeholders, and maintain the best capital structure to enhance shareholder value in the long run.

(III) Future R&D plans and expected R&D expenses

◆ Future R&D plan:

Product	Functions and characteristics
<p>RC08</p> 	<ol style="list-style-type: none"> <li>1. Powered by Intel® Atom® x6213E processor with Windows 11 OS, delivering lightweight yet efficient performance.</li> <li>2. The 8-inch (1920 x 1200) LCD display supports a high brightness of 1000 nits and features optical bonding, ensuring excellent readability in outdoor conditions.</li> <li>3. Built-in 16GB DDR4-3200 memory, expandable up to 32GB, ensuring efficient multitasking performance.</li> <li>4. 256GB PCIe 3.0 SSD, optional 512GB, providing large storage capacity and fast data access.</li> <li>5. Highly flexible antenna design, supporting new antenna architecture or integration with existing antenna interfaces.</li> <li>6. RF module flexibility, compatible with integration of multiple mainstream vendor modules.</li> <li>7. Hot-swappable battery design enabling uninterrupted operation.</li> <li>8. Rich I/O interfaces with strong integration capability, easily connecting with existing systems to deliver complete mission solutions.</li> <li>9. With an IP65 protection rating and compliance with MIL-STD-810H (1.2m drop test) and MIL-STD-461G, it provides exceptional shock resistance and dust protection.</li> </ol>

Product	Functions and characteristics
<p data-bbox="213 235 312 271">GCS17</p> 	<ol style="list-style-type: none"> <li data-bbox="743 235 1468 338">1. Equipped with latest Intel® Core™ Ultra 7 255H CPU architecture, DDR5 memory, and PCIe Gen4 SSD for enhanced computing performance.</li> <li data-bbox="743 338 1468 412">2. Optional 23.8" 4K high-brightness display for superior clarity and improved outdoor readability.</li> <li data-bbox="743 412 1468 515">3. Built-in AC adapter design enables an all-in-one portable solution without requiring external adapters.</li> <li data-bbox="743 515 1468 589">4. Dual hot-swappable battery architecture supports continuous mission operation without interruption.</li> <li data-bbox="743 589 1468 694">5. Diverse I/O and communication interfaces, with optional external SMA antenna connectors for multi-band RF systems.</li> <li data-bbox="743 694 1468 846">6. Supports built-in or optional RF modules covering 800MHz / 2.4GHz / 5GHz bands, and can integrate with UAV platforms via UART, LAN, or SBUS for independent communication control.</li> <li data-bbox="743 846 1468 999">7. Built-in TPM 2.0, secure boot, and multi-level access control, along with physical security mechanisms to ensure system integrity and protection of mission-critical data.</li> <li data-bbox="743 999 1468 1131">8. Highly flexible ground control capability, supporting both current and future unmanned systems, enhancing mission success rate and operational effectiveness.</li> </ol>

◆ Estimated R&D expenses:

The estimated R&D expenses are initially estimated to be 3% of the annual net operating revenue, including testing expenses, layout and software expenses related to product industrial and military specifications.

(IV) The impact of important policy and legal changes at home and abroad on the company's financial business and countermeasures:

Significant changes in domestic and foreign policies and laws in recent years have not had a significant impact on the current operation of the Company. The Company's management team has also been paying close attention to any domestic and foreign policies and laws that may affect the Company's financial business, with a view to formulating relevant risk management procedures in the most expeditious case, so as to improve the operation ability.

- (V) The impact of technological changes (including information and communication security risks) and industrial changes on the Company's financial business and countermeasures:

The Company has a Marketing Department dedicated to collecting the latest industrial trends and market information, and an Information Office dedicated to maintaining the information and communication security risks. In addition, the Company has a strong management team and experienced and high-quality professionals with deep experience in market development, customer mastery, marketing management and even the ability to respond to changes in industrial climate, so that the Company can sensitively grasp the market pulse, customer demand, technological development and industrial supply and demand, actively integrate and introduce advanced products and technologies as professional supplier and marketer, and provide timely and stable supply and application technical support services. In addition, as the company operates in rugged notebook computers with small quantity, diverse design and various customization, on the whole, technological changes (including information and communication security risks) and industrial changes have no significant impact on the company's financial business.

- (VI) The impact of corporate image change on corporate crisis management and countermeasures:

Corporate image is the intangible asset of the company, which depends on the accumulated efforts of enterprise leaders and their management team for many years. Since the establishment of the Company, the Company's corporate image has always taken integrity and stability as the goal, and the business philosophy of decent operation and safeguarding the maximum rights and interests of shareholders. In addition to vigorously developing high-quality products and purchasing high-quality raw materials, we also comply with various laws and regulations to maintain the Company's corporate image.

In addition, the Company has set up responsible departments to integrate the strength of the whole company, strive to enhance on the basis of the existing good corporate image, and make various response preparations to prevent and control potential crises.

