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MERRY

MERRY ELECTRONICS CO., LTD.

ANNUAL REPORT 2025

MERRY ELECTRONICS CO., LTD.
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Spokesman

Name：Allen Huang
Title：President
Tel：+886 04-23590811
E-mail：Investor@merry.com.tw

Acting spokesperson

Name：Joyce Lam
Title：VP of the Financial Management Division
Tel：+886 04-23590811
E-mail：Investor@merry.com.tw

MERRY ELECTRONICS CO.,LTD. Headquarters

Address：NO.22,23rd Road,Taichung Industrial Park, Taichung,40850 Taiwan, R.O.C.
Tel：+886 04-23590811
Website：https://www.merry.com.tw

Transfer Agent

Company：Registrar Department, KGI Securities Co. Ltd.
Address：5/F, No. 2 Chung Ching South Road, Section 1, Taipei, Taiwan, R.O.C.
Website：https://www.kgi.com.tw
Tel：+886 02-23892999

Independent Auditor

Auditors：LIU, MEI-LAN and HSU, CHIEN-YEH
Company：PricewaterhouseCoopers Taiwan
Address：27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012, Taiwan
Website：https://www.pwc.tw
Tel：+886 02-27296666

Name of overseas securities exchange

None

2025 ANNUAL REPORT

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Note：
This English translation is provided for reference only and might not reflect exactly the meaning and full text of the original language.

I. Letter to Shareholders

Dear Shareholders:

In 2025, geopolitical tensions and tariff policies significantly impacted global markets, accelerating supply chain realignment and driving a trend toward fragmentation in global trade. In the face of these challenges, Merry demonstrated strong resilience by steadfastly executing its operational principles of "Corporate Reengineering, Innovative Transformation, and a Sustainable Future," while responding with agility to geopolitical dynamics and market volatility. Through the concerted efforts of all employees, we once again achieved record-high revenues and delivered outstanding results.

While maintaining steady financial performance, we also remained committed to sustainability (ESG) and corporate governance. In 2025, we were honored with multiple recognitions, including:

1. Global Sustainability Leadership: Top 10% in DJSI CSA Rating; EcoVadis Silver Rating for global supply chain assessment; CDP Climate Change Questionnaire "A" rating.
2. Taiwan Excellence: Taiwan Sustainability Rating "AA"; Top 16 among large enterprises in the Commonwealth Sustainable Citizen Awards; Taiwan Corporate Sustainability Awards; Foreign Institutional Investors' Top 100 Taiwan Enterprises; Top 20% in Corporate Governance Evaluation.
3. Workplace Excellence: Commonwealth Talent Sustainability Award (Large Enterprise/Manufacturing Sector); Parenting Magazine Family-Friendly Workplace Award (Large Manufacturing Category); TCSA Talent Development Leadership Award; Taichung City Government "Happy Workplace" Award; Health Promotion Administration Benchmark Healthy Workplace Gold Award, among other distinctions.

These remarkable achievements not only affirm our commitment to corporate values and social responsibility, but also serve as a powerful driving force for Merry to pursue excellence and realize a sustainable future. We sincerely thank our shareholders, customers, suppliers, and all employees for their continued trust and support.

Looking ahead to 2026, amid persistent geopolitical conflicts and rising trade protectionism leading to an uncertain economic outlook, Merry will launch its "Ace Team Strategy" as the central theme of operations. We will actively implement our guiding principles of "Customer Success, Teamwork, and AI Empowered," transforming challenges into momentum and striving to become an indispensable strategic partner to our customers, enabling their success and excellence.

Customer Success: With "Customer Success" as our sole core strategic objective, we will leverage eight strategic pillars to deliver exceptional value and become our customers' most trusted partner. In terms of agility, we will streamline processes and respond flexibly to changes to keep pace with rapid market iterations. For resilience, we will accelerate capacity expansion in Vietnam and Thailand while establishing a presence in North America to strengthen our global supply chain. In technology, we will focus on OTC and AI Hearing Glasses to provide comprehensive solutions. In

innovation, we will introduce AI agents to systematically support customers in developing next-generation products. In transparency, we will establish AI-enabled visualization dashboards and a single point of contact to ensure real-time communication. In quality, we will leverage AI-driven predictive management and rigorously manage Tier-2 suppliers to optimize quality, delivery, and cost. In cost, we will implement cost leadership and localized procurement to achieve competitive advantages. Finally, in sustainability, we will continue to increase the use of sustainable materials to 45% and advance green design, thereby building a low-carbon supply chain.

Teamwork: Collaborative teamwork is the key to success in an era of transformation. Through a project-based organizational model aligned with the eight strategic pillars, we will build high-performing, seamlessly integrated teams. First, all team members will align with shared goals, ensuring that the Company' s overall interests take precedence over departmental objectives. Second, we will establish comprehensive information transparency mechanisms to eliminate communication barriers and support effective decision-making. Third, we advocate for constructive, issue-focused communication, fostering openness and mutual trust as core values. Finally, we will cultivate a high-trust environment with strong psychological safety, encouraging accountability and innovation through experimentation. Through these four key practices, we will forge an unstoppable "Ace Team."

AI Empowered: AI will serve as the core engine of our pursuit of excellence. Operationally, we will integrate AI across all processes—from order management, R&D, procurement, and manufacturing to project management—to enhance efficiency and free up human resources for higher-value creation. On the product side, we will embed AI functionalities or integrate with AI-enabled devices to deliver enhanced intelligent value. Through comprehensive AI-driven transformation, we will ensure that Merry continues to grow and excel amid the rising wave of AI innovation.

As we move into 2026, Merry will advance with AI as our wings and the Ace Team as our helm, steadfastly pursuing the goal of customer success. Through continuous breakthroughs and exceptional collaboration, we aim not only to become the most powerful and trusted strategic partner in the market, but also to stand shoulder to shoulder with our customers to achieve shared success and future victories.

We extend our heartfelt gratitude to every shareholder, customer, and supplier partner. It is through your trust and support that Merry continues to grow and thrive. As we celebrate this proud milestone of our 50th anniversary, we look forward to continuing this journey together, creating greater value and a more sustainable future. Thank you!

We wish you physical health, peace, and joy

Chairperson

i. Operation Results in 2025

(I)、Results of Business Plan Implementation

Our consolidated operating revenue amounted to NT$46,491,035 thousand, representing an increase of NT$2,635,681 thousand, or 6.01%, compared with NT$43,855,354 thousand in 2024.
Our consolidated profit before tax totaled NT$2,129,879 thousand, representing a decrease of NT$1,020,733 thousand, or 32.40%, from NT$3,150,612 thousand in 2024, primarily attributable to foreign exchange losses.

(II)、Financial income and expenditure and profitability analysis

1、Status of financial income and expenditure

Unit: NT$ Thousand

Title	2025 Consolidated Figures	2024 Consolidated Figures
Other Income	456,069	474,340
Other Gains and Losses	(239,037)	294,901
Finance Costs	(132,707)	(97,595)
Share of Profits/Losses of Associates and Joint Ventures Accounted for Using Equity Method	586,938	616,994
Total	671,263	1,288,640

2、Profitability analysis

Item		2025 Consolidated Figures	2024 Consolidated Figures
Financial Structure (%)	Debt to Asset Ratio	57.39%	50.94%
Solvency (%)	Current Ratio	155.17%	190.81%
	Quick Ratio	122.16%	156.24%
Profitability (%)	Return on Assets	4.57%	7.01%
	Return on Equity	9.48%	14.94%
	Operating Profit to Paid-up Capital Ratio	57.46%	73.45%
	Earnings per Share After Tax (NTD)	5.36	9.26

(III)、Research and development status

1、In 2025, we completed a total of 126 new product development and product extension projects on a consolidated basis.
2、In 2025, we were granted 56 new patents, with an additional 108 patent applications currently under review.
3、In 2025, our consolidated research and development expenses amounted to NT$2,353,120 thousand, representing an increase of NT$210,160 thousand compared to NT$2,142,960 thousand in 2024, and accounting for 5.06% of consolidated net sales.

(IV)、Budget Implementation for Revenue and Expenditure: Financial forecasts have not been issued, hence this section is not applicable.

ii、Business Plan Summary for 2026

(I) Business Strategy

1. 2026 Operational Focus: Launch of the Ace Team Strategy

(1) For Merry, 2026 marks a pivotal milestone as we approach our 50th anniversary and represents the strategic inaugural year for redefining our market positioning. As we surpass new revenue milestones, we must elevate our management mindset from traditional "enterprise reinvention" to the strategic level of "creating customer success." Accordingly, we have defined our 2026 operational focus as: "Customer Goal Orientation, Collaborative Win-Win Teamwork, and AI-Driven Future," distilled into our strategic slogan:

Ace Team: AI-Empowered Teamwork for Customer Success.

The "Ace Team" symbolizes Merry's commitment to confronting challenges with an elite, high-performing team. Through our 1-2-8 strategic framework—comprising one core, two engines, and eight pillars—we will address the challenges of 2026:

A. One Core Objective: Customer Success

B. Two Driving Engines: AI Empowerment and Teamwork

C. Eight Strategic Pillars: Agility, Resilience, Technology, Innovation, Transparency, Quality, Cost, and Sustainability

We will position AI Empowerment as our core engine, systematically embedding AI into our processes to maximize efficiency. Through Teamwork, we will foster a "One Goal" culture built on trust, ensuring transparency and effective communication. Ultimately, we will deliver Customer Success, creating exceptional value for our strategic partners across all eight pillars.

2. Customer Success: Our Sole Objective

Customer success is the Company's sole core strategic objective for long-term sustainability and growth. Amid the turbulent global economic landscape of 2025—particularly with heightened geopolitical uncertainties and reciprocal tariff challenges following the return of Donald Trump to the White House—global supply chains are undergoing unprecedented restructuring.

Strategic Transformation and Value Proposition

We must decisively transform our role from a conventional supplier to an innovative strategic partner. This requires the capability to proactively anticipate customer needs. To achieve customer success, we must demonstrate excellence across the following eight strategic pillars:

(1) Agility

A. Streamline production and sales operations to significantly enhance responsiveness to market changes.

B. Improve flexibility in design modifications to support rapid customer iteration cycles.

(2) Resilience

A. Predictive Risk Management: Proactively identify potential risks in production processes, propose efficiency improvements, and prepare for regulatory changes in advance.

B. Supply Chain Deployment: Accelerate optimization of global manufacturing footprints to enhance agility and resilience, including expanding capacity in Vietnam and Thailand (second plants), increasing localization in Southeast Asia, providing production services compliant with U.S. TAA requirements, leveraging outsourcing partners to ensure flexibility in North America, and establishing a second overseas MEMS microphone packaging line.

(3) Technology

A. Forward-Looking Technology Deployment: Develop OTC strategic product pipelines to shorten time-to-market for medical customers.

B. New Domain Breakthroughs: Establish core technologies for AI Hearing Glasses, enabling customers to capture opportunities in the emerging AR market.

C. Total Solutions: Provide comprehensive technical solutions for conferencing systems and content creation product lines.

D. Supply Chain Optimization: Proactively assist customers in optimizing product design, material selection, and Tier-2 supply chain strategies.

(4) Innovation

A. Systematic Review Mechanisms: Establish structured evaluation processes for innovative technologies and products to better align with market needs and explore new opportunities for customers.

B. AI Agents: Develop enterprise-grade AI agents to support customers in advancing innovative technologies and product development.

(5) Transparency

A. Project Visualization: Utilize AI technologies to build customer-facing dashboards integrated with client systems for real-time project tracking and issue management.

B. Single Point of Contact: Establish dedicated service interfaces to eliminate cross-functional information gaps.

(6) Quality

A. AI Predictive Management: Implement AI-driven quality certification

tools to manage project quality progress and enable predictive quality control.

B. Supply Chain Enhancement: Strengthen Tier-2 supply chain management across quality, delivery, and cost dimensions.

(7) Cost

A. Lean Mechanisms: Establish cross-functional cost management platforms and implement a Cost Lead system to enhance quotation competitiveness.

B. Localized Sourcing Strategy: Build local sourcing teams in China to expand and strengthen the vendor pool, identifying suppliers with superior quality and cost advantages.

(8) Sustainability

A. Increase the adoption of sustainable materials, including achieving over 45% usage, incorporating recycled PCBs, promoting replaceable battery designs, and optimizing packaging with ESG materials.

B. Commit to building a customer-centric, responsive organization that serves as the strongest and most reliable partner in customers' competitive landscape.

3. Teamwork: The Foundation for Winning the Future

In an era defined by uncertainty and rapid technological transformation, long-term success depends not on individual performance but on how effectively we work together. True teamwork delivers synergies greater than the sum of individual contributions through shared accountability, mutual support, and collective intelligence.

To embed a culture of seamless collaboration, we will implement the following four core pillars:

(1) One Goal: Alignment in Action

All functions—R&D, sales, manufacturing, and support—must align under a unified objective: "Customer Success and Company Success." KPIs and actions must be aligned with this overarching goal, and when conflicts arise, the One Goal principle must prevail.

(2) Information Transparency: Foundation of Effective Decision-Making

Transparency eliminates inefficiencies caused by information asymmetry. Through agile methodologies and digital tools, we will ensure real-time visibility into project progress, risks, and key data, enabling proactive decision-making and collaboration.

(3) Effective Communication: Focus on Solutions

We advocate a candid, issue-focused communication culture. Discussions must center on solutions rather than individuals, supported by openness, trust, and respect for diverse perspectives to

ensure sound decision-making.

(4) High Trust: Building Psychological Safety

Trust is the cornerstone of high-performance collaboration. We aim to cultivate a psychologically safe workplace that encourages accountability, early risk reporting, and innovation through experimentation, supported by mutual trust and shared responsibility.

By aligning on One Goal, ensuring transparency, practicing effective communication, and building high trust, we will forge an unstoppable Ace Team.

4. AI Empowerment: Our Core Engine

AI empowerment will serve as Merry' s central operational engine in 2026, focusing on systematically embedding artificial intelligence into business processes to augment—rather than replace—human capabilities and maximize human-machine collaboration.

We will implement two key enablement pathways:

(1) Process Integration: Maximizing Operational Efficiency

We will prioritize high-frequency, time-intensive tasks across order management, R&D, procurement, manufacturing, and project management by deploying AI toolchains. Standardized processes will enable AI to automate administrative and monitoring tasks, freeing up valuable human resources to focus on innovation, strategic planning, and customer engagement.

(2) Product Integration: Future Competitiveness through Intelligence

At the product level, embedding AI into end devices is an inevitable trend. We must develop capabilities to integrate AI functionalities into products or ensure seamless connectivity with AI-enabled devices. This transformation represents not only technological advancement but also a critical factor for maintaining competitiveness and leadership in future markets.

(II) Expected Sales Volume and Key Production and Sales Policies

1. Production and Sales Policies

(1) Increase Non-China Production Mix to Diversify Risk

In response to the uncertainties and potential escalation of the U.S.-China trade conflict, the Company will accelerate the expansion of production capacity outside China, with ASEAN countries positioned as key strategic hubs.

A. Strategic Deployment: Expedite the completion and ramp-up of Phase II of the Thailand plant; establish speaker production lines in Thailand; and add a second overseas MEMS microphone packaging line.

B. Operational Flexibility: Maintain the Shenzhen facility' s comprehensive capabilities to support other production sites.

C. Taiwan as a Strategic Hub: Establish TAA-compliant production processes in Taiwan and develop operational mechanisms for overseas capacity expansion, including outsourcing arrangements.

(2) Establish Engineering and Mass Production Capabilities for New Product Lines

In response to strategic product portfolio shifts, convergence of audio-visual applications, and diversification of electroacoustic solutions, all manufacturing sites will rapidly build new engineering and production capabilities.

A. Process Optimization: Enhance automation of automotive electroacoustic production lines to improve output and efficiency.

B. New Product Capabilities: Develop production capabilities for AI video product lines outside China and prepare engineering capabilities for Party Speakers and smart glasses.

(3) Continuous Competitiveness Enhancement

Amid geopolitical tensions, economic uncertainties, and persistent price competition, all facilities will prioritize the following KPIs to strengthen cost competitiveness:

A. Efficiency Metrics: Improve equipment utilization, facility utilization, and overall production efficiency.

B. Cost Metrics: Reduce labor cost rates and lower manufacturing value-added (MVA) as a percentage of sales.

(4) Green Manufacturing: Fulfilling Sustainability Commitments

The Company will continue progressing toward its 2030 RE100 targets, actively monitoring product and environmental carbon emissions and integrating green energy concepts into plant operations. Targets include a 16.8% reduction in Scope 1 and Scope 2 emissions compared to 2023 levels, while maintaining UL2799 Zero Waste certification at major production sites.

2、Expected Sales Volume and Underlying Assumptions

(1) Headset Market

According to the latest report from Global Information Inc. (GII), the global true wireless stereo (TWS) headset market is projected to achieve a CAGR of 33.3% from 2025 to 2030. In terms of shipment volume, data from Canalys indicates that the global TWS market rebounded strongly in the first quarter of 2025, with shipments increasing by 18% year-over-year to 78 million units. However, Counterpoint Research forecasts that the overall TWS market is gradually entering a mature phase, with full-year shipment growth expected to moderate to approximately 3%.

In terms of brand performance, Apple Inc. continues to lead the global market with an approximate 23% market share. Xiaomi Corporation has demonstrated the fastest growth, with shipments increasing by 63% year-over-year to rank second globally, while boAt is experiencing slowing growth as the Indian market moves beyond price-driven competition.

The continued growth of the TWS market is primarily driven by product affordability and widespread adoption. According to Counterpoint, entry-level models priced below US$50—particularly in emerging markets—have become the main growth driver, offsetting slower demand for high-end models. Another key catalyst is the emergence of open wireless stereo (OWS) and bone conduction designs, which emphasize wearing comfort and environmental awareness, particularly for outdoor and fitness use.

From a technology perspective, advancements include support for LE Audio and other next-generation Bluetooth standards to enhance audio quality, as well as the integration of health monitoring features (e.g., medical-grade hearing assistance in AirPods Pro (2nd generation) and heart rate monitoring in Powerbeats Pro (2nd generation)). Additionally, deep integration with generative AI—such as real-time translation and intelligent noise cancellation—has become a key competitive focus. These innovations are expanding TWS applications across business, fitness, and personal health management, driving replacement demand and supporting sustained market growth.

(2) Hearing Aids / Assistive Listening Devices

According to the World Health Organization, as reported in the 2021 World Report on Hearing, nearly 2.5 billion people are projected to experience some degree of hearing loss by 2050, with at least 700 million requiring rehabilitation services. Medi-Tech Insights estimates that the global hearing aid market will grow at a CAGR of approximately 5% from 2021 to 2026, while XYZ Research projects global shipments to reach approximately 28.16 million units by 2028.

On October 19, 2021, the U.S. Food and Drug Administration issued draft guidance, formally finalized in August 2022, allowing over-the-counter (OTC) hearing aids to be sold directly to consumers without medical diagnosis or professional fitting, applicable to adults aged 18 and above with mild-to-moderate hearing loss.

A major industry disruption occurred in September 2024, when the FDA authorized AirPods Pro (2nd generation) as the first OTC hearing aid software-enabled device. Through software updates, existing users can access clinical-grade hearing tests and hearing assistance features, with personalized hearing profiles automatically applied across music, video, and voice applications.

This development significantly lowers barriers to entry and reduces the stigma associated with hearing aids, while blurring the boundaries between consumer electronics and medical devices. OTC products, positioned between traditional entry-level hearing aids and high-end TWS devices, create a pathway for consumer audio manufacturers with advanced acoustic capabilities—such as Merry—to enter the medical market. At the same time, traditional leading hearing aid manufacturers are accelerating the launch of consumer-oriented OTC products and increasing outsourcing opportunities, creating dual growth drivers for the supply chain.

(3) Smartphones / PCs

According to KGI Research, multiple IT hardware categories are expected to see accelerated shipment growth in 2025, driving demand for electroacoustic components, battery accessories, and related modules.

The year 2026 will mark a critical inflection point for the widespread adoption of generative AI (GenAI) in end-user devices. Based on forecasts from Counterpoint Research and Gartner, AI computing power will become a key driver of hardware upgrades. Global smartphone shipments are expected to grow by approximately 3% year-over-year in 2026.

Apple Inc. is expected to surpass Samsung Electronics to regain global market leadership, with an estimated market share of approximately 19.4%, supported by the iPhone 17 series and a potential foldable iPhone launch in 2026.

GenAI Smartphone Adoption: By 2026, GenAI-enabled smartphones are expected to expand beyond flagship models into mid-range segments, with cumulative shipments exceeding 1 billion units and significantly higher penetration rates.

Replacement Cycle Momentum: The maturation of AI ecosystems—such as Apple Intelligence and Android-based AI applications—will continue to drive device upgrades, particularly for higher memory capacity and advanced NPU performance.

Counterpoint projects that by 2027, global GenAI smartphone penetration will reach 43%, with shipments exceeding 550 million units, becoming a key growth driver for the smartphone market.

For PCs, global shipments are expected to grow by 5%–6%, driven by enterprise replacement demand and the adoption of mainstream AI-enabled notebooks.

The year 2026 is expected to be a breakout year for AI PCs. Gartner forecasts that AI PC shipments will reach 143 million units, accounting for

55% of total global PC shipments and surpassing traditional PCs as the mainstream segment.

Windows 11 Upgrade Cycle: Following the end of support (EOS) for Windows 10, both enterprise and consumer users are expected to accelerate adoption of AI PCs equipped with NPUs to meet edge AI computing requirements.

Ecosystem Development: By the end of 2026, approximately 40% of software vendors are expected to prioritize the development of AI applications optimized for PC platforms (e.g., small language models, SLMs). This will further drive demand for high-performance microphones, speakers, and video modules, creating both volume and value growth opportunities across the supply chain.

iii. Future Company Development Strategy

1. Short-term Strategy
   Following the enterprise reinvention in 2025, we will, in the near term, enhance quotation competitiveness to secure existing customer projects while actively expanding our customer base. We will adopt a "One Goal" teamwork model, establishing cross-functional Cost Lead mechanisms to strengthen pricing competitiveness and assist customers in optimizing product design, thereby achieving customer success.

   In the existing headset market, we will actively expand our presence in Northeast Asia. In the OTC segment, in addition to the established U.S. market, we will accelerate expansion into Europe and the Middle East. In the automotive segment, we will continue to support existing customers and expand alongside them into regions such as the United States and Australia, while proactively developing new U.S.-based customers. In the VC (video conferencing) market, we will pursue strategic investments to secure new project opportunities.

   In response to reciprocal tariff policies under Donald Trump, we will actively increase production capacity outside China, targeting a short-term non-China production ratio of 50%. Key initiatives include capacity expansion in Vietnam and Thailand, strategic production of TAA-compliant products in Taiwan, and leveraging outsourcing partners in North America to ensure operational flexibility. Through enhanced agility and resilience, we aim to meet customers' evolving supply chain requirements and mitigate tariff uncertainties, while maintaining a stable profitability base and driving revenue growth through deeper collaboration.
2. Mid-term Strategy
   In the mid-term, we will continue to enhance the value delivered to customers while developing new business opportunities in integrated audio-visual sensing solutions to address broader customer needs.

In response to the maturation of the headset market and intensifying competition, we will transform from a traditional electroacoustic hardware provider into a comprehensive "audio-visual sensing integration" solution provider, thereby expanding total addressable market (TAM).

Consumer entertainment headsets will adopt Wi-Fi connectivity to deliver higher-fidelity wireless audio quality, while incorporating advanced sensing technologies such as EEG and ultrasound to sustain innovation and competitiveness. In addition, we will focus on developing new product categories, including speaker entertainment systems, smart glasses, open wireless stereo (OWS), and optical intelligent devices, with the objective of optimizing revenue mix and driving sustainable growth.

3. Long-term Strategy

Over the long term, we aim to develop AI-driven audio-visual products and capitalize on the major trends of edge computing and human-machine interaction.

In response to the rapid proliferation of AIGC, voice assistants, and various AI applications, dedicated teams have been established and specific budgets allocated for advanced technology development. We are actively conducting demand analysis and product planning across a wide range of applications, including AI wearables, assistive listening devices, healthcare, as well as drones, smart cockpits, and robotics.

Our objective is to become a key solution provider for device-side human-machine interfaces, integrating existing strengths in audio-visual interaction with emerging AI technologies, and positioning ourselves as a long-term strategic partner to customers.

iv. Influence of External Competitive Environment, Regulatory Environment, and Overall Business Environment

1. External Competition

(1) In response to competition from external players in terms of technology, scale, and cost, we will focus on optimizing design and manufacturing costs, diversifying production risks, and enhancing AI-driven hardware/software applications and process optimization. By delivering innovative acoustic and visual sensing solutions, and leveraging more efficient resource allocation with strategically aligned production bases, we aim to strengthen our market position and sustain growth.

(2) In addition to addressing competition both within and beyond our core industry, we are actively exploring new growth opportunities for our electroacoustic core capabilities, including automotive, video conferencing, healthcare, and smart glasses, while also expanding into emerging sectors such as drones and robotics.

2. Regulatory Environment

(1) On October 19, 2021, the U.S. Food and Drug Administration issued draft guidance, which was formally adopted in August 2022, allowing over-the-

counter (OTC) hearing aids to be sold directly to consumers in retail stores or online without requiring prior medical diagnosis or professional fitting. This regulation applies to adults aged 18 and above with mild-to-moderate hearing loss.

The market has transitioned from an early observation phase into rapid expansion, with major technology companies entering the space. In 2024, Apple Inc.'s AirPods Pro (2nd generation) received certification for clinical-grade hearing assistance functions, which were subsequently launched across global markets, including Taiwan, in 2025—effectively blurring the boundary between professional hearing aids and consumer audio devices.

Market Transformation: OTC hearing aids are positioned between traditional hearing aids and smart audio devices. With the integration of generative AI (AIGC), these products now enable more precise environmental noise reduction and speech enhancement. This evolution presents two key opportunities for us:

A. Supporting traditional hearing aid manufacturers and distribution channels in OEM/ODM production of OTC products to expand market share.
B. Developing wearable devices with "medical-grade" hearing assistance features for leading consumer electronics brands.

(2) Taiwan's Climate Change Response Act has entered the implementation phase. The Ministry of Environment announced that carbon fees will be officially imposed starting January 1, 2025, with enterprises required to declare and pay for 2025 emissions as early as 2026. Carbon costs are no longer merely an operating expense but have become a key indicator of financial resilience.

We have advanced our RE100 target to 2030 and have been included in the S&P Global Sustainability Yearbook for two consecutive years.

Low-Carbon Competitive Advantage: With the advancement of the EU's CBAM and potential U.S. carbon tariffs, suppliers with capabilities in circular design, zero waste to landfill (UL 2799 Gold certification), and digital energy management will become indispensable strategic partners for global leaders such as Apple Inc. and Dell Technologies in their net-zero transformation journeys.

3. Operating Environment

(1) Looking ahead to 2026, renewed tariff-driven trade tensions initiated under Donald Trump—including actions under IEEPA, Section 122, and accelerated investigations under Sections 301 and 232—are expected to introduce further global uncertainties and increase economic volatility. In addition, geopolitical developments involving Venezuela and Iran continue to highlight the presence of both "gray rhino" and "black swan" risks.

Compared with prior years, we have achieved meaningful progress across customers, technology, and market development within our key

application segments. Nevertheless, given ongoing economic fluctuations and uncertainty, we will adopt flexible production strategies and diversified manufacturing locations to mitigate risks. Overall operations will remain prudent, with close attention to geopolitical developments and their potential impacts.

(2) Although the global economy in 2026 is expected to remain uncertain due to new tariff policies and U.S.-China relations, structural trends such as climate change, regulatory requirements for carbon reduction, increasing customer expectations for enhanced services, intensifying cost competition, and growing demand for diversified end-user devices will continue to rise.

(3) Guided by one core objective—Customer Success—and two key driving engines—AI Empowerment and Teamwork—we will not only proactively prepare for economic uncertainties, but also address future challenges through our eight strategic pillars: agility, resilience, technology, innovation, transparency, quality, cost, and sustainability. By driving innovation across technology, products, business models, processes, and organizational capabilities, we aim to effectively manage risks, ensure short-term resilience, and cultivate core businesses for sustainable mid- to long-term growth.

II. Corporate Governance Report

i. Information on Directors, President, Vice Presidents, Assistant Vice Presidents, and Department and Branch Directors:

(I). Directors

1. Information on Directors

March 28,2026 · unit: share

Title	Nationality or place of registration	Name	Gender	Date of election (inauguration)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes (Note I)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Corporate Director	Taiwan	Zongquan Investment Co., Ltd.	-	2025/5/26	3 years	2022/6/15	1,718,272	0.68%	3,218,272	1.27%	-	-	-	-	-	-	-	-	-	-
Representative of Institutional Director / Chairperson	Taiwan	Liao, Lu-Lee	Male 75 | 80	2025/5/26	3 years	1975/12/23	2,516,754	0.99%	1,016,754	0.40%	270,723	0.11%	-	-	Education: Department of Electrical Engineering, Tatung University Experience: Engineer, Tatung Company Technology Section Manager, Taishing Electric Co., Ltd. Founder and Chairman, Merry Electronics Co. Ltd.	The Company: N/A Other companies: (Note1)	Representative of Institutional Director	Liao, Chung-Hsi	Father and son	-
Vice Chairperson	Taiwan	Wei, Wen-Chieh	Male 75 | 80	2025/5/26	3 years	1975/12/23	8,762,611	3.45%	7,762,611	3.06%	139,426	0.05%	2,181,433	0.86%	Education: Department of Mechanical Engineering, Tatung University Experience: Equipment Section Manager, Taishing Electric Co., Ltd. Co-Founder and Chairperson, Merry Electronics Co. Ltd	The Company: N/A Other companies: (Note 2)	-	-	-	-
Corporate Director	Taiwan	L.J.R. Investment Co., Ltd.	-	2025/5/26	3 years	2025/5/26	2,407,502	0.95%	4,057,502	1.60%	-	-	-	-	-	-	-	-	-	-

Representative of Institutional Director	Taiwan	Huang, Chao-Li	Male 46 | 55	2025/5/26	3 years	2016/6/29	131,778	0.05%	175,158	0.07%	42,535	0.02%	1,184,239	0.47%	Education: MBA, Feng Chia University Experience: VP, Wealth Management and Trust BU, Mega Securities	The Company: President Other companies: (Note 3)	-	-	-	-
Representative of Institutional Director	Taiwan	Liao, Chung-Hsi	Male 46 | 55	2025/5/26	3 years	2025/5/26	83,740	0.03%	80,740	0.03%	1,189	0.00%	-	-	Education：Master of Business Administration, University of Helsinki, Finland Experience：Senior Director of Electro-Acoustic Products Division at Merry Electronics Co., Ltd.	The Company: Head of Division Other companies: (Note 4)	Representative of Institutional Director / Chairperson	Liao, Lu-Lee	Father and son	
Corporate Director	Taiwan	RULYMEI Investment Co., Ltd.	-	2025/5/26	3 years	2019/6/19	6,427,316	2.53%	7,053,316	2.78%	-	-	-	-	-	-	-	-	-	-
Representative of Institutional Director	Taiwan	Liao, Keng-Pin	Male 56 | 65	2025/5/26	3 years	2019/6/19	31,655	0.01%	31,655	0.01%	101,667	0.04%	-	-	Education: Tunghai University MBA, Woodbury University, USA Experience: President, Diarex	The Company: N/A Other companies: (Note 5)	-	-	-	-
Corporate Director	Taiwan	Shuzheng Investment Co., Ltd.	-	2025/5/26	3 years	2025/5/26	1,181,433	0.47%	2,181,433	0.86%	-	-	-	-	-	-	-	-	-	-
Representative of Institutional Director	Singapore	Soh, Yong-Seng	Male 56 | 65	2025/5/26	3 years	2022/6/15	328,244	0.13%	358,244	0.14%	-	-	-	-	Education: University of Essex, UK Electronics and Telecommunication Experience: Director of MERRY ELECTRONICS (Singapore) PTE LTD.	The Company: Senior vice president Other companies: (Note 6)	-	-	-	-
Corporate Director	Taiwan	Shande Investment Co., Ltd. (Note2)	-	2022/6/15	3 years	2022/6/15	802,135	0.32%	1,184,239	0.47%	-	-	-	-	-	The Company: N/A Other companies: (Note 3)	-	-	-	-
Representative of Institutional Director	Taiwan	Huang, Chao-Li (Note2)	Male 46 | 55	2022/6/15	3 years	2016/6/29	79,205	0.03%	175,158	0.07%	42,535	0.02%	1,184,239	0.47%	Education: MBA, Feng Chia University Experience: VP, Wealth Management and Trust BU, Mega Securities	The Company: President Other companies: (Note 3)	-	-	-	-
Director	Taiwan	Lin, Shih-Chieh (Note2)	Male 56 | 65	2022/6/15	3 years	2007/06/13	366,876	0.14%	421,876	0.17%	14,003	0.01%	-	-	Education: MBA, Wisconsin International Academy Experience: President, Merry Electronics (Shenzhen) Co.,Ltd.	The Company: Vice president Other companies: (Note 7)	-	-	-	-

Independent Director	Taiwan	Sher, Jih-Hsin	Male 56 | 65	2025/5/26	3 years	2019/06/19	-	-	-	-	-	-	-	-	Education: Ph.D in Marketing and Strategic Management, Warwick Business School, UK Experience: Chairman of the Central Security Development Center, a consortium legal entity The chief operating officer of the National Experimental Research Institute and the director of the business promotion room of the consortium legal person Dean of the School of Management, National Jinan International University, Special Professor, Director of the Asia-Pacific Center for Cultural and Creative Research, director of the Center for Entrepreneurship General Moderator of the Bridge Program for Telecommunications National Science and Technology Production Cooperation of the National Science and Technology Commission of the State Council of Administration Professor and Director of the Technical Authorization Center, Professor and Director of the Institute of Science and Technology Law, and Director of the Industrial Development Research Center of ZTE University, Dean of the College of International Technology and Management, Feng Chia University, and Review Committee Member, Patent Department, Bureau of Standards, Metrology and Inspection, Ministry of Economic	The Company: N/A Other companies: (Note 8)	-	-	-	-
Independent Director	Taiwan	Chen, Ting-Ju	Female 46 | 55	2025/5/26	3 years	2025/5/26	-	-	-	-	-	-	-	-	Education: Post-Baccalaureate in Public Accounting, McGill University, Canada Experience: Chairman of EasyCard Investment Holding Company	The Company: N/A Other companies: (Note 9)	-	-	-	-

															Chairman and General Manager of EasyCard Corporation Senior Vice President of Retail Business at Bank SinoPac Chief Financial Officer of Ruten.com					
Independent Director	Taiwan	Lee, Fang-Ting	Famale 41 | 45	2025/5/26	3 years	2025/5/26	-	-	-	-	-	-	-	-	Education: Master' s Degree in Electronic Engineering from the Graduate Institute of National Taiwan University Experience: Director of PlayNitride Inc. Director of King Yuan Electronics Co., Ltd. Director of Arcadyan Technology Corporation Deputy General Manager of SwiftPlus Co., Ltd. Head of Strategic Investment Department, Delta Electronics, Inc.	The Company: N/A Other companies: (Note 10)	-	-	-	-
Independent Director	Taiwan	Wu, Hui-Huang (Note2)	Male 66 | 75	2022/6/15	3 years	2019/06/19	-	-	-	-	-	-	-	-	Education: B.S. in Electronics Engineering, National Chiao Tung University Experience: Director and President, Universal Scientific Industrial Co., Ltd. Independent Director and Chairperson, Logah Director, Tailyn Technologies, Inc	The Company: N/A Other companies: (Note 11)	-	-	-	-
Independent Director	Taiwan	I, Chang-Yun (Note2)	Male 46 | 55	2022/6/15	3 years	2021/7/21	-	-	-	-	-	-	-	-	Education: MBA, Graduate Institute of Business Administration, Feng Chia University. BBA in Accounting, Feng Chia University Experience: Managing Partner, Jan & Associates, CPAs Audit Supervisor, KPMG Taiwan	The Company: N/A Other companies: (Note 12)	-	-	-	-

Note I：If the Chairman of the Board and the President or person of an equivalent level (the highest-level manager) are the same person, spouses, or relatives within the first degree of kinship, the reason, reasonableness, necessity, and relevant response measures (such as increasing the number of independent directors and ensuring that more than half of the directors do not concurrently serve as employees or managers) shall be disclosed: Not applicable.

Note II：The Company elected its 21st Board of Directors on May 26, 2025, with a term from May 26, 2025, to May 25, 2028. Details of the transition are as follows: Outgoing Directors: Shande Investment Co., Ltd. (Representatives: Huang, Chao-Li); Lin, Shih-Chieh; Wu, Hui-Huang; I, Chang-Yun. Newly Elected Directors: L.J.R. Investment Co., Ltd. (Representatives: Huang, Chao-Li); L.J.R. Investment Co., Ltd. (Representatives: Liao, Chung-Hsi); Chen, Ting-Ju; Lee, Fang-Ting. Special Note on Re-designation: Soh, Yong-Seng, who was originally elected as an individual director, has been re-designated as the representative of Shuzheng Investment Co., Ltd.

Note 1：Mr. Liao, Lu-Lee, Chairman, serves as Chairman of Taichung City Cheng Chueh Tang; Chairman of the Taiwan Reading and Culture Foundation; Chairman of Zongquan Investment Co., Ltd.; Director of Diarex Enterprise Co., Ltd.; Director of Siward Crystal Technology Co., Ltd.

Note 2：Mr. Wei, Wen-Chieh, Vice Chairman, serves as Chairman of Shu Cheng Investment Co., Ltd.