- (VII) Expected benefits, possible risks and countermeasures of M&A: The Company has no M&A plan.

- (VIII) Expected benefits, possible risks and countermeasures for plant expansion: The Company does not have plans to expand the plant.

- (IX) Risks arising from concentration of purchase or sales and countermeasures:
- ◆ Purchase: The Company shall purchase raw materials from different suppliers as far as possible to ensure that the supply of raw materials is sufficient without the risk of shortage, and reduce the risk of concentrated purchase. At the same time, the Company also prevents supply crisis by monitoring inventory status. In order to reduce the potential risk of price rise, the company also continues to find other purchase methods to reduce the risk of concentrated procurement.
  - ◆ Sales: if the proportion of a few customers in the overall revenue is too high, the unexpected business reduction of major customers may affect the company's operating performance. Therefore, the company takes the customer partnership as the core strategy and works closely with customers to improve the overall value, hoping to minimize the possibility of such risks.
- (X) The impact, risks and countermeasures of a large number of equity transfers or changes by directors, supervisors or major shareholders holding more than 5% of the shares on the Company:
- ◆ The impact and risk of a large number of equity transfers or changes by Directors, supervisors or major shareholders holding more than 5% on the Company: There is no such case in the Company at present.
  - ◆ Response measures: In addition to having Independent Directors, the Company has continuously strengthened corporate governance to establish a more open and transparent business constitution, in order to minimize the impact of such risks on the Company.
- (XI) The impact, risks and countermeasures of the change of management right on the Company: The Company has not changed its management right since its establishment.
- (XII) Litigation or non-litigation events
- ◆ In the last two years and up to the date of printing of the annual report, the litigation, non-litigation or administrative litigation events that have been adjudicated or are still in progress, and the results may have a significant impact on shareholders' equity or securities prices: None.
  - ◆ Directors, supervisors, general managers, major shareholders with a shareholding ratio of more than 10% and affiliated companies of the Company have been adjudicated or are still in litigation, non-litigation or administrative litigation events in the last two years and up to the date of publication of the annual report, and the results may have a significant impact on the rights and interests of shareholders or securities prices of the Company: None.

- ◆ Directors, supervisors, managers and major shareholders holding more than 10% of the Company's shares, and any of the events specified in Article 157 of the Securities and Exchange Act occurred in the most recent two years and up to the date of printing of the annual report: None.

(XIII) Other important risks and countermeasures:

1. Although the Company does not have a clear risk management organization, according to the daily operation of the Company, the risk control is divided into three levels (mechanism): The organizer or the contractor is the first mechanism to take the initial risk discovery, evaluation and control of the operation to consider the design and prevention responsibility. The second mechanism is that the general manager and deputy general manager preside over, decide or cross-department meetings. In addition to being responsible for feasibility evaluation, it also includes the evaluation of various risks. The third mechanism is the review of the Audit Office and the deliberation of the directors.
2. At present, the Company has not appointed a Chief Risk Officer. Its purpose is to adopt comprehensive risk control, rather than one-person control, to implement risk control. For important risk assessment matters, if necessary, the HR Department (also in charge of legal affairs) will be held to carry out risk detection, evaluation and prevention suggestions. If there is an immediate possible risk, it can also be reported to the superior immediately for proper prevention. Extremely important matters shall be submitted to the Board of Directors for discussion.
3. The risk control is shown in the table below:

Important risk assessment items	First mechanism Direct risk control unit	Second mechanism Risk review and control	Third mechanism Board of Directors and Audit Office
1. Interest rate, exchange rate and financial risk	Finance Department	General manager and deputy general manager	Board of Directors: decision making and final control of risk assessment and control Audit Office: risk inspection, evaluation, supervision, improvement tracking and reporting
2. High risk and highly leveraged investment, loan to others, derivatives trading, financial investment	Finance Department	General manager and deputy general manager	
3. R&D plan	R&D Division	New product plan review meeting	
4. Policy and legal changes	HR Department and Finance Department	General manager and deputy general manager	
5. Technology and industrial change	Business Division and R&D Division	General manager and deputy general manager	

Important risk assessment items	First mechanism Direct risk control unit	Second mechanism Risk review and control	Third mechanism Board of Directors and Audit Office
6. Corporate image change	Business Division	General manager and deputy general manager	
7. Investment, reinvestment and M&A benefits	Finance Department	General manager and deputy general manager	
8. Expansion of plant or production	Purchasing Department and Finance Department	General manager and deputy general manager	
9. Concentrated purchase or sales	Purchasing Department and Business Division	Production and sales conference	
10. Equity transfer by Directors and major shareholders	Finance Department, Board of Directors	General manager and deputy general manager	
11. Change of management right	Finance Department, Board of Directors	General manager and deputy general manager	
12. Litigation and non-litigation matters	HR Department	General manager and deputy general manager	
13. Other operational matters	Head of each unit	General manager and deputy general manager	
14. Personnel conduct, morality and ethics	Head of each unit	General manager and deputy general manager	
15. Compliance with SOP and regulations	Head of each unit	HR Department and Audit Office	
16. Management of board meetings	Finance Department	Audit Office	