Note 3：Shande Investment Co., Ltd. serves as director of Huaxing Co., Ltd.; director of MAX ECHO Technology Corporation; director of Amulaire Thermal technology Inc. .
Mr. Huang, Chao-Li, director, serves as chairman of Shande Investment Co., Ltd.; supervisor of LEADING JET TURBINE Co., Ltd.; director of MAX ECHO technology corportation; director of Amulaire Thermal Technology Inc.; supervisor of WK Technology Fund IX II Ltd.; CEO and director of Merry Electronics (U.S.A.) Co., Ltd.; director of Merry Electronics (H.K.) Co., Ltd.; legal representative and director of Merry Electronics (Thailand) Co. Ltd; direcotr of DANNY DYNAMICS LIMITED; director of Merrytech (HK) Co., Ltd.; corporate represatitive and direcor of MERRY ELECTRONICS (Singapore) PTE. LTD.; director and legal represantitive of Austar Hearing Science and Technology (Xiamen) Co., Ltd.; director of Fulicare Co., Ltd.; director and general manager of Fulicare Medical Technology(Suzhou)Co.,Ltd.; director of Xiamen Aisheng Hearing Technology Chain Co., Ltd.; director of Merry Fuling Co., Ltd.; director of Merry Healthcare Co., Ltd.; director of LEOHAB ENTERPRISE Co., Ltd.; director of MERRY & LUXSHARE (VIETNAM) Co.,LTd.; director and chairman of MUtek Electronics Co.,Ltd.; director and chairman of Merry Capital Inc.; director of DONPON PRECISION INC.; director of SYNERGY SCIENTECH CORP.; director and chairman of MWT Holdings Co., Ltd. ; director and chairman of Tokumi Electronics CO., LTD. ; director of Tokumi Corporation ; director of TR ELECTRONICS HK LIMITE ; director of Tokumi Electronics Thai Co., Ltd.

Note 4：Mr. Liao, Chung-Hsi, Director, serves as Chairman of Qifeng Investment Co., Ltd.; Supervisor of L.J.R. Investment Co., Ltd.

Note 5：RULYMEI Investment Co., Ltd. Serves as Director of Sunbeen Technology Inc. Mr. Keng-Pin Liao, Legal Representative, serves as Chairman of RULYMEI Investment Co., Ltd.; Director of Diarex Enterprise Co., Ltd.; and Representative of Institutional Director (RULYMEI Investment Co., Ltd.) of Leohab Enterprise Co., Ltd.

Note 6：Mr. Soh, Yong Seng, director, serves as director of MERRY ELECTRONICS (Singapore) PTE. LTD.; chairman and director of Indigo Enterprises Inc.; chairman and director of Merry Electronics North America Inc.; director of SEAS Fabrikker AS; legal represantive and director of MERRY ELECTRONICS SDN. BHD.; director of MERRY ELECTRONICS PRIVATE LIMITED ; director of Tokumi Corporation ; director of Tokumi Electronics Thai Co., Ltd.

Note 7：Mr. Lin, Shih-Chieh, Director, serves as director and secretary of Merry Electronics (H.K.) Co., Ltd.; legal representative, director, and general manager of Merry Electronics (Shenzhen) Co., Ltd.; director and secretary of Merrytech (HK) Co., Ltd.; legal represantive and director of Asian Elite International Ltd.; legal represantitive and director of Fulicare Medical Technology(Suzhou)Co.,Ltd.; vice chairman of Merry Electronics (Huizhou) Co., Ltd.; director of Merrytech (Suzhou) Co. Ltd.; director of Merry & Luxshare (Vietnam) Co., Ltd.; director of MUtek Electronics Co.,Ltd.; director and chairman of Fulicare(Xiamen) Co., Ltd..

Note 8：Independent Director Sher, Jih-Hsin is a chair Professor of Business Administration at Feng Chia University and Director of Taiwan Smart Manufacturing Innovation Operations Director; Independent director of Mobiletron Electronics Co., Ltd; Independent director of TAINAN ENTERPRISES CO., LTD

Note 9：Independent Director Chen, Ting-Ju is an Independent Director of Grape King Bio Ltd.; and Supervisor of Fantimate Co., Ltd.

Note 10：Independent Director Lee, Fang-Ting is an Senior Director of the Investment and M&A Center at Lite-On Technology Corporation; Director of Long Chen Paper Co., Ltd.; and Independent Director of ITE Tech. Inc. Head of Strategic Investment Department, Delta Electronics, Inc.

Note 11：Independent Director Wu, Hui-Huang is an independent director of Universal Microelectronics Co., Ltd.

Note 12：Independent Director I, Chang-Yun is an Independent director of Shuz Tung Machinery Industrial Co., Ltd. ; Independent director of TURVO INTERNATIONAL CO., LTD.; Independent director of UVAT TECHNOLOGY CO., LTD.

2. Major shareholders of institutional shareholders

March 28, 2026

Name of institutional shareholder	Major shareholders of institutional shareholders
Zongquan Investment Co.,Ltd.	Liao, Lu-Lee, shareholding percentage of 54% Cho, Chun-Mei, shareholding percentage of 18.4%
L.J.R. Investment Co., Ltd	Zongquan Investment Co.,Ltd., shareholding percentage of 33.33% RULYMEI Investment Co.,Ltd, shareholding percentage of 33.33% Shuzheng Investment Co., Ltd., shareholding percentage of 33.33%
RULYMEI Investment Co.,Ltd.	Liao, Keng-Pin, shareholding percentage of 45.6% Liao, Geng-Guo, shareholding percentage of 45.6%
Shuzheng Investment Co., Ltd.	Wei, Wen-Chieh, shareholding percentage of 80% Wei, Sheng-Hang, shareholding percentage of 20%
Shande Investment Co., Ltd.	Huang, Chao-Li, shareholding percentage of 50% Huang, Xiang-Ting, shareholding percentage of 18% Huang, Wen-Xuan, shareholding percentage of 18%

3. Major Shareholders of Institutional Shareholder (Where Such Shareholder is a Juristic Person)

Name of the Corporation	Principal Shareholders (Juristic Person)
Zongquan Investment Co.,Ltd.	Liao, Lu-Lee, shareholding percentage of 54% Cho, Chun-Mei, shareholding percentage of 18.4%
RULYMEI Investment Co.,Ltd.	Liao, Keng-Pin, shareholding percentage of 45.6% Liao, Geng-Guo, shareholding percentage of 45.6%
Shuzheng Investment Co., Ltd.	Wei, Wen-Chieh, shareholding percentage of 80% Wei, Sheng-Hang, shareholding percentage of 20%

4. Directors Disclosure of professional qualifications of directors and their independence:

March 31, 2026

Qualification / Name	Professional qualifications and experience (Note 1)	Independent status (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Liao, Lu-Lee, Represative Director (Zongquan Investment Co., Ltd.)	●Professional knowledge and experience in business management, environmental sustainability, and social engagement. ●Experience in the electroacoustic-related industry.	not applicable	0
Wei, Wen-Chieh	●Professional knowledge and experience in business management, environmental sustainability, and social engagement. ●Experience in the electroacoustic-related industry.	not applicable	0
Huang, Chao-Li, Represatitive Director (L.J.R. Investment Co., Ltd.)	●Professional knowledge and experience in business management, financial technology, corporate governance, sustainable development, risk management, and information security management. ●Experience in the electroacoustic-related industry.	not applicable	0
Liao, Chung-Hsi, Represatitive Director (L.J.R. Investment Co., Ltd.) (2025.5.26 newly appointed)	●Professional knowledge and experience in business management, electronics and telecommunications, and research and development. ●Experience in the electroacoustic-related industry.	not applicable	0
Liao Keng-Pin, Represatitve Director (RULYMEI Investment Co. Ltd.)	●Professional knowledge and experience in business management and marketing.	not applicable	0
Soh, Yong-Seng, Represatitve Director (Shuzheng Investment Co. Ltd.)	●Professional knowledge and experience in business management, electronics and telecommunications, and research and development. ●Experience in the electroacoustic-related industry.	not applicable	0
Lin, Shih-Chieh (2025.5.26 term expired)	●Professional knowledge and experience in business management. ●Experience in the electroacoustic-related industry.	not applicable	0

Qualification / Name	Professional qualifications and experience (Note 1)	Independent status (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Sher, Jih-Hsin	●Professional knowledge and experience in cultural and creative industries, strategic management, technology law, corporate governance, sustainable development, risk management, and information security management. ●Professional knowledge in finance and accounting.	Comply with independence (Note 2)	2
Chen, Ting-Ju (2025.5.26 newly appointed)	●Professional knowledge and experience in business management, strategic investment, accounting, auditing, corporate governance, risk management, and sustainable development. ●Professional knowledge in finance and accounting and is a certified public accountant.	Comply with independence (Note 2)	1
Lee, Fang-Ting (2025.5.26 newly appointed)	●Professional knowledge and experience in business management, strategic investment, accounting, auditing, corporate governance, risk management, and sustainable development. ●Professional knowledge in finance and accounting.	Comply with independence (Note 2)	1
Wu, Hui-Huang (2025.5.26 term expired)	●Professional knowledge and experience in business management, electrical and electronic engineering, cultural affairs, corporate governance, risk management, sustainable development, and information security management. ●Professional knowledge in finance and accounting.	Comply with independence (Note 2)	1
I, Chang-Yun (2025.5.26 term expired)	●Professional knowledge and experience in business management, accounting, auditing, corporate governance, risk management, sustainable development, and information security management. ●Professional knowledge in finance and accounting and has passed the national examination and obtained a CPA license.	Comply with independence (Note 2)	3

Note 1: The Audit Committee of the Company has three independent directors with professional knowledge of financial accounting, namely Sher Jih-Hsin, Chen, Ting-Ju and Lee, Fang-Ting. Independent Director Chen, Ting-Ju is a certified public accountant who has passed the national examination.. None of the directors has committed any of the offences set out in Section 30 of the Companies Act. For relevant industry experience of directors, please refer to pages 15-19 of this annual report and the Company's website:
https://www.merry.com.tw/page/company/directors.aspx?kind=8

Note 2: Neither the independent director of the company, their spouse, nor relatives within the second degree of kinship have served as directors, supervisors, or employees of the company or its affiliated entities. The independent director, their spouse, and relatives within the second degree of kinship (or through the use of another person' s name) do not hold shares in the company and do not serve as directors, supervisors, or employees of any specific related company. Furthermore, neither the independent director nor their spouse and relatives within the second degree of kinship have received any remuneration for providing business, legal, financial, or accounting services to the company or its affiliated entities in the past two years.

5. Diversity and Independence of the Board:

(1) Board Diversity Policy:

To promote the sound development of the composition and structure of the Board of Directors and to strengthen corporate governance, Article 20 of the Company' s Corporate Governance Best Practice Principles stipulates that the composition of the Board shall take diversity into consideration. In addition, directors concurrently serving as managerial officers of the Company shall not exceed one-third of the total number of Board seats. Appropriate diversity policies shall be formulated based on the Company' s operations, business model, and development needs. Board members are expected to generally possess the knowledge, skills, and competencies necessary to perform their duties.

To achieve the objectives of sound corporate governance, the Board as a whole shall possess the following core competencies:

A. Operational judgment
B. Accounting and financial analysis
C. Business management
D. Crisis management
E. Industry knowledge
F. International market perspective
G. Leadership
H. Decision-making ability

(2) Specific Management Objectives of the Diversity Policy and Current Implementation Status:

The Company' s current Board of Directors consists of nine directors, including three independent directors and six non-independent directors. Board members possess diverse backgrounds from Taiwan and other Asian countries, with professional expertise spanning various industries, academia, and legal fields. In selecting Board members, the Company also evaluates multiple dimensions, including international business management capabilities and leadership and decision-making abilities, in order to implement the Company' s Board diversity policy. At the shareholders' meeting held on May 26, 2025, the Company elected the 21st Board of Directors. Among the three independent directors, female directors account for 67% (two directors), while male directors account for 33% (one director), reflecting the Company' s commitment to gender equality and enhanced female representation on the Board.

(3) Implementation of Board Diversity:

Name of Director	Job title	Gender	Nationality	Professional knowledge and skills								Age		
				Business Management	Leadership Decision	Industry knowledge	Financial Accounting	Marketing	Risk Management	Environmental Sustainability	Social Engagement	Under 55 years old	56-65 years old	Over 66 years old
Liao, Lu-Lee	Chairman /Legal representative director	male	Taiwan	√	√	√		√	√	√	√			√
Wei, Wen-Chieh	Vice Chairman	male		√	√	√		√	√	√	√			√
Huang, Chao-Li	Legal representative director	male		√	√	√	√	√	√	√	√	√		
Liao, Chung-Hsi, (2025.5.26 newly appointed)	Legal representative director	male		√	√	√		√	√	√	√	√		
Lin, Shih-Chieh(2025.5.26 term expired)	Director	male		√	√	√			√	√	√		√	
Liao, Keng-Pin	Legal representative director	male		√	√	√		√	√	√	√		√	
Soh, Yong Seng	Legal representative director	male	Singapore	√	√	√		√	√	√	√		√	
Sher, Jih-Hsin	Independent Director	male	Taiwan	√	√	√	√	√	√	√	√		√	
Chen, Ting-Ju (2025.5.26 newly appointed)	Independent Director	female		√	√		√	√	√	√	√	√		
Lee, Fang-Ting (2025.5.26 newly appointed)	Independent Director	female		√	√		√		√	√	√	√		
Wu, Hui-Huang (2025.5.26 term expired)	Independent Director	male		√	√	√	√	√	√	√	√			√
I, Chang-Yun (2025.5.26 term expired)	Independent Director	male		√	√	√	√		√	√	√	√		

(4) Board Independence:

The Company' s Board of Directors consists of nine members, including three Independent Directors. All Independent Directors meet the independence requirements stipulated by the Securities and Futures Bureau of the Financial Supervisory Commission and are free of any circumstances specified in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act.

(5) For information regarding each director' s educational background, gender, professional qualifications, work experience, and diversity attributes, please refer to pages 15 to 19, "Corporate Governance Report (I) Directors' Profiles," and pages 58 to 60, "(III) Status of Corporate Governance Implementation and Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Therefor," of this Annual Report.

(II). President, Vice Presidents, Assistant Vice Presidents, and Department and Branch Directors

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Title (Note 1)	Nationality	Name	Gender	Date of election (inauguration)	Shares held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience (Note 2)	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Note(Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
President	Taiwan	Huang, Chao-Li	Male	2015/10/01	175,158	0.07%	42,535	0.02%	1,184,239	0.47%	Education: MBA, Feng Chia University Experience: VP, Wealth Management and Trust BU, Mega Securities	Note 4	N/A	N/A	N/A	N/A
Senior Vice President	Singapore	Soh Yong Seng	Male	2021/07/01	358,244	0.14%	-	-	-	-	Education：Bachelor of Engineering, Essex University, UK Experience: Executive Director, Singapore. MERRY ELECTRONICS (Singapore) PTE LTD. Executive Director of Wireless System Product R&D Division at Merry Electronics (Singapore) Pte. Ltd. and Merry Electronics Co., Ltd., and Director of Wireless System Product	Note 5	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality	Name	Gender	Date of election (inauguration)	Shares held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience (Note 2)	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Note(Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
											R&D Division Senior Vice President of Electro-Acoustic Products Business Unit at Merry Electronics Co., Ltd.					
Vice President	Taiwan	Lin, Shih-Chieh (Retired on Jan 31, 2026)	Male	2021/07/01	421,876	0.17%	14,003	0.01%	-	-	Education: MBA, Wisconsin International Academy Experience: President, Merry Electronics (Shenzhen) Co.,Ltd.	Note 6	N/A	N/A	N/A	N/A
Vice General Manager	Taiwan	Chang, Jui-Cheng	Male	2018/07/01	96,415	0.04%	-	-	-	-	Education: Master's in Electro-Acoustics, Feng Chia University Experience: Vice President, Merry Electronics Co. Ltd.	N/A	N/A	N/A	N/A	N/A
Vice General Manager	Taiwan	Lam, Ru-Hsuan	Female	2018/09/17	71,652	0.03%	-	-	-	-	Education: Master's degree, Accounting & Finance at London School of Economics and Political Science	N/A	N/A	N/A	N/A	N/A
Vice General Manager	Taiwan	Liang, Kun-Tang	Male	2019/12/2	20,324	0.01%	8,293	0.00%	-	-	Education:：Executive Master of Business Administration, Tsinghua University Experience:：Senior manager of Compal Electronics, Inc. Director of LITE-ON TECHNOLOGY CORP. Director of Luxshare ICT	N/A	N/A	N/A	N/A	N/A
Vice General Manager	Taiwan	Chen, Wen-Chuan	Female	2021/1/1	120,839	0.05%	-	-	-	-	Education：Feng Chia University Department of International Trade Experience:Senior Manager of Universal Scientific Industrial Co., Ltd. Purchasing Office	N/A	N/A	N/A	N/A	N/A
Senior Vice General Manager	Taiwan	Chiang, Yung-Le	Male	2026/1/1	34,952	0.01%					Education：B.S. in Chemical Engineering, National Taiwan University of Science and Technolog Experience：General Manager, Merry Electronics (Shenzhen) Co., Ltd.	Note 7	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality	Name	Gender	Date of election (inauguration)	Shares held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience (Note 2)	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Note(Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Vice General Manager	Taiwan	Tsai, Yu-Chih	Male	2026/1/1	192	0.00%	-	-	-	-	Education：B.A. in Japanese, Tamkang University Experience：Vice President, Electro-Acoustic Product Business Unit, Merry Electronics Co., Ltd. Sales Section Manager, Universal Scientific Industrial Co., Ltd. (USI)	N/A	N/A	N/A	N/A	N/A

Note 1：It shall include Information on President, Vice Presidents, Assistant Vice Presidents, and Department and Branch Directors, and if the position is equivalent to the President, Vice Presidents, and Assistant Vice Presidents, regardless of the title, it shall also be disclosed.

Note 2：If there is experience related to the current position, such as employment at an auditing firm or related company during the aforementioned disclosed period, the title and responsible position shall be stated.

Note 3：Where the chairperson and president or equivalent position (highest level managerial officer) is the same person, the spouse, or a first-degree relative, the reason, reasonableness, necessity, and response measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or managerial officers) must be disclosed.

Note 4：Mr. Huang, Chao-Li, director, serves as chairman of Shande Investment Co., Ltd.; supervisor of LEADING JET TURBINE Co., Ltd.; director of MAX ECHO technology corportation; director of Amulaire Thermal Technology Inc.; supervisor of WK Technology Fund IX II Ltd.; CEO and director of Merry Electronics (U.S.A.) Co., Ltd.; director of Merry Electronics (H.K.) Co., Ltd.; legal representative and director of Merry Electronics (Thailand) Co. Ltd; direcotr of DANNY DYNAMICS LIMITED; director of Merrytech (HK) Co., Ltd.; corporate represatitive and direcor of MERRY ELECTRONICS (Singapore) PTE. LTD.; director and legal represantitive of Austar Hearing Science and Technology (Xiamen) Co., Ltd.; director of Fulicare Co., Ltd.; director and general manager of Fulicare Medical Technology(Suzhou)Co.,Ltd.; director of Xiamen Aisheng Hearing Technology Chain Co., Ltd.; director of Merry Fuling Co., Ltd.; director of Merry Healthcare Co., Ltd.; director of LEOHAB ENTERPRISE Co., Ltd.; director of MERRY & LUXSHARE (VIETNAM) Co.,LTd.; director and chairman of MUtek Electronics Co.,Ltd.; director and chairman of Merry Capital Inc.; director of DONPON PRECISION INC.; director of SYNERGY SCIENTECH CORP. ; director and chairman of MWT Holdings Co., Ltd. ; director and chairman of Tokumi Electronics CO., LTD. ; director of Tokumi Corporation ; director of TR ELECTRONICS HK LIMITE ; director of Tokumi Electronics Thai Co., Ltd

Note 5：Mr. Soh, Yong Seng, director, serves as director of MERRY ELECTRONICS (Singapore) PTE. LTD.; chairman and director of Indigo Enterprises Inc.; chairman and director of Merry Electronics North America Inc.; director of SEAS Fabrikker AS; legal represantive and director of MERRY ELECTRONICS SDN. BHD.; director of MERRY ELECTRONICS PRIVATE LIMITED ; director of Tokumi Corporation ; director of Tokumi Electronics Thai Co., Ltd.

Note 6：Mr. Lin, Shih-Chieh, director, serves as director and secretary of Merry Electronics (H.K.) Co., Ltd.; legal representative, director, and general manager of Merry Electronics (Shenzhen) Co., Ltd.; director and secretary of Merrytech (HK) Co., Ltd.; legal represantive and director of Asian Elite International Ltd.; legal represantitive and director of Fulicare Medical Technology(Suzhou)Co.,Ltd.; vice chairman of Merry Electronics (Huizhou) Co., Ltd.; director of Merrytech (Suzhou) Co. Ltd.; director of Merry & Luxshare (Vietnam) Co., Ltd.; director of MUtek Electronics Co.,Ltd. ; director and chairman of Fulicare(Xiamen) Co., Ltd.

Note 7: Mr. Chiang, Yung-Le, serves as director of Merry Electronics (Thailand) Co., LTD ; general manager of Asian Elite International Ltd. general manager of Fulicare(Xiamen) Co., Ltd. ; director of Tokumi Electronics Thai Co., Ltd.

ii. Remunerations to Directors, President, and Vice Presidents in the most recent year

(I). Remuneration to Directors

Unit: NT$ Thousand

Title	Name	Director's remuneration								Ratio of total remuneration (A+B+C+D) to net income after tax (Note 10)		Pay received as an employee								Ratio of total compensation (A +B+ C+ D+ E+ F+G) to net income after tax (Note 1		Compensation from investments other than subsidiaries
		Remuneration (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		Business expense (D) (Note 4)				Salary, bonus and special allowance (E) (Note 5)		Pension (F)		Employee compensation (G) (Note 6)						
																The Company		All Consolidated Entities				
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	Cash	Stock	Cash	Stock	The Company	All Consolidated Entities	
Chairperson	Liao, Lu-Lee, Represative Director (Zongquan Investment Co., Ltd.)																					
Vice Chairperson	Wei, Wen-Chieh																					
Director	Huang, Chao-Li, Represatitive Director (Shande Investment Co., Ltd) (2025/5/26 term expired)	-	-	-	-	29,779	29,779	235	235	2.25%	2.25%	9,822	23,004	83	83	10,639	-	10,639	-	3.78%	4.77%	N/A
Director	Huang, Chao-Li, Represatitive Director (L.J.R. Investment Co., Ltd) (2025/5/26 newly appointed)																					
Director	Lin, Shih-Chieh (2025/5/26 term expired)																					
Director	Liao,																					

	Chung-Hsi , Represatitive Director (L.J.R. Investment Co., Ltd) (2025/5/26 newly appointed)																					
Director	Liao Keng-Pin, Represatitve Director (RULYMEI Investment Co. Ltd.)																					
Director	Soh, Yong Seng (2025/5/26 term expired)																					
Director	Soh, Yong-Seng, Represatitve Director (Shuzheng Investment Co. Ltd.) (2025/5/26 newly appointed)																					
Independent Director	She, Jih-Hsin																					
Independent Director	Wu, Hui-Huang (2025/5/26 term expired)																					
Independent Director	I, Chang-Yun (2025/5/26 term expired)	-	-	-	-	1,800	1,800	955	955	0.21%	0.21%	-	-	-	-	-	-	-	-	0.21%	0.21%	N/A
Independent Director	Chen, Ting-Ju (2025/5/26 newly appointed)																					
Independent Director	Lee, Fang-Ting (2025/5/26 newly appointed)																					

Range of remuneration paid to each director	Name of director			
	Total amount of (A+B+C+D)		Total amount of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All Consolidated Entities (Note 9) H	The Company (Note 8)	All Consolidated Entities (Note 9) I
Below NT$1,000,000	Wu, Hui-Huang, She, Jih-Hsin, I, Chang-Yun, Chen, Ting-Ju, Lee, Fang-Ting	Wu, Hui-Huang, She, Jih-Hsin, I, Chang-Yun, Chen, Ting-Ju, Lee, Fang-Ting	Wu, Hui-Huang, She, Jih-Hsin, I, Chang-Yun, Chen, Ting-Ju, Lee, Fang-Ting	Wu, Hui-Huang, She, Jih-Hsin, I, Chang-Yun, Chen, Ting-Ju, Lee, Fang-Ting
NT$1,000,000 (inclusive)to NT$2,000,000 (exclusive)	-	-	-	-
NT$2,000,000 (inclusive)to NT$3,500,000 (exclusive)	Lin, Shih-Chieh, Soh, Yong-Seng, Liao, Chung-Hsi, Represative Director (L.J.R Investment Co., Ltd.), Huang, Chao-Li, Represatitive Director (Shande Investment Co., Ltd), Huang, Chao-Li, Represative Director (L.J.R Investment Co., Ltd.), Soh, Yong-Seng, Represatitive Director (Shuzheng Investment Co., Ltd)	Lin, Shih-Chieh, Soh, Yong-Seng, Liao, Chung-Hsi, Represative Director (L.J.R Investment Co., Ltd.), Huang, Chao-Li, Represatitive Director (Shande Investment Co., Ltd), Huang, Chao-Li, Represative Director (L.J.R Investment Co., Ltd.), Soh, Yong-Seng, Represatitive Director (Shuzheng Investment Co., Ltd)	-	-
NT$3,500,000 (inclusive)to NT$5,000,000 (exclusive)	Liao, Lu-Lee, Represative Director (Zongquan Investment Co., Ltd.), Wei, Wen-Chieh, Liao Keng-Pin, Represatitve Director (RULYMEI Investment Co. Ltd.),	Liao, Lu-Lee, Represative Director (Zongquan Investment Co., Ltd.), Wei, Wen-Chieh, Liao Keng-Pin, Represatitve Director (RULYMEI Investment Co. Ltd.),	Liao, Lu-Lee, Represative Director (Zongquan Investment Co., Ltd.), Wei, Wen-Chieh, Lin, Shih-Chieh, Soh, Yong-Seng, Liao Keng-Pin, Represatitve Director (RULYMEI Investment Co. Ltd.),	Liao, Lu-Lee, Represative Director (Zongquan Investment Co., Ltd.), Wei, Wen-Chieh, Lin, Shih-Chieh, Liao Keng-Pin, Represatitve Director (RULYMEI Investment Co. Ltd.),
NT$5,000,000 (inclusive)to NT$10,000,000 (exclusive)			Liao, Chung-Hsi, Represative Director (L.J.R Investment Co., Ltd.), Huang, Chao-Li, Represatitive Director (Shande Investment Co., Ltd), Soh, Yong-Seng, Represatitive Director (Shuzheng Investment Co., Ltd)	Liao, Chung-Hsi, Represative Director (L.J.R Investment Co., Ltd.), Huang, Chao-Li, Represatitive Director (Shande Investment Co., Ltd), Soh, Yong-Seng,
NT$10,000,000 (inclusive)to NT$15,000,000 (exclusive)			Huang, Chao-Li, Represative Director (L.J.R Investment Co., Ltd.),	Huang, Chao-Li, Represative Director (L.J.R Investment Co., Ltd.), Soh, Yong-Seng, Represatitive Director (Shuzheng Investment Co., Ltd)
NT$15,000,000 (inclusive)to NT$30,000,000 (exclusive)	-	-	-	-
NT$30,000,000 (inclusive)to NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive)to NT$100,000,000 (exclusive)	-	-	-	-
NT$100,000,000 and above	-	-	-	-
Total	14 personnels	14 personnels	14 personnels	14 personnels

Note 1: The names of the Directors shall be separately listed (the institutional shareholder shall list the names of the institutional shareholders and the representatives separately), and the amount of each payment shall be disclosed in. Directors who are also concurrently a President or Vice President are listed in this table and the following Table 3.
Note 2: Remuneration to Directors in 2025 (include Director salary, additional duty payments, severance pay, various bonuses, or incentive payments).
Note 3: The amount of directors' remuneration proposed to be distributed in 2025 approved by the Board of Directors in 2026 (without resolution of the shareholders' meeting)
Note 4: Refers to the related business expenses of Directors in 2025 (including transportation allowance, special allowance, stipends, dormitory, and car).
Note 5: Refers to benefits received by Directors who are also employees of the company, including bonuses, additional pay, stipends, car, etc. in 2025.
Note 6: Refers to the Directors who are concurrent employees (including those concurrently serving as Presidents, Vice Presidents, other managers, and employees) who received employee remuneration (including stocks and cash), which is the 2025 employee remuneration distribution proposed by the Board of Directors (without the resolution of the shareholders' meeting) in 2026; the proposed distribution amount is calculated based on the actual distribution ratio in 2024.
Note 7: Total pay to Directors from all companies in the consolidated statements (including the company).
Note 8: Total paid and range of remuneration paid by the Company to each Director and name of Director.
Note 9: Total paid and range of remuneration paid to each Director and their names from all companies in the consolidated statements (including the Company) shall be disclosed.
Note 10: Calculated based on the after-tax net income and the NT$1,336,636 thousand after-tax net income of the individual financial statements of 2025.
Note 11: This field should clearly state whether the Directors of the company have received remuneration from investees other than subsidiaries with "Yes" or "None".

* The remuneration disclosed in this table is different from the income concept of the Income Tax Act. Thus, the purpose of this table is for information disclosure, not for tax purposes.

(II) Remunerations to the president and vice president

Unit: NT$ Thousand

Title	Name	Salary (A) (Note2)		Pension (B)		Bonuses and allowances, etc. (C)		Employee compensation (D)				Ratio of total remuneration (A+B+C+D) to net income after tax (%)		Compensation from investments other than subsidiaries
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
								Cash	Stock	Cash	Stock			
President	Huang, Chao-Li	19,656	31,604	-	-	4,875	6,649	17,989	-	17,989	-	3.18%	4.21%	無
Senior Vice President	Soh, Yong Seng													
Vice president	Lin, Shih-Chieh													
Vice General Manager	Chang, Jui-Cheng													
Vice General Manager	Lam, Ru-Hsuan													
Vice General Manager	Liang, Kun Tang													
Vice General Manager	Chen, Wen-Chuan													

Range of remuneration paid to each director	Names of president and vice presidents	
	The Company (Note 7)	All Consolidated Entities (Note 8) E
Below NT$1,000,000		
NT$1,000,000 (inclusive)to NT$2,000,000 (exclusive)		
NT$2,000,000 (inclusive)to NT$3,500,000 (exclusive)		
NT$3,500,000 (inclusive)to NT$5,000,000 (exclusive)	Soh, Yong Seng; Lam, Ru-Hsuan; Liang, Kun Tang	Lam, Ru-Hsuan; Liang, Kun Tang
NT$5,000,000 (inclusive)to NT$10,000,000 (exclusive)	Chang, Jui-Cheng; Chen, Wen-Chuan; Lin, Shih-Chieh	Chang, Jui-Cheng; Chen, Wen-Chuan; Lin, Shih-Chieh
NT$10,000,000 (inclusive)to NT$15,000,000 (exclusive)	Huang, Chao-Li	Huang, Chao-Li
NT$15,000,000 (inclusive)to NT$30,000,000 (exclusive)		Soh, Yong Seng
NT$30,000,000 (inclusive)to NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive)to NT$100,000,000 (exclusive)		
NT$100,000,000 and above		
Total	7 personnels	7 personnels

Note1：The names of the president and vice presidents have been presented separately and the payment amount has been disclosed in a summary manner. Directors who are also concurrently a president or vice president shall be listed in this table and the above Tab 1.

Note2：Salary, additional pay, and severance pay received by the president or vice president in 2025.

Note3：Indicates the benefits received by the president and vice presidents, including bonuses, additional pay, stipends, car, etc. in 2025. President Huang, Chao-Li (starting in Apr. 2025) car rented at NT$70,700 per month.The salary expenses recognized in accordance with IFRS 2 Share-based payment, including obtaining employee stock options, restricted stock awards, and participating in capital increase by cash by acquiring shares, shall also be included in the remuneration.

Note4：Refers to the employee remuneration received by the President and Vice Presidents (including stocks and cash), which is the 2025 employee

remuneration distribution proposed by the Board of Directors (without the resolution of the shareholders' meeting) in 2026; the proposed distribution amount is calculated based on the actual distribution ratio in 2024, and has been filled out in the table.

Note5: The total pay to the company's president or vice president from all companies in the consolidated statements shall be disclosed.

Note 6: Range of remuneration paid to the president and vice presidents, and their names.

Note 7: The number of people, names of, and total paid and range of remuneration paid to each president and vice president from all companies in the consolidated statements).

Note 8: Calculated based on the after-tax net income and the consolidated net income of NT$1,336,636 of the consolidated statement of 2025.

Note 9: a. The amount of remuneration the president or vice president of the Company receives from investees other than subsidiaries of the company shall be clearly indicated in this field. b. If the president and vice presidents of the company receive the remuneration related investees other than subsidiaries, the remuneration received by the president and vice presidents from the investees other than subsidiaries shall be incorporated into the column E column in the remuneration range table and the column's name shall be changed to "All reinvestment entities". c. Remuneration refers to pay, compensation (including compensation distributed to employees, directors and supervisors) and remuneration for conducting business received by the Company's president and vice presidents who serve as directors, supervisors or managerial officers at subsidiaries other than investee companies.

* The remuneration disclosed in this table is different from the income concept of the Income Tax Act. Thus, the purpose of this table is for information disclosure, not for tax purposes.

1. Names of managerial officers that received employee bonuses and status of the distribution

Unit: NT$ Thousand

	Title	Name	Amount of stock bonus (Note)	Amount of cash bonus (Note)	Total	Ratio of Total Amount to Net Income (%)
Managerial Officers	President	Huang, Chao-Li	-	17,989	17,989	1.35%
	Senior Vice President	Soh, Yong Seng				
	Vice president	Lin, Shih-Chieh				
	Vice General Manager	Chang, Jui-Cheng				
	Vice General Manager	Lam, Ru-Hsuan				
	Vice General Manager	Liang, Kun-Tang				
	Vice General Manager	Chen, Wen-Chuan				

Note: In 2025, directors and employees (including general manager, deputy general manager, other managers and employees) received employee remuneration (including stock and cash) for 2026. After the board of directors approved the proposed distribution of employee remuneration in 2025, the proposed distribution amount is calculated based on the actual distribution ratio in 2024.

2. The names, positions, and total number of shares received by the top ten employees who received employee bonuses

Name	Title	Cash dividend (NT$ Thousands)	Stock dividends (Shares)
Huang, Chao-Li	President	44,010	-
Soh, Yong Seng	Senior Vice President		
Lin, Shih-Chieh	Vice president		
Chiang, Yung-Le	VGM		
Chen, Wen-Chuan	VGM		
Chang, Chao-Sen	Head of Division		
Liao, Chung-Hsi	Head of Division		
Tsai, Yu-Chih	Head of Division		
Cheng, Yung	Head of Division		
Chao, Chih-Feng	Head of Division		

Note: Cash dividends and stock dividends are the surplus distributed in 2025 obtained in 2024.

3. If any of the following circumstances apply, the names and remuneration of individual directors shall be disclosed:
   (1) Post-tax losses in parent-only or individual financial reports within the last three fiscal years: The names and remuneration of "Directors and Supervisors" shall be disclosed individually. This, however, shall not apply if the company has generated net income in its parent-only or individual financial report for the most recent fiscal year, and such income is sufficient to offset accumulated losses: None.
   (2) Insufficient shareholding percentages of directors for three consecutive months or more during the most recent fiscal year: The remuneration of individual directors shall be disclosed: None.
   (3) The average percentage of shares pledged by directors exceeding 50% for any three months during the most recent fiscal year: The remuneration of each individual director whose pledged share ratio exceeded 50% in those specific months shall be disclosed: None.
   (4) The total remuneration of all directors across all companies in the financial report exceeds 2% of net income, and the remuneration of any individual director exceeds NT$15 million: The remuneration of such individual directors shall be disclosed: None.
   (5) The company was ranked in the lowest tier of the Corporate Governance Evaluation in the most recent year, or its securities were subject to an altered trading method, suspension of trading, or delisting, or other circumstances where the Corporate Governance Evaluation Committee resolved that the company should not be evaluated: None.
   (6) The average annual salary of full-time employees not holding managerial positions in a TWSE/TPEx listed company was less than NT$500,000 in the most recent fiscal year: None.
   (7) A TWSE/TPEx listed company recorded a growth in net income of 10% or more, but the average annual salary of full-time employees not holding managerial positions did not increase compared to the previous year: None.
   (8) A TWSE/TPEx listed company recorded a decline in net income of 10% or more (exceeding NT$5 million), while the average remuneration per director (excluding remuneration for employees concurrently serving as directors) increased by 10% or more (exceeding NT$100,000): None.

(III). Analysis of Remuneration Paid to Directors, Supervisors, President, and Vice PresidentsComparison and analysis of the total remuneration paid by the Company and all companies in the consolidated financial statements to the Company' s Directors, Supervisors, President, and Vice Presidents over the past two fiscal years as a percentage of net income in the parent-only or individual financial reports; and

description of remuneration policies, standards and packages, procedures for determining remuneration, and their correlation with business performance and future risks.

1. Total remuneration paid to the Company' s Directors, Supervisors, President, and Vice Presidents as a percentage of net income (post-tax) in the last two fiscal years:

Item / Job title	The Company				All Consolidated Entities			
	2025		2024		2025		2024	
	Amount	Percentage of net income after tax	Amount	Percentage of net income after tax	Amount	Percentage of net income after tax	Amount	Percentage of net income after tax
Directors	53,313	3.99%	98,293	4.59%	66,495	4.97%	110,866	5.17%
Supervisor	Independent directors have replaced supervisors				Independent directors have replaced supervisors			
President and Vice presidents	42,520	3.18%	72,535	3.38%	56,242	4.21%	85,108	3.97%
Net income after tax	1,336,636	-	2,143,258	-	1,336,636	-	2,143,258	-

2. Remuneration policies, standards, and packages; procedures for determining remuneration; and their correlation with business performance and future risks:
   (1) In accordance with Article 22 of the Company' s Articles of Incorporation, if the Company records a profit for the year, no more than 2% shall be appropriated as remuneration for Directors. Independent Directors receive fixed remuneration. Furthermore, the Company established the Remuneration Committee on December 28, 2011, which formulated the "Measures for Management of Remuneration for Directors and Managers." Following approval by the Board of Directors, these measures serve as the basis for evaluating and granting reasonable compensation to Directors. Evaluation metrics include Board meeting attendance rates, continuing education hours, and target achievement rates. Reasonable remuneration is calculated and granted based on these comprehensive considerations.
   (2) The remuneration for the Company's managers, including various salary and bonus components, is explicitly defined in the "Measures for Management of Remuneration for Directors and Managers." Salaries are determined based on differences in educational background, professional experience, performance, and years of service, with reference to industry standards. Bonuses are awarded based on the Company' s annual business performance, financial status, operational conditions, and individual performance. The Company implements

the "Measures for Employee Performance Evaluation and Management," where performance goals are categorized into: Work/Project Goals, Sustainability Indicators (ESG), and Corporate Values. The results of these evaluations serve as the basis for salary adjustments and bonus distributions. Additionally, future industrial operational risks and development trends are considered to ensure the relevance and reasonableness of remuneration.

(3) The reasonableness of the aforementioned remuneration for Directors and Managers is reviewed by the Remuneration Committee and approved by the Board of Directors prior to distribution. The Company will continue to review and adjust the remuneration system in a timely manner based on operational conditions and relevant laws and regulations.

iii、Corporate Governance Status

1. Operations of the Board of Directors

In the year 2025, the Board of Directors held 7 meetings (A). The attendance of directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Representative Director / Chairperson	Liao, Lu-Lee	7	0	100%	1. Representative Director of Tsung Chuan Investment Co., Ltd. 2. Re-elected on May 26, 2025; Continued in office
Vice Chairperson	Wei, Wen-Chieh	7	0	100%	Re-elected on May 26, 2025; Continued in office
Representative Director	Huang, Chao-Li	3	0	100%	1. Representative Director of Shande Investment Co., Ltd 2. Re-elected on May 26, 2025; Stepped down
Representative Director	Huang, Chao-Li	4	0	100%	1. Representative Director of L.J.R. Investment Co., Ltd. 2. Newly appointed on May 26, 2025, following re-election
Representative Director	Liao, Chung-Hsi	4	0	100%	1. Representative Director of L.J.R. Investment Co., Ltd. 2. Newly appointed on May 26, 2025, following re-election
Representative Director	Liao, Keng-Pin	7	0	100%	1. Representative of RULYMEI Investment Co., Ltd. 2. Re-elected and continued in office on May 26, 2025
Director	Soh, Yong Seng	2	1	67%	Re-elected on May 26, 2025; Stepped down from position
Representative Director	Soh, Yong Seng	4	0	100%	1. Representative of Shuzheng Investment Co., Ltd. 2. Newly appointed on May 26, 2025, following re-election
Director	Lin Shih-Chieh	3	0	100%	Re-elected on May 26, 2025; Stepped down from position
Independent	She, Jih-Hsin	7	0	100%	Re-election on 114.5.26;

director					Reappointment
Independent director	Chen, Ting-Ju	4	0	100%	Re-election on 114.5.26; New Appointment
Independent director	Lee, Fang-Ting	4	0	100%	Re-election on 114.5.26; New Appointment
Independent director	Wu, Hui-Huang	3	0	100%	Re-elected on May 26, 2025; Stepped down from position
Independent director	I, Chang-Yun	3	0	100%	Re-elected on May 26, 2025; Stepped down from position

Note 1: On May 26, 2025, the company elected the 21st Board of Directors, with the term spanning from May 26, 2025, to May 25, 2028. In 2025, the 20th Board of Directors held a total of 3 meetings, while the 21st Board of Directors convened 4 meetings.

Note 2:

(1) If any director resigns before the end of the fiscal year, the resignation date should be noted in the remarks column. The actual attendance rate (%) is calculated based on the number of board meetings held during their tenure and their actual attendance.

(2) If a board re-election occurs before the end of the fiscal year, both new and outgoing directors should be documented. The remarks column should specify whether the director is outgoing, newly appointed, or reappointed, along with the re-election date. The actual attendance rate (%) is calculated based on the number of board meetings held during their tenure and their actual attendance

Other mentionable items：

1. Matters specified in Article 14-3 of the Securities and Exchange Act and other Board resolutions opposed or reserved by independent directors with records or written statements should state the Board meeting date, session, agenda content, all independent directors' opinions, and the company's handling of such opinions: The content of the resolutions is as described on pages 131-134 of the annual report. All independent directors have expressed no objections to the matters listed under Article 14-3 of the Securities and Exchange Act, and the resolutions were approved as proposed.
2. Specify the name of the director, agenda item, reason for recusal, and participation in voting of directors who recusedthemselves from agenda items they have a conflict of interest:
   (1) 16th Meeting of the 20th -term Board of Directors on Feb 26, 2025
   Agenda：Evaluation results and salary remuneration content and amount for directors and managers for 2024.
   Directors who recused themselves due to conflict of interest: Directors Huang, Chao-Li, Lin, Shih-Chieh and Soh, Yong Seng.
   Reasons and voting participation: Regarding the distribution of directors' remuneration, since the company allocates and distributes it in accordance with Article 22 of the Articles of Association, there is no risk of harming the company's interests, and therefore no recusal is required. Regarding the distribution of remuneration for managers and employees, there is a conflict of interest with directors who also serve as managers; therefore, in accordance with Article 206 of the Companies Act, they shall recuse themselves from voting.
   Voting Result: Chairperson sought opinion from directors and independent directors with voting rights, resolution passed without objection.
   (2) 16th Meeting of the 20th -term Board of Directors on Feb 26, 2025
   Agenda：Proposal to review salary adjustments for the Company's managers in 2025.
   Directors who recused themselves due to conflict of interest: Directors Huang, Chao-Li, Lin, Shih-Chieh and Soh, Yong Seng.
   Reasons and voting participation: This proposal is related to Directors Huang Chao-Li, Lin Shih-Chieh, and Soh, Yong Seng, who are also managers, resulting in a conflict of interest. According to Article 206 of the Company Act, directors with conflicts of interest did not participate in voting.
   Voting Result: Chairperson sought opinion from directors and independent directors with voting rights, resolution passed without objection.
   (3) 18th Meeting of the 20th -term Board of Directors on April 24, 2025
   Agenda: Distribution plan for executive remuneration for the year 2024.

Recused Directors: Director Huang, Chao-Li, Director Lin Shih-Chieh, Director Soh, Yong Seng.
Reason for Recusal and Voting Details: The matter is related to Directors Huang, Chao-Li, Lin Shih-Chieh, and Soh, Yong Seng serving as executives, posing a conflict of interest. In accordance with Article 206 of the Company Act, these directors recused themselves from voting.
Voting Outcome: Upon inquiry by the Chairman, the directors and independent directors with voting rights expressed no objections, and the proposal was passed as presented.

(4) 18th Meeting of the 20th -term Board of Directors on Apr 24, 2025
Agenda: Special provision for manager shareholding trust.
Recusal Directors: Director Huang, Chao-Li, Director Lin Shih-Chieh, Director Su Yung-Sheng.
Reasons and voting participation: Directors serve as managers and thus have a conflict of interest, recusal required according to Article 206 of the Company Act, no voting participation.
Voting Result: Chairperson sought opinion from directors and independent directors with voting rights, resolution passed without objection.

(5) 1st Meeting of the 21th -term Board of Directors on May 26, 2025
Agenda: Remuneration proposal for the Third Audit Committee members.
Recusal Directors: Independent Director Sher, Jih-Hsin, Independent Director Chen Ting-Ju, Independent Director Lee Fang-Ting.
Reasons and voting participation: The matter concerns remuneration for Audit Committee members, creating a conflict of interest for Independent Directors Sher, Jih-Hsin, Chen Ting-Ju, and Lee Fang-Ting, recusal required according to Article 206 of the Company Act, no voting participation.
Voting Result: Chairperson sought opinion from directors and independent directors with voting rights, resolution passed without objection.

(6) 1st Meeting of the 21th -term Board of Directors on May 26, 2025
Agenda: Appointment and remuneration for the Sixth Compensation Committee members.
Recusal Directors: Independent Director Sher, Jih-Hsin, Independent Director Chen Ting-Ju.
Reasons and voting participation: The matter concerns appointment and remuneration for Compensation Committee members, creating a conflict of interest for Independent Directors Sher, Jih-Hsin, and Chen Ting-Ju, recusal required according to Article 206 of the Company Act, no voting participation.
Voting Result: Chairperson sought opinion from directors and independent directors with voting rights, resolution passed without objection.

(7) 1st Meeting of the 21th -term Board of Directors on May 26, 2025
Agenda: Proposal on the appointment and remuneration of the 2nd Sustainability and Nomination Committee members.
Recusal Directors: Director Sher, Jih-Hsin, Independent Director Chen Ting-Ju.
Reasons and voting participation: This proposal discusses the appointment and remuneration of the 2nd Sustainability and Nomination Committee members, related to Independent Directors Sher, Jih-Hsin and Chen, Ting-Ju. According to Article 206 of the Company Act, directors with conflicts of interest did not participate in voting.
Voting Result: Chairperson sought opinion from directors and independent directors with voting rights, resolution passed without objection.

(8) 2nd Meeting of the 21th -term Board of Directors on July 24, 2025
Agenda: Proposal on the list and number of stocks granted to managers and non-managers in the second issuance of restricted stock for employees in 2023.
Recusal Directors: Directors Huang, Chao-Li, Liao, Chung-Hsi and Soh, Yong Seng.
Reasons and voting participation: This proposal is related to Director Huang Chaofeng, Director Soh, Yong Seng who are managers, and Director Liao, Chung-Hsi who is a non-manager, resulting in conflicts of interest. According to Article 206 of the Company Act, directors with conflicts of interest did not participate in voting.

(9) 2nd Meeting of the 21th -term Board of Directors on July 24, 2025
Agenda: Removal of non-compete clause for company managers.
Recusal Directors: Director Huang, Chao-Li, Director Soh, Yong Seng.
Reasons and voting participation: The matter creates a conflict of interest for Directors Huang, Chao-Li, and Soh, Yong Seng as managers, recusal required according to Article 206 of the Company Act, no voting participation.
Voting Result: Chairperson sought opinion from directors and independent directors with voting rights, resolution passed without objection.

(10) 4th Meeting of the 21th -term Board of Directors on December 24, 2025
Agenda: Donation of NT$5,000,000 to related parties for fiscal year 2025.

Recusal Directors: Chairman Liao Lu-Li, Vice Chairman Wei Wen-Chieh.
Reasons and voting participation: Chairman Liao Lu-Li serves as Chairman of Taiwan Reading Culture Foundation and Vice Chairman Wei Wen-Chieh serves as its Director, creating a conflict of interest. Recusal required according to Article 206 of the Company Act, no voting participation.
Voting Result: Deputy Chairperson sought opinion from directors and independent directors with voting rights, resolution passed without objection.

(11) 4th Meeting of the 21th -term Board of Directors on December 24, 2025
Agenda: Donation of NT$1,480,000 to related parties for fiscal year 2026.
Recusal Directors: Chairman Liao Lu-Li, Vice Chairman Wei Wen-Chieh.
Reasons and voting participation: Chairman Liao Lu-Li serves as Chairman of Taiwan Reading Culture Foundation and Vice Chairman Wei Wen-Chieh serves as its Director, creating a conflict of interest. Recusal required according to Article 206 of the Company Act, no voting participation.
Voting Result: Deputy Chairperson sought opinion from directors and independent directors with voting rights, resolution passed without objection.

(12) 4th Meeting of the 21th -term Board of Directors on December 24, 2025
Agenda: Adjustment of manager employee remuneration allocation for 2024.
Recusal Directors: Director Huang, Chao-Li, Director Soh, Yong Seng.
Reasons and voting participation: The matter creates a conflict of interest for Directors Huang, Chao-Li and Soh, Yong Seng as managers. Recusal required according to Article 206 of the Company Act, no voting participation.
Voting Result: Chairperson sought opinion from directors and independent directors with voting rights, resolution passed without objection.

(13) 5th Meeting of the 21th -term Board of Directors on February 25, 2026
Agenda: Removal of non-compete clause for directors (including independent directors).
Recusal Directors: Independent Director Lee Fang-Ting.
Reasons and voting participation: The matter involves discussion of Independent Director Lee Fang-Ting' s removal of non-compete clause, creating a conflict of interest. Recusal required according to Article 206 of the Company Act, no voting participation.
Voting Result: Chairperson sought opinion from directors and independent directors with voting rights, resolution passed without objection.

(14) 5th Meeting of the 21th -term Board of Directors on February 25, 2026
Agenda: Evaluation results and salary remuneration content and amount for directors and managers for 2025.
Recusal Directors: Director Huang, Chao-Li, Director Soh, Yong Seng.
Reasons and voting participation: The matter creates a conflict of interest for Directors Huang, Chao-Li, and Soh, Yong Seng as managers. Recusal required according to Article 206 of the Company Act, no voting participation.
Voting Result: Chairperson sought opinion from directors and independent directors with voting rights, resolution passed without objection.

(15) 5th Meeting of the 21th -term Board of Directors on February 25, 2026
Agenda: Salary adjustment proposal for company managers' fixed monthly salary for 2026.
Recusal Directors: Director Huang, Chao-Li, Director Su Yung-Sheng.
Reasons and voting participation: The matter creates a conflict of interest for Directors Huang, Chao-Li and Soh, Yong Seng as managers. Recusal required according to Article 206 of the Company Act, no voting participation.
Voting Result: Chairperson sought opinion from directors and independent directors with voting rights, resolution passed without objection.

3. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	From January 1, 2025 to December 31, 2025	Individual Board members	Self-evaluation by Board members	1. Alignment with the company' s goals and missions. 2. Awareness of directors'

				responsibilities. 3. Level of participation in company operations. 4. Management of internal relationships and communication. 5. Directors' professionalism and ongoing education. 6. Internal control.
		Board of Directors	Board of Directors self-evaluation	1. Level of participation in company operations. 2. Enhancement of board decision-making quality. 3. Composition and structure of the board of directors. 4. Election and continuing education of directors. 5. Internal control.

Evaluation results: 99% of the evaluation results of the members of the board of directors, the board of directors and functional committees in 2025.

* The evaluation results have been submitted to the Board of Directors on February 25, 2026.

(1)Self-Evaluation of Board Members:

A. Evaluation Period: January 1, 2025 to December 31, 2025

B. The performance evaluation of board members covers the following six dimensions:

a. Grasp of company objectives and tasks.
b. Awareness of directors' duties.
c. Degree of participation in company operations.
d. Internal relationship management and communication.
e. Directors' professional skills and continuous education.
f. Internal control.

C.The performance appraisal rate of board members is as follows：(Total of 23 indicators; Maximum score of 115 points)

Director /Independent Director	Score	Achieving rate	Assessment Results
Liao, Lu-Lee	115	100%	5 - Excellent (Strongly Agree)
Wei, Wen-Chieh	113	98%	4 - Good (Agree)
Huang, Chao-Li	114	99%	4 - Good (Agree)
Liao, Chung-Hsi	114	99%	4 - Good (Agree)
Liao, Keng-Pin	115	100%	5 - Excellent (Strongly Agree)
Soh Yong Seng	114	99%	4 - Good (Agree)
Sher, Jih-Hsin	115	100%	5 - Excellent (Strongly Agree)
Chen, Ting-Ju	115	100%	5 - Excellent (Strongly Agree)
Lee, Fang-Ting	114	99%	4 - Good (Agree)
Average Score of Board Members	114	99%	4 - Good (Agree)

(2)Self-Evaluation of the Board of Directors:

A. Evaluation Period: January 1, 2025 to December 31, 2025

B. The performance evaluation of the Board of Directors covers at least the following five dimensions:

a. Degree of participation in company operations.
b. Enhancement of decision-making quality of the board.
c. Composition and structure of the board.
d. Selection and continuous education of directors.

e. Internal control.

C.The performance appraisal rate of board is as follows：(Total of 45 indicators; Maximum score of 225 points)

Board	Score	Achieving rate	Assessment Results
Board	224	99%	5 - Excellent (Strongly Agree)

(3) The performance appraisal rate of committee is as follows：

A. Assessment Period: January 1, 2025 to December 31, 2025

B. The performance evaluation of the Compensation Committee covers the following four major aspects:

a. Level of participation in the company' s operations.

b. Awareness of the responsibilities of the Audit Committee.

c. Enhancement of decision-making quality within the Audit Committee.

d. Composition of the Audit Committee and selection of its members.

e. Internal control systems

C. Achievement rate for the Audit Committee performance evaluation is as follows: (22 indicators in total: Full score of 110 points)

Functional Committees	Score	Achieving rate	Assessment Results
Audit Committee	110 (full mark:110)	100%	5 - Excellent (Strongly Agree)

(4) Self-evaluation of the Compensation Committee is as follows：

A. Assessment Period: January 1, 2025 to December 31, 2025

B. The performance evaluation of the Compensation Committee covers the following four major aspects:

a. Level of participation in the company' s operations.

b. Awareness of the responsibilities of the Compensation Committee.

c. Enhancement of decision-making quality within the Compensation Committee.

d. Composition of the Compensation Committee and selection of its members.

C. The achievement rate for the performance evaluation of the Compensation Committee is as follows: (19 indicators in total: Full score of 95 points)

Functional Committees	Score	Achieving rate	Assessment Results
Compensation Committee	95	100%	5 - Excellent (Strongly Agree)

(5) Self-evaluation of the Sustainability and Nomination Committee is as follows:：

A. Assessment Period: January 1, 2025 to December 31, 2025

B. The performance evaluation of the Sustainability Committee covers the following four major aspects:

a. Level of participation in the company' s operations.

b. Awareness of the responsibilities of the Sustainability Committee.

c. Enhancement of decision-making quality within the Sustainability Committee.

d. Composition of the Sustainability Committee and selection of its members.

C. The achievement rate for the performance evaluation of the Sustainability Committee is as follows: (16 indicators in total: Full score of 80 points)

Functional Committees	Score	Achieving rate	Assessment Results
Sustainability and Nomination	80	100%	5 - Excellent (Strongly Agree)

Committee			

(6) In December 2025, the Company engaged an external organization, "Taiwan Board Performance Association," to conduct a board effectiveness evaluation covering the period from January 1, 2023 to September 30, 2025. The organization appointed three evaluation experts to design evaluation based on seven major aspects: "Board Composition and Structure," "Election and Continuing Education of Directors," "Level of Board Participation in Company Operations," "Enhancement of Board Decision-Making Quality," "Internal Control," "Sustainability," and "Value Creation." A total of 40 indicators were designed, utilizing online self-assessment questionnaires and on-site inspections for evaluation. The organization and experts maintain independence and have no business dealings with the Company. The evaluation report was presented on January 21, 2026, and the Company reported and sought improvement during the Board meeting on February 25, 2026. For related content, please refer to the Company's website.

4. Goals for enhancing Board functions in the current year and most recent year (such as establishing an Audit Committee and increasing information transparency) and evaluation of implementation status:
(1) We established the Regulation and Procedure for Board of Directors Meetings in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, and disclosed information on attendance of directors in Board meetings on the MOPS, as well as major resolutions of the Board of Directors on the Company website.
(2) Directors received 63 hours of continuing education in 2025.

2. Operation of the Audit Committee

The Audit Committee is currently composed of three independent directors. Its primary responsibilities include ensuring the fair presentation of the company's financial statements, appointing or dismissing external auditors and assessing their independence, overseeing the effective implementation of the company's internal controls, ensuring compliance with relevant laws and regulations, and managing existing or potential risks. The main powers and duties of the committee are as follows:

(1)Establishing or amending the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
(2) Evaluating the effectiveness of the internal control system.
(3) Establishing or amending procedures for handling major financial and business activities such as asset acquisitions or disposals, derivatives trading, lending capital to others, and providing endorsements or guarantees, as stipulated by Article 36-1 of the Securities and Exchange Act.
(4) Matters involving the personal interest of directors.
(5) Significant asset or derivatives transactions.
(6) Major lending of funds, endorsements, or provision of guarantees.
(7) Raising, issuing, or privately placing securities with equity nature.
(8) Appointment, dismissal, or remuneration of external auditors.
(9) Appointment or dismissal of financial, accounting, or internal audit officers.
(10) Annual financial reports signed or stamped by the Chairman, managers, and accounting officers, and second-quarter financial reports reviewed by auditors.
(11) Other significant matters as required by the company or competent authorities.

There were 6 Board meetings (A) in the most recent year (2025) on the following dates:

February 26, 2025; March 17, 2025; April 24, 2025; July 24, 2025; October 30, 2025; December 24, 2025, attendance is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Independent Director	She, Jih-Hsin	3	0	100%	114/5/26 Re-elected; Reappointed
Independent Director	Wu, Hui-Huang	3	0	100%	114/5/26 Re-elected; Resigned
Independent Director	I, Chang-Yun	3	0	100%	114/5/26 Re-elected; Resigned
Independent Director	She, Jih-Hsin	3	0	100%	114/5/26 Re-elected; Reappointed
Independent Director	Chen, Ting-Ju	3	0	100%	114/5/26 Re-elected; Newly Appointed
Independent Director	Lee, Fang-Ting	3	0	100%	114/5/26 Re-elected; Newly Appointed

Note: For the professional qualifications and work experience of the Audit Committee members, please refer to pages 15-24 of this annual report.

Annual Key Work Summary:

Time	Regular Work Plans	Non-Regular Work Plans
February 2025	1. Communication with the internal audit supervisor and review report on deficiencies in the internal control system. 2. 2024 Business Report, Standalone Financial Report, and Consolidated Financial Report. 3. Assessment of the effectiveness of the internal control system for 2024.	1. Establishment or amendment of internal control systems according to Article 14-1 of the Securities and Exchange Act. 2. Establishment or amendment of procedures for major financial operations such as acquisition or disposal of assets, derivative transactions, loans to others, endorsements, or guarantees according to Article 36-1 of the Securities and Exchange Act. 3. Matters involving the personal interests of directors. 4. Major asset or derivative transactions. 5. Significant loans, endorsements, or guarantees. 6. Fundraising, issuance, or private placement of equity securities. 7. Appointment, dismissal, or remuneration of the external auditor. 8. Appointment or dismissal of financial, accounting, or internal audit officers. 9. Other significant matters as required by the company or competent authorities.
April 2025	1. Communication with the internal audit supervisor and review report on deficiencies in the internal control system. 2. Consolidated Financial Report for the first quarter of 2025.	
July 2025	1. Communication with the internal audit supervisor and review report on deficiencies in the internal control system. 2. Consolidated Financial Report for the second quarter of 2025.	
October 2025	1. Communication with the internal audit supervisor and review report on deficiencies in the internal control system. 2. Consolidated Financial Report for the third quarter of 2025. 3. Audit Plan for 2026. 4. Work Plan for the Next Year.	
December 2025	1. Communication with the internal audit supervisor and review report on deficiencies in the internal control system. 2. Annual evaluation of the independence and competence of the external auditor.	

	3. Appointment and remuneration of the external auditor.	

Operational Activities:

Time	Regular Work Plans	Non-Regular Work Plans
February 2025	1. Discussion on the 2024 Business Report, Standalone Financial Report, and Consolidated Financial Report. 2. Discussion on the 2024 Earnings Distribution Proposal. 3. Discussion on the Declaration of the Internal Control System for 2024. 4. Discussion and ratification on the application for the comprehensive loan facility and derivative financial transaction facility with financial institutions. 5. Discussion on amendments to the company's "Procedures for Handling Material Internal Information". 6. Discussion on the company's plan to issue new restricted employee shares in 2025.	All items were unanimously approved by all attending committee members after inquiry by the Chairman.
March 2025	Proposal to acquire 100% shares of MWT Holdings Co., Ltd. from J-STAR LLP 2016, J-STAR No.3 GF, LP, J-STAR No.3 JC, LP, J-STAR No.3 JF, LP, and J-STAR No.3 SS, LP (collectively referred to as "J-STAR Sellers").	The proposal was unanimously approved by all attending committee members; total acquisition amount shall not exceed JPY 10.278 billion for 100% equity of MWT Holdings Co., Ltd.
April 2025	1. Discussion on the Q1 2025 Financial Report. 2. Discussion and ratification on the application for the comprehensive loan facility and derivative financial transaction facility with financial institutions. 3. Discussion on amendments to the company's "Internal Control for Financing Cycle". 4. Discussion on amendments to the company's "Audit Committee Organizational Regulations". 5. Discussion on amendments to the company's "Budget Management Rules".	All items were unanimously approved by all attending committee members after inquiry by the Chairman.
July 2025	1. Discussion on the Q2 2025 Financial Report. 2. Discussion and ratification on the application for the comprehensive loan facility and derivative financial transaction facility with financial institutions. 3. Proposal to authorize independent	1. Discussion on the amendments to the company's "Employee Compensation Distribution Regulations". 2. Confirmation determined that no ratification is needed for financial institution facility at this

	directors with financial expertise to pre-approve non-assurance services provided by the external auditor, its firm, and the firm’s affiliated entities to the company and its subsidiaries. 4. Discussion on the amendments to the company’s methods for issuing and converting domestic fourth and fifth unsecured convertible corporate bonds. 5. Discussion on the amendments to the company’s “Employee Compensation Distribution Regulations”. 6. Discussion on the second grant of new restricted employee shares issued in 2023, including the list and share allocation for non-managers.	time. Unanimously approved by all attending committee members after inquiry by the Chairman. 3.-6. All items were unanimously approved by all attending committee members after inquiry by the Chairman.	
October 2025	1. Discussion on the Q3 2025 Financial Report. 2. Discussion on the application for the comprehensive loan facility and derivative financial transaction facility with financial institutions. 3. Proposal to formulate the 2026 Audit Plan. 4. Review of the Audit Committee’s 2026 Work Plan Proposal. 5. Discussion on amendments to the company’s “Regulations for Repurchasing and Transferring Treasury Shares to Employees”.	All items were unanimously approved by all attending committee members after inquiry by the Chairman.	
December 2025	1. Discussion on the proposal to evaluate the independence of the certifying public accountant and their affiliated accounting firm. 2. Discussion on the proposal for auditors’ remuneration for the years 2026 and 2027. 3. Discussion on the proposal for a donation of NT$5 million to related parties for the year 2025. 4. Discussion on the proposal for a donation of NT$1.48 million to related parties for the year 115. 5. Discussion on the proposal to lend USD 50 million to MERRY ELECTRONICS (SINGAPORE) PTE LTD. (abbreviated as MESG), with authorization for the Chairman to disburse the loan in installments or in a revolving manner within a certain limit and a period not exceeding one year. 6. Discussion on the amendments to the	All items were unanimously approved by all attending committee members after inquiry by the Chairman.	

	"Issuance Procedures for Restricted New Employee Shares for 2025".	

Other mentionable items:

1. Items specified in Article 14-5 of the Securities and Exchange Act: All matters were approved by more than half of all Audit Committee members and submitted to the Board of Directors for resolution. There were no instances where matters were not approved by the Audit Committee but were approved by two-thirds or more of the Board members.
2. Besides the matters above, other resolutions adopted with the approval of two-thirds or more of all directors, without having been passed by the Audit Committee: None.
3. If independent directors recused from themselves from an agenda item in which they have a conflict of interest, specify the name of the independent director, agenda item, reason for recusal, and participation in voting: None
4. Communication between independent directors and the chief internal auditor and CPAs (must include material matters of communication, methods, results relating to the Company's financial reports and business conditions):
   (1) The internal audit department regularly submits audit reports to independent directors for review. The Chief Internal Auditor also reports major audit findings to the Board of Directors. Meetings are convened immediately in case of significant matters.
   (2) The CPAs follow SAS No. 39 "Communications with Those Charged with Governance" and comply with the guidelines of Letter Tai-Cai-Zheng-Liu-Zi No. 0930105373 issued by the Securities and Futures Bureau on March 11, 2004. During both the planning and completion stages each quarter, information on governance matters related to the audit or review of the Company's consolidated financial statements (annually and including standalone statements) is summarized for communication, either in writing or face-to-face, with the Audit Committee.
   (3) Independent directors have direct communication channels with the Chief Internal Auditor and CPAs. The Chief Internal Auditor reports audit items and significant findings to the Audit Committee and the Board of Directors. As of the 2025 annual report publication date, communication details are as follows and are also available on the company's website: http://www.merry.com.tw/page/company/directors.aspx?kind=6

Independent directors and internal audit supervisor:

Date	Main Points of Communication	Communicate results
2025.02.26 (communicate alone)	Audit report and internal control system deficiencies review report.	There are no comments at this meeting.
2025.04.24 (communicate alone)	Audit report and internal control system deficiencies review report.	There are no comments at this meeting.
2025.05.26 (communicate alone)	Audit Department Operations Report.	There are no comments at this meeting.
2025.07.24 (communicate alone)	Audit report and internal control system deficiencies review report.	There are no comments at this meeting.
2025.10.30	Audit report and internal control system deficiencies review report.	There are no comments at this meeting.
2025.12.24	Audit report and internal control system deficiencies review report.	There are no comments at this meeting.
2026.02.25	Audit report and internal control system	There are no comments at this

(communicate alone)	deficiencies review report.	meeting.

Independent Directors and CPA:

Date	Main Points of Communication	Communicate results
2025.02.26 (communicate alone)	1. Description of the 2024 standalone financial statements and consolidated financial statements. 2. Basis for communication between accountants and governance units and the audit of financial statements. 3. Explanation of the audit focus for this period.	The members understand the emphasis on audit this time and there are no comments at this meeting.
2025.04.24 (communicate alone)	Description of the 2025 Q1 consolidated financial statements.	There are no comments at this meeting.
2025.07.24 (communicate alone)	Description of the 2025 Q2 consolidated financial statements.	There are no comments at this meeting.
2025.10.30 (communicate alone)	Description of the 2025 Q3 consolidated financial statements.	There are no comments at this meeting.
2026.02.25 (communicate alone)	1. Description of the 2025 standalone financial statements and consolidated financial statements. 2. Basis for communication between accountants and governance units and the audit of financial statements. 3. Explanation of the audit focus for this period.	Acknowledgement of the explanation for audit focus this period. No opinions were expressed during this meeting.

Note: :

* If an indepedent director is separated before the end of the year, specify the date of separation in the remarks, and calculate actual attendance rate (%) based on the supervisor's actual attendance.
* If indepedent directors are reelected before the end of the year, list new and old indepedent director, and specify if the indepedent director is old, new, or reelected and the reelection date in the remarks. Actual attendance rate (%) is calculated based on actual attendance during the Audt Committee's term.

3. Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
i. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	Yes		The Board of Directors passed the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" on November 12, 2014, last updated on 4/25/2024 and provides access to it on the Company website.	Complies with the Corporate Governance Best-Practice Principles. No discrepancy
ii. Shareholding structure & shareholders' rights				Complies with the Corporate Governance Best-Practice Principles. No discrepancy
(I). Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	Yes		(I). The Company has established "Internal Major Information Processing Procedures" and has designated spokespersons, deputy spokespersons, and email addresses for communication. Additionally, the company website provides communication channels to establish a medium for dialogue with shareholders and stakeholders. A dedicated website for shareholders is available, where dedicated personnel handle issues related to shareholder suggestions, inquiries, disputes, and litigation.	
(II). Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	Yes		(II). In accordance with Article 25 of the Securities Exchange Act, any changes in the shareholdings of insiders (directors, supervisors, managers, and shareholders owning more than ten percent of the total shares) are duly reported on the Market Observation Post System designated by the Financial Supervisory Commission.	
(III). Does the company establish and execute the risk management and firewall system within its conglomerate structure?	Yes		(III). The Company clearly demarcates the management responsibilities and rights concerning personnel, assets, and finances with affiliated enterprises and has established	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			"Regulations on Related Party Transactions." Aside from setting up supervision operations for subsidiaries, audit personnel regularly monitor the implementation.	
(IV). Does the company establish internal rules against insiders trading with undisclosed information?	Yes		(IV). The Company has implemented a "Code of Ethical Conduct" and "Internal Major Information Processing Procedures," applicable to directors, supervisors, managers, and employees. Periodic updates and promotions of relevant information are conducted. According to Article 37 of the Company's "Corporate Governance Best Practice Principles," board members are required to perform their duties faithfully and with due care, acting with self-discipline and prudence.	
iii. Composition and Responsibilities of the Board of Directors				
(I). Does the Board develop and implement a diversified policy for the composition of its members?	Yes		(I). The composition of our company's Board of Directors emphasizes diversity, with members generally possessing the knowledge, skills, and qualities necessary to perform their duties. The company also strictly adheres to the guidelines.	
(II). Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	Yes		(II). In addition to establishing the Compensation Committee in accordance with the law on December 28, 2011, and the Audit Committee on June 19, 2019, our company strives to fulfill corporate social responsibility, align with international trends, and proactively respond to stakeholder concerns regarding environmental, social, and governance (ESG) risks and countermeasures. On April 27, 2023, a resolution was passed to establish the "Sustainable Development Committee," which was expanded into the Sustainable Development and Nomination Committee, with organizational rules set, as approved by the Board on December 28 of the same year.	Complies with the Corporate Governance Best-Practice Principles. No discrepancy

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Other corporate governance operations are managed by respective departments based on their responsibilities.	
(III). Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	Yes		(III). Our company regularly reviews the effectiveness of the Board and systematically enhances corporate governance. On December 28, 2017, we established the Board Performance Evaluation Method and Assessment Procedure. An annual assessment of director performance is conducted, with results reported to the Board and used as a reference for individual director compensation and nomination for reappointment.	
(IV). Does the company regularly evaluate the independence of CPAs?	Yes		(IV). The Audit Committee conducts an annual evaluation of the audit firm's independence and competence. The evaluation covers requirements for independence, operation independence, competency review, and adheres to the Financial Supervisory Commission's framework, evaluating five key dimensions: professionalism, independence, quality control, supervision, and innovation capacity. For detailed evaluation items and results, please refer to Note 1. In summary, the audit firm and its personnel meet standards for independence, competence, and audit quality indicators. The results were reported and approved by the Audit Committee and Board of Directors on December 24, 2025	
iv. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their	Yes		To advance corporate governance and effectively utilize the function of the Board of Directors, the Company, in accordance with Articles 20 and 22 of the "Key Points for Establishing and Exercising Powers by the Board of Directors of Listed Companies," passed a resolution on 2019/4/25 (April 25, 2019) to establish a Chief Governance Officer. CFO Lam, Ru-Hsuan, who holds a CPA license in	Complies with the Corporate Governance Best-Practice Principles. No discrepancy

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?			the Republic of China, initially served as the Chief Governance Officer. On 2023/12/28 (December 28, 2023), the Board decided to appoint Senior Manager Weng Ying-Chieh as the dedicated Chief Governance Officer, who has over three years of experience as a senior executive in finance at a public company, meeting the qualification requirements to comprehensively manage corporate governance-related affairs. The main responsibilities are as follows: (I). The Company has a dedicated unit for corporate governance: (1) Financial Department: Under the guidance of the competent authority, it oversees the self-assessment operations for compliance with the "Corporate Governance Evaluation for Listed and OTC Companies" and the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies." It assists relevant departments in implementing the evaluation indicators and legal regulations promulgated by the competent authority. It is responsible for setting agendas, preparing meeting materials for shareholders' meetings, board meetings, and functional committee meetings, as well as compiling meeting minutes and handling public announcements, declarations, and changes in registration within the legal deadlines. The department also establishes and maintains the company website to disclose financial, operational, and governance-related information and outcomes, and to facilitate timely shareholder communication and services (including addressing inquiries and providing information). (2) Human Resources Department: Responsible for matters related to the Compensation Committee. (3) Sustainability and Brand Value Development Office under General Affairs Office: Responsible for integrating corporate	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			social responsibility policies, systems, or management approaches with specific implementation plans. The "Corporate Social Responsibility Code" was approved on 2014/12/30 and amended to the "Corporate Sustainability Development Best Practice Principles" on 2022/1/13. Reports on operations are submitted to the Board periodically each year. (4) Integrity Management Promotion Team: To strengthen the management of integrity operations, the CFO concurrently serves as the director of policy and preventive plans for integrity management. The "Integrity Management Code" was approved by the Board on 2014/12/30) and most recently amended on 2020/2/27. The internal audit unit supervises and audits annually, and the Integrity Management Promotion Team reports on the implementation to the Board yearly. The latest report was submitted on 2025/12/24. (II). Implementation Status: Each responsible unit executes corporate governance-related tasks in accordance with relevant laws and regulations. All operations are normal and in compliance with regulations and company rules. (III). In 2025, corporate governance personnel participated in 15 hours of further education.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
v. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	Yes		We established an official website and have a "Stakeholder Communication Section" under "Corporate Social Responsibility"; e-mails are provided for stakeholder communication; we also have a hotline and mailbox for employees, suppliers, or other stakeholders to file reports or complaints of unethical conduct or violations of the law. Information on stakeholder communication is as follows: 1. Investor related: Ms. Chien E-mail: investor@merry.com.tw Tel: (04)2359-0811#116229 2. Media related: Ms. Chen E-mail: merry_pr@merry.com.tw Tel: (04)2359-0811#116409 3. Employee/recruitment related: Ms. Kuo Email: merry_resume_db@merry.com.tw Tel: (04)2359-0811 4. Community (EHS related): Ms. Su E-mail: merry_esh @merry.com.tw Tel: (04)23590811#111277 5. Corpporate Social Responsibility: Ms. Chen E-mail: merry_pr@merry.com.tw Tel: (04)2359-0811#116409	Complies with the Corporate Governance Best-Practice Principles. No discrepancy
vi. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	Yes		The Company hired a professional stock transfer agency to handle affairs related to holding the shareholder's meeting, information on the agency is provided below: Name: KGI Securities Stock Affairs Department Address: 5F, No. 2, Sec. 1, Chongqing S. Rd., Taipei City Tel: 02-23892999 Website: https://www.kgi.com.tw	Complies with the Corporate Governance Best-Practice Principles. No discrepancy
vii. Information Disclosure				Complies with the