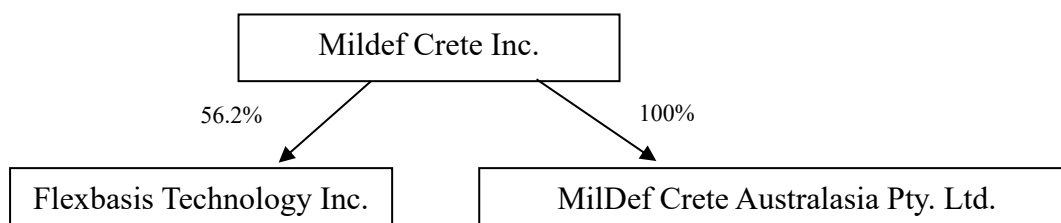
VII. Other important matters: None.

## Chapter 6. Special records

### I. Data of related enterprises

Overview of affiliated enterprises: As of December 31, 2025

#### (I) Organization chart of affiliated enterprises:



#### (II) Basic information of affiliated enterprises:

Enterprise name	Date of establishment	Address	Paid in capital	Main business
Flexbasis Technology Inc.	January 9, 2017	No. 60, section 3, Fuxing Road, Xinzhuang District, New Taipei City	NT\$37 million	Other metal products manufacturing
MilDef Crete Australasia Pty. Ltd.	January 5, 2023	Level 5, 7 Eden Park Dr, Macquarie Park, NSW 2113, Australia	AUD 600,100	Rugged notebook computer sales

#### (III) Businesses of affiliated enterprises and their interrelationships: not applicable.

#### (IV) Directors, supervisors and general managers of affiliated enterprises:

Enterprise name	Title	Name	Number of shares held (shares)	Shareholding ratio (%)
Flexbasis Technology Inc.	Chairman	Yung-Hsiang Chou	336,000	9.08
	Director	Mildef Crete Inc. Representative: Yi-Tong Shen	2,080,000	56.22
			0	0
	Director	Wei Liang	296,000	8.00
	Director	Jia-Hong Lu	100,000	2.70
	Supervisor	Quan-Xiong Li	233,000	6.30
MilDef Crete Australasia Pty. Ltd.	Chairman	Yung-Hsiang Chou	0	0

(V) Operational overview of affiliated companies:

Thousand Dollars					
Enterprise name	Total assets	Total liabilities	Total equity	Operating revenue	Current net profit
Flexbasis Technology Inc.	149,475	34,627	114,848	98,650	2,692
MilDef Crete Australasia Pty. Ltd.	AUD 3,005	AUD 1,321	AUD 1,684	AUD 4,811	AUD 1,010

(VI) Business report and consolidated financial statements of related enterprises:

Please refer to the Market Observation Post System > Single Company > Electronic Document Download > Related Enterprises Three-Statement Forms Section for details

[https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

(VII) Relationship report

According to Article 369-12 of the Company Act, the Company is not a subsidiary of a public company, so it is not necessary to prepare a relationship report in accordance with the regulations.

II. In the most recent year and up to the date of printing of the annual report, the handling of private placement of securities shall disclose the date and amount adopted by the shareholders' meeting or the Board of Directors, the basis and rationality of the price, the method of selection of specific persons, the necessary reasons for handling private placement, the object of private placement, qualification conditions, the number of subscriptions, the relationship with the company, the participation in the company's operation, the actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the impact of private placement on shareholders' equity, the use of funds, the progress of plan implementation and the manifestation of plan benefits of private placement of securities from the time of full receipt of share funds or prices to the completion of the fund application plan: None.

III. Other necessary additional clarifications

(I) Provision policy for idle inventory and loss on valuation

Except for all inventories placed in scrap warehouse and idle stock warehouse, 100% stock loss is provided, the stock loss of other normal inventories is evaluated once a month according to the following table based on the aging amount and industrial characteristics.

Inventory items	Merchandise	Raw materials, semi-finished products and finished products	Work in process
Less than 6 months	-	-	-
6 months ~ 1 year	50%	-	-
More than 1 year	100%	-	
9 months ~ 1 year		5%	
1 ~ 1.5 years		15%	
1.5 ~ 2 years		20%	
2 years ~ 2.5 years		40%	
More than 2.5 years		100%	
No order			
0.5 year ~ 9 months			60%
9 months ~ 1 year			80%
More than 1 year			100%
Order received			Provision method for raw materials, semi-finished products, and finished goods.
EOL procurement		No provision within 3 years, and an increase of 20% per year for more than 3 years	

(II) The Company does not adopt hedge accounting.

(III) Uncompleted TPEX-listing commitments: None.

# **茂訊電腦股份有限公司**

***Chairman: Yi-Tong Shen***