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(I). Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	Yes		(I). The Company website (http://www.merry.com.tw/page/investor/index.aspx) has an "Investor Relations" section that discloses information on the Company's financial position, business operations, and corporate governance.	Corporate Governance Best-Practice Principles. No discrepancy
(II). Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	Yes		(II). Other information disclosure methods used by the Company: 1. The website provides an investor section available in both Chinese and English. 2. The company has established "Procedures for Handling Material Internal Information," handled by the company's spokesperson or alternate spokesperson. The investor section on the company website provides the contact details of the spokesperson or alternate spokesperson. 3. The Finance Division is responsible for the collection and disclosure of company information. 4. Information on investor conferences, whether organized by the company or attended upon invitation, can be found on the website and is also reported to the "Market Observation Post System" in accordance with the Taiwan Stock Exchange regulations.	
(III). Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	Yes		(III). The company announces and submits its annual financial reports within two months after the end of the fiscal year. The first, second, and third quarter financial reports and monthly operational status are also announced before the deadlines: 1. 2025 Q1 financial statements: Announced on April 24, 2025 2. 2025 Q2 financial statements: Announced on July 24, 2025 3. 2025 Q3 financial statements: Announced on October 30, 2025	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			4. 2025 financial statements: Announced on February 25, 2026 5. Operating revenue each month is announced before the prescribed time limit.	
viii. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	Yes		1. Our company has established an Employee Welfare Committee and a pension system in accordance with the law. We provide group insurance for our employees, offering a diverse range of welfare measures. An employee suggestion box management method has been formulated, and quarterly newcomers' meetings are held to facilitate two-way communication and idea exchange with the President. This helps employees gain a better understanding of Merry Electronics. Our official website has an "Investor Section," which includes contact details such as spokesperson, acting spokesperson, and shareholder service contacts, including phone numbers and email addresses. 2. We actively maintain close relationships with our customers and suppliers. Under a customer-oriented philosophy, we continue to invest in high-tech research and development to meet our customers' evolving needs. Simultaneously, we encourage suppliers to respond to green environmental requirements, sign integrity agreements, and address quality issues, actively fulfilling corporate responsibility and working together to create a greener planet. 3. Besides daily interactions with stakeholders in various forms, our company provides transparent and effective multi-channel communication with all stakeholders via our official website. We ensure complete and transparent disclosure of information in compliance with regulatory requirements, and financial reports are regularly updated. 4. Our Directors continuously participate in corporate	Complies with the Corporate Governance Best-Practice Principles. No discrepancy

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>governance seminars for ongoing education. Information regarding the Directors’ continuing education is disclosed on the Market Observation Post System and the company’ s website, as outlined in Note 2.
5. The company has established a Risk Management Procedures to create a culture of risk management. These procedures are publicly accessible on the company’ s website.
6. Directors are required to sign in at board meetings, and attendance is satisfactory. If any agenda items involve conflicts of interest that may harm the company’ s interests, the concerned Directors are prohibited from voting.
7. The Company purchases liability insurance for directors, and prevents the risk of negligence from severely damaging the Company and shareholders' interests. The Board of Directors approved the extension of liability insurance for directors on October 30, 2025. Insurance policyis as follows:
<table>
<tr><th>Insuree</th><th>Insurance company</th><th>Insurance amount</th><th>Policy period</th></tr>
<tr><td>All directors</td><td>South China Insurance Co.,Ltd</td><td>NTD 306,600,000</td><td>October 17, 2025 to October 17, 2026</td></tr>
</table>
8. For further information regarding the continuing education and training of managers related to corporate governance, please refer to Notes 3 and 4.
9. Domestic and overseas certifications obtained by financial and auditing personnel of the Company:
The company’ s accounting and auditing personnel have obtained relevant domestic and foreign certificates:
The company's accounting personnel have obtained relevant certificates: Taiwan Accountant (CPA; Taiwan): 4 people; American Accountant (CPA; USA): 1 person; International Computer Auditor</td><td></td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(CISA): 1 person; American Management Accountant (CMA): 1 person; International Internal Auditor (CIA): 1 person. The company's auditors have obtained relevant certificates: International Internal Auditor (CIA): 2 person. 10. Board diversity (1)The Company' s Board of Directors consists of nine members with diverse backgrounds, representing various countries in China and Asia. Their professional backgrounds span multiple industries, academia, and law. The selection of board members emphasizes the evaluation of international management capabilities and leadership decision-making skills to enforce the policy of board diversity. For further details on board members, please refer to pages 15-24. (2)Board members possess professional knowledge and skills General board member： It is composed of members with professional background and industry experience, such as Department of Electrical Engineering and Mechanical Engineering, Department of International Business, MBA, etc.、Composition of related industry experience members Professional skills (Business management / electro-acoustic / culture / finance / biomedical / marketing / cultural creativity / strategic management / technology law) Independent board member： It is composed of members with professional background and industry experience, such as the Electronic Engineering, and Marketing and Strategic Management. (3)The company's specific management goals for the diversification of the board of directors and the achievement in 2025 are as follows:	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(a) The company pays attention to the independence and diversity of the members of the board of directors. Among them, the independence of the members of the board of directors aims at not less than three independent directors and not less than 1/4 (inclusive) of the directors. In 2025, there were three seats. Independent directors who account for 3/9 of the directors (ie 33.3%); the other directors who also serve as employees of the company aim to not exceed 1/2 (inclusive) of the directors, currently only 3 directors are also employees (ie 33.3%) ; The term of office of independent directors should be no more than 3 terms for half of the members (term of office: 3 to 9 years for Sher, Jih-Hsin, less than 3 years for Chen, Ting-Ju, and less than 3 years for Lee, Fang-Ting). Based on the foregoing, the independence goals have been achieved. (b) Regarding professional knowledge and skills, the Company emphasizes that board members possess diverse backgrounds, including finance, accounting, legal affairs, business management, and electroacoustics. Directors with technological or industrial backgrounds are targeted to occupy 1/3 (33.3%) of board seats; in 2025, there were 7 directors with technological backgrounds (77.8%) and 9 with industrial backgrounds (100%). Moreover, directors with financial and accounting backgrounds are targeted to hold 1/3 (33.3%) of board seats; in 2025, 4 directors had such backgrounds (44.4%). Therefore, the diversity goals have been achieved. (c) In terms of age group and industry on the board of	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			directors, 9 directors all have an industrial management background (i.e. 100%), 6 directors have an electroacoustic/electronic background (i.e. 66.7%), and 4 directors have a cultural/creative background. background (i.e. 44.4%), one director each in R&D, marketing, and finance (i.e. 11.1%), and 4 directors with backgrounds in sustainable development, corporate governance, risk management and information security management (i.e. 44.4%); in addition, the company Directors have a mix of age groups, with 2 directors over 66 years old (i.e. 22.2%), 3 directors between 55 and 65 years old (i.e. 33.3%), and 4 directors under 55 years old (i.e. 44.4%). It has a mix of different age groups. Guide a progressive generational shift. Based on the above, the diversity goals have been achieved. 11. We are committed to transparency in information disclosure, regularly and ad-hoc, via the Market Observation Post System (MOPS) and our Company website. Material information, including revenue figures, is announced in both Chinese and English to ensure that investors have immediate access to critical information regarding the Company' s business operations. 12. The Company' s information security policy is designed to protect our information assets from internal and external threats, whether accidental or intentional, ensuring the legality, integrity, and confidentiality of information. We aim to provide secure, stable, and efficient information services. An information security framework has been established to manage information security risks: (1) Information security risk structure:	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(a) Supervised by the Sustainability Development and Nomination Committee under the Board of Directors, this group established the information security management system. On October 27, 2022, with Board approval, the position of Chief Security Officer was formalized. The Chief Information Security Officer is tasked with promoting information security policies and resource allocation. The Executive Director of Information Security, along with dedicated information security colleagues and six system architecture department members, ensure ongoing compliance with various information security management standards. The team comprises 14 members in total. (b) The group reports security outcomes and plans twice a year to both the Sustainability Development and Nomination Committee and the Board of Directors. The most recent report was presented on December 24, 2025, detailing information security implementations and future plans. (2) Information security policy: (a) Develop comprehensive information security policies and plans to meet operational and customer security needs. (b) Ensure the operational effectiveness of information security measures, aligning with the group's sustainable development goals. (3) Specific management plans: (a) Implement systemic tools to secure administrator accounts, streamline data transmission encryption, and prevent information leakage.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(b) Conduct biannual internal information security audits and review pertinent issues. (c) Annually review system account permissions to ensure appropriate usage. (d) Conduct annual supplier information security assessments and collaborate on enhancing supplier risk management. (e) Engage third-party security firms for annual vulnerability scanning and penetration testing of external servers to address potential threats in real-time. (f) Enhance protection mechanisms and cultivate top-tier information security talent. (g) Plan and monitor ITILv4 processes to fortify protected information channels. (h) Perform monthly social engineering drills to heighten employee awareness of phishing. (i) Successfully completed the ISO 27001:2022 audit on November 5, 2025, without major security incidents. (j) Joined the Taiwan Information Security Executive Alliance to enhance external security collaborations. (k) Since June 2018, secured Cyber Risk Insurance to mitigate risks from business interruptions and liability claims, underscoring our commitment to advanced cybersecurity governance. (l) Implemented ISO27001:2013 certification in 2011 and passed the ISO27001:2022 transition verification on November 22, 2013. The certificate is valid from December 7, 2013 to December 6, 2017. (m) Delivered communication safety training to all	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			employees in 2025, with a course duration of 60 minutes. (n) In 2025, 198 personnel were involved in information security-related audits, across 20 meetings. 13. Intellectual Property Management Plan The Legal Affairs and Patent Department of the Company is responsible for the establishment, execution, and maintenance of the Company's intellectual property management system. The effectiveness and improvement suggestions of the intellectual property management system are reported to the Board of Directors, with the latest report dated December 24, 2025. (1) In alignment with the Company's annual operating guidelines, the following intellectual property management policies have been set to realize corporate risk management and sustainable operation objectives: A. Maintain operational freedom. B. Enhance employees' awareness of intellectual property rights protection. C. Increase the protection of intellectual property achievements and establish a high-value intellectual property portfolio. (2) Since April 2019, our company has implemented the Taiwan Intellectual Property Management System (TIPS) and passed the TIPS (Grade A) system verification in 2022, receiving the TIPS verification registration certificate. In 2024, we continued to pass the verification (valid from 2025/1/1 to 2026/12/31), to implement the protection and maintenance of intellectual property rights. (3) The company's intellectual property management goals	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			and execution status for 2025 are as follows: A. Enhance the quality and quantity of patents ➢ Execute quarterly patent proposal incentive submissions in 2025. ➢ Complete patent annual fee inventory in the third quarter of 2025。 B. Increase the value of company products ➢ Achieved 55 patent proposals, with a total of 108 applications submitted to various countries; invention cases accounted for approximately 66% of total filings. ➢ The link rate between patent layout and company product/R&D strategic goals reached 59% ➢ Executed 2 patent mapping projects C. Enhance employees' awareness of IP protection ➢ Conduct comprehensive online IP-related education and training courses for new employees. ➢ Implement online patent education and training courses for R&D personnel ➢ Held physical IP management education and training courses in the third quarter of 2025 D. Control IP risks ➢ Publish quarterly IP reports in 2025, focusing on the impact of external legal issues and environmental changes ➢ Conduct a review of intellectual property clauses in major customer contracts ➢ Implement patent monitoring for major brand	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			manufacturers/competitors' products E. Maintain and optimize the intellectual property management mechanism ➢ Complete internal audit activities and management review activities for the intellectual property management system in the third quarter of 2025. 14. On October 29, 2020, our company's Board of Directors approved the "Risk Management Procedures" and established the risk management policy. The Risk Management Team conducts annual risk factor identification to recognize potential risks impacting sustainable business development and selects the scope of risk management. For each identified risk, we formulate risk management strategies, which include management objectives, organizational structure, responsibility attribution, and risk management processes, to ensure consistent and effective operation of business strategy directions in line with the risk management policy. Additionally, the annual risk management operations and plans were reported to the Sustainability and Nomination Committee and the Board of Directors on December 24, 2025.	

IX. Please provide an explanation of the improvements made according to the latest annual corporate governance evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and propose prioritized enhancement items and measures for areas not yet improved. (No need to fill out if the company is not included in the evaluation.).

1. Evaluation and Self-assessment Results:
   (1) From 2005 to 2014, continuously obtained ratings of A or above in the "Listed Companies Information Disclosure Evaluation System."
   (2) From 2014 to 2015, ranked among the top 6% to 20% of companies according to the "Corporate Governance Evaluation System."
   (3) In 2016, ranked among the top 21% to 35% of companies according to the "Corporate Governance Evaluation System."

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) In 2017, ranked among the top 36% to 50% of companies according to the "Corporate Governance Evaluation System." (5) From 2018 to 2019, ranked among the top 21% to 35% of companies according to the "Corporate Governance Evaluation System." (6) In 2020, ranked among the top 5% of companies according to the "Corporate Governance Evaluation System." (7) From 2021 to 2022, ranked among the top 6% to 20% of companies according to the "Corporate Governance Evaluation System." (8) In 2023, ranked among the top 5% of companies according to the "Corporate Governance Evaluation System." (9) In 2024, ranked among the top 6% to 20% of companies according to the "Corporate Governance Evaluation System." (10) In 2025, listed among the top 5% of companies according to the "Corporate Governance Evaluation System." (11) Each year, self-examination and assessment are conducted to determine any reasons why corporate governance standards are not met. 2. Major Shortcomings: Any deficiencies in execution will be enhanced and improved periodically. 3. Improvement Status: The company has established the "Corporate Governance Practical Guidelines," "Integrity Management Guidelines," and "Corporate Social Responsibility Guidelines" and is addressing deficiencies for improvement in subsequent periods. Currently, no significant deficiencies requiring improvement have been found.				

Note 1：Accountant independence and competency assessment standards and results:

Item	Independence and Competence Assessment	Results
Review of Independence Criteria		
1	The certifying accountant is not a shareholder of the company or any affiliated enterprise.	Yes
2	The certifying accountant has no financial loans with the company.	Yes
3	There are no pending or potential lawsuits between the accountant' s affiliated accounting firm and the company.	Yes
4	The accounting firm does not provide assurance service reports on the effective operation of financial information systems that it designed or assisted with.	Yes
5	The certifying accountant does not hold a position as a director, manager, or any role that could significantly influence the audit matters in the company.	Yes
6	Non-audit services provided by the certifying accountant do not directly affect significant audit items.	Yes
7	The company has not paid any fees, introduction fees, or commissions to the certifying accountant or their affiliated accounting firm.	Yes
8	Members of the audit service team, besides legally permissible services, do not act on behalf of the company in legal cases or disputes with third parties.	Yes
9	There is no commercial cooperation relationship between the accounting firm and the company.	Yes
10	Within a year of termination, a fellow practicing accountant has not held a position as director, manager, or one that significantly impacts audit matters in the company.	Yes
11	The certifying accountant does not receive a salary from the company or affiliated enterprises.	Yes
12	The certifying accountant has not provided audit services continuously for seven years to the company.	Yes
13	The company does not have any unpaid fees from the previous year.	Yes
Review of Operational Independence		
1	Has the accountant recused themselves from commissioned matters where there is a direct or material indirect interest affecting their impartiality and independence?	Yes
2	While conducting audits, reviews, rechecks, or project examinations and preparing opinions, does the accountant maintain both substantive and formal independence?	Yes
3	Does the accountant execute professional services with integrity and rigor?	Yes
4	Does the accountant maintain an impartial and objective stance while avoiding influences on professional judgment due to bias, conflicts of interest, or personal interests?	Yes
5	The accountant does not lack or lose independence, affecting their integrity and impartiality.	Yes
Competency Review		
1	Does the accounting firm promptly notify the Board of Directors (Audit Committee) of any significant issues and developments in risk management, corporate governance, financial accounting, and related risk control?	Yes

Item	Audit Quality Index (AQI) Assessment	Results
Aspect 1: Professionalism		
1-1	Is audit experience sufficient?	Yes
1-2	training hours	
1-2-1	Are the training hours for CPA sufficient?	Yes
1-2-2	Are training hours for managerial-level personnel (excluding accountants) sufficient?	Yes
1-3	Liquidity	
1-3-1	Is the turnover rate for managerial-level audit personnel (excluding accountants) reasonable?	Yes
1-4	Professional Support	
1-4-1	Is the ratio of professional personnel support to the audit department satisfactory?	Yes
1-4-2	Is the proportion of hours dedicated by professional personnel to listed company cases adequate?	Yes
Aspect 2: Quality Control		
2-1	Accountant load	
2-1-1	Is the number of publicly listed companies for which the accountant serves as lead auditor reasonable?	Yes
2-1-2	Is the proportion of available working hours used by accountants reasonable?	Yes
2-2	Check whether the investment is reasonable	Yes
2-3	Case Quality Control Review (EQCR)	
2-3-1	Is the proportion of hours dedicated by EQCR accountants for review appropriate?	Yes
2-4	Quality Control Support Capacity	
2-4-1	Is the equivalent number of full-time quality control personnel adequate?	Yes
2-4-2	Is the proportion of quality control personnel support to the audit department sufficient?	Yes
Aspect 3: Independence		
3-1	Is the proportion of fees from non-audit services reasonable?	Yes
3-2	Is familiarity with the client adequate?	Yes
Aspect 4: Supervision		
4-1	Are there no deficiencies in quality control inspections by the Financial Supervisory Commission?	Yes
4-2	Are there no audit deficiencies found during inspections by the U.S. PCAOB?	Yes
4-3	Are there no disciplinary actions against accountants?	Yes
4-4	Are there no deficiency improvement letters from regulatory authorities?	Yes
Aspect 5: Innovation Capacity		
5-1	Has the firm undertaken or planned initiatives related to audit quality improvement in the past three years?	Yes

Evaluation review opinions
Review passed; recommendation to proceed with appointment/maintain current position.

Note 2：Directors' training in 2025

Name	Education Date	Sponsor	Course name	Training Hour
Lee, Fang-Ting	January 9, 2025	Taiwan Stock Exchange Corporation	Post-Merger Integration and Synergy Evaluation	3.0
Liao, Lu-Lee	April 18, 2025	Commerce Development Research Institute	Corporate Governance Series Forum	3.0
Liao, Keng-Pin	May 9, 2025	Securities and Futures Institute	Corporate Governance and Sustainable Business Practices Workshop	3.0
Huang, Chao-Li	June 3, 2025	Chinese Financial Development Association	Tariff War Storm: Impacts and Responses	3.0
Huang, Chao-Li	June 15, 2025	Chinese Corporate Governance Association	Mastering the Key of Industrial Holding and Group Operations	3.0
Liao, Chung-Hsi、Soh, Yong-Seng、Liao, Keng-Pin、Sher, Jih-Hsin	July 9, 2025	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit	6.0
Liao, Lu-Lee	July 19, 2025	Taipei Exchange	Implementing Sustainable Development through the OTC Market: Benchmark Practices in the Co-Governance Era	3.0
Chen, Ting-Ju	July 25, 2025	Securities and Futures Institute	2025 Insider Trading Prevention Seminar	3.0
Chen, Ting-Ju	August 8, 2025	Taiwan Institute of Directors	Global Expansion and Co-Governance: Practicing and Integrating Multinational Operations Governance	3.0
Wei, Wen-Chieh、Liao, Chung-Hsi	August 22, 2025	Chinese National Federation of Industries	2025 Taishin-Shin Kong Net Zero Summit Forum	3.0
Liao, Chung-Hsi、Lee, Fang-Ting	September 26, 2025	Securities and Futures Institute	2025 Insider Trading Prevention Seminar	3.0
Wei, Wen-Chieh	November 21, 2025	Securities and Futures Institute	2025 Internal Stakeholder Equity Trading Legal Compliance Seminar	3.0

Note 3：Managers' further training

Name	Education Date	Sponsor	Course name	Training Hours
Huang, Chao-Li	April 11, 2025	Taiwan Industry Creation Platform	Multinational Local Operations Elite Program 2025	63.5
Huang, Chao-Li	June 3, 2025	Chinese Financial Development Association	Director Certification Program - Tariff War Storm: Impact and Response	3.0
Huang, Chao-Li	June 15, 2025	Chinese Corporate Governance Association	Mastering the Key of Industrial Holding and Group Operations	3.0
Huang, Chao-Li	March 24, 2025	Merry Electronics Co., Ltd.	AI/ IT Tools Sharing Session	1.0
Huang, Chao-Li	July 28, 2025	Merry Electronics Co., Ltd.	[BCG Workshop] Operations Efficiency Enhancement	2.0
Huang, Chao-Li	October 31, 2025	Merry Electronics Co., Ltd.	[Core Talent] IDP Guidance Bootcamp	2.0
Huang, Chao-Li	November 10, 2025	Merry Electronics Co., Ltd.	[Technology Trend Lecture] Drones, Brain-Machine Interface, Edge AI	1.0
Huang, Chao-Li	November 10, 2025	Merry Electronics Co., Ltd.	[Market Trend Lecture] Consumer Electronics, Electric Vehicles, Wearable Devices 2026	2.0
Huang, Chao-Li	November 27, 2025	Merry Electronics Co., Ltd.	[Rising Star] Bootcamp	2.0
Huang, Chao-Li	December 9, 2025	Merry Electronics Co., Ltd.	[Core Talent] IDP Guidance Coach Workshop	3.0
Huang, Chao-Li	December 22, 2025	Merry Electronics Co., Ltd.	Executive Training Camp	21.0
Huang, Chao-Li	December 24, 2025	Merry Electronics Co., Ltd.	Building Robust Board Governance	2.0
Lin Shi-Jie	November 5, 2025	Merry Electronics Co., Ltd.	[Economic Trend Lecture] Macroeconomic Analysis 2026	20
Lin Shi-Jie	November 10, 2025	Merry Electronics Co., Ltd.	[Technology Trend Lecture] Drones, Brain-Machine Interface, Edge AI	1.0
Lin Shi-Jie	November 10, 2025	Merry Electronics Co., Ltd.	[Market Trend Lecture] Consumer Electronics, Electric Vehicles, Wearable Devices 2026	2.0
Lin Shi-Jie	November 27, 2025	Merry Electronics Co., Ltd.	[Rising Star] Bootcamp	2.0
Lin Shi-Jie	December 9, 2025	Merry Electronics Co., Ltd.	[Core Talent] IDP Guidance Coach Workshop	3.0
Lin Shi-Jie	December 22, 2025	Merry Electronics Co., Ltd.	Executive Training Camp	21.0
Lam, Ru-Hsuan	February 21, 2025	Merry Electronics Co., Ltd.	[Transformational Leadership Development	5.5

			Program] Topic 1 Strategic Thinking	
Lam, Ru-Hsuan	September 4, 2025	Accounting Research and Development Foundation	Accountant Continuing Education for Issuers and Securities Firms (Selected Package, Online)	12
Lam, Ru-Hsuan	September 23, 2025	Merry Electronics Co., Ltd.	[Transformational Leadership Development Program] Topic 3 Innovation Motivation	5.0
Lam, Ru-Hsuan	November 5, 2025	Merry Electronics Co., Ltd.	[Economic Trend Lecture] Macroeconomic Analysis 2026	2.0
Lam, Ru-Hsuan	November 10, 2025	Merry Electronics Co., Ltd.	[Technology Trend Lecture] Drones, Brain-Machine Interface, Edge AI	1.0
Lam, Ru-Hsuan	November 10, 2025	Merry Electronics Co., Ltd.	[Market Trend Lecture] Consumer Electronics, Electric Vehicles, Wearable Devices 2026	2.0
Lam, Ru-Hsuan	November 19, 2025	Merry Electronics Co., Ltd.	[Transformational Leadership Development Program] Topic 4 Leading Change	4.0
Lam, Ru-Hsuan	December 9, 2025	Merry Electronics Co., Ltd.	[Core Talent] IDP Guidance Coach Workshop	3.0
Lam, Ru-Hsuan	December 17, 2025	Institute of Internal Auditors - Chinese Taiwan	Info Environment Audit - Technology Risk Practices; Common Deficiencies in Info Internal Control Audit of Listed Companies	6.0
Lam, Ru-Hsuan	December 22, 2025	Merry Electronics Co., Ltd.	Executive Training Camp	21.0
Lam, Ru-Hsuan	December 24, 2025	Merry Electronics Co., Ltd.	Building Robust Board Governance	2.0
Chang, Jui-Cheng	February 21, 2025	Merry Electronics Co., Ltd.	[Transformational Leadership Development Program] Topic 1 Strategic Thinking	5.5
Chang, Jui-Cheng	September 4, 2025	Merry Electronics Co., Ltd.	[Transformational Leadership Development Program] Topic 2 Visionary Leadership	5.5
Chang, Jui-Cheng	September 23, 2025	Merry Electronics Co., Ltd.	[Transformational Leadership Development Program] Topic 3 Innovation Motivation	5
Chang, Jui-Cheng	November 5, 2025	Merry Electronics Co., Ltd.	[Economic Trend Lecture] Macroeconomic Analysis 2026	2
Chang, Jui-Cheng	December 9, 2025	Merry Electronics Co., Ltd.	[Core Talent] IDP Guidance Coach Workshop	3
Chang, Jui-Cheng	December 22, 2025	Merry Electronics Co., Ltd.	Executive Training Camp	21

Chang, Jui-Cheng	December 24, 2025	Merry Electronics Co., Ltd.	Building Robust Board Governance	2
Liang Kun-Tang	February 21, 2025	Merry Electronics Co., Ltd.	[Transformational Leadership Development Program] Topic 1 Strategic Thinking	5.5
Liang Kun-Tang	August 28, 2025	Merry Electronics Co., Ltd.	Session: n8n Workflow Basics	2.5
Liang Kun-Tang	September 5, 2025	Merry Electronics Co., Ltd.	Session: n8n Workflow - MCP Integration	2.0
Liang Kun-Tang	September 23, 2025	Merry Electronics Co., Ltd.	[Transformational Leadership Development Program] Topic 3 Innovation Motivation	5
Liang Kun-Tang	November 5, 2025	Merry Electronics Co., Ltd.	[Economic Trend Lecture] Macroeconomic Analysis 2026	2.0
Liang Kun-Tang	November 10, 2025	Merry Electronics Co., Ltd.	[Technology Trend Lecture] Drones, Brain-Machine Interface, Edge AI	1.0
Liang Kun-Tang	November 10, 2025	Merry Electronics Co., Ltd.	[Market Trend Lecture] Consumer Electronics, Electric Vehicles, Wearable Devices 2026	2.0
Liang Kun-Tang	November 19, 2025	Merry Electronics Co., Ltd.	[Transformational Leadership Development Program] Topic 4 Leading Change	4.0
Liang Kun-Tang	December 22, 2025	Merry Electronics Co., Ltd.	Executive Training Camp	21.0
Liang Kun-Tang	December 24, 2025	Merry Electronics Co., Ltd.	Building Robust Board Governance	2.0
Chen Wen-Juan	November 5, 2025	Merry Electronics Co., Ltd.	[Economic Trend Lecture] Macroeconomic Analysis 2026	2.0
Chen Wen-Juan	November 19, 2025	Merry Electronics Co., Ltd.	[Transformational Leadership Development Program] Topic 4 Leading Change	4.0
Chen Wen-Juan	December 9, 2025	Merry Electronics Co., Ltd.	[Core Talent] IDP Guidance Coach Workshop	3.0
Chen Wen-Juan	December 24, 2025	Merry Electronics Co., Ltd.	Building Robust Board Governance	2.0
Soh, Yong-Seng	July 28, 2025	Merry Electronics Co., Ltd.	[BCG Workshop] Operations Efficiency Enhancement	2.0
Soh, Yong-Seng	November 5, 2025	Merry Electronics Co., Ltd.	[Economic Trend Lecture] Macroeconomic Analysis 2026	2.0
Soh, Yong-Seng	November 27, 2025	Merry Electronics Co., Ltd.	[Rising Star] Bootcamp	2.0
Soh, Yong-Seng	December 8, 2025	Merry Electronics Co., Ltd.	[ESG] Merry’s Sustainability Design Proposal Introduction	1.5
Soh, Yong-Seng	December 9, 2025	Merry Electronics Co., Ltd.	[Core Talent] IDP Guidance Coach	3.0

			Workshop	
Soh, Yong-Seng	December 24, 2025	Merry Electronics Co., Ltd.	Building Robust Board Governance	2.0

Note 4：Further training for corporate governance managers

Name	Education Date	Sponsor	Course Name	Traning Hours
Weng, Ying-jie	March 19, 2025	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3.0
Weng, Ying-jie	May 9, 2025	Securities and Futures Institute	2025 Insider Trading Prevention Seminar	3.0
Weng, Ying-jie	July 9, 2025	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit	6.0
Weng, Ying-jie	August 22, 2025	Chinese National Federation of Industries	2025 Taishin-Shin Kong Net Zero Summit Forum	3.0
Weng, Ying-jie	January 21, 2025	Merry Electronics Co., Ltd.	[Core Talent] Driving Change Training Program	10.5
Weng, Ying-jie	February 24, 2025	Merry Electronics Co., Ltd.	Brand Concept Course - Department Brand Seed Program	2.5
Weng, Ying-jie	March 20, 2025	Merry Electronics Co., Ltd.	[Core Talent] Promoting Innovation Training Program	10.5
Weng, Ying-jie	November 5, 2025	Merry Electronics Co., Ltd.	[Economic Trend Lecture] Macroeconomic Analysis 2026	2.0
Weng, Ying-jie	November 10, 2025	Merry Electronics Co., Ltd.	[Technology Trend Lecture] Drones, Brain-Machine Interface, Edge AI	1.0
Weng, Ying-jie	November 10, 2025	Merry Electronics Co., Ltd.	[Market Trend Lecture] Consumer Electronics, Electric Vehicles, Wearable Devices 2026	2.0
Weng, Ying-jie	November 20, 2025	Merry Electronics Co., Ltd.	[Core Talent] Building Relationships and Facilitating Cooperation Training Program	7.0
Weng, Ying-jie	November 28, 2025	Merry Electronics Co., Ltd.	[Core Talent] IDP Guidance - IDP Setup Course (In-Person)	3.0
Weng, Ying-jie	December 24, 2025	Merry Electronics Co., Ltd.	Building Robust Board Governance	2.0

4. Composition, Responsibilities and Operations of the Remuneration Committee：

(1) To enhance corporate governance and establish a sound remuneration system for directors and managers, the Company has formed a Remuneration Committee in accordance with Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Establishment and Exercise of Powers by the Remuneration Committees of Companies Listed on the Stock Exchange or traded OTC. The Remuneration Committee Charter has also been established. The Committee performs the following duties faithfully and in accordance with the law, submitting

its recommendations to the Board of Directors for discussion:

A. Formulate and regularly review the performance evaluation standards for directors and managers, annual and long-term performance targets, and the policies, systems, standards, and structures of compensation and remuneration, and disclose the content of performance evaluation standards in the annual report.
B. Regularly assess the achievement of performance targets by directors and managers, and based on the results from the performance evaluation standards, determine the content and amount of individual compensation and remuneration. The annual report should disclose the individual performance evaluation results for directors and managers, and the correlation and reasonableness of individual compensation and remuneration content and amounts with the performance evaluation results, which should also be reported in the shareholders' meeting. Other matters assigned by the Board of Directors for resolution.

(i) Members of the Remuneration Committee:

A. The Company's Remuneration Committee was established on December 28, 2011, consisting of 3 members.
B. Fifth term tenure: June 15, 2022, to May 25, 2025; Sixth term tenure: May 26, 2025, to May 25, 2028.

Title	Criteria / Name	Professional qualifications and experience	Independent status (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Fifth Term Independent Director (convener)	Wu, Hui-Huang	The professional qualifications and experience of the committee members can be found in the disclosure of the directors' professional qualifications and the independence information of independent directors on pages 15-24 of this annual report.		1
Fifth Term Independent Director	Sher, Jih-Hsin			2
Fifth Term Independent Director	I, Chang-Yun (Resigned on May 25, 2025)			3
Sixth Term Independent Director (convener)	Sher, Jih-Hsin			2
Sixth Term Independent Director	Chen, Ting-Ju (Appointed on May 26, 2025)			1

Sixth Term Committee Member	Wu, Hui-Huang	1. Possessing expertise and experience in business management, electrical and electronics, culture, business management, corporate governance, risk management, sustainable development, and information security management. 2. Possessing expertise in financial and accounting knowledge	Compliance with independence (Note)	1

Note: Neither the committee member, their spouse, nor relatives within the second degree of kinship hold positions as directors, supervisors, or employees of the company or its affiliated entities; neither the committee member, their spouse, nor relatives within the second degree of kinship (or through others) own shares in the company, nor serve as directors, supervisors, or employees in companies with specific relationships to the company. Additionally, neither the committee member, their spouse, nor relatives within the second degree of kinship have provided business, legal, financial, or accounting services to the company or its affiliated entities and received compensation for the past two years.

(ii) Operations of the Remuneration Committee：

A. In the most recent fiscal year (2025), the Compensation Committee held 4 meetings (A) on the following dates: February 26, 2025; April 24, 2025; July 24, 2025; and December 24, 2025. The qualifications and attendance status of the committee members are as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%)【B / A】	Remarks
Fifth Term Convener	Wu,Hui-Huang	2	0	100%	Re-elected on May 26, 2025; Reappointment
Fifth Term Committee Member	Sher, Jih-Hsin	2	0	100%	Re-elected on May 26, 2025; Reappointment
Fifth Term Committee Member	I, Chang-Yun	2	0	100%	Re-elected on May 26, 2025; Resignation
Sixth Term Convener	Sher, Jih-Hsin	2	0	100%	Re-elected on May 26, 2025; Reappointment
Sixth Term Committee Member	Wu,Hui-Huang	2	0	100%	Re-elected on May 26, 2025; Reappointment
Sixth Term Committee Member	Chen, Ting-Ju	2	0	100%	Re-elected on May 26, 2025; New Appointment

Other matters that require reporting：

i. If the Board of Directors does not accept or revises the Remuneration Committee's recommendation, provide details on the date of the Board meeting, session, contents of the agenda item, resolution of the Board of Directors, and the Company's response to the Remuneration Committee's opinions (specifically if the remuneration approved by the Board of Directors is higher than the recommendation of the Remuneration Committee, including the discrepancy and reasoning): None.

ii. If any resolution of the Remuneration Committee involves a member's dissenting or qualified opinion that is recorded or stated in a written statement, describe the date of the committee meeting, term of the committee, agenda item, opinions of all members, and actions taken by the company in response to the dissenting opinion of members: None.

Note:

(1) If a Remuneration Committee member separates from the committee before the end of the year, the date of separation should be specified in the remarks, and the actual attendance rate (%) should be calculated based on the number of meetings convened during the Remuneration Committee's term and the member's actual attendance.

(2) If the Remuneration Committee undergoes reelection before the end of the year, list the new and old Remuneration Committee members. Indicate whether the member is old, new, or reelected, along with the reelection date in the remarks. The actual attendance rate (%) is calculated based on the number of Remuneration Committee meetings convened during the member's term and the member's actual attendance

B. Contents of the 2025 meeting, resolution results and implementation status

Time	Proposal Content	Resolution Result	Implementation Status
2025/2/26 11th Meeting of the 5th Session	1. Proposal to Amend the Company's "Articles of Incorporation" for Discussion. 2. Proposal to Review the Adjustment of the Fixed Monthly Salary for the Company's Managers in 2025 for Discussion. 3. Proposal to Discuss the Total Remuneration for Directors and Employees of the Company for the Year 2024. 4. Proposal to Discuss the Results of Performance Evaluations and the Details and Amounts of Salaries and Remuneration for the Company's Directors and Managers for the Year 2024.	Agree to follow the case pass.	According to the results of the meeting conduct.
2025/4/24 12th Meeting of the 5th Session	1. Proposal to Establish the Company's "Special Reserve Shareholding Trust Implementation Measures." 2. Proposal to Amend the Company's "Salary Management Measures."	Report case.	According to the results of the meeting conduct.

Time	Proposal Content	Resolution Result	Implementation Status
	3. Proposal to Discuss the Allocation of Remuneration Amounts for the Company's Managers for the Year 2024. 4. Proposal to Review the Company's Special Reserve Fund for Managerial Shareholding Trust for Discussion.	Agree to follow the case pass.	According to the results of the meeting conduct.
2025/7/24 1st Meeting of the 6th Session	1. Proposal to Discuss the Amendment of the Company's "Employee Remuneration Allocation Measures." 2. Proposal to Discuss the Second Grant of the Company's Restricted Employee Shares Issued in 2023, Including the Allocation List and Share Quantity for Managers and Non-Managers.	Agree to follow the case pass.	According to the results of the meeting conduct.
2025/12/24 2nd Meeting of the 6th Session	1. Proposal to Establish the Company's "Management Vehicle Allocation Application Measures."	Report case.	According to the results of the meeting conduct.
	2. Proposal to Discuss the Promotion and Salary Adjustment for the Company's Managers, Jiang, Yung-Leh and Tsai, Yu-Chih. 3. Proposal to Discuss the Adjustment of Remuneration Allocation for the Company's Managers for the Year 2024. 4. Proposal to Determine the Allocation Ratios for Employee and Director Remuneration for the Year 2026, Needed for the Preparation of Monthly Financial Reports for 2026. 5. Proposal to Review the Work Plan of the Compensation Committee for 2026.	Agree to follow the case pass	According to the results of the meeting conduct.

(2) Composition, Duties, and Operations of the Sustainability Development and Nomination Committee:

In order to fulfill its corporate social responsibility as a corporate citizen and align with international trends, the Company actively responds to stakeholders on risk assessments and countermeasures in areas such as environmental, social, and corporate governance. On April 27, 2023, the Company established the Sustainability Development Committee and formulated the "Sustainability Development Committee Charter." On December 28, 2023, the Board of Directors approved the expansion of its functions to become the Sustainability Development and Nomination Committee, and formulated the "Sustainability Development and Nomination Committee Charter."

A. The Committee shall faithfully perform the following duties according to law and submit recommendations to the Board of Directors for discussion: (a) Formulate sustainable development policies and supervise relevant operating mechanisms.

(a) Formulate the sustainability development policy and oversee related operational mechanisms.

(b) Formulate the integrity operation policy and oversee related operational mechanisms.

(c) Formulate the risk management policy and oversee related operational mechanisms.

(d) Formulate the information security policy and oversee related operational mechanisms.

(e) Identify suitable candidates for directors and the president, propose candidate lists to the Board of Directors, and carefully evaluate the qualifications of nominees, ensuring they do not fall under any circumstances stipulated in Article 30 of the Company Act. The nomination of director candidates should comply with Article 192-1 of the Company Act, and the independence of independent director candidates should also be assessed.

(f) Other matters assigned by the Board of Directors to the Committee.

B. The Committee establishes the following four functional groups to ensure the promotion and implementation of corporate sustainability-related work:

(a) The Sustainability Development Promotion Group is responsible for integrating corporate sustainability-related policies, systems, or management guidelines, as well as proposing and executing specific promotion plans. It should maintain ongoing communication and interaction with stakeholders, with specific business execution content referencing the "Corporate Sustainability Development Best Practice Principles."

(b) The Integrity Operation Promotion Group assists in integrating honesty and ethical values into the company's business strategy, formulates anti-corruption measures, regularly analyzes and evaluates the risks of dishonest behavior, develops prevention plans, implements mutual supervision and balance mechanisms for dishonest behavior risks within the business scope, promotes honesty policies, plans whistleblowing systems, and ensures effective execution, with specific business execution content referencing the "Honest Operation Procedures."

(c) The Risk Management Group serves as the unit for promoting and executing risk management, responsible for planning, executing, and supervising risk management-related affairs, with specific business execution content referencing the "Risk Management Procedures."

(d) The Information Security Promotion Group ensures consistency between information security policy and objectives, audits and evaluates the information security system, reviews information security reports and monitors corrective measures, implements information security education and training plans, with specific business execution content referencing the "Information Security Management Manual."

(i) Information on Members of the Sustainability Development and Nomination Committee:

A. The Company's Sustainability Development and Nomination Committee was established on April 27, 2023, consisting of three members.

B. The term of the first committee members is from April 27, 2023, to May 25, 2025.

Member name	Independent director (Y/N)	Professional Knowledge and Capabilities in Sustainability (Note)
Chairperson and Convener: Wu, Hui-Huang	Y	Possesses professional knowledge and capabilities in risk management, environmental sustainability, and social engagement
Sher, Jih-Hsin	Y	Possesses professional knowledge and capabilities in risk management, environmental sustainability, and social engagement
Huang, Chao-Li (Director)	N	Possesses professional knowledge and capabilities in risk management, environmental sustainability, and social engagement

Note: For information on each committee member's educational background, gender, professional qualifications, work experience, and independence, please refer to the Corporate Governance Report (I) - Information on Directors on pages 15 to 24 of this annual report.

C. Term of Second Committee Members: May 26, 2025 to May 25, 2028.

Member name	Independent director (Y/N)	Professional Knowledge and Capabilities in Sustainability (Note)
Chairperson and Convener: Chen Ting-Ju	Y	Possesses professional knowledge and capabilities in risk management, environmental sustainability, and social engagement
Sher, Jih-Hsin	Y	Possesses professional knowledge and capabilities in risk management, environmental sustainability, and social engagement
Wu Hui-Huang (External Expert)	N	Possesses professional knowledge and capabilities in risk management, environmental sustainability, and social engagement

(ii)Operations of the Sustainability and Nomination Committee:

A. In the most recent year (Year 2025), the Sustainability and Nomination Committee held three meetings on the following dates: 2025/2/26, 2025/7/24, and 2025/12/24. The qualifications of the committee members and their attendance are as follows:

Position	Committee Member Name	Actual attendance	Expected Attendance	Actual Attendance Rate
Member (External Expert)	Wu, Hui-Huang	3	3	100%
Member (Independent Director)	Sher, Jih-Hsin	3	3	100%
Member (Director)	Huang, Chao-Li	1	1	100%
Chairperson and Convener (Independent Director)	Chen, Ting-Ju	2	2	100%

Note:

1. Until May 25, 114, Wu, Hui-Huang served as an independent director and was the chairman and convener of the first committee. Starting from May 26, 114, he serves as an external expert and is a member of the second committee.
2. Huang, Chao-Li stepped down on May 25, 114, and Chen, Ting-Ju was appointed on May 26, 114, assuming the role of chairman and convener of the second committee.

B. Meeting proposals, resolution results, and implementation status for the year 2025:

Time	Proposal Content	Resolution Result	Implementation Status
2025/2/26 5th Meeting of the 1st Session	Proposal 1: To review and discuss the nomination of candidates for the 21st Board of Directors (including Independent Directors) of the company.	Agree to follow the case pass.	It has been completed according to the results of the meeting.
2025/7/24 1st Meeting of the 2nd Session	Proposal 1: To prepare and file the company's 2024 Sustainability Report for discussion.	Agree to follow the case pass.	It has been completed according to the results of the meeting.
2025/7/24 2nd Meeting of the 2nd Session	Proposal 1: To review the company's 2025 sustainability performance and set targets for 2026, submitted for discussion. Proposal 2: To draft the 2026 operational plan, submitted for discussion. Proposal 3: To review the work plan of the Sustainability and Nomination Committee for 2026, submitted for discussion. Proposal 4: To amend the Group's Environmental Protection Policy, submitted for discussion. Proposal 5: To revise the company's "Risk Management Procedures", submitted for discussion.	Agree to follow the case pass.	It has been completed according to the results of the meeting.

5. Circumstances and reasons for the implementation of sustainable development promotion and the differences with the code of practice for sustainable development of listed companies

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
Ⅰ. Has the company established a governance structure for promoting sustainable development and designated dedicated (or part-time) units for this purpose? Is the implementation handled by senior management authorized by the board of directors, and what is the board' s supervisory role?	Yes		In 2023, under its board of directors, the company established a "Sustainability and Nomination Committee," with an independent director serving as the convener. The committee consists of three members, including two independent directors and one external expert. It oversees four task forces: sustainable development, risk management, information security, and ethical management. The committee regularly reviews policies with the heads of each task force and supervises relevant operational mechanisms. The Sustainable Development Task Force is led by Chen, Ting-Ju as the convener, with the Sustainability and Brand Value Development Department acting as the executive secretary. Members include seven functional units that identify pertinent sustainability issues, integrate sustainability-related policies and objectives, develop systems or action plans, and oversee the implementation of sustainability initiatives. The board of directors supervises the short-, medium-, and long-term strategies, objectives, execution plans, and outcomes of sustainable development initiatives. When necessary, it formulates review and improvement plans to implement sustainability principles and objectives, including the verification of the sustainability report. To effectively enhance the board' s functions and decision-making quality, procedures for reporting key major issues arising during operations to the board have been clearly defined. The convener of the "Sustainability and Nomination Committee" reports to the board of directors on the execution results and future work plans for sustainable development biannually. In 2025, two meetings were convened, with the most recent report submitted on December 24, 2025.	In compliance with the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies; no differences noted.
Ⅱ. Has the company conducted a risk assessment of	Yes		The company refers to the GRI Sustainability Reporting Standards for analyzing material issues related to sustainability impacts. Department heads assess the impact of various issues on sustainable development in the environmental, social, and corporate	In compliance with the Best Practice Principles for

<table>
<tr><th rowspan="2">Initiatives</th><th colspan="3">Implementation Status</th><th rowspan="2">Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>environmental, social, and corporate governance issues related to its operations based on the principle of materiality, and has it formulated relevant risk management policies or strategies?</td><td></td><td></td><td>governance dimensions and analyze and rank the severity and likelihood of each issue. After discussion with management, they determine the priority of managing sustainability issues, serving as the basis for formulating management policies and related plans to strengthen the company’s competitive advantage and risk control. Additionally, in response to the trend of double materiality in sustainability disclosure, financial impact assessments have been integrated into the materiality decision-making process. During operations, stakeholder engagement channels are used to gather and discuss stakeholders’ concerns and responses to various issues. The risk assessment boundaries for the 2025 disclosure of sustainability performance include Taiwan, China, Thailand, Vietnam, and other major operating locations, covering sustainability performance from January to December 2025.

To ensure stable company growth and proactively address potential risks and opportunities during operations, the “Sustainability and Nomination Committee” has set up a Risk Management Task Force and developed “Risk Management Procedures” and a risk management policy, both approved by the board of directors. Operational and functional departments appoint risk management personnel to conduct regular annual identification of risk factors, recognizing risks impacting sustainable development. They select the scope of risk management and develop risk management strategies for each risk, including management objectives, organizational structures, responsibility assignments, and risk management procedures, ensuring alignment and effective execution with operational strategic directions and risk management policies.
<table>
<tr><th>Material Issue</th><th>Risk Assessment Item Description</th><th>Description</th></tr>
<tr><td>Environment</td><td>Climate Strategy and Energy</td><td>● Implement a greenhouse gas inventory system and establish an</td></tr>
</table></td><td>Sustainability Development of TWSE/TPEx Listed Companies; no differences noted.listed companies: No discrepancies.</td></tr>
</table>

Initiatives	Implementation Status					Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description			
				Management	energy system to monitor abnormal electricity usage in real-time. ● Improve energy efficiency and reduce carbon emissions through the actual use of renewable energy. ● Set energy-saving and carbon-reduction measures annually, and regularly track the implementation and carbon reduction status of various measures in the plant.	
				Product Safety and Marketing	● Control the timeliness of handling anomalies to prevent production stoppages due to untimely anomaly handling. ● Continuously improve quality items that do not meet standards monthly and propose preventive measures. ● Adopt a Product Management System (GPMS) to control from the source of materials, ensuring that the restricted substances in products comply with	

Initiatives	Implementation Status					Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description			
					international regulations and customer requirements.	
			Social	Human Capital Development	● Provide employee welfare policies superior to regulatory requirements. ● Conduct employee engagement surveys every two years. ● Regularly organize training courses and workshops. ● Implement a Mentor & Buddy system.	
			Corporate Governance	Information Security	Establish a secure and reliable information environment through the ISO 27001:2013 Information Security Management System to ensure the security of data, systems, equipment, and networks, protecting against external threats and improper management and use by internal personnel that may lead to risks of alteration, disclosure, destruction, or loss, thereby ensuring business continuity.	
				Sustainable Supply Chain	According to the company' s supplier management regulations, new suppliers must pass evaluations and	

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
			sign relevant commitment letters. Suppliers lacking complete documentation must obtain approval from the plant' s general manager before engaging in special procurement transactions. Monthly reports and reviews of supplier management KPI results are conducted.	
Ⅲ. Environmental Issues (I) Has the company established an appropriate environmental management system based on the characteristics of its industry?	Yes		(I) All sites under the merged company adhere to the environmental regulations of the operating locations (such as air pollution, waste management, and management processes for chemicals of concern), establish environmental safety and health management policies, and promote the verification of management systems. To achieve sustainable business operations, Merry Electronics integrates green thinking into every aspect from product design, procurement, manufacturing, to management, aiming to mitigate the environmental impact of products, and comply with international regulations and customer requirements. In terms of management systems, the company has been updating the ISO 14001:2015 and promoting the ISO 50001:2018 management system certifications in all manufacturing sites since 2018, to reduce environmental impact, enhance energy performance, and further decrease the burden of greenhouse gas emissions. The ISO 50001 certification of Taiwan headquarters is valid until February 2029, while the ISO 14001 certifications for the factories in Shenzhen, Thailand, and Vietnam are valid from October 2026 to December 2027. On the product side, since 2010, a green product management system (GPMS) has been	Comply with the Code of Practice for sustainable development of listed companies; No discrepancies.

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
			implemented to control hazardous substances and reduce the environmental burden associated with production, distribution, use, and disposal. Furthermore, recyclable materials and packaging are actively used to contribute to protecting the planet. Merry Electronics Taiwan Headquarters ISO 50001 valid from February 11, 2026, to February 10, 2029; Merry Electronics Shenzhen ISO 14001 valid from November 18, 2024, to November 17, 2027; Merry Electronics Thailand ISO 14001 valid from December 26, 2024, to December 24, 2027; Merry Electronics Vietnam ISO 14001 valid from October 30, 2023, to October 29, 2026.	
(II) Is the company committed to improving energy efficiency and using environmentally low-impact renewable materials?	Yes		(II) The company has implemented various energy-saving initiatives to enhance energy efficiency. For example, Merry Electronics Shenzhen has added a heat recovery system to air compression equipment to reclaim high-temperature waste heat for hot water needed in dormitory life and improve air compressor efficiency. Additionally, the water storage capacity of heat pumps is adjusted based on the number of dormitory residents to reduce electricity consumption. Merry Electronics Thailand has installed frequency converters in air compressors to achieve electricity savings through precise electrical and frequency control. In Vietnam, time controls have been added to the chilling and air compression units to reduce electricity consumption by scheduling operations. The laboratory chiller has also been integrated into the air conditioning system for efficient cooling. Austar Hearing has updated air conditioning control programs, optimized the pump cooling system, and discontinued 24-hour operation of equipment such as agar wax ovens to save electricity. Since 2021, the company has pledged to the RE100 renewable energy initiative, committing to 100% renewable energy use by 2030. Currently, all solar systems on factory roofs have been completed and fully activated by September 2024. The company will continually evaluate other renewable energy solutions and	

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
			pursue energy-saving projects and renewable energy use to improve energy efficiency and meet the global RE100 commitment. From product R&D and design to manufacturing, a concept of recycling and environmentally friendliness is applied, managing resource utilization efficiency during product design and setting performance indicators for recycled material usage. In 2025, the substitution rate for plastic in headsets reached 41.78%, and for true wireless Bluetooth earphones it reached 9%.	
(III) Does the company assess the potential risks and opportunities posed by climate change to its operations and future, and implement measures to address climate-related issues?	Yes		(III) The company has established a risk management system in accordance with ISO 31000, setting up a risk management team under the Sustainable Development and Nomination Committee to handle risk management and report regularly to the board of directors. Personnel from various departments periodically assess and address company-wide risks and opportunities, coordinating and monitoring cross-departmental responses to risk management while keeping close watch on global climate change trends. Since 2021, the company has introduced the TCFD disclosure framework to establish a climate risk identification process and form a cross-departmental climate change working group, coordinated by the risk management team. The results of risk identification are integrated into existing risk management processes to identify and assess climate-related risks and opportunities that could significantly impact Merry' s finances. Climate change scenarios are analyzed and management strategies for subsequent risk response are developed. In 2024, the risk management group assessed transition and physical risks following the TCFD recommendations for policies, economic activities, physical environments, society, and technology. Transition risks were examined with national target scenarios, while physical risks followed the RCP8.5 scenario through climate change workshops, departmental leader discussions, and interviews. Under specific scenarios, Merry identified and evaluated the likelihood and potential impact of climate-related	

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
			risks, identifying nine risks requiring attention: increased raw material acquisition costs, consumers preferring lower-carbon products or services, extreme weather interrupting operations, widespread development of low-carbon processes by competitors, failure in developing low-carbon alternatives, natural disasters raising insurance premiums, not developing low-carbon alternatives, rising consumer concerns, and rising average temperatures. Climate risk assessments and responses have also been implemented at the Shenzhen production site. A comprehensive assessment of climate-related risks and opportunities and response measures is provided in the Climate-Related Information section of this annual report.	
(IV) Has the company recorded the greenhouse gas emissions, water usage, and total waste weight for the past two years, and established policies for energy conservation, carbon reduction, greenhouse gas management, water reduction, or other waste management?	Yes		(IV) Merry Electronics conducts statistical analysis and management of annual water usage and total waste weight, setting corresponding management policies and annual targets for water resource management, although no industrial wastewater is produced from manufacturing since it' s not used in the process. The wastewater generated is only domestic wastewater, thus water management focuses on enhancing staff awareness and water-saving equipment to improve water resource efficiency. In waste management, active recycling practices have significantly reduced waste generation and increased recycling volumes; the company has implemented "Wastewater Treatment Control Guidelines," "Waste Management Procedures," and "Waste Management Guidelines" to actively monitor sustainability indicators. The results of greenhouse gas inventory, verification, and reduction policies are also detailed in the Climate-Related Information section of this report. In 2025, total water withdrawal reached 368.59 million liters (ML), marking an increase of 65.23 ML or approximately 21.5% compared to 2023, mainly due to global business expansion and an increase in total manufacturing hours leading to higher water demand. The implementation of UL2799 allowed for more	

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
			comprehensive and precise waste classification and statistics. In 2025, total waste output amounted to approximately 2,328.16 tons, a 156.09% increase in waste intensity (tons/million revenue) from the baseline year of 2023, indicating ongoing efforts are needed in waste reduction. Hazardous waste amounted to about 73.61 tons, accounting for 3.16%. When categorized by disposal method, about 1,803.28 tons were recycled, achieving a recycling rate of 77.46%.	
IV.Social Issues (I) Has the company established relevant management policies and procedures in accordance with applicable regulations and international human rights conventions?	Yes		(I) Merry Electronics Co., Ltd. (hereinafter referred to as "Merry") is committed to adhering to the Responsible Business Alliance (RBA) Code of Conduct, fulfilling its corporate social responsibilities, and safeguarding the fundamental human rights of all employees. Merry supports and follows various international human rights conventions such as the UN Universal Declaration of Human Rights, The United Nations Global Compact, UN Guiding Principles on Business and Human Rights, and International Labour Conventions. The company opposes any form of human rights violations and explicitly states that all employees should be treated with justice and fairness. The Merry Human Rights Policy applies to Merry and all its operations sites, complying with labor and gender equality laws in each operational location and establishing relevant human rights protection and labor policies along with implementing measures. The Merry Human Rights Policy and specific management programs are detailed as follows: [Diversity and Equal Opportunity] Merry provides a gender-equal and diverse working environment for employees, adhering to principles of openness and fairness, without discrimination based on personal age, gender, disabilities, race, religion, political inclination, or pregnancy.	Comply with the Code of Practice for sustainable development of listed companies; No discrepancies.

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
			The company eliminates all forms of discrimination, prohibits harassment, and respects privacy rights. ➢ Conducts regular reviews of age, gender, and other group ratios to ensure diversity and equality are maintained when objective factors are equal. ➢ Ensures employees can report issues at any time via grievance hotlines, mailboxes, physical employee opinion boxes, labor-management meetings, and welfare committee meetings. ➢ Discloses the results of various evaluations in the annual Corporate Sustainability Report. [Prohibition of Forced Labor and Child Labor] Merry complies with all national labor laws and respects employees' will, eliminating child labor and all forms of forced labor, and strictly prohibiting human trafficking. The company ensures no illegal forced labor practices, including but not limited to corporal punishment, physical or psychological abuse or coercion, intimidation, or other forms of verbal violence, detention of identification documents, or other actions. ➢ Applicants must provide age-related information on recruitment forms, and candidates under sixteen years old cannot be interviewed. ➢ New hires must submit relevant identification documents (such as ID cards, educational certificates, etc.) on the day they report to work, ensuring they are at least sixteen years old. [Compliance with Minimum Wages] Merry provides wages and benefits that meet or exceed the minimum requirements set by local laws. ➢ New hires must sign their offer letters on the day they report to work, which	

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
			specify compensation to ensure mutually agreed employment conditions comply with legal regulations. ➢ Provides a detailed breakdown and calculation method with each monthly salary payment to ensure compliance with legal standards. ➢ Regularly reviews internal salary levels in alignment with government-announced minimum wage updates to ensure all employees, whether new or existing, comply with legal standards. [Equal Pay for Equal Work] Merry determines salaries for new hires based on the skills required for the position, educational background, relevant work experience, and market salary status. This is benchmarked against current employees in similar positions, with all starting salaries exceeding the minimum wage stipulated by the Labor Standards Act, ensuring no disparities based on gender, age, race, religion, political inclination, or marital status. [Reasonable Working Hours] Merry has a clearly defined legal and reasonable working hours management plan and regularly monitors and manages employee attendance. ➢ The attendance system issues an "Attendance Anomaly Notification" to employees and their direct supervisors if non-compliance activities are detected, allowing timely risk control. ➢ An "Attendance Anomaly Reminder" is issued to employees and their direct supervisors if accumulated attendance or overtime records approach regulatory limits. [Healthy and Safe Workplace] Merry strongly values workplace safety and hygiene, aiming for employees to work	

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
			in a healthy, safe, and humane environment with both physical and mental well-being. Each Merry facility aims to establish a safe and healthy workplace with zero occupational accidents. ➢ To ensure workplace safety, the company implements self-inspections and walk-around management to ensure the safe use of equipment or instruments. Regular "working environment monitoring," "health check-ups," and "special health examinations" are conducted to maintain employee health. Enhancing employee safety and health education and training raises safety awareness, with regular disaster prevention drills conducted to prepare for and respond correctly to possible events. ➢ The company establishes safety and health work codes and management methods according to the Occupational Safety and Health Act and its enforcement rules and ISO45001 management requirements, aiming to prevent occupational accidents and ensure the safety and health of workers. All employees and non-company personnel working at the company must comply with these codes and methods. [Freedom of Association] The company respects employees' rights, allowing them to freely associate according to the law, establish diverse associations, and actively promotes participation in these associations. ➢ Employee associations are supervised by the welfare committee to ensure their objectives align with employee interests, do not violate societal norms, or infringe on other employees' rights. ➢ The welfare committee provides financial support for compliant associations and lawful activities to facilitate smooth operation. [Labor-Management Consultation]	

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	Yes	No	Summary Description	
			The company establishes open and direct communication procedures between employees and management, offering diverse communication channels to convey company policies, systems, benefits, and activities. This allows employees to fully express their opinions, with timely responses and assistance provided. To achieve effective communication and problem-solving, regular labor-management meetings are held with opinion boxes and hotlines established to jointly create a fulfilling workplace. ➢ Labor-management meeting records are kept according to law for auditing by supervisory authorities, ensuring labor-management communication issues are handled truthfully. ➢ Welfare committee meeting records are publicly disclosed annually, ensuring fair use of resources and employee welfare promotion. ➢ Topics and outcomes raised through employee communication channels are documented by the Human Resources Department to ensure reasonableness and compliance. [Human Rights Complaint Channels] ➢ Internally, there are established grievance hotlines, mailboxes, physical employee opinion boxes, labor-management meetings, and welfare committee meetings, providing employees avenues to raise concerns. ➢ An "Stakeholder Communication and Whistleblowing Channel" is set up on the official website for external parties to report or appeal. ➢ All grievance cases are forwarded by the receiving unit to the responsible unit for communication with the employee depending on the issue. The company annually reviews its operations, value chain, new business activities (like mergers and acquisitions, joint ventures), and other related activities through monitoring social issues, data surveillance, and surveys to identify, assess, and	

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
			mitigate potential human rights risks. Corresponding human rights topic management plans are developed and monitored for continuous improvement. This policy takes effect after board approval and is overseen systematically and effectively by the Human Resources Department under the Sustainable Development and Nomination Committee. Regular reports on execution performance and human rights management are provided to the committee. In 2023, Merry conducted a human rights due diligence process and will periodically review the human rights management situation, conducting comprehensive investigations every three years to evaluate human rights issues, develop mitigation plans, and produce human rights identification reports. The subjects of the survey mainly include senior executives at the Taiwan headquarters, the highest executives at subsidiaries, and subsidiary HR representatives as employee representatives.	

Order	Major Human Rights Issues	Achievement Status	Implementation Status of 2025 Human Rights Risk Mitigation and Remediation Measures
1	Working Hours	❍	❍ When the attendance system detects non-compliant attendance activities, it issues an "Attendance Anomaly Notification" to the individual and their direct supervisor to timely

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	Yes	No	Summary Description					
							control potential risks. ❍ If an employee's accumulative attendance or overtime records approach the regulatory limit, an "Attendance Anomaly Alert" will be issued to the individual and their direct supervisor. ❍ Regularly review manpower allocation and work distribution in each department to improve work efficiency, continually promote a healthy work concept, and encourage employees to take breaks and maintain work-life balance.	
				2	Discrimination/Sexual Harassment	❍	❍ Require interview supervisors to complete unconscious bias courses and include relevant warnings in the recruitment process. ❍ Provide complaint	

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	Yes	No	Summary Description					
							channels such as a dedicated hotline and email (118000), physical employee suggestion boxes, and labor-management meetings to ensure employees can report issues at any time. ❍ Strictly implement discrimination/sexual harassment training for newcomers, achieving a 100% completion rate.	
				3	Health and Safety	❍	❍ Group-wide fire safety training involved a total of 12,988 participants, and general education and machinery/chemical safety training involved a total of 15,500 participants. ❍ The group' s health check completion rate is about 85.3%, while the special examination completion rate is approximately 96.2%.	

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	Yes	No	Summary Description					
							❍ The headquarters hosted 12 physician health service sessions (36 hours), attended by 84 participants. ❍ The headquarters provided health guidance for 195 individuals with abnormal results in new hire health checks and guided 1,535 individuals with anomalies in in-service health checks.	
				4	Diversity and inclusion	❍	❍ Employ the required number of disabled personnel according to legal standards. ❍ The number of applicants for paid family care leave reached 628, accounting for approximately 68.5% of the total workforce. ❍ Continuously plan cultural promotion activities for each overseas subsidiary.	

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
(II) Has the company established and implemented reasonable employee welfare measures (including salaries, leave, and other benefits), and is the business performance or achievements appropriately reflected in employee compensation?	Yes		(Ⅱ) To maximize employee potential, achieve budget targets, enhance operational performance, and distribute profits to all employees, Merry has established Employee Compensation Allocation Methods and Employee Stock Ownership Trust Management Measures. These efforts aim to achieve sustainable operations, attract and motivate talented individuals, and continuously and sustainably generate company profits. [Company' s Articles of Incorporation] If the company has profits in a given year, at least five percent (5%) of the profit should be allocated to employee compensation, including at least one percent (1%) for frontline employees. [Compensation System] Merry' s governance and operational management guidelines focus not only on actual operational results but also on detailed management indicators at the executive level, departmental work objectives, and individual performance. These are integrated with sustainability indicators and the mission of corporate social responsibility. While striving to achieve corporate profitability is essential, it is equally critical that every step from top to bottom is environmentally friendly and centered on social benefits. To this end, an incentive reward system has been designed to reward employees for their hard work. The employee compensation policy and its implementation are as follows: 1. Employee Compensation The employee compensation system allows employees to share in the results (allocating 5% or more of annual profits), effectively motivating staff. Employee performance for the year is assessed, integrating various index items (such as	

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			digital transformation, green and energy-saving initiatives, carbon reduction, quality indicators, certifications, etc.), ensuring corporate social responsibility continues to be embedded in company operations for sustainable development. In 2025, 10% of profits will be allocated to employee compensation. 2. Year-End Bonus The company allocates a year-end bonus based on operational performance (using two months' salary as a base) and considers factors such as actual employee attendance rates as the basis for distributing the bonus. 3. Annual Salary Adjustment Based on the company's operational conditions, domestic economic growth rate, price index, industry salary adjustment trends, and individual performance scores (considering factors like work objectives, job abilities, teamwork, etc., with weighted calculations), an annual salary adjustment range is set for the annual salary adjustment operation. 2025 Salary Adjustment Situation: Projected Salary Adjustment %: 2.0%-4.0% Actual Salary Adjustment %: 0%-34.6% Non-managerial Staff Salary Adjustment %: 0%-34.6% Managerial Staff Salary Adjustment %: 2.0%-4.0% 4. Employee Stock Ownership Trust In 2018, the "Merry Electronics Co., Ltd. Employee Stock Ownership Trust Committee" was established to formally launch the Employee Stock Ownership	

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	Yes	No	Summary Description	
			Trust Plan. The plan applies to officially enrolled employees of Merry Electronics Co., Ltd. who meet the relevant conditions (e.g., at least one year of service, with the principle of open invitation for colleagues to freely apply to join, etc.). Employees allocate a fixed amount from their monthly salary, and the company contributes incentive bonuses, both of which are deposited into a trust account. This plan aims to attract talent and reward outstanding employees by sharing in the company' s operational success. [Performance Evaluation System] Merry' s performance evaluation system is implemented from top to bottom through the initial setting of goals, connecting corporate strategies and annual objectives to departmental and individual work goals. At the end of the year, unit supervisors conduct interviews with employees to review the execution of key performance indicators. Except for new employees with less than three months of service, all other regular employees, irrespective of rank or gender, must undergo an annual performance evaluation. In 2025, the actual execution rate at the headquarters was 100%. The results of the performance evaluation serve as the basis for promotions, salary adjustments, performance bonuses, employee compensation, incentive systems, employee development, and training needs. [Leave System] In addition to holidays prescribed by the Labor Standards Act, Merry provides a leave system that is superior to legal requirements, including paid leave on government-announced make-up work days, paid family care leave, advance annual leave for new employees, flexible working hours over the long term, paid volunteer leave, paid leave for family members' weddings, and home leave for employees stationed abroad. In 2025, the proportion of female employees and mid-to-high level managers was 56.68% and 27.15%, respectively.	

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	Yes	No	Summary Description	
(III) Does the company provide a safe and healthy work environment and conduct regular safety and health education for employees?	Yes		5. Specific content of the retirement system and its implementation status: Please refer to page 138, "3. Retirement System and Its Implementation." (III) The work environment adheres to occupational safety and health regulations as well as client requirements regarding environmental safety and health, thus ensuring that the company provides a safe and healthy work setting. Regular safety and health education is conducted to ensure colleagues receive adequate safety protection at work. Monthly electronic newsletters on occupational safety and health are issued, providing employees with information on safety and health matters. To encourage employees to maintain healthy physiques, various physical and mental health promotion activities are organized. In 2025, Merry Electronics Co., Ltd. hosted an online sports event involving 713 colleagues from domestic and overseas plant locations. The 30-day online step contest achieved over 130 million steps, with an average of 6,168 steps per person daily, reducing carbon emissions by 18,737 kilograms. The 2025 health weight-loss competition lasted for 12 weeks involving 111 participants, achieving a total weight loss of 162.6 kilograms, averaging 1.46 kilograms per person with an average fat loss of 1.1%. In 2025, in collaboration with medical institutions, the company facilitated vaccinations, including 73 self-paid flu shots and 7 cervical cancer vaccinations, totaling 80 participants including employees and their families in annual health promotion activities. Merry Electronics Co., Ltd., recognizing the importance of employees' physical and mental health, is dedicated to creating a friendly workplace to foster competitive employees. In 2025, Merry Electronics Co., Ltd. received the Ministry of Health and Welfare's Distinguished Healthy Workplace Gold Award in health care. The ISO 45001:2018 Occupational Safety and Health Management System is valid	

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	Yes	No	Summary Description	
			from September 28, 2024, to September 28, 2027. In 2025, there was one serious occupational accident involving a non-employee worker, with no fatalities among workers. All newcomers must complete relevant safety and health course training. Employees with high operational risks undergo required safety training in accordance with local regulations at each operational site, totaling 35,462 attendees completing 38,017 hours of occupational safety and health education training. All employees can also access the employee website to check work-related regulations and procedures, ensuring adherence to relevant work safety standards.	
(IV) Has the company developed effective career development training programs for employees?	Yes		(IV) The company has established a Training and Development Section within its Human Resources Department, dedicated to planning career capability development training programs for all colleagues. Each year, unit supervisors and employees engage in discussions regarding career planning and development. The training programs cover various areas, including but not limited to new employee training, professional training, hierarchical (functional) training, instructor training, and provide mechanisms to apply for related internal and external training courses. In 2025, the combined company education and training budget amounted to NT$6.61 million, with a total of 428,483 training hours provided.	
(V) Regarding issues related to customer health and safety, customer privacy, marketing, and product labeling, does the company adhere to relevant regulations and international standards, and establish policies	Yes		(V) According to international regulations and major customer needs, formulate relevant green product management methods, integrate green thinking from product design, raw material procurement, product manufacturing stages, and reduce the potential risks of products to the environment through systematic management of green product management system (GPMS) and product life cycle management system (PLM). In addition, based on the needs of customers selling to different countries, we provide product packaging or instructions that comply with the laws and regulations of relevant countries to protect the rights of consumers.	

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
and complaint procedures to protect consumer or customer rights? (VI) Has the company established supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety, and labor rights, and what is the status of its implementation?	Yes		(VI) The company is dedicated to sustainable supply chain management, ensuring that suppliers maintain a sustainable perspective. Suppliers are required to sign commitments for social and environmental responsibility and declarations of conflict-free metals. In the year 2025, 97% of suppliers committed to adhering to Merry Electronics Co., Ltd.'s social responsibility guidelines and conflict-free metal usage standards. This encourages suppliers to emphasize business ethics, fair trade, labor rights, health and safety, and address environmental protection issues such as energy management and water resource management in the context of climate change. By establishing a robust management system, we ensure compliance with corporate social responsibility codes, thus meeting social responsibility requirements. Apart from developing the "Merry Supplier Code of Conduct" based on the RBA code of conduct and requiring suppliers to adhere to these guidelines while complying with the laws and regulations of their respective countries and regions, the company formulated the "Merry Conflict Minerals Policy" in 2024. This policy implements responsible procurement by requiring suppliers to use smelters certified by the Responsible Minerals Initiative (RMI), comply with conflict minerals regulations, and fulfill corporate responsibility in human rights protection.	
V. Has the company referred to internationally recognized report	Yes		The company publicly discloses the execution outcomes, strategies, and objectives of Merry Corporation in key areas of environment, social, and corporate governance following the GRI Standards 2021 and SASB's hardware industry (TC-HW) indicators. The 2025 sustainability report was verified by SGS Taiwan Ltd., with the verification level	Compliance with the Practical Guidelines for Sustainable Development of

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
compilation guidelines or standards to prepare sustainability reports or other reports that disclose non-financial information? Have these reports obtained assurance or opinions from third-party verification organizations?			in compliance with GRI Standards 2021 and conforming to the AA1000 AS Type 2 moderate assurance level. The related reports are available for download in the Corporate Social Responsibility section on our website.	Listed Companies; no differences noted.

VI. If the company has established its own sustainability development code based on the "Practical Guidelines for Sustainable Development of Listed Companies," please explain any operational differences from the established code:

VII. Other Important Information to Understand the Implementation of Sustainable Development:

1. **Promotion of "Micro Hearing Loss" and Advocacy for Proper Ear Usage Knowledge:**
   According to the first "World Report on Hearing" published by the World Health Organization (WHO) in 2021, it is projected that by 2050, one in four people globally will experience some degree of hearing loss. Based on the latest trend predictions, without proactive intervention, it is estimated that by 2030, over 500 million people worldwide will face hearing loss requiring professional external intervention. This is not only a personal health issue but a global social and economic challenge. As Taiwan's first acoustics leader advocating "micro hearing loss," Merry Electronics Co., Ltd. has consistently led efforts in hearing protection. In 2025, WHO continued to raise awareness of global hearing health and issued a higher-level appeal, emphasizing that "hearing health is a shared responsibility for everyone, regardless of age or region," and highlighted the key role of digital acoustic devices in improving personal quality of life and social participation.
2. **Protecting Hearing Health and Deepening Digital Education:**
   In Penghu County, the "Student Tablet Initiative" has been successfully implemented, with approximately 5,995 tablets distributed to elementary and junior high schools, meaning every student has access to a tablet. However, while each student has a tablet, peripheral accessories like earphones are generally not included in major central subsidy programs and are often considered consumables. In 2025, Merry Electronics Co., Ltd., represented by Merry Fuling Co., Ltd., donated 5,000 pairs of in-ear headphones with hearing protection

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
functions to the Education Department of the Penghu County Government. These headphones feature intelligent volume control technology, strictly limiting output volume to a healthy decibel range, effectively preventing the risk of hearing damage from prolonged use of digital tools among teenagers. **3. "Listening and Reading" Picture Book Reading Program for Hearing-Impaired Children:** Through the Reading Culture Foundation, Merry Electronics collaborates with the faculty and students of the Department of Speech Therapy and Audiology at Chung Shan Medical University to enhance the early reading and writing abilities of hearing-impaired children. In 2025, 10 activities were organized, impacting 250 individuals. **4. Responding to Social Needs and Participating in Public Welfare** (1) Donation for Hualien Disaster Relief - NT$500,000 to Aid Hearing-Impaired Residents In order to swiftly respond to the severe disaster caused by the 2025 Hualien earthquake, Merry Electronics Co., Ltd. immediately announced a donation of NT$500,000. This fund is specifically allocated to assist disadvantaged families in rebuilding their homes and lives. (2) Happiness Market Events: Merry Electronics has sponsored Taiwan's Happiness March for nearly 20 years, during which numerous quality Taiwanese retailers have been interviewed. The 2025 "Happiness Market Events" reached a new high in scale, with 12 partners focused on local culture, disability awareness, and environmental friendliness participating (see table below). As a strong supporter, Merry Electronics provided a platform for these esteemed organizations through physical markets and media exposure, helping to enhance their brand visibility. These organizations received substantial resources during the event, enabling them to continue their benevolent actions. The event emphasized cross-disciplinary integration of "social inclusion" and "ecological conservation." We recognize the outstanding efforts of the Taiwan Leopard Cat Conservation Association in habitat maintenance and ecological education. To support their noble efforts, Merry Electronics fulfills its "Sustainable Co-prosperity" commitment by donating 10% of the day's total sales revenue, amounting to NT$12,510, entirely to the association for promoting leopard cat conservation initiatives. This demonstrates the company's high regard for biodiversity issues. **5. Long-Term Promotion of Reading Culture and Deep Local Engagement:** In 2025, Merry Electronics Co., Ltd. collaborated with the Taiwan Reading Culture Foundation on a social welfare project aimed at creating comprehensive social impact through three key dimensions: "Conveying Educational Concepts," "Promoting Cultural Equality," and "Precise Support for the Disadvantaged." Throughout the year, a total of 100 physical events were held, reaching 17,205 participants. Data indicates that the collaboration has evolved from providing basic resources to deeply transforming the quality of education and fostering socio-cultural equity.				

Initiatives	Implementation Status			Differences from the Best Practice Principles for Sustainability Development of TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary Description	
(1) "Discover Talent, Become a Mentor for Children" Seminars: These seminars focus on conveying the concepts of "Multiple Intelligences and Adaptive Teaching," offering teachers and parents guidance on discovering talents and providing diverse teaching and parenting solutions. The goal is to guide children to develop their strengths according to their innate talents. In 2025, a total of 10 seminars were held, impacting 1,045 participants (2) "Living Inspiration" Touring Lectures: Partnering with the National Taiwan Symphony Orchestra, this initiative introduced chamber music performances to schools, sowing the seeds of music within the educational environment. These chamber music performances allowed children to explore the beauty of classical music and offered a unique, intimate musical experience to children in remote areas who have never visited a concert hall. In 2025, 55 lectures were conducted, with 11,812 participants. (3) Lin Chia-Wei Classical Guitar Recital: Through small recital events, this initiative sparked children' s interest in classical guitar, breaking the stereotype that classical music is distant and inaccessible. The recitals reached 25 schools, with 4,098 participants.				

6. Climate-Related Information Implementation Status

Items	Execution Status
1. Description of the oversight and governance by the Board of Directors and management regarding climate-related risks and opportunities.	At our company, the Board of Directors serves as the highest governance unit for risk management, with the Sustainable Development and Nomination Committee functioning as the managing and supervising committee. Under this committee, a Risk Management Team is established, responsible for planning and executing risk management affairs. This team regularly collaborates with personnel from various functional units to assess and address the company' s overall risks and opportunities. The Board of Directors and management assist the Risk Management Team in coordinating and monitoring cross-departmental responses to various risks, closely observing global climate change trends. Since 2021, we have adopted the TCFD disclosure framework recommendations to establish climate change risk identification processes and formed a cross-departmental climate change task force led by the Risk Management Team. The identified risks are integrated into our existing risk management processes, and subsequent response plans are managed accordingly.

Items	Execution Status
2. Explanation of how identified climate risks and opportunities impact the business, strategy, and financial aspects (short-term, medium-term, and long-term).	Based on climate scenarios, risk management mechanisms, indicators, and targets, Merry Electronics annually evaluates the transformation and physical risks suggested by TCFD, IFRS S1, and S2 frameworks through a comprehensive governance system. We reference dimensions such as political regulations, economic activities, physical environment, society, and technology to assess impacts when the value chain is affected. Merry Electronics and its subsidiaries further process assessed risks, enhancing the depth and breadth of climate risk management. Significant physical and transformation risks are compiled in the table below. Starting in 2024, we have gradually explored the quantification of potential financial impacts of risks, developed mechanisms for cost or revenue estimation, and reported these quantitative results to the Sustainability Development and Nomination Committee. The table below shows the evaluation results for Taiwan headquarters; more details on other sites can be found in our sustainability report available on our website.

	Significant Risk Factors	Periods	Impact Aspect	Potential Financial Impact	Response Strategies and Plans	Corresponding Opportunities	Strategies for Realizing Potential Opportunities and Financial Impacts	Potential Opportunity Financial Impact

	Physical Risks	Short-term Physical: Operational disruption or obstructed employee transportation due to extreme weather	Short-term (1-3 years)	Direct Operations	Capital investment has increased and asset losses have risen. The impact of extreme high-temperature heat hazards on the company's personnel expenses is approximately NTD 1,743 per year on average. Additionally, the company has invested approximately NTD 160,000 in VPN servers to enable remote work for employees and spends approximately	● Continuously strengthen internal emergency response capabilities ● Regularly assess asset equipment placement locations ● Reduce potential financial losses through insurance	Resource Efficiency: Utilize more efficient production and distribution processes	Implement automated production systems to enhance product efficiency and reduce on-site labor requirements. Incorporate supply chain disruption considerations due to climate change into production and sales planning.	Reduce direct and indirect costs, increase flexibility in supply chain production management, and quickly adapt to customer demands for changes in production locations, thereby increasing opportunities for order acquisition.

Items	Execution Status								
					NTD 52,790 per month on renting Zoom online meeting room functionalities to facilitate remote work for employees.				
		Short-term Physical Risks: Extreme weather leads to disruptions in supply chain transportation.	Short-term (1-3 years)	Impact on Upstream Suppliers	Indirect operating costs are expected to increase due to penalties for delayed deliveries to customers or the need to adopt quicker alternative transportation methods, which may increase costs by approximately USD 3,000 to 100,000	● Continue to enhance supplier management ● Reduce potential losses through commercial insurance			

		Short-term Physical Risks: Extreme weather leads to production disruptions.	Short-term (1-3 years)	Direct Operations	Increased funding costs are estimated to include premium expenses for comprehensive property insurance covering production equipment and inventory in Taiwan, amounting to NTD 72,989, and premiums for transportation liability insurance on shipped products for the entire group, costing NTD 751,083. Additionally, in the event of production disruptions resulting in no income for one quarter, the company is expected to incur	● Continuously promote ESG-related initiatives and secure favorable terms on sustainability-linked loans to alleviate the pressure from increased funding costs.			

Items	Execution Status
	additional bank interest expenses of approximately NTD 791,700.

	Transformation Risk - Technology	Failure in the Development and Application of Sustainable Materials	Short-term (1-3 years)	Direct Operations	Capital Investment Loss and Declining Demand: These factors are anticipated to lead to reduced revenue. If the development and application of sustainable materials fail, it is estimated that more than NT$6,000,000 in investments will be unrecoverable. Additionally, licensing fees for low-carbon process technology are expected to be more than NT$888,000.	● Develop Industry-Academia Collaboration ● Continue Investing in Green Materials Research and Development ● Seek Collaboration with Suppliers	Products and Services: Research and Innovation in Developing New Products and Services	Apply Environmentally Friendly/Sustainable Materials to Increase Product Competitiveness Continue to Develop Products in Line with Customer Needs, Communicate Merry Electronics' Low-Carbon Product Information, and Pursue Strategic Collaboration Opportunities Research and Development Projects That Align with Social Trends May Apply for Government Subsidies to Reduce Risk	The increase in demand for products and services has led to a rise in revenue.

Items	Execution Status								
	Transition Risk - Market	Consumers opting for lower-carbon products or services	Short-term: 1-3 years	Direct operations	Revenue is expected to decrease due to a decline in demand, with an estimated impact reducing revenue by approximately USD 30,000 to 3,000,000.	● Continuously monitor international low-carbon trends, industry dynamics, and customer expectations, and regularly report relevant findings internally	Market: Entering New Markets	Continuously promoting the development of our own brand and expanding application fields. The products featuring low-carbon designs, which are lighter, thinner, shorter, and smaller, enable Merry Electronics Co., Ltd. to enter new existing markets.	Increased demand for products and services led to higher revenue.

Items	Execution Status									
		Increased acquisition costs of low-carbon raw materials	Short-term: 1-3 years	Direct operations	Direct costs are increasing, with the adoption of PCR plastics estimated to raise costs by approximately 3%. Additionally, the introduction of environmentally friendly materials in PCBs (such as CCL degradable materials) is expected to increase production costs by more than 20%.	● Continue to deepen supplier management ● Continuous investment in process research and development	Market: Patent Strategy	Actively utilize the internal patent proposal mechanism to assist in obtaining patents. Continuously promote trade secret protection to prevent the leakage of carbon reduction technology and processes.	Reduction in indirect costs and increased demand for products and services resulted in higher revenue.
3. Describe the financial impacts of extreme weather events and	Please refer to the content of the table above for further details.									

<table>
<tr><th>Items</th><th>Execution Status</th></tr>
<tr><td>transition actions.</td><td></td></tr>
<tr><td>4. Explain how the processes for identifying, assessing, and managing climate risks are integrated into the overall risk management system.</td><td>
<table>
<tr><td>Identification of Risks and Opportunities</td><td>Consider aspects such as policy, economic activities, physical environment, society, and technology influenced by climate change to assess the transition risks and physical risks recommended by TCFD. Regular internal and external discussions are conducted to evaluate risk and opportunity factors related to the company.</td></tr>
<tr><td>Assessment of Risks and Opportunities</td><td>Regularly convene relevant departments to conduct risk and opportunity assessment activities, including the potential time scale of occurrence, likelihood of occurrence, and assess potential vulnerabilities and potential impacts. Through internal and external discussions and reports, significant risks and opportunities are identified.</td></tr>
<tr><td>Response Planning</td><td>For significant potential risks and possible opportunities identified, relevant departments develop response plans considering the company’ s operational guidelines, which are confirmed and reported during regular risk management meetings.</td></tr>
<tr><td>Monitoring and Reporting</td><td>The response planning for climate change risks and opportunities is regularly tracked by the risk management team, and the implementation results are reported to the Sustainability and Nomination Committee and the Board of Directors.</td></tr>
</table>
</td></tr>
<tr><td>5. If scenario analysis is used to assess resilience in the face of climate change risks,</td><td>Merry Electronics is not part of a high carbon emission intensity industry, but global warming and climate change impact its key stakeholders. To promptly address market trends and potential customer demands, Merry Electronics conducts scenario analysis to identify climate change risks and opportunities. The results of these assessments are thoroughly reviewed by business units and functional departments and serve as reference guidelines for daily operational adjustments. Additionally, regular progress and outcome reports are submitted to the Sustainability Development and Nomination Committee, as well as the Board of Directors, to inform group operations and decision-making.

Considering these factors, Merry Electronics has chosen the RCP8.5 scenario for physical risks and the National Target</td></tr>
</table>

Items	Execution Status
it should outline the scenarios, parameters, assumptions, analytical factors, and key financial impacts employed.	scenario for transition risks. Furthermore, it evaluates changes in policy, the physical environment, society, and technology as external information to establish the foundation for the annual climate change risk assessment.
6. If there is a transition plan for managing climate-related risks, explain the contents of the plan, including the indicators and targets used for identifying and managing physical risks and transition	None.

<table>
<tr><th>Items</th><th>Execution Status</th></tr>
<tr><td>risks.</td><td></td></tr>
<tr><td>7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.</td><td>Establish shadow prices by setting internal carbon reduction pricing to assess the risks that the organization may face in the future.</td></tr>
<tr><td>8. If climate-related targets are set, information about the covered activities, greenhouse gas emission scopes, planning timeline, and annual progress should be</td><td>
<table>
<tr><th>Target</th><th>Description</th><th>Planning Timeline</th><th>Covered Greenhouse Gas Scope</th><th>2024 Achievements</th></tr>
<tr><td>100% Renewable Energy Use (RE100)</td><td>● The group responds to the RE100 initiative by using 100% renewable energy.
● Evaluation of renewable energy purchasing at the</td><td>● Use 60% by 2025
● Use 100% by 2030</td><td>Category 2 (Scope 2)</td><td>Achieve the expected target of using 28,132 MWh of renewable energy by 2025, accounting for 61.83% of total electricity consumption. Of this, 12,990 MWh will be from direct use of renewable energy, and 15,142 MWh will be from purchasing renewable energy certificates. The RE100 commitment scope includes Merry Taiwan, Merry Shenzhen, Merry Thailand, Merry Vietnam, Merry Hong Kong,</td></tr>
</table>
</td></tr>
</table>

Items	Execution Status					
explained; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the targets, the sources and amounts of carbon offset or the number of RECs should be detailed.		group' s operational sites. ● Assessment of renewable energy systems and transfer supply solutions. ● Continuously promote carbon reduction initiatives at our plants. ● Set carbon reduction targets following SBTi guidelines. ● Establish an internal carbon management platform. ● Calculate product carbon footprint.			Merry Singapore, Suzhou Asian Elite, Fulicare (Xiamen), AST, SEAS, and affiliated companies - Merry Huizhou. For details on renewable energy and power coverage, please refer to the 2025 Sustainability Report.	
	Carbon Neutral by 2040		● Category 1 and Category 2 will achieve a 50% reduction in carbon emissions by 2032 ● Category 3 will achieve a 30% reduction in carbon emissions by 2032	Category 1 (Scope 2) and Category 2 (Scope 2) Category 3 (Scope 3)	Using the operational scope of 2023 as the baseline year, we have obtained certification for the SBTi carbon reduction plan, as illustrated on the left.	

Items	Execution Status
	● Develop carbon removal strategies.
9. Establish shadow pricing by setting internal carbon pricing to assess potential risks the organization may face in the future.	Not applicable.

7. **Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"**

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
i. Establishment of Integrity Management Policies and Plans				Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. No discrepancy
(I). Has the company formulated an integrity management policy approved by the board of directors, and explicitly stated in the company's bylaws and external documents the integrity management policies, practices, and the board and senior management's commitment to actively implementing the management policies?	Yes		(I). Our company has established a "Code of Ethical Conduct," approved by the board of directors, which includes the policies and practices of integrity management. This reflects the company's commitment to the integrity management philosophy of honesty, righteousness, diligence, frugality, and perseverance, demonstrating the board and senior management's commitment to actively implementing the management policies.	
(II). Does the company have a mechanism to assess risks associated with unethical behavior, regularly analyze and evaluate business activities with higher risks of unethical behavior within its operational scope, and develop prevention programs for unethical behavior that at least cover the preventive measures outlined in Article 7, Paragraph 2 of the "Code of Ethical Conduct for Listed Companies"?	Yes		(II). In line with the "Code of Ethical Conduct," our company has formulated the "Merry's Code of Business Conduct and Professional Ethics" as guidelines for employees, directors, and supervisors. We have also established "Integrity Management Operating Procedures" alongside disciplinary and appeal systems for violations, ensuring their execution.	
(III). Has the company clearly defined operational procedures, conduct guidelines, disciplinary actions for violations, and	Yes		(III). Our company regularly promotes the corporate culture of integrity management among employees. According to the "Merry's Code of Business	

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
appeal systems in its unethical behavior prevention programs, ensuring their implementation and periodic review for necessary amendments?			Conduct and Professional Ethics," employees must report and handle any concerns of undue interests with external parties during business activities. We also require external vendors to sign a social responsibility commitment to prevent unethical behavior risks. Furthermore, considering industry characteristics and referring to Article 7, Paragraph 2 of the "Code of Ethical Conduct for Listed Companies," our company has developed and implemented prevention programs such as the "Intellectual Property Management Regulations" for unethical behaviors with higher risks, including infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights.	
ii. Implementation of Integrity Management (I). Does the company assess the integrity records of its transaction counterparts and explicitly state integrity behavior clauses in the contracts signed with them?	Yes		(I). Our company requires suppliers to sign a Declaration of Integrity, stating that the raw materials and products provided comply with environmental standards and adhere to the EICC, implementing corporate social responsibilities such as anti-corruption, anti-bribery, and prohibition of child labor. We also regularly audit suppliers and require them to conduct integrity audits and impose requirements on their secondary suppliers.	Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. No discrepancy
(II). Has the company established a dedicated unit under the board of directors to promote corporate integrity management, which	Yes		(II). Our company's CFO concurrently leads the corporate integrity management efforts and reports once a year to the board about implementation status (most	

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
regularly (at least once a year) reports to the board on its integrity management policies and unethical behavior prevention programs and supervises their implementation?			recent report date: 2025/12/24), focusing on supervising the prevention of unethical behavior and continuously reviewing and improving its effectiveness to ensure the implementation of integrity management policies. To enhance the management of integrity operations, the company has established an Integrity Management Promotion Team as a dedicated unit under the board, with sufficient resources and qualified personnel responsible for formulating integrity management policies and prevention programs, overseen by the audit unit, and reports the implementation status to the board as follows: (1) Assisting in integrating integrity and ethical values into the company' s operational strategies and establishing relevant fraud prevention measures in compliance with legal systems. (2) Regularly analyzing and evaluating unethical behavior programs within the operational scope and establishing relevant SOPs and conduct guidelines within each program. (3) Planning internal organization, staffing, and responsibilities, with mechanisms for mutual supervision and checks for business activities with higher risks of unethical behavior. (4) Promoting and coordinating integrity management policy training and advocacy. (5) Planning a whistleblower system to ensure effective enforcement.	

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(6) Assisting the board of directors and management in auditing and evaluating the effectiveness of the integrity management prevention measures and conducting regular evaluations and compliance assessments of related business processes with reports.	
(III). Has the company formulated a conflict of interest prevention policy, provided appropriate reporting channels, and ensured their implementation?	Yes		(III). Our company's "Merry's Code of Business Conduct and Professional Ethics" clearly stipulates the conflict of interest prevention policy and provides appropriate channels for reporting.	
(IV). Has the company established an effective accounting system and internal control system to implement integrity management, with the internal audit unit devising relevant audit plans based on the assessment of unethical behavior risks to check the adherence to unethical behavior prevention programs, or has an external auditor been commissioned to conduct audits?	Yes		(IV). Our accounting system is established according to the Company Act, Securities and Exchange Act, Business Accounting Act, and related financial reporting standards, implemented thoroughly. The internal control system is set based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and duly implemented. Our internal audit unit regularly reviews the accounting and internal control systems and reports to the board.	
(V). Does the company regularly organize internal and external training sessions on integrity management?	Yes		(V). In 2025, to ensure the execution of integrity management policies, the company undertook the following: (1) Implementing training courses on integrity management: A. Conducting integrity management training for	

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			new employees (Refer to Note 1) B. Promoting thematic in-service integrity management retraining courses (Refer to Note 1) C. Conducting integrity management training for overseas facilities (Refer to Note 2) (2) Conducting annual audits. (3) Promoting and executing integrity management policies to create an organizational culture of integrity: A. Advocacy against insider trading B. Communication of gift receiving principles C. Corporate etiquette education (4)Completing an integrity management risk evaluation form. (5)Status of signing Integrity Management Declarations (Refer to Note 3)	
iii. Operation of the Company's Whistleblower System (I). Has the company established a specific whistleblower and reward system with convenient reporting channels, and designated appropriate personnel for handling reports concerning the reported parties?	Yes		(I). In accordance with the "Integrity Operating Procedures," our company has established the email address integrity@merry.com.tw and a whistleblower hotline at 04-2359-0811#118000. We have assigned members of the Integrity Management Promotion Team to handle reports from stakeholders regarding unethical behavior or legal violations.	Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. No discrepancy
(II). Has the company set up standard operating procedures for investigating reported issues,	Yes		(II). Our company's "Integrity Operating Procedures" clearly stipulate the investigation procedures for	

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
including subsequent measures to be taken after the completion of investigations and related confidentiality mechanisms?			reported issues and the related confidentiality mechanisms.	
(III). Has the company implemented measures to protect whistleblowers from improper treatment as a result of their reports?	Yes		(III). The "Integrity Operating Procedures" of our company require involved personnel to sign a written declaration to maintain the confidentiality of the whistleblower's identity and the content of the report. Our company is committed to protecting whistleblowers from being subjected to any improper treatment due to their reports.	
iv. Enhanced Information Disclosure (I). Does the company disclose the content of its integrity management code and its implementation effectiveness on its website and the Market Observation Post System?	Yes		Our company has disclosed its integrity management code and related corporate regulations on its website to enhance transparency in corporate governance. We regularly promote and maintain open whistleblower channels; to date, there have been no reports received of violations of integrity management behavior.	Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. No discrepancy
v. If the company has established its own integrity management code in accordance with the "Code of Ethical Conduct for Listed Companies," please describe the differences in its operation compared to the established code: Our company's "Code of Ethical Conduct" and "Integrity Operating Procedures" are formulated in accordance with the "Code of Ethical Conduct for Listed Companies." There are no operational differences compared to the said issued guidelines.				
vi. Other Important Information to Understand the Company's Integrity Management Operations (including any review or amendments to the company's established code of ethical conduct) (I). **Merry and Shareholders** Merry has always prioritized shareholder rights. We continue to develop our core audio business, maintaining competitiveness and a robust financial structure. Despite challenges such as financial crises, soaring raw material prices, significant international currency fluctuations, and interest rate hikes, our team has managed to sustain stable and strong operational results with the goal of achieving a high-return enterprise. We swiftly complete all required disclosures with the Taiwan Stock Exchange. Our website includes an investor section providing				

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	

business information, financial reports, corporate governance details, stock and dividend information, and presentations for institutional investors, ensuring that information disclosure is comprehensive, timely, accurate, and transparent to safeguard shareholder rights and enhance company value.

(II). Merry and Customers

(1) Through effective supply chain management, we aim to provide products, quality, and services that satisfy customer needs in a timely manner.

(2) We allocate a fixed portion of our annual revenue to R&D funding, encouraging innovation, and consider integration with customer products to explore new business opportunities.

(3) Our customer-centric approach is designed to earn long-term trust and collaboration from our clients.

(4) Our product designs and manufacturing processes exclude harmful substances, conforming to national restrictions and inspection standards.

(5) Our material suppliers must provide documentation proving that their products meet customer and legal requirements, and they are subject to customer audits.

(III). Merry and Suppliers

(1) We strive to integrate with suppliers under a common operational goal.

(2) Suppliers are required to sign a Declaration of Integrity, ensuring that provided materials and products comply with environmental regulations and adhere to ethical standards such as anti-corruption, anti-bribery, and child labor prohibition.

(3) We conduct regular audits of suppliers, expecting them to also perform corporate social responsibility audits on their suppliers.

(4) The handling of chemicals and hazardous substances must be managed by licensed suppliers, and we conduct regular audits on their legal compliance, requiring relevant certification as proof.

Note 1

Course Title	Target Audience	Number of Trainees	Training Hours (hr)
Comprehensive Integrity Management Course (17 modules)	New or Current Employees	906	1,861
Thematic Integrity Management Refresher - Merry Industries Information Security Guidelines			
Thematic Integrity Management Refresher - General Safety and Health Education Training			

Thematic Integrity Management Refresher - Insider Trading Case Advocacy			

Note 2

Course Title	Target Audience	Number of Trainees	Training Hours (hr)
Thematic Integrity Management In-Service Refresher Courses	New or Current Employees	3,393	106

Note 3

Signature Item	Required Signatures	Completed Signatures	Signature Ratio
Code of Business Conduct and Ethics for Merry Electronics	4,861	4,861	100%

8. Disclose other material information that will benefit understanding of the Company's corporate governance status:
   (1) We established a corporate governance section on the Company website to disclose corporate governance regulations and information.
   (2) To establish good mechanisms for handling and disclosing internal material information, we established the Procedures for Handling Internal Material Information, promoted the procedures to directors, managers, and employees, and announced it on the Company website for access by directors, managers, employees, investors, and stakeholders.
   See the Company website for details https://www.merry.com.tw/Investor/Rules.

9. Status of implementation of internal control system

(1) Statement of Declaration on Internal Control

Merry Electronics Co., Ltd.

Internal Control System Statement

Date: February 26, 2026

We hereby declare the following based on the self-assessment results of our internal control system for the year 2025:

i. Our Company' s Board of Directors and management recognize that it is their responsibility to establish, implement, and maintain an internal control system. This system has been established with the objective of providing reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of reporting, and adherence to applicable laws, regulations, and internal guidelines.

ii. It is acknowledged that there are inherent limitations in any internal control system, regardless of how well it is designed. An effective internal control system can only provide reasonable assurance of achieving the aforementioned objectives. Furthermore, the effectiveness of the internal control system may change with alterations in the environment and circumstances. Nonetheless, our Company' s internal control system has a self-monitoring mechanism, and corrective actions are promptly taken when deficiencies are identified.

iii. Our Company assesses the design and operational effectiveness of the internal control system based on the criteria set forth in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The internal control system components in the "Regulations" are based on the process of management control and are divided into five components: 1) Control Environment, 2) Risk Assessment, 3) Control Activities, 4) Information and Communication, and 5) Monitoring Activities. Each component comprises several elements, which are detailed in the "Regulations."

iv. Our Company has adopted the aforementioned assessment criteria to evaluate the effectiveness of the design and operational execution of our internal control system.

v. Based on the evaluation results specified in the previous paragraph, our Company believes that as of December 31, 2025, our internal control system (including oversight and management of subsidiaries) is effective in design and operation in ensuring the achievement of the objectives related to operational effectiveness and efficiency, the reliability of reporting, and compliance with applicable laws, regulations, and internal guidelines.

vi. This statement will be included in the Company' s annual report and prospectus and will be made publicly available. If any of the aforementioned public disclosures are found to be false, concealed, or involve illegality, it may entail legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

vii. This statement was approved by the Board of Directors on February 25, 2026, with all 9 directors in attendance concurring, and no objections were raised.

Merry Electronics Co., Ltd.

Chairperson: Liao, Lu-Lee

President: Huang, Chao-Li

(2) Engagement of Accountants for Special Audit of Internal Control System: None

10. Review of Important Resolutions and Implementation Status from the Most Recent Shareholders' Meeting and Board of Directors' Meetings up to the Date of Annual Report Publication:

(1) Shareholder meetings:

Date	Major resolutions	Resolution	Implementation status
2025/5/26	1. Approval of the 2024 Business Report, Standalone Financial Statements, and Consolidated Financial Statements.	Approved by Shareholders' Meeting Voting	All resolutions were approved by shareholder voting and have been executed accordingly.
	2. Approval of the 2024 Profit Distribution Plan.		Cash dividends of NTD 1,850,504,842 was distributed to shareholders. Fractional amounts less than one NTD, totaling NTD 15,929, were included in the company's other income. Ex-dividend date: September 5, 2025 Cash dividend payment date: September 26, 2025
	3. Amendment of the Company's "Articles of Incorporation."		All resolutions were approved by shareholder voting and have been executed accordingly.
	4. Amendment of the Company's "Procedures for the Acquisition or Disposal of Assets."		
	5. Issuance of Restricted Employee Shares for 2025.		
	6. Election of the 21st Board of Directors.	Election Results: 1. Representative of Zongquan Investment Co., Ltd.: Liao, Lu-Lee 2. Wei, Wen-Chieh 3. Representative of L.J.R. Investment Co., Ltd.: Huang, Chao-Li 4. Representative of L.J.R. Investment Co., Ltd.: Liao, Chung-Hsi	The tenure of the newly elected Board of Directors begins from the date of election at the 2025 Annual General Meeting and lasts for three years (May 26, 2025, to May 25, 2028). The former directors stepped down on the election date of the new directors.

Date	Major resolutions	Resolution	Implementation status
		5. Representative of T RULYMEI Investment Co., Ltd.: Liao, Keng-Pin 6.Representative of Shuzheng Investment Co., Ltd.: Soh, Yong-Seng 7.Independent Director: Sher, Jih-Hsin 8.Independent Director: Chen, Ting-Ju 9.Independent Director: Lee, Fang-Ting	
	7. Removal of Non-Compete Restrictions for New Directors.	Approved by Shareholders' Meeting Voting	All resolutions were approved by shareholder voting and have been executed accordingly.

(2) Board of Directors' meetings and implementation status

The 16th meeting of the 20th term of the BOD 2025/02/26	1. Approval of the proposal for total director and employee compensation for the fiscal year 2024. 2. Approval of the business report, individual financial statements, and consolidated financial statements for the fiscal year 2024. 3. Approval of the profit distribution plan for the fiscal year 2024. 4. Approval of the declaration of the internal control system for the year 2024. 5. Approval of the application for comprehensive credit limits and derivative financial transaction limits from financial institutions. 6. Approval of the proposal to cancel and reduce capital by withdrawing restricted employee shares, setting the capital reduction record date as March 3, 2025. 7. Approval of the full re-election of the 21st-term board of directors. 8. Approval of the review of candidates for the 21st-term board of directors, including independent directors. 9. Approval of the proposal to exempt the non-compete restrictions on newly appointed directors, including independent directors. 10. Approval of the amendment to the company' s "Procedures for Handling Material Inside Information." 11. Approval of the amendments to the company' s Articles of Incorporation. 12. Approval of the performance evaluation results and salary compensation content and amounts for the company' s directors and managers for the fiscal year 2024. 13. Approval of the proposal to review the fixed monthly salary adjustment for the company' s managers in 2025. 14. Approval of the proposal for the issuance of restricted employee shares in 2025. 15. Approval of the methods, time, location, and agenda for convening the 2025 Annual General Meeting of Shareholders, including the option to exercise voting rights electronically.

The 17th meeting of the 20th term of the BOD 2025/03/17	1. Approval of the acquisition of 100% equity in MWT Holdings Co., Ltd. from J-STAR LLP 2016, J-STAR No.3 GF, LP, J-STAR No.3 JC, LP, J-STAR No.3 JF, LP, and J-STAR No.3 SS, LP.
The 18th meeting of the 20th term of the BOD 2025/04/24	1. Approval of the company's financial report for the first quarter of 2025. 2. Approval of the application for comprehensive credit limits and derivative financial transaction limits from financial institutions. 3. Approval of the proposal for canceling and reducing capital by withdrawing restricted employee shares, with the capital reduction record date set as April 28, 2025. 4. Approval of the amendment to the company's "Internal Control Procedures for Financing Cycles." 5. Approval of the amendment to the company's "Audit Committee Charter." 6. Approval of the amendment to the company's "Budget Management Regulations." 7. Approval of the proposal for the distribution of employee compensation amounts for managers in 2024. 8. Approval of the trust special reserve fund for managers' shareholding.
The 1st meeting of the 21th term of the BOD 2025/05/26	1. Approval of the election of the chairman and vice-chairman for the 21st-term board of directors. 2. Approval of the remuneration for members of the company's third audit committee. 3. Approval of the appointment and remuneration for members of the company's sixth compensation committee. 4. Approval of the appointment and remuneration for members of the company's second sustainability and nomination committee.
The 2nd meeting of the 21th term of the BOD 2025/7/24	1. Approval of the company's financial report for the second quarter of 2025. 2. Approval of the application for comprehensive credit limits and derivative financial transaction limits from financial institutions. 3. Approval of the proposal for cash dividend distribution to shareholders from 2024 earnings, with the ex-dividend record date set as September 5, 2025. 4. Approval of the assignment and reassignment of directors, supervisors, and key managers to the company's investee enterprises. 5. Approval of the company's 2024 Sustainability Report. 6. Approval to authorize relevant independent directors to pre-approve non-audit services provided by the CPA, their firms, and affiliated entities to the company and its subsidiaries. 7. Approval of amendments to the company's issuance and conversion regulations for the fourth and fifth domestic unsecured convertible bonds. 8. Approval of amendments to the company's "Employee Compensation Distribution Regulations." 9. Approval of the list and share allocation for the second grant of restricted employee shares issued by the company in 2023 for managers and non-managers. 10. Approval of the proposal to exempt the non-compete restriction for managers.

The 3rd meeting of the 21th term of the BOD 2025/10/30	1. Approval of the company' s financial report for the third quarter of 2025. 2. Approval of the application for comprehensive credit limits and derivative financial transaction limits from financial institutions. 3. Approval of the proposal for canceling and reducing capital by withdrawing restricted employee shares, with the capital reduction record date set as November 3, 2025. 4. Approval of the audit plan for the fiscal year 2026. 5. Approval of the audit committee work plan for the fiscal year 2026. 6. Approval of the assignment and reassignment of directors, supervisors, and key managers to the company' s investee enterprises. 7. Approval of amendments to the company' s regulations for transferring repurchased shares to employees.
The 4th meeting of the 21th term of the BOD 2025/12/24	1. Approval of the company' s operational plan for the fiscal year 2026. 2. Approval of the company' s budget for the fiscal year 2026. 3. Approval of the independence of the certifying accountant and the affiliated accounting firm. 4. Approval of the accountant' s remuneration plan for the fiscal years 2026 and 2027. 5. Approval of a donation of NT$5 million to related parties for the year 2025. 6. Approval of a donation of NT$1.48 million to related parties for the year 2026. 7. Approval of the loan granting of USD 50 million to MERRY ELECTRONICS (SINGAPORE) PTE LTD. 8. Approval of the sustainability and nomination committee' s work plan for the fiscal year 2026. 9. Approval of the company' s sustainability performance execution for 2025 and goals for 2026. 10. Approval of amendments to the group' s "Environmental Protection Policy." 11. Approval of amendments to the company' s "Risk Management Procedures." 12. Approval of the compensation committee' s work plan for the fiscal year 2026. 13. Approval of the budget proposal for the allocation ratios of employee and director compensation for 2026. 14. Approval of amendments to the "Regulations for Issuance of Restricted Employee Shares" for 2025. 15. Approval of promotions and salary adjustments for managers Mr. Jiang and Mr. Tsai. 16. Approval of adjustments for the distribution of manager employee compensation for 2024.
The 5th meeting of the 21th term of the BOD 2026/2/25	1. Approval of amendments to the company' s "Employee Compensation Distribution Regulations." 2. Approval of the total amount of director compensation and employee compensation (including basal employee compensation) for the fiscal year 2025. 3. Approval of the business report, individual financial statements, and consolidated financial statements for the fiscal year 2025. 4. Approval of the profit distribution plan for the fiscal year 2025. 5. Approval of the declaration of the internal control system for 2025. 6. Approval of the change in certifying accountant due to internal rotation within

	PwC Taiwan. 7. Approval of a cash capital increase of SGD 11.2 million to MERRY ELECTRONICS (SINGAPORE) PTE LTD. (abbreviated as MESG). 8. Approval of director, supervisor, and key manager appointments and reassignments for the company' s investee enterprises. 9. Approval of the proposal to cancel and reduce capital by withdrawing restricted employee shares, with the capital reduction record date set as February 26, 2026. 10. Approval of the proposal to exempt non-compete restrictions on directors, including independent directors. 11. Approval of amendments to the company' s Articles of Incorporation. 12. Approval of amendments to the company' s "Rules of Procedure for Shareholders Meetings." 13. Approval of amendments to the company' s "Employee Shareholding Trust Committee Charter" and "Employee Shareholding Trust Management Regulations." 14. Approval of the proposal for the dismissal (including retirement benefits) of manager Mr. Lin. 15. Approval of performance evaluation results and salary compensation content and amounts for the company' s directors and managers for the fiscal year 2025. 16. Approval of the proposal to adjust fixed monthly salaries for company managers in 2026. 17. Approval of the methods, time, location, and agenda for the 2026 Annual General Meeting of Shareholders, including the option to exercise voting rights electronically.
The 6th meeting of the 21th term of the BOD 2026/3/12	1. Approval of the proposal to repurchase company shares for the purpose of maintaining corporate credit and protecting shareholder interests.

11. Dissenting or qualified opinion of Directorsagainst an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of report: None.

iv. Information on fees to CPA

Information on Brackets of Fees to CPA

Unit: NT$ thousand

Accounting Firm	Name of CPA	Audit period	Audit Fee	Non-audit Fee	Total Amount	Remarks
PwC Taiwan	LIU, MEI-LAN	2025.01.01-2025.12.31	8,350	6,705	15,055	Note
	HSU, CHIEN-YEH					

Note : Non-audit fees are mainly Tax expenses of NT$6,623 thousand and Industrial and commercial registration of NT$82 thousand.

1. If the accounting firm is changed and the audit fees paid in the year of the replacement is less than that of the previous year, the amounts of the audit fees before and after the replacement and the causes shall be disclosed: None.

2. If the audit fees were reduced more than 10% from that of the prior year, the reduction amount, percentage and reasons for the reduction of audit fees shall be disclosed: None.

v. Information on the replacement of CPA: None.

vi. If the Chairperson, President and Financial or Accounting Managerial Officer of the Company had worked for the CPA's accounting firm or the affiliate in the past year, disclose the name, title, and duration at the CPA's accounting firm or affiliate: None.

vii. Share transfer by directors, managerial officers and shareholders holding more than 10% equity and changes to share pledging by them in the past year and up to the date of report:

1. **Changes in shareholding of directors, supervisors managers, and major shareholders**

Title	Name	2025		The current year up to March 31	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Director	Zongquan Investment Co., Ltd.	1,510,000	-	-	-
Representative of institutional director/ Chairperson	Liao, Lu-Lee	(1,500,000)	-	-	-
Vice Chairperson	Wei, Wen-Chieh	(2,000,000)	-	-	-
Director	Shande Investment Co., Ltd. (May 26,2025 term expired)	-	-	-	-
Director	L.J.R. Investment Co., Ltd. (May 26,2025 newly appointed)	1,375,000	-	375,000	-
Representative of institutional director/ President	Huang, Chao-Li	43,380	-	-	-
Representative of institutional director	Liao, Chung-Hsi (May 26,2025 newly appointed)	11,000	-	(14,000)	-
Director/Senior Vice President	Lin, Shih-Chieh (May 26,2025 term expired/(Resigned on Jan. 2025)	19,000	-	-	-
Director	RULYMEI Investment Co., Ltd.	762,000	-	-	-
Representative of institutional director	Liao, Keng-Pin	-	-	-	-
Director	Shuzheng Investment Co., Ltd. (May 26,2025 newly appointed)	2,000,000	-	-	-
Director/Senior Vice President	Soh Yong Seng	30,000	-	-	-
Independent Director	Sher, Jih-Hsin	-	-	-	-
Independent Director	Wu, Hui-Huang (May 26,2025 term expired)	-	-	-	-
Independent Director	I, Chang-Yun (May 26,2025 term expired	-	-	-	-
Independent Director	Chen, Ting-Ju (May 26,2025 newly appointed)	-	-	-	-

Title	Name	2025		The current year up to March 31	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Independent Director	Lee, Fang-Ting (May 26,2025 newly appointed)	-	-	-	-
Vice General Manager	Chang, Jui-Cheng	18,000	-	-	-
Vice General Manager	Lam, Ru-Hsuan	13,000	-	11,139	-
Vice General Manager	Liang, Kun-Tang	(7,000)	-	-	-
Vice General Manager	Chen, Wen-Chuan	6,000	-	-	-
Senior Vice General Manager	Chiang, Yung-Le (Jan 1,2026 newly appointed)	-	-	-	-
Vice General Manager	Tsai, Yu-Chih (Jan 1,2026 newly appointed)	-	-	-	-
Corporate Governance Supervisor	Weng, Ying-jie	10,200	-	-	-

Note: The Company does not have any shareholders with more than 10% shares.

2. Share transfer information

Name	Reason for share transfer	Transaction Date	Trading counterpart	Relationship between trading counterpart and the Company, directors, supervisors, managers, and shareholders with more than 10% shares	Number of shares	Transaction Price
Huang, Chao-Li	Trust	2025/08/29	CTBC Bank Co., Ltd. Trust Account	N/A	35,000	-
Liao, Chung-Hsi					12,000	
Lin, Shih-Chieh					21,000	-
Chang, Jui-Cheng					18,000	-
Lam, Ru-Hsuan					17,000	-
Liang, Kun-Tang					17,000	-
Chen, Wen-Chuan					17,000	-
Weng, Ying-jie					6,000	

3. Share pledge information：None

viii. Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree):

Shareholder register as of March 28, 2026, Unit: share

Name	Shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree).		Notes
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	name	Relationship	
Wei, Wen-Chieh	7,762,611	3.06%	139,426	0.05%	2,181,433	0.86%	N/A	N/A	N/A
Hua Nan Commercial Bank entrusted custodian account for Yuanta Taiwan High Dividend Yield ETF Securities Investment Trust Fund	7,162,000	2.82%	-	-	-	-	N/A	N/A	N/A
RULYMEI Investment Co., Ltd.	7,053,316	2.78%	-	-	-	-	N/A	N/A	N/A
Taipei Fubon Commercial Bank Co., Ltd. Custodian for Fuhua Taiwan Technology Premium ETF Securities Investment Trust Fund	6,836,000	2.69%	-	-	-	-	N/A	N/A	N/A
Prudential Life Insurance Company of Taiwan, Inc.	4,600,000	1.81%	-	-	-	-	N/A	N/A	N/A
L.J.R. Investment Co., Ltd.	4,057,502	1.60%	-	-	-	-	N/A	N/A	N/A
Liao, Lu-Yin	3,649,882	1.44%	31,083	0.01%	-	-	N/A	N/A	N/A
Zongquan Investment Co., Ltd.	3,218,272	1.27%	-	-	-	-	N/A	N/A	N/A
E.Sun Commercial Bank, Ltd.	2,961,000	1.17%	-	-	-	-	N/A	N/A	N/A
Global Life Insurance Co., Ltd.	2,906,075	1.14%	-	-			N/A	N/A	N/A

ix.The shareholding of the Company, Director, Supervisor, Managerial Officers and an enterprise that is directly or indirectly controlled by the Company in the invested company, and total shareholding percentage.

Unit: 1,000 shares %

Invested company (Note1)	Investment by the Company		Investments from directors, supervisors, managerial officers and their directly or indirectly controlled enterprises		Combined investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
MERRY ELECTRONICS (HK) CO., LTD.	19,658	100.00	-	-	19,658	100.00
MERRY ELECTRONICS (THAILAND) CO., LTD.	5,060	99.99	-	-	5,060	99.99
MERRY ELECTRONICS (U.S.A.) CO., LTD.	1,000	100.00	-	-	1,000	100.00
Leohab Enterprise Co., Ltd. (Note2)	5,529	13.81	1,789	4.47	7,318	18.28
DANNY DYNAMICS LIMITED	48,005	100.00	-	-	48,005	100.00
MERRY ELECTRONICS (SINGAPORE) PTE.LTD.	800	100.00	-	-	800	100.00
MERRY HEALTHCARE CO., LTD.	29,992	100.00	-	-	29,992	100.00
MERRYTECH (HK) CO., LIMITED	45,000	100.00	-	-	45,000	100.00
FULICARE CO.,LTD.	28,078	100.00	-	-	28,078	100.00
INDIGO ENTERPRISE INC.	302	100.00	-	-	302	100.00
MERRY&LUXSHARE(VIETNAM) CO., LTD.	-	51.00	-	-	-	51.00
Merry Electronics North America Inc.	56,954	100.00	-	-	56,954	100.00
SEAS FABRIKKER AS	-	100.00	-	-	-	100.00
Merry Electronics (Shenzhen) Co., Ltd.	-	100.00	-	-	-	100.00
Merrytech (Suzhou) Co., Ltd.	-	49.00	-	-	-	49.00
Merry Electronics (Huizhou) Co., Ltd.	-	49.00	-	-	-	49.00
Fulicare Medical Technology (Suzhou) Co.,Ltd.	-	100.00	-	-	-	100.00
Asian Elite International Ltd.	-	100.00	-	-	-	100.00
Xiamen Etimbre Hearing Technology Co.,Ltd.	-	100.00	-	-	-	100.00
Austar Hearing Science & Technology (Xiamen) Co., Ltd.	-	100.00	-	-	-	100.00
Fulicare Medical Instruments (Xiamen) Co.,Ltd.	-	100.00	-	-	-	100.00
MUtek Electronics Co.,Ltd.	3,060	51.00	-	-	3,060	51.00
Merry Capital Inc.	800	100.00	-	-	800	100.00
Merry Electronics Sdn Bhd	2,400	100.00	-	-	2,400	100.00
CDIB-Mac Limited Partnership	-	43.67	-	-	-	43.67
Dongguan Jupeng Electronics Co., Ltd.	-	33.00	-	-	-	33.00
DONPON PRECISION INC.	13,806	15.30	-	-	13,806	15.30
SYNergy ScienTech Corp.	7,300	7.78	-	-	7,300	7.78
MERRY ELECTRONICS PRIVATE LIMITED	9,000	100.00			9,000	100.00

Note 1: Equity method is employed.

Note 2: Includes shareholding by representatives of institutional shareholders RULYMEI Investment Co., Ltd.

III. Fundraising

i . Capital and Shareholding

(I). Source of capital and process

1. Source of capital

As of March 31, 2026 Unit: shares

Shares Type	Authorized capital			Notes
	Outstanding shares (Note)	Unissued shares	Total	
Ordinary shares	253,826,914	146,173,086	400,000,000	Listed stock

Note: The Company issues ordinary shares and does not have any preferred shares.
The most recent registration of capital increase was approved by the MOEA on March 16, 2026.

2. Source of process

(yyyy) (mm)	Issue price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousands)	Amount (NT$ Thousands)	Shares (Thousands)	Amount (NT$ Thousands)	Sources of capital	Shares acquired by non-cash assets	Others
1975.12	200	15	3,000	7.5	1,500	Cash investment, Establishment	None	None
1977.01	200	15	3,000	15	3,000	Cash capital increase in the amount of NT$ 1,500,000	None	None
1981.12	200	45	9,000	45	9,000	Cash capital increase in the amount of NT$ 6,000,000	None	None
1984.12	100	190	19,000	190	19,000	Cash capital increase in the amount of NT$ 10,000,000	None	None
1985.12	100	290	29,000	290	29,000	Cash capital increase in the amount of NT$ 10,000,000	None	None
1987.09	100	510	51,000	510	51,000	Cash capital increase in the amount of NT$ 22,000,000	None	None
1988.12	100	710	71,000	710	71,000	Cash capital increase in the amount of NT$ 20,000,000	None	None
1989.11	10	10,000	100,000	10,000	100,000	Cash capital increase in the amount of NT$ 29,000,000	None	None
1990.06	10	13,600	136,000	13,600	136,000	Cash capital increase in the amount of NT$ 21,000,000 · capital increase by undistributed earnings in the amount of NT 15,000,000	None	None
1991.03	10	16,640	166,400	16,640	166,400	Capital increase by capital surplus in the amount of NT 30,400,000	None	None
1991.07	10	30,080	300,800	20,000	200,000	Cash capital increase in the amount of NT$ 20,000,000 · capital increase by undistributed earnings in the amount of NT 13,600,000	None	Approved in letter (80) Tai-Cai-Zeng (1) No. 01078 from the Securities and Futures Bureau, Ministry of Finance dated May 31, 1991.

(yyyy) (mm)	Issue price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousands)	Amount (NT$ Thousands)	Shares (Thousands)	Amount (NT$ Thousands)	Sources of capital	Shares acquired by non-cash assets	Others
1993.01	10	30,080	300,800	26,000	260,000	Cash capital increase in the amount of NT$ 20,000,000 · capital increase by undistributed earnings in the amount of NT 20,000,000 · Capital increase by capital surplus in the amount of NT 20,000,000	None	Approved in letter (81) Tai-Cai-Zeng (1) No. 02385 from the Securities and Futures Bureau, Ministry of Finance dated November 2, 1992.
1993.07	10	30,080	300,800	28,080	280,800	Capital increase by undistributed earnings in the amount of NT 13,000,000 · Capital increase by capital surplus in the amount of NT 7,800,000	None	Approved in letter (82) Tai-Cai-Zeng (1) No. 30792 from the Securities and Futures Bureau, Ministry of Finance dated July 24, 1993.
1995.07	10	44,544	445,440	33,696	336,960	Capital increase by undistributed earnings in the amount of NT 37,908,000 · Capital increase by capital surplus in the amount of NT 18,252,000	None	Approved in letter (84) Tai-Cai-Zeng (1) No. 38515 from the Securities and Futures Bureau, Ministry of Finance dated June 30, 1995.
1996.11	10	44,544	445,440	41,044	410,447	Capital increase by undistributed earnings in the amount of NT 23,587,200 · Cash capital increase in the amount of NT$ 49,900,000	None	Approved in letter (85) Tai-Cai-Zeng (1) No. 65041 from the Securities and Futures Bureau, Ministry of Finance dated November 4, 1996.
1997.07	10	48,600	486,000	45,560	455,596	Capital increase by undistributed earnings in the amount of NT 45,149,190	None	Approved in letter (86) Tai-Cai-Zeng (1) No. 46434 from the Securities and Futures Bureau, Ministry of Finance dated June 16, 1997.
1998.01	10	81,998	819,981	56,950	569,495	Capital increase by undistributed earnings in the amount of NT 91,119,280 · Capital increase by capital surplus in the amount of NT 22,779,820	None	Approved in letter (87) Tai-Cai-Zeng (1) No. 45774 from the Securities and Futures Bureau,Ministry of Finance dated May 25, 1998
1999.07	10	81,998	819,981	62,973	629,728	Capital increase by undistributed earnings in the amount of NT 48,842,920 · and capital increase by capital surplus in the amount of NT11,389,910	None	Approved in letter (88) Tai-Cai-Zeng (1) No. 54020 from the Securities and Futures Bureau, Ministry of Finance dated June 11, 1999
2000.06	10	101,998	1,019,981	69,668	696,688	Authorized capital changed to 1,019,981,000, and capital increase by undistributed earnings in the amount of NT 58,144,340 · Capital increase by capital surplus in the amount of NT8,816,200	None	Approved in letter (89) Tai-Cai-Zeng (1) No. 48800 from the Securities and Futures Bureau, Ministry of Finance dated June 7, 2000.
2000.10	10	101,998	1,019,981	76,369	763,689	Cash capital increase in the amount of NT$ 67,000,000	None	Approved in letter (89) Tai-Cai-Zeng (1) No. 83422

(yyyy) (mm)	Issue price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousands)	Amount (NT$ Thousands)	Shares (Thousands)	Amount (NT$ Thousands)	Sources of capital	Shares acquired by non-cash assets	Others
								from the Securities and Futures Bureau, Ministry of Finance dated October 16, 2000.
2001.05	10	157,126	1,571,262	95,780	957,801	Capital increase by undistributed earnings in the amount of NT 194,112,590 (including employee bonuses in the amount of NT$10,827,230)	None	Approved in letter (90) Tai-Cai-Zeng (1) No. 132515 from the Securities and Futures Bureau, Ministry of Finance dated May 28, 2001.
2002.06	10	157,126	1,571,262	107,880	1,078,802	capital increase by undistributed earnings in the amount of NT 39,779,020 （including employee bonuses in the amount of NT$6,064,410）; Capital increase by capital surplus in the amount of NT$81,221,560	None	Approved in letter (90) Tai-Cai-Zeng (1) No. 0910133087 from the Securities and Futures Bureau, Ministry of Finance dated June 19, 2002.
2003.07	10	157,126	1,571,262	110,203	1,102,031	2,323,027 shares increased from earnings (includes 165,423 shares in employee benefits)	None	Approved in letter (01) Tai-Cai-Zeng (1) No. 0920129202 from the Securities and Futures Bureau, Ministry of Finance dated July 1, 2003.
2004.06	10	157,126	1,571,262	119,281	1,192,813	7,211,202 shares increased from earnings (includes 599,008 shares in employee benefits), and 1,866,907 shares from overseas convertible corporate bonds	None	Approved in letter Tai-Cai-Zeng-Di-Yi No. 0930126460 from the Securities and Futures Commission dated June 15, 2004 and letter Jing-Shou-Shang-Zi No. 09301147350 from the Ministry of Economic Affairs dated August 17, 2004.
2004.11	10	157,126	1,571,262	123,003	1,230,037	3,722,418 shares from overseas convertible corporate bonds	None	Approved in letter Jing-Shou-Shang-Zi No. 09301202250 from the Ministry of Economic Affairs dated November 4, 2004.
2005.01	10	157,126	1,571,262	126,550	1,265,501	3,546,347 shares from overseas convertible corporate bonds	None	Approved in letter Jing-Shou-Shang-Zi No. 09401017770 from the Ministry of Economic Affairs dated January 31, 2005.

(yyyy) (mm)	Issue price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousands)	Amount (NT$ Thousands)	Shares (Thousands)	Amount (NT$ Thousands)	Sources of capital	Shares acquired by non-cash assets	Others
2005.05	10	157,126	1,571,262	129,367	1,293,670	2,816,959 shares from overseas convertible corporate bonds	None	Approved in letter Jing-Shou-Shang-Zi No. 09401075910 from the Ministry of Economic Affairs dated May 2, 2005.
2005.08	10	157,126	1,571,262	131,781	1,317,816	2,414,544 shares from overseas convertible corporate bonds	None	Approved in letter Jing-Shou-Shang-Zi No. 09401158890 from the Ministry of Economic Affairs dated August 16, 2005.
2005.11	10	157,126	1,571,262	131,882	1,318,822	100,604 shares from overseas convertible corporate bonds	None	Approved in letter Jing-Shou-Shang-Zi No. 09401227580 from the Ministry of Economic Affairs dated November 21, 2005.
2006.04	10	157,126	1,571,262	132,385	1,323,852	503,030 shares from overseas convertible corporate bonds	None	Approved in letter Jing-Shou-Shang-Zi No. 09501075860 from the Ministry of Economic Affairs dated April 27, 2006
2006.08	10	300,000	3,000,000	143,944	1,439,447	11,559,428 shares increased from earnings (includes 637,646 shares in employee benefits)	None	Approved in letter Jing-Shou-Shang-Zi No. 09501181980 from the Ministry of Economic Affairs dated August 18, 2006.
2007.09	10	300,000	3,000,000	159,089	1,590,896	15,144,956 shares increased from earnings (includes 847,967 shares in employee benefits)	None	Approved in letter Jing-Shou-Shang-Zi No. 09601220240 from the Ministry of Economic Affairs dated September 6, 2007.
2011.01	10	300,000	3,000,000	159,103	1,591,036	14,000 new shares issued from employee stock options	None	Approved in letter Jing-Shou-Shang-Zi No. 10001017690 from the Ministry of Economic Affairs dated January 27, 2011.
2011.04	10	300,000	3,000,000	159,127	1,591,271	23,500 new shares issued from employee stock options	None	Approved in letter Jing-Shou-Shang-Zi No. 10001061910 from the Ministry of Economic Affairs dated April 6, 2011.
2011.09	10	300,000	3,000,000	157,935	1,579,350	Capital reduction by 1,192,042 treasury shares	None	Approved in letter Jing-Shou-Shang-Zi No.

(yyyy) (mm)	Issue price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousands)	Amount (NT$ Thousands)	Shares (Thousands)	Amount (NT$ Thousands)	Sources of capital	Shares acquired by non-cash assets	Others
								10001214470 from the Ministry of Economic Affairs dated September 14, 2011.
2012.08	10	300,000	3,000,000	165,831	1,658,318	7,896,755 shares increased from earnings	None	Approved in letter Jin-Guan-Zheng-Fa-Zi No. 1010031057 from the Financial Supervisory Commission dated July 12, 2012 and letter Jing-Shou-Shang-Zi No. 10101169110 from the Ministry of Economic Affairs dated August 15, 2012.
2013.01	10	300,000	3,000,000	165,849	1,658,498	18,000 new shares issued from employee stock options	None	Approved in letter Tai-Zheng-Shang-Yi-Zi No. 10200013881 from the Taiwan Stock Exchange dated January 22, 2013 and letter Jing-Shou-Shang-Zi No. 10201008590 from the Ministry of Economic Affairs dated January 15, 2013.
2013.04	10	300,000	3,000,000	165,856	1,658,568	7,000 new shares issued from employee stock options	None	Approved in letter Tai-Zheng-Shang-Yi-Zi No. 1020007064 from the Taiwan Stock Exchange dated April 18, 2013 and letter Jing-Shou-Shang-Zi No. 10201062870 from the Ministry of Economic Affairs dated April 10, 2013.
2013.05	10	300,000	3,000,000	166,019	1,660,193	162,500 new shares issued from employee stock options	None	Approved in letter Tai-Zheng-Shang-Yi-Zi No. 1020010350 from the Taiwan Stock Exchange dated May 31, 2013 and letter Jing-Shou-Shang-Zi No. 10201096500 from the Ministry of Economic Affairs dated May 24, 2013.
2013.08	10	300,000	3,000,000	175,980	1,759,805	9,961,160 shares increased from earnings	None	Approved in letter Jin-Guan-Zheng-Fa-Zi No. 1020025121 from the Financial Supervisory Commission dated June 28, 2013 and letter Jing-Shou-

(yyyy) (mm)	Issue price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousands)	Amount (NT$ Thousands)	Shares (Thousands)	Amount (NT$ Thousands)	Sources of capital	Shares acquired by non-cash assets	Others
								Shang-Zi No. 10201162920 from the Ministry of Economic Affairs dated August 12, 2013.
2013.11	10	300,000	3,000,000	176,216	1,762,165	236,000 new shares issued from employee stock options	None	Approved in letter Tai-Zheng-Shang-Yi-Zi No. 1020025089 from the Taiwan Stock Exchange dated December 4, 2013 and letter Jing-Shou-Shang-Zi No. 10201240710 from the Ministry of Economic Affairs dated November 27, 2013.
2014.08	10	300,000	3,000,000	185,027	1,850,273	8,810,825 shares increased from earnings	None	Approved in letter Jin-Guan-Zheng-Fa-Zi No. 1030025686 from the Financial Supervisory Commission dated July 7, 2014 and letter Jing-Shou-Shang-Zi No. 10301167070 from the Ministry of Economic Affairs dated August 20, 2014.
2017.04	10	300,000	3,000,000	186,604	1,866,044	Issued 1,542,000 shares in restricted stock awards and unsecured corporate bonds issued in Taiwan for the first time were converted to 35,165 new shares	None	Approved in letter Jing-Shou-Shang-Zi No. 10601032740 from the Ministry of Economic Affairs dated April 11, 2017.
2017.05	10	300,000	3,000,000	194,403	1,944,033	Unsecured corporate bonds issued in Taiwan for the first time were converted to 7,798,821 new shares	None	Approved in letter Jing-Shou-Shang-Zi No. 10601063720 from the Ministry of Economic Affairs dated May 20, 2017.
2017.07	10	300,000	3,000,000	194,844	1,948,443	Issued 458,000 shares in restricted stock awards and canceled 17,000 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No. 10601098600 from the Ministry of Economic Affairs dated July 17, 2017.
2017.08	10	300,000	3,000,000	197,733	1,977,334	Unsecured corporate bonds issued in Taiwan for the first time were converted to 2,889,057 new shares	None	Approved in letter Jing-Shou-Shang-Zi No. 10601119010 from the Ministry of Economic Affairs dated August 21, 2017.
2017.12	10	300,000	3,000,000	200,297	2,002,969	Canceled 41,000 new shares converted from restricted stock awards Unsecured corporate	None	Approved in letter Jing-Shou-Shang-Zi No. 10601162830 from the

(yyyy) (mm)	Issue price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousands)	Amount (NT$ Thousands)	Shares (Thousands)	Amount (NT$ Thousands)	Sources of capital	Shares acquired by non-cash assets	Others
						bonds issued in Taiwan for the first time were converted to 2,604,511 new shares		Ministry of Economic Affairs dated December 6, 2017.
2018.02	10	300,000	3,000,000	200,493	2,004,929	Issued 196,000 shares in restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No. 10701013730 from the Ministry of Economic Affairs dated February 8, 2018.
2018.04	10	300,000	3,000,000	200,809	2,008,090	Canceled 19,700 new shares converted from restricted stock awards Unsecured corporate bonds issued in Taiwan for the first time were converted to 335,846 new shares	None	Approved in letter Jing-Shou-Shang-Zi No. 10701033830 from the Ministry of Economic Affairs dated April 2, 2018.
2018.05	10	300,000	3,000,000	200,767	2,007,670	Canceled 42,000 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No. 10701057780 from the Ministry of Economic Affairs dated May 30, 2018.
2018.10	10	300,000	3,000,000	198,878	1,988,784	Retired 1,867,000 treasury shares Canceled 21,600 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No. 10701129790 from the Ministry of Economic Affairs dated October 22, 2018.
2018.11	10	300,000	3,000,000	199,701	1,997,012	Canceled 55,220 new shares converted from restricted stock awards Issued 878,000 shares in restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No. 10701142290 from the Ministry of Economic Affairs dated November 15, 2018.
2019.02	10	300,000	3,000,000	203,701	2,037,012	Issued 4,000,000 new shares	None	Approved in letter Jing-Shou-Shang-Zi No. 10801014680 from the Ministry of Economic Affairs dated February 13, 2019.
2019.03	10	300,000	3,000,000	203,662	2,036,625	Canceled 38,700 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No. 10801029990 from the Ministry of Economic Affairs dated March 25, 2019.
2019.05	10	300,000	3,000,000	205,456	2,054,565	Canceled 21,800 new shares converted from restricted stock awards The second batch of unsecured corporate bonds issued in Taiwan was converted to 1,815,819 new shares	None	Approved in letter Jing-Shou-Shang-Zi No. 10801057520 from the Ministry of Economic Affairs dated May 27, 2019.
2019.08	10	400,000	4,000,000	205,457	2,054,565	Application to increase authorized capital to 400,000	None	Approved in letter Jing-Shou-Shang-Zi No.

(yyyy) (mm)	Issue price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousands)	Amount (NT$ Thousands)	Shares (Thousands)	Amount (NT$ Thousands)	Sources of capital	Shares acquired by non-cash assets	Others
						(thousand shares)		10801108180 from the Ministry of Economic Affairs dated August 6, 2019.
2019.08	10	400,000	4,000,000	206,586	2,065,855	Canceled 142,500 new shares converted from restricted stock awards The second batch of unsecured corporate bonds issued in Taiwan was converted to 1,271,482 new shares	None	Approved in letter Jing-Shou-Shang-Zi No. 10801091440 from the Ministry of Economic Affairs dated August 19, 2019.
2019.11	10	400,000	4,000,000	207,879	2,078,791	Canceled 2,800 new shares converted from restricted stock awards Issued 813,000 shares in restricted stock awards The second batch of unsecured corporate bonds issued in Taiwan was converted to 483,410 new shares	None	Approved in letter Jing-Shou-Shang-Zi No. 10801166420 from the Ministry of Economic Affairs dated November 29, 2019.
2020.03	10	400,000	4,000,000	208,622	2,086,222	Canceled 571,300 new shares converted from restricted stock awards The second batch of unsecured corporate bonds issued in Taiwan was converted to 1,314,413 new shares	None	Approved in letter Jing-Shou-Shang-Zi No. 10901043090 from the Ministry of Economic Affairs dated March 26, 2020.
2020.08	10	400,000	4,000,000	208,938	2,089,384	Canceled 70,800 new shares converted from restricted stock awards Issued 387,000 shares in restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No.10901158670 from the Ministry of Economic Affairs dated August.27,2020
2020.11	10	400,000	4,000,000	209,351	2,093,519	The second batch of unsecured corporate bonds issued in Taiwan was converted to 413,395 new shares	None	Approved in letter Jing-Shou-Shang-Zi No 10901221240 from the Ministry of Economic Affairs dated December 10,2020
2021.03	10	400,000	4,000,000	209,333	2,093,332	Canceled 18,700 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11001050860 from the Ministry of Economic Affairs dated March 31,2021
2021.05	10	400,000	4,000,000	209,277	2,092,776	Canceled 55,600 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11001088860 from the Ministry of Economic Affairs dated May 20,2021
2021.06	10	400,000	4,000,000	209,693	2,096,936	Issued 416,000 shares in restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No

(yyyy) (mm)	Issue price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousands)	Amount (NT$ Thousands)	Shares (Thousands)	Amount (NT$ Thousands)	Sources of capital	Shares acquired by non-cash assets	Others
								11001103060 from the Ministry of Economic Affairs dated June 16,2021
2021.08	10	400,000	4,000,000	211,197	2,111,976	Issued 1,504,000 shares in restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11001139900 from the Ministry of Economic Affairs dated August 25,2021
2021.11	10	400,000	4,000,000	217,052	2,170,528	Canceled 144,800 new shares converted from restricted stock awards Issued 6,000,000 new shares	None	Approved in letter Jing-Shou-Shang-Zi No 11001207120 from the Ministry of Economic Affairs dated November 24, 2021
2022.03	10	400,000	4,000,000	216,510	2,165,100	Canceled 542,800 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11101047090 from the Ministry of Economic Affairs dated March 31, 2022
2022.05	10	400,000	4,000,000	216,470	2,164,702	Canceled 39,800 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11101087410 from the Ministry of Economic Affairs dated May 24, 2022
2022.08	10	400,000	4,000,000	218,199	2,181,994	Canceled 70,800 new shares converted from restricted stock awards Issued 1,800,000 shares in restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11101155390 from the Ministry of Economic Affairs dated August 19, 2022
2022.11	10	400,000	4,000,000	218,052	2,180,521	Canceled 147,300 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11101221410 from the Ministry of Economic Affairs dated November 25, 2022
2023.03	10	400,000	4,000,000	217,782	2,177,827	Canceled 269,400 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11230047380 from the Ministry of Economic Affairs dated March 23, 2023
2023.05	10	400,000	4,000,000	217,750	2,177,502	Canceled 32,500 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11230084890 from the Ministry of Economic Affairs dated May 23, 2023
2023.08	10	400,000	4,000,000	219,387	2,193,872	Canceled 8,000 new shares converted from restricted stock awards Issued 1,645,000 shares in restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11230156410 from the Ministry of Economic Affairs dated August 23, 2023

(yyyy) (mm)	Issue price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousands)	Amount (NT$ Thousands)	Shares (Thousands)	Amount (NT$ Thousands)	Sources of capital	Shares acquired by non-cash assets	Others
2023.12	10	400,000	4,000,000	319,343	2,193,434	Canceled 43,800 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11230223690 from the Ministry of Economic Affairs dated December 18, 2023
2024.03	10	400,000	4,000,000	219,316	2,193,162	Canceled 28,100 new shares converted from restricted stock awards The third batch of unsecured corporate bonds issued in Taiwan was converted to 953 new shares	None	Approved in letter Jing-Shou-Shang-Zi No 11330041240 from the Ministry of Economic Affairs dated March 21, 2024
2024.05	10	400,000	4,000,000	220,378	2,203,783	Canceled 26,600 new shares converted from restricted stock awards The third batch of unsecured corporate bonds issued in Taiwan was converted to 1,088,652 new shares	None	Approved in letter Jing-Shou-Shang-Zi No 11330073840 from the Ministry of Economic Affairs dated May 13, 2024
2024.08	10	400,000	4,000,000	238,398	2,382,987	Canceled 182,900 new shares converted from restricted stock awards The third batch of unsecured corporate bonds issued in Taiwan was converted to 16,154,333 new shares Issued 1,949,000 shares in restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11330145170 from the Ministry of Economic Affairs dated August 23, 2024
2024.10	10	400,000	4,000,000	243,298	2,432,987	Issued 5,000,000 new shares	None	Approved in letter Jing-Shou-Shang-Zi No 11330181480 from the Ministry of Economic Affairs dated October 9, 2024
2024.11	10	400,000	4,000,000	253,493	2,534,938	Canceled 1,121,300 new shares converted from restricted stock awards The third batch of unsecured corporate bonds issued in Taiwan was converted to 11,316,334 new shares	None	Approved in letter Jing-Shou-Shang-Zi No 11330195440 from the Ministry of Economic Affairs dated November 13, 2024
2025.03	10	400,000	4,000,000	253,491	2,534,914	Canceled 2,400 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11430034040 from the Ministry of Economic Affairs dated March 14, 2025
2025.05	10	400,000	4,000,000	253,489	2,534,894	Canceled 2,000 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11430062390 from the Ministry of Economic Affairs

(yyyy) (mm)	Issue price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousands)	Amount (NT$ Thousands)	Shares (Thousands)	Amount (NT$ Thousands)	Sources of capital	Shares acquired by non-cash assets	Others
								dated May 14, 2026
2025.08	10	400,000	4,000,000	253,895	2,538,954	Issued 406,000 shares in restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11430126600 from the Ministry of Economic Affairs dated Aug. 22, 2026
2025.12	10	400,000	4,000,000	253,839	2,538,396	Canceled 55,800 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11430182940 from the Ministry of Economic Affairs dated Dec. 5, 2026
2026.03	10	400,000	4,000,000	253,826	2,538,269	Canceled 12,700 new shares converted from restricted stock awards	None	Approved in letter Jing-Shou-Shang-Zi No 11530032840 from the Ministry of Economic Affairs dated Mar. 16, 2026

(II). List of major shareholders:

March 28, 2026

Name of major shareholder \ Shares	Shares held (shares)	Shareholding ratio
Wei, Wen-Chieh	7,762,611	3.06%
Hua Nan Commercial Bank entrusted custodian account for Yuanta Taiwan High Dividend Yield ETF Securities Investment Trust Fund	7,162,000	2.82%
RULYMEI Investment Co., Ltd.	7,053,316	2.78%
Taipei Fubon Commercial Bank Co., Ltd. Custodian for Fuhua Taiwan Technology Premium ETF Securities Investment Trust Fund	6,836,000	2.69%
Prudential Life Insurance Company of Taiwan, Inc.	4,600,000	1.81%
L.J.R. Investment Co., Ltd.	4,057,502	1.60%
Liao, Lu-Yin	3,649,882	1.44%
Zongquan Investment Co., Ltd.	3,218,272	1.27%
E.Sun Commercial Bank, Ltd.	2,961,000	1.17%
Global Life Insurance Co., Ltd.	2,906,075	1.14%

(III). Dividend policy and implementation status:

1. The industry environment in which the company operates is dynamic, and the company is in a phase of stable growth in its corporate life cycle. Considering future capital expenditure budgets and funding needs, and evaluating the

necessity of using earnings to meet funding requirements, the company determines the amount of earnings to retain or distribute, including the amount of cash dividends to be distributed to shareholders.

2. After the annual account settlement, the company' s net profit shall first deduct income tax in accordance with law, then compensate for previous years' losses. From the remaining balance, 10% shall be allocated as legal reserve, except when the legal reserve has reached the company' s paid-in capital, allocation is not required. If necessary, special reserve may be allocated or reversed according to law, then the undistributed earnings from the previous year are added to the cumulative distributable earnings. The board of directors shall propose a distribution plan, which shall be submitted to the shareholders' meeting for decision.
3. The board of directors shall consider financial, business, and operational factors to propose a profit distribution plan, and distribute at least 30% of the current newly available distributable earnings, but not more than 80% of the cumulative distributable earnings. Cash dividends shall be prioritized for shareholder distribution, although stock dividends may also be distributed, ensuring cash dividends account for no less than 30% of the total dividend amount. If all or part of the dividend and bonuses are distributed in cash, the board is authorized to proceed with approval from more than two-thirds of attending directors and over half of the attending directors agreeing, then report to the shareholders' meeting.
4. To incentivize employees and the management team, the company shall allocate no less than 5% of net profits, after deducting accumulated losses, as employee compensation, including a minimum of 1% for basal employee compensation, and director compensation shall not exceed 2%. If employee compensation is distributed in stocks or cash, it must be resolved by the board with more than two-thirds of directors present and over half agreeing, and reported at the shareholders' meeting. The recipients of employee compensation stocks or cash may include employees of controlled or affiliated companies that meet certain conditions.
5. Dividend distribution to be proposed to the shareholders' meeting:

Item	Amount (NTD)
Undistributed earnings at the beginning of the period	2,756,749,618
Add: 2025 after-tax net profit	1,336,636,422
Add: Recognition of remeasurement of defined benefit plans in retained earnings	430,232
Less: Accounting for changes in ownership equity in subsidiaries	(5,471,777)
Less: Appropriation to Legal Reserve (10%)	(133,159,488)
Less: Reversal of Special Reserve	(87,464,362)
Cumulative distributable earnings	3,867,720,645
Distribution Items:	
Less: Cash dividend to shareholders (Note)	(1,015,358,456)
Total undistributed earnings at the end of the period	2,852,362,189

Note: The order of surplus distribution is:

1. The special surplus reserve reversed in the current year;

2. The increase in distributable surplus in the current year other than 1.;
3. The undistributed surplus at the beginning of the period.

6. Provide an explanation when a material change to the dividend policy is expected: None.

(IV). The effects of the stock dividends proposed by the annual general meeting on the Company's business performances and earnings per share: Not applicable because there are no stock dividends

(V). Remuneration of employees and directors

1. The proportional rates or scope of employee and director compensation as stated in the company' s Articles of Incorporation.

   After the annual account settlement, the company' s net profit shall first deduct income tax according to law and compensate for previous years' losses. From the remaining balance, 10% is allocated as a legal reserve. If necessary, a special reserve can be allocated or reversed in accordance with the law, then add undistributed earnings from the previous year to the cumulative distributable earnings. The board of directors shall propose a distribution plan and submit it to the shareholders' meeting for resolution. The board' s proposal for profit distribution shall be within the range of no less than 30% of the newly available distributable earnings and no more than 80% of the cumulative distributable earnings. The distribution of cash dividends should be prioritized with a principle of no less than 30% of the total dividend.

   To motivate employees and the management team, if the company has profits for the current year, it shall allocate: (i) at least 5% for employee compensation, including no less than 1% for basal employees; (ii) director compensation no more than 2%. However, if there are accumulated losses, the company should retain a sufficient amount to cover them. When employee compensation is distributed in stocks or cash, this distribution must be resolved by the board with more than two-thirds attendance and over half in agreement, and reported to the shareholders' meeting.

2. The basis for estimating the amount of employee and director compensation for this period, and the calculation basis for the number of shares distributed as employee compensation in stock; no accounting treatment if the actual distribution amount differs from the estimate: Not applicable.

3. Remuneration distribution proposed by the board of directors:

   (1) The amount of employee and director compensation to be distributed in cash or stocks. If there is a discrepancy with the estimated amount recognized as expenses for the year, disclose the difference, cause, and handling status.

   A. Proposed cash distribution amount for employee compensation:

NT$157,893,779.

B. Proposed stock distribution amount for employee compensation: NT$0.

C. Proposed director compensation distribution: NT$31,578,755.

D. There is no difference between proposed employee and director compensation distribution amounts and the recognized expense amounts for the fiscal year 2025.

(2) Proposed stock distribution amount for employee compensation and the percentage of the current individual or standalone financial statements' post-tax net profit and total employee compensation.

A. Proposed number of employee stock bonus shares: 0 shares.

B. The percentage of employee stock bonus shares proposed against the period's after-tax net profit: 0%.

C. The percentage of employee stock bonus shares proposed against the total sum of employee bonuses: 0%.

(3) Estimated Earnings Per Share (EPS) after the proposed distribution of employee and director compensation.

A. NT$5.36 per share.

(4) Estimated EPS after the proposed distribution amount of employee compensations (calculated at market price): Not applicable.

4. Distribution of employee, director, and supervisor remuneration from earnings in the previous year Related information on the distribution of employee bonuses and director remuneration from earnings in the previous year (2024) is provided below:

Unit: NT$ Thousand; Thousand shares

	Actual distributed amount resolved by the shareholders meeting	Proposed distribution originally approved by the Board of Directors	Difference	Reason for difference
i. Distribution:				
1. Employee cash bonus	298,856	298,856	-	-
2. Employee stock bonus	-	-	-	-
(1) Number of shares	-	-	-	-
(2) Amount	-	-	-	-
(3) as a percentage of closing outstanding shares	-	-	-	-
3. Director remuneration	59,771	59,771	-	-
ii. EPS related information:				
1. Earnings per share	9.26	9.26	-	-

(VI). Share buyback by the Company in the past year and up to the date of report:

1. Status of Company Share Repurchases (Completed):

Repurchase Round	First Round (Note 1)	Second Round (Note 2)
Purpose of Repurchase	To motivate employees and enhance employee morale	To motivate employees and enhance employee morale
Repurchase Period	From July 10, 2008, to September 8, 2008	From June 15, 2015, to August 14, 2015
Repurchase Price Range	Between NT$90 upper limit and NT$41 lower limit per share	Between NT$98 upper limit and NT$41 lower limit per share
Type and Quantity of Repurchased Shares	Common stock 1,500,000 shares	Common stock 2,269,000 shares
Amount of Repurchased Shares	NT$76,938 thousand	NT$103,058 thousand
Percentage of Shares Repurchased against the Planned Quantity (%)	100%	25.21%
Number of Shares Cancelled and Transferred	Transferred 307,958 shares; Cancelled 1,192,042 shares	Transferred 402,000 shares; Cancelled 1,867,000 shares
Accumulated Quantity of Company Shares Held	0	0
Percentage of Accumulated Company Shares Held against the Total Issued Shares (%)	0%	0%

Note 1: Approved for capital reduction registration by the Ministry of Economic Affairs on September 14, 2011, under letter No. 10001214470.

Note 2: Approved for capital reduction registration by the Ministry of Economic Affairs on October 22, 2018, under letter No. 10701129790.

2. Status of Company Share Repurchases (Currently in Execution):

Repurchase Round	**Third Round**
Purpose of Repurchase	To safeguard company credit and shareholder rights, repurchase shares for cancellation.
Type of Shares Repurchased	Common stock
Maximum Total Amount for Share Repurchase	NT$13,989,770 thousand
Scheduled Repurchase Period	From March 13, 2026, to May 11, 2026
Number of Shares Planned for Repurchase	5,000,000 shares
Repurchase Price Range	Between NT$58 to NT$145 per share

Repurchase Round	Third Round
Type and Quantity of Shares Already Repurchased	Common stock 1,645,000 shares
Amount of Shares Already Repurchased	NT$139,221 thousand
Percentage of Shares Repurchased against the Planned Quantity (%)	32.9%

ii.Issuance of corporate bonds

(I). Issuance of corporate bonds

Type of Corporate Bonds (Note 2)	First (batch) Unsecured corporate bonds issued overseas	First (batch) Unsecured corporate bonds issued in Taiwan	Second (batch) Unsecured corporate bonds issued in Taiwan	Third (batch) Unsecured corporate bonds issued in Taiwan
Date of issue	2004/01/06	2015/01/29	2018/12/11	2021/08/11
Par value	US$1,000	NT$100,000 each	NT$100,000 each	NT$100,000 each
Place of issue and trading (Note 3)	Issued overseas and listed and traded in Luxembourg	Taipei Exchange	Taipei Exchange	Taipei Exchange
Issue price	101%	100.5%	100.5%	100.5%
Total amount	US$30,000,000	NT$1,500,000,000	NT$3,000,000,000	NT$3,000,000,000
Interest Rate	0%	0%	0%	0%
Term	5 years Maturity date: 2009/1/6	3 years Maturity date: 2018/1/29	3 years Maturity date: 2021/12/11	3 years Maturity date: 2024/08/11
Guarantor agency	-	-	-	-
Trustee	J.P. Morgan	Mega International Commercial Bank Trust Department	JihSun Bank	Taipei Fubon Bank
Underwriting institution	Polaris Securities (Hong Kong) Limited, Polaris Capital (Asia) Limited	KGI Securities	Fubon Securities Co., Ltd.	Fubon Securities Co., Ltd.
Certified lawyer	Minfu Attorneys-at-Law Chang, Shu-Hsuan, Attorney-at-law	Handsome Attorneys-at-Law Chiu, Ya-Wen, Attorney at Law	Handsome Attorneys-at-Law Chiu, Ya-Wen, Attorney at Law	Deyi Attorneys-at-Law Huang, Shi-Han, Attorney at Law
CPA	PwC Taiwan Yang, Ming-Chin and Hung, Shu-Hua, CPA	PwC Taiwan Yang, Ming-Chin and Hung, Shu-Hua, CPA	PwC Taiwan Xu, Jian-Ye and Wang, Yu-Chuan, CPA	PwC Taiwan Wang, Yu-Chuan and Liu, Mei-Lan, CPA
Repayment method	Redeemed at face value	Repaid in cash at 100.5%	Repaid in cash at face	Repaid in cash at face value upon maturity

	upon maturity	of face value (real rate of return is 0.165%)	value upon maturity	
Outstanding principal	USD$0 (All converted to ordinary share on 2006/3/13)	NT$0 (All converted on 2018/1/26)	NT$0 (NT$2,231,900,900 paid on 2021/12/24	NT$0 (NT$4,000,000 paid on 2024/8/23)
Terms of redemption or advance repayment	a. After corporate bonds are issued for one full year, if the closing price of ordinary shares at the Taiwan Stock Exchange converted to USD is above 130% of the conversion price (converted at the fixed rate of 34.03 to USD based on negotiations on the pricing day) for 20 consecutive business days, the issuer may issue a redemption notice to bond holders within 10 days, and edeem all or a portion of bonds at face value within 80 days after giving notice. b. When over 90% of corporate bonds are redeemed, bought back, or conversion right is exercised, the issuer may redeem all or a portion of bonds at face value. c. If the issuer must pay	(I) From the following day after this convertible bond is issued for one full month (March 1, 2015) to 40 days before its maturity (December 20, 2017), if the closing price of ordinary shares at the stock exchange reaches 30% (inclusive) or above of the conversion price for 30 consecutive business days, the Company may send a "bond recall notice" with a one-month deadline (the period is calculated starting on the date the notice is mailed, and the deadline is the bond recall record date) via registered mail to creditors (based on the list of creditors five business days before the bond recall notice is mailed, an announcement will be made for other investors who obtain this bond through trading or other	(I) From the following day after this convertible bond is issued for three full month (March 12, 2019) to 40 days before its maturity (November 1, 2021), if the closing price of ordinary shares reaches 30% (inclusive) or above of the conversion price for 30 consecutive business days, the Company may send a "bond recall notice" with a one-month deadline (the period is calculated starting on the date the notice is mailed, and the deadline is the bond recall record date; the period may not be within the period conversion is suspended according to Article 9) via registered mail to creditors (based on the list of creditors five business days before the bond recall notice is mailed, an announcement will be made for	(I) From the following day after this convertible bond is issued for three full month (November 12, 2021) to 40 days before its maturity (July 2, 2024), if the closing price of ordinary shares reaches 30% (inclusive) or above of the conversion price for 30 consecutive business days, the Company may send a "bond recall notice" with a one-month deadline (the period is calculated starting on the date the notice is mailed, and the deadline is the bond recall record date; the period may not be within the period conversion is suspended according to Article 9) via registered mail to creditors (based on the list of creditors five business days before the bond recall notice is mailed, an announcement will be made for other investors who obtain this bond through trading or other methods afterwards) within 30 business days. The redemption price is the face value of this bond, which will be

	additional interest expense or cost increases due to changes in tax laws of the R.O.C., the issuer may redeem all bonds in circulation at face value.	methods afterwards) within 30 business days. The Company will send a request to Taipei Exchange to make an announcement, and will recall this convertible bond from the holder at face value in cash within five days after the bond recall record date. The bond recall record date may not be within the period when conversion is suspended. (II) From the following day after this convertible bond is issued for one full month (March 1, 2015) to 40 days before its maturity (December 20, 2017), if the amount of convertible bonds still in circulation is lower than 10% of the total amount issued, the Company may send a "bond recall notice" with a one-month deadline (the period is calculated starting on the date the notice is mailed, and the deadline is the bond recall record date) via registered mail	other investors who obtain this bond through trading or other methods afterwards) within 30 business days. The redemption price is the face value of this bond, which will be redeemed in cash. The Company will send a request to Taipei Exchange to make an announcement. When executing the recall request, the Company shall recall this convertible bond from the holder at face value in cash within five days after the bond recall record date. (II)From the following day after this convertible bond is issued for three full months (March 12, 2019) to 40 days before its maturity (November 1, 2021), if the amount of convertible bonds still in circulation is lower than 10% of the total amount issued, the Company may send a "bond recall notice" with a one-month deadline (the period is	redeemed in cash. The Company will send a request to Taipei Exchange to make an announcement. When executing the recall request, the Company shall recall this convertible bond from the holder at face value in cash within five days after the bond recall record date. (II) From the following day after this convertible bond is issued for three full months (November 12, 2021) to 40 days before its maturity (July 2, 2024), if the amount of convertible bonds still in circulation is lower than 10% of the total amount issued, the Company may send a "bond recall notice" with a one-month deadline (the period is calculated starting on the date the notice is mailed, and the deadline is the bond recall record date) via registered mail to creditors (based on the list of creditors five business days before the bond recall notice is mailed, an announcement will be made for other investors who obtain this bond through trading or other methods afterwards). The redemption price is the face value of this bond, which will be redeemed in

		to creditors (based on the list of creditors five business days before the bond recall notice is mailed, an announcement will be made for other investors who obtain this bond through trading or other methods afterwards). The Company will send a request to Taipei Exchange to make an announcement, and will recall this convertible bond from the holder at face value in cash within five days after the bond recall record date. The bond recall record date may not be within the period when conversion is suspended. (III) If creditors do not send a written response to the Company's stock transfer agency (effective upon delivery, or based on the postmark date if it is mailed) before the bond recall record date specified on the "bond recall notice", the Company will redeem the bonds at face value in cash on the maturity	calculated starting on the date the notice is mailed, and the deadline is the bond recall record date) via registered mail to creditors (based on the list of creditors five business days before the bond recall notice is mailed, an announcement will be made for other investors who obtain this bond through trading or other methods afterwards). The redemption price is the face value of this bond, which will be redeemed in cash. The Company will send a request to Taipei Exchange to make an announcement and exercise its redemption right. When executing the recall request, the Company shall recall this convertible bond from the holder at face value in cash within five days after the bond recall record date. (III) If creditors do not send a written response to the Company's stock transfer agency (effective upon	cash. The Company will send a request to Taipei Exchange to make an announcement and exercise its redemption right. When executing the recall request, the Company shall recall this convertible bond from the holder at face value in cash within five days after the bond recall record date. (III) The business day following the base date for the recovery of the convertible bonds is the OTC termination date for the convertible bonds. The deadline for creditors to request conversion is the second business day after the OTC termination date. However, the creditors should apply to the original trading broker to convert the convertible corporate bonds into ordinary shares of the company one business day after the date of termination of listing of the convertible corporate bonds The converted corporate bonds will be recovered in cash within eight business days after the bond recovery base date. The aforementioned date will be postponed to the next business day

			date.	delivery, or based on the postmark date if it is mailed) before the bond recall record date specified on the "bond recall notice", the Company will redeem the bonds at face value in cash within five business days after the bond recall record date.	in the event of the day when the Taipei Stock Exchange Market is closed for business.
Restriction clauses (Note 4)		-	-	-	-
Names of credit rating agency, rating date, rating of corporate bonds		-	-	-	-
Other rights attached	Amount converted (exchanged or subscribed) to ordinary shares, GDRs, or other negotiable securities up to the date of annual report publication	Holders of the first batch of unsecured corporate bonds issued overseas have converted US$30,000,000 to 14,970,809 ordinary shares	Holders of the first batch of unsecured corporate bonds issued in Taiwan have converted NT$1,500,000,000 to 13,663,400 ordinary shares	Holders of the second batch of unsecured corporate bonds issued in Taiwan have converted NT$768,100,000 to 5,298,619 ordinary shares.	Holders of the third batch of unsecured corporate bonds issued in Taiwan have converted NT$2,996,000,000 to 28,560,272 ordinary shares.
	Issuance and Conversion (Exchange or Subscription) Regulations	Refer to the Issuance and Conversion Regulations.	Regulations for Issuance and Conversion of the First Batch of Unsecured Corporate Bonds in Taiwan.	Regulations for Issuance and Conversion of the Second Batch of Unsecured Corporate Bonds in Taiwan.	Regulations for Issuance and Conversion of the Third Batch of Unsecured Corporate Bonds in Taiwan.
Issuance and conversion, exchange or subscription regulations, potential dilution caused by issuance conditions, and effect on shareholders' equity		-	-	-	The maximum dilution of earnings per share is 12.69% in the case of full conversion. Compared with other financing instruments, it is between other financing instruments. Combined with the advantages of low capital cost of cash

				capital increase and the deferred effect of equity expansion of converted corporate bonds, the dilution of earnings per share can be effectively reduced and deferred.
Name of custodial institution	-	-	-	-

Type of Corporate Bonds (Note 2)	Fourth (batch) Unsecured corporate bonds issued in Taiwan	Fifth (batch) Unsecured corporate bonds issued in Taiwan
Date of issue	2024/07/10	2024/07/22
Par value	NT$100,000 each	NT$100,000 each
Place of issue and trading (Note 3)	Taipei Exchange	Taipei Exchange
Issue price	100.5%	120.31%
Total amount	NT$2,500,000,000	NT$500,000,000
Interest Rate	0%	0%
Term	3 years Maturity date: 2027/07/10	3 years Maturity date: 2027/07/22
Guarantor agency	-	-
Trustee	Taipei Fubon Bank	Taipei Fubon Bank
Underwriting institution	Fubon Securities Co., Ltd.	Fubon Securities Co., Ltd.
Certified lawyer	WHP Attorneys-at-Law Huang, Shi-Han, Attorney at Law	WHP Attorneys-at-Law Huang, Shi-Han, Attorney at Law
CPA	PwC Taiwan Liu, Mei-Lan and Xu, Jian-ye, CPA	PwC Taiwan Liu, Mei-Lan and Xu, Jian-ye, CPA
Repayment method	Repaid in cash at face value upon maturity	Repaid in cash at face value upon maturity
Outstanding principal	NT$2,500,000,000	NT$500,000,000
Terms of redemption or advance repayment	(1) If the closing price of the company's common stock exceeds 130% of the then conversion price for thirty consecutive business days anytime from	(1) If the closing price of the company's common stock exceeds 130% of the conversion price for thirty consecutive business days anytime from the day

	the day following three months after the issuance date (October 11, 2024) to forty days before the maturity date (May 31, 2027), the company may, within thirty business days thereafter, send a registered letter with a "Bond Redemption Notice" maturing in thirty days (starting from the dispatch date of the letter by the company, with the maturity date of the notice being the bond redemption base date, and the said period not being a suspension of conversion period under Article 9) to bondholders (as recorded in the bondholder register on the fifth business day before the dispatch date of the notice; for holders who acquire the bonds thereafter, through transactions or other means, the announcement will be made publicly) to redeem the	following three months after the issuance date (October 23, 2024) to forty days before the maturity date (June 12, 2027), the company may, within thirty business days thereafter, send a registered letter containing a "Bond Redemption Notice" maturing in thirty days (starting from the dispatch date of the letter by the company, with the maturity date being the bond redemption base date, and the said period not being a suspension of conversion period under Article 9) to bondholders (as recorded in the bondholder register on the fifth business day before the dispatch date of the notice; for holders who acquire the bonds thereafter through transactions or other means, the announcement will be made publicly) to redeem the bonds at face value in cash and notify the Taipei Exchange. Upon execution of the

	bonds at face value in cash and also notify the Taipei Exchange. Upon execution of the redemption request, the company must redeem the outstanding bonds in circulation in cash at face value within five business days following the bond redemption base date. (2) If the outstanding amount of these convertible bonds is less than 10% of the total face value of the issuance at any time from the day following three months after the issuance date (October 11, 2024) to forty days before the maturity date (May 31, 2027), the company may, at any time thereafter, send a registered letter with a "Bond Redemption Notice" maturing in thirty days (starting from the dispatch date of the letter by the company, with the maturity date of the	redemption request, the company must redeem the outstanding bonds in circulation in cash at face value within five business days following the bond redemption base date. (2) If the outstanding amount of these convertible bonds is less than 10% of the total face value of the issuance at any time from the day following three months after the issuance date (October 23, 2024) to forty days before the maturity date (June 12, 2027), the company may, at any time thereafter, send a registered letter containing a "Bond Redemption Notice" maturing in thirty days (starting from the dispatch date of the letter by the company, with the maturity date being the bond redemption base date, and the said period not being a suspension of conversion period under Article 9) to bondholders (as

	notice being the bond redemption base date, and the said period not being a suspension of conversion period under Article 9) to bondholders (as recorded in the bondholder register on the fifth business day before the dispatch date of the notice; for holders who acquire the bonds thereafter, through transactions or other means, the announcement will be made publicly) to redeem the bonds at face value in cash and also notify the Taipei Exchange. Upon execution of the redemption request, the company must redeem the outstanding bonds in circulation in cash at face value within five business days following the bond redemption base date. (3) If bondholders do not respond in writing to the company's stock affairs agent before the bond	recorded in the bondholder register on the fifth business day before the dispatch date of the notice; for holders who acquire the bonds thereafter through transactions or other means, the announcement will be made publicly) to redeem the bonds at face value in cash and notify the Taipei Exchange. Upon execution of the redemption request, the company must redeem the outstanding bonds in circulation in cash at face value within five business days following the bond redemption base date. (3) If bondholders do not respond in writing to the company's stock affairs agent before the bond redemption base date stated in the "Bond Redemption Notice" (effective upon receipt; if mailed, the postmark date shall prevail), the company will redeem the convertible bonds held by the bondholders

		redemption base date stated in the "Bond Redemption Notice" (effective upon receipt; if mailed, the postmark date shall prevail), the company will redeem the convertible bonds held by the bondholders in cash at face value within five business days following the bond redemption base date. (4) If the company exercises its early redemption right on these convertible bonds, the last date for bondholders to request conversion shall be the second business day after the termination of OTC trading.	in cash at face value within five business days following the bond redemption base date. (4) If the company exercises its early redemption right on these convertible bonds, the last date for bondholders to request conversion shall be the second business day after the termination of OTC trading.
Restriction clauses (Note 4)		-	-
Names of credit rating agency, rating date, rating of corporate bonds		-	-
Other rights attached	Amount converted (exchanged or subscribed) to ordinary shares, GDRs, or other negotiable securities up to the date	0	0

	of annual report publication		
	Issuance and Conversion (Exchange or Subscription) Regulations	Regulations for Issuance and Conversion of the Fourth Batch of Unsecured Corporate Bonds in Taiwan.	Regulations for Issuance and Conversion of the Fifth Batch of Unsecured Corporate Bonds in Taiwan.
Issuance and conversion, exchange or subscription regulations, potential dilution caused by issuance conditions, and effect on shareholders' equity		For the issuance of the company's fourth domestic unsecured convertible bonds, in the event of full conversion, the maximum dilution of earnings per share would be 7.35%. The capital expansion deferral effect of the convertible bonds is not expected to have a significant impact on the rights and interests of the existing shareholders.	For the issuance of the company's fifth domestic unsecured convertible bonds, in the event of full conversion, the maximum dilution of earnings per share would be 1.61%. The capital expansion deferral effect of the convertible bonds is not expected to have a significant impact on the rights and interests of the existing shareholders.
Name of custodial institution		-	-

Note 1: Corporate bond issuance includes corporate bonds offered to the public and through private placement. Corporate bonds offered to the public refer to those that are already effective (approved). Corporate bonds offered through private placement refer to those that were already approved by the Board of Directors.
Note 2: The number of fields adjusted based on the actual number of times.
Note 3: Fill in overseas corporate bonds.
Note 4: If the distribution of cash dividends and external investments are restricted, or if a certain asset ratio must be maintained.

(II). Information on Convertible Corporate Bond

Type of Corporate Bonds(Note 1)		First (batch) Unsecured corporate bonds issued overseas		First (batch) Unsecured corporate bonds issued in Taiwan			Second (batch) Unsecured corporate bonds issued in Taiwan			Third (batch) Unsecured corporate bonds issued in Taiwan			
Item \ Year		2005	2006	2015	2016	2017	2019	2020	2021	2021	2022	2023	2024
Market price of convertible corporate bond(NTD) (Note 2)	Highest	-	-	102.4	125.5	239	130.8	122.8	117	113	110	118.05	140.1
	Lowest	-	-	95.8	97	112.7	102.6	102.6	99.15	103.15	97	97.5	105
	Average	-	-	99.91	109.39	146.54	116.11	113.15	107.84	107.6	103.17	105.64	116.53
Convertible Price (NT$)		67.65	67.65	116.10 Effective Date 2015/7/18	110.9 Effective Date 2016/8/13	105.7 Effective Date 2017/7/17	147.7 Effective Date 2019/1/18	139.30 Effective Date 2019/8/30	132.80 Effective Date 2020/9/02	116.90 Effective Date 2021/8/31	110.60 Effective Date 2022/8/31	104.9 Effective Date 2023/9/8	104.9 Effective Date 2023/9/8
Issue date and conversion price at issuance(NT$)		2004/1/6 72	2004/1/6 72	2015/1/29 125	2015/1/29 125	2015/1/29 125	2018/12/11 148	2018/12/11 148	2018/12/11 148	2021/8/3 122.6	2021/8/3 122.6	2021/8/3 122.6	2021/8/3 122.6
Conversion methods(Note 3)		Request conversion to new ordinary shares in accordance with relevant laws and regulations.											

Type of Corporate Bonds(Note 1)		Fourth (batch) Unsecured corporate bonds issued in Taiwan			Fifth (batch) Unsecured corporate bonds issued in Taiwan		
Item \ Year		2024	2025	The current year up to March 31, 2026 (Note 4)	2024	2025	The current year up to March 31, 2026 (Note 4)
Market price of convertible corporate bond(NTD) (Note 2)	Highest	117.65	100	107.95	119.65	111.75	109.95
	Lowest	102	110	101.15	102.65	101.2	100.05
	Average	109.79	105.68	103.91	111.64	106.78	105.22
Convertible Price (NT$)		137.5 Effective Date 2024/9/24	128.9 Effective Date 2025/9/5	128.9 Effective Date 2025/9/5	133.5 Effective Date 2024/9/24	125.2 Effective Date 2025/9/5	125.2 Effective Date 2025/9/5
Issue date and conversion price at issuance(NT$)		2024/7/10 143.1	2024/7/10 143.1	2024/7/10 143.1	2024/7/22 139	2024/7/22 139	2024/7/22 139
Conversion methods(Note 3)		Request conversion to new ordinary shares in accordance with relevant laws and regulations.					

Note 1: The number of fields adjusted based on the actual number of times.

Note 2: If overseas corporate bonds are traded in multiple places, separately list the place where they are traded.

Note 3: Deliver current shares or issue new shares.

Note 4: Fill in data for the current year up to the date of report.

(III). Information on Exchangeable Corporate Bond: The Company has not issued any exchangeable corporate bonds.

(IV). Summary Report on Issuance of Corporate Bonds

March 31, 2026

Expected Fundraising and Issuance Amount	USD30,000,000	NT$1,500,000,000	NT$3,000,000,000	NT$3,000,000,000
Total amount issued (include date of issuance and issuance amount)	Date of issuance: 2004/1/6; Issuance amount: US$30,000,000	Date of issuance: 2015/1/29; Issuance amount: NT$1,500,000,000	Date of issuance: 2018/12/11; Issuance amount: NT$3,000,000,000	Date of issuance: 2021/08/11： Issuance amount: NT$3,000,000,000
Shelf registration balance	US$0	NT$0	NT$0	NT$0
Bonds were not issued on some of the dates	N/A	N/A	N/A	N/A

Expected Fundraising and Issuance Amount	NT$2,500,000,000	NT$500,000,000
Total amount issued (include date of issuance and issuance amount)	Date of issuance: 2024/07/10： Issuance amount: NT$2,500,000,000	Date of issuance: 2024/07/22： Issuance amount: NT$500,000,000
Shelf registration balance	NT$2,500,000,000	NT$500,000,000
Bonds were not issued on some of the dates	N/A	N/A

(V). Information on Warrant Bonds: N/A

iii. Issuance of preferred shares and preferred shares with warrants by the Company in the past year and up to the date of report: None.

iv. Issuance of global depositary receipts (GDR) in the past year and up to the date of report: None.

v. **Exercise of employee stock option plan (ESOP):**

(I). Exercise of employee stock option plan (ESOP)

Employee stock warrants	First (Batch) Employee stock option	Second (Batch) Employee stock option
Date of approval by competent authorities and total number of units	2007/12/13 2,000,000	2008/05/02 1,500,000
Date of issue	2007/12/26	2008/08/29
Units issued	2,000,000	750,000
Units available for issuance	0	0
Number of shares subscribable as a percentage of total outstanding shares	1.25715%	0.45175%
Duration of stock option	2009/12/26~2012/12/25	2010/08/29~2013/08/28
Method of performance	Issuance of new shares	Issuance of new shares
Vesting schedule and quota (%)	50% subscribable after two years; 75% subscribable after three years; 100% subscribable after four years;	50% subscribable after two years; 75% subscribable after three years; 100% subscribable after four years;
Number of shares from exercised stock options	0	461,000 shares
Amount of exercised stock options	0	NT$18,232,950
Amount of unexercised stock options	1,140,000 Expired	289,000 Expired
Price per share of unexercised stock options	62.5	37.2
Units unexercised as a percentage of total outstanding shares (%)	0.687 %	0.262%
Impact on shareholder equity	These employee stock options may be exercised in batches two years after issuance, and dilution of shareholders' equity is limited at only 0.687% of current ordinary shares.	These employee stock options may be exercised in batches two years after issuance, and dilution of shareholders' equity is limited at only 0.1487% of current ordinary shares.

(II). The names of managers and top ten employees that obtained employee stock options: Not applicable.

vi. Restricted stock awards：

(I). Restricted stock awards

Types of restricted stock awards	First (batch) of restricted stock awards in 2021	First (batch) of restricted stock awards in 2022		First (batch) of restricted stock awards in 2023	
Date of approval by competent authorities and total number of shares	October 22, 2021 2,000,000 shares	September 21, 2022 2,000,000 shares		October 4, 2023 2,000,000 shares	
Date of issuance	July 29, 2022	July 28, 2023	July 26, 2024	July 26, 2024	July 25, 2025
Number of shares from restricted stock awards	1,800,000 shares	1,645,000 shares	355,000 shares	1,594,000 shares	406,000 shares
possible to issue from restricted stock awards	0 share	0 share		0 share	
Issue price	NT$10 per share (bonus shares)	NT$10 per share (bonus shares)		NT$10 per share (bonus shares)	
restricted shares issued as a percentage of current outstanding shares	0.71%	0.79%		0.79%	
Vesting conditions of restricted stock awards	5.6.1. Employees' personal performance must reach a B rating (inclusive) or above after receiving restricted stock	5.6.1. Employees' personal performance must reach a B rating (inclusive) or above after receiving restricted stock awards;		5.6.2. Upon being granted restricted stock awards, employees must achieve a personal performance rating of Grade B	

Types of restricted stock awards	First (batch) of restricted stock awards in 2021	First (batch) of restricted stock awards in 2022	First (batch) of restricted stock awards in 2023
	awards; Employees do not meet vesting conditions if their performance rating is lower than B. 5.6.2. The conditions for company performance: (1). The grade of employee equal to or lower than 8: The conditions for company performance will be set forth as follows, on basis of the operation income and operating profits listed in the consolidated financial statement of the latest year: (a). The first year: The one of operation income or operating profit growth is 5% or more from the previous year; (b). The second year: The one of operation income or operating profit growth is 5% or more from the previous year;	Employees do not meet vesting conditions if their performance rating is lower than B. 5.6.2. The conditions for company performance: (1). The grade of employee equal to or lower than 8: The conditions for company performance will be set forth as follows, on basis of the operation income and operating profits listed in the consolidated financial statement of the latest year: (a). The first year: The one of operation income or operating profit growth is 5% or more from the previous year; (b). The second year: The one of operation income or operating profit growth is 5% or more from the previous year; (c). The third year: The one	(inclusive) or higher each year over a five-year vesting period. Achieving the target in all five years qualifies as full achievement, resulting in an achievement rate of 100%. If the target is achieved in four out of five years, it qualifies as partial achievement, with an achievement rate of 80% (4/5*100%=80%), and so forth. 5.6.3. Company Performance Conditions: (1). The company performance condition is based on the net profit after tax as reported in the consolidated financial statements for each year. (2). The benchmark for comparison is the average net profit after tax of the three fiscal years preceding the grant date. The target is for the net profit after tax to grow by

Types of restricted stock awards	First (batch) of restricted stock awards in 2021	First (batch) of restricted stock awards in 2022	First (batch) of restricted stock awards in 2023
	(c). The third year: The one of operation income or operating profit growth is 5% or more from the previous year. (d). The vesting conditions shall be deemed as unsatisfied when the above conditions for company performance are not satisfied. (2).The grade of employee equal to or above than 9: The conditions for company performance will be set forth as follows, on basis of the operation income and operating profits listed in the consolidated financial statement of 【5.6.2.(1).】 (a).The first year: The one of operation income or operating profit growth is 5% or more from the previous year;	of operation income or operating profit growth is 5% or more from the previous year. (d). The vesting conditions shall be deemed as unsatisfied when the above conditions for company performance are not satisfied. (2).The grade of employee equal to or above than 9: The conditions for company performance will be set forth as follows, on basis of the operation income and operating profits listed in the consolidated financial statement of 【5.6.2.(1).】 (a).The first year: The one of operation income or operating profit growth is 5% or more from the previous year; (b).The second year: The one of operation income or operating profit growth is 5% or more from the	5% year-on-year during the vesting period. At the end of the vesting period, the cumulative net profit after tax over the five years is compared to the target. Full achievement, with an achievement rate of 100%, is met if the cumulative net profit meets or surpasses the target. Partial achievement is based on the actual achievement rate. For example, if the benchmark is NT$1 billion, the target net profits after tax, increasing by 5% each year, would be NT$1.05 billion, NT$1.103 billion, NT$1.158 billion, NT$1.216 billion, and NT$1.277 billion, totaling NT$5.804 billion over five years. If the actual cumulative net profit after tax is NT$6 billion, the achievement rate is 100%. If the cumulative net profit

Types of restricted stock awards	First (batch) of restricted stock awards in 2021	First (batch) of restricted stock awards in 2022	First (batch) of restricted stock awards in 2023
	(b).The second year: The one of operation income or operating profit growth is 5% or more from the previous year; (c).The third year: The one of operation income or operating profit growth is 5% or more from the previous year. (d).The vesting conditions shall be deemed as unsatisfied when the above conditions for company performance are not satisfied; however, when either of the accumulated operation income or operating profit in the third year is reached. (That is in 【5.6.2. (2).(a).】 one of the operation income or operating profit in the consolidated financial statements of the previous year in 【5.6.2.(2).(a).], assuming	previous year; (c).The third year: The one of operation income or operating profit growth is 5% or more from the previous year. (d).The vesting conditions shall be deemed as unsatisfied when the above conditions for company performance are not satisfied; however, when either of the accumulated operation income or operating profit in the third year is reached. (That is in 【5.6.2. (2).(a).】 one of the operation income or operating profit in the consolidated financial statements of the previous year in 【5.6.2.(2).(a).], assuming TWD 1 billion for example, the figures will be settled after the expiration of the three-year vesting period, more than TWD 1	is NT$5.2 billion, the achievement rate is 89.59% (5.2/5.804*100=89.59%). (3). The company' s net profit after tax refers to the "net income attributable to the owners of the parent company" as reported in the auditor-verified financial statements. 5.6.4. Percentage of Shares Vested: At the end of the vesting period, the individual performance condition as specified in 【5.6.2.】 and the company performance condition as specified in 【5.6.3.】 are reviewed. If both conditions are fully met, 100% of the granted shares will vest. If partially met, the number of vested shares is calculated based on the actual achievement rates, rounded down to

Types of restricted stock awards	First (batch) of restricted stock awards in 2021	First (batch) of restricted stock awards in 2022	First (batch) of restricted stock awards in 2023
	TWD 1 billion for example, the figures will be settled after the expiration of the three-year vesting period, more than TWD 1 billion*[1*(1+5%)*(1+5%)*(1+5%)]=1.1576 billion or above.) Then, it is deemed to have met the vested conditions in the first to third years. (3).The operating profit after adjustment shall be the operating profit listed in a financial statement audited and issued by a certified public accountant plus the non-operating income related to the major business of the Company. 5.6.3. If the conditions for personal performance in 【5.6.1.】 and company performance in 【5.6.2.】 are both satisfied, the highest	billion*[1*(1+5%)*(1+5%)*(1+5%)]=1.1576 billion or above.) Then, it is deemed to have met the vested conditions in the first to third years. (3).The operating profit after adjustment shall be the operating profit listed in a financial statement audited and issued by a certified public accountant plus the non-operating income related to the major business of the Company. 5.6.3. If the conditions for personal performance in 【5.6.1.】 and company performance in 【5.6.2.】 are both satisfied, the highest amount an employee may obtain from the shares distribution in each year shall be as follows: (1). The grade of employee equal to or lower than 8：	the nearest whole share. For example, if an employee was originally allocated 10,000 shares, and at the end of the five-year vesting period, the individual’s performance achievement rate is 80%, and the company’s performance achievement rate is 89.59%, then the vested shares would be 7,167 (10,000 * 80% * 89.59% = 7,167.2, rounded down to 7,167).

Types of restricted stock awards	First (batch) of restricted stock awards in 2021	First (batch) of restricted stock awards in 2022	First (batch) of restricted stock awards in 2023
	amount an employee may obtain from the shares distribution in each year shall be as follows: (1). The grade of employee equal to or lower than 8： Depending on the conditions, each year will obtain from the shares distribution in each year shall be as follows: (a). 30% of the distributed number of shares to such employee, whereas the employee has served for over one year after the distribution; (b). 30% of the distributed number of shares to such employee, whereas the employee has served for over two years after the distribution; (c). 40% of the distributed number of	Depending on the conditions, each year will obtain from the shares distribution in each year shall be as follows: (a). 30% of the distributed number of shares to such employee, whereas the employee has served for over one year after the distribution; (b). 30% of the distributed number of shares to such employee, whereas the employee has served for over two years after the distribution; (c). 40% of the distributed number of shares to such employee, whereas the employee has served for over three years after the distribution. (2). The grade of employee equal to or above than 9: Depending on the conditions, the employee has served for over three	

Types of restricted stock awards	First (batch) of restricted stock awards in 2021	First (batch) of restricted stock awards in 2022	First (batch) of restricted stock awards in 2023
	shares to such employee, whereas the employee has served for over three years after the distribution. (2). The grade of employee equal to or above than 9: Depending on the conditions, the employee has served for over three years after the distribution will obtain from the shares distribution one-time accumulated in the third year shall be as follows: (a). Satisfied 【5.6.2.(2).(a).】, 30% of the distributed number of shares to such employee; (b). Satisfied 【5.6.2.(2).(b).】, 30% of the distributed number of shares to such employee; (c). Satisfied 【5.6.2.(2).(c).】, 40% of	years after the distribution will obtain from the shares distribution one-time accumulated in the third year shall be as follows: (a). Satisfied 【5.6.2.(2).(a).】, 30% of the distributed number of shares to such employee; (b). Satisfied 【5.6.2.(2).(b).】, 30% of the distributed number of shares to such employee; (c). Satisfied 【5.6.2.(2).(c).】, 40% of the distributed number of shares to such employee. (d). If 【5.6.2.(2).(a).】 - 【5.6.2.(2).(c).】 are not satisfied; however, when 【5.6.2. (2).(d).】 is satisfied, it still accumulates 100% of the distributed number of shares to such employee.	

Types of restricted stock awards	First (batch) of restricted stock awards in 2021	First (batch) of restricted stock awards in 2022	First (batch) of restricted stock awards in 2023
	the distributed number of shares to such employee. (d). If 【5.6.2.(2).(a).】 - 【5.6.2.(2).(c).】 are not satisfied; however, when 【5.6.2. (2).(d).】 is satisfied, it still accumulates 100% of the distributed number of shares to such employee.		
Restricted rights of restricted stock awards	5.9.1. Employees shall immediately put restricted stock awards issued by the Company into the custody of the trust company designated by the Company. Employees may not request the restricted stock awards be returned for any reason or in any way. 5.9.2. Before vesting conditions are met, restricted shares are not eligible for stock and cash dividends or subscription to cash	5.9.1. Employees shall immediately put restricted stock awards issued by the Company into the custody of the trust company designated by the Company. Employees may not request the restricted stock awards be returned for any reason or in any way. 5.9.2. Before vesting conditions are met, restricted shares are not eligible for stock and cash dividends or subscription to cash capital increase. 5.9.3. Restricted stock	5.9.1. Employees shall immediately put restricted stock awards issued by the Company into the custody of the trust company designated by the Company. Employees may not request the restricted stock awards be returned for any reason or in any way. 5.9.2. Before vesting conditions are met, restricted shares are not eligible for stock and cash dividends or subscription to cash capital increase. 5.9.3. Restricted stock

Types of restricted stock awards	First (batch) of restricted stock awards in 2021	First (batch) of restricted stock awards in 2022	First (batch) of restricted stock awards in 2023
	capital increase. 5.9.3. Restricted stock awards may not be sold, pledged, transferred, given to others, or disposed of in any way before the vesting conditions are met. 5.9.4. The trust company shall attend, make proposals, comment, vote, and exercise other shareholder rights on behalf of employees at shareholders' meetings before the vesting conditions are met.	awards may not be sold, pledged, transferred, given to others, or disposed of in any way before the vesting conditions are met. 5.9.4. The trust company shall attend, make proposals, comment, vote, and exercise other shareholder rights on behalf of employees at shareholders' meetings before the vesting conditions are met.	awards may not be sold, pledged, transferred, given to others, or disposed of in any way before the vesting conditions are met. 5.9.4. The trust company shall attend, make proposals, comment, vote, and exercise other shareholder rights on behalf of employees at shareholders' meetings before the vesting conditions are met.
Custody of restricted stock awards	Employee restricted shares subscribed under this Plan must be placed in trust for custody until the vesting conditions are met. Within one month from the date the vesting conditions are fulfilled, the vested portion of the shares shall be transferred from the trust account to the employee' s personal securities depository account.		
Handling restricted stock awards allocated or subscribed to by employees who fail to meet vesting conditions	Restricted employee shares allocated under this Plan that fail to meet the vesting conditions will be fully retrieved by the Company without compensation and subsequently canceled.		
Number of	553,300 shares	276,900	16,300	133,000	30,000

Types of restricted stock awards	First (batch) of restricted stock awards in 2021	First (batch) of restricted stock awards in 2022		First (batch) of restricted stock awards in 2023	
restricted shares taken back or bought back		shares	shares	shares	shares
Number of shares with restrictions lifted	1,246,700 shares	351,100 shares	110,500 shares	0 share	0 share
Number of shares with restrictions not yet lifted	0	1,017,000 shares	228,200 shares	1,461,000 shares	376,000 share
Number of shares with restrictions not yet lifted as a percentage of current outstanding shares(%)	1.21%				
Impact on Shareholders' Equity	The dilution effect on earnings per share for future years is expected to be limited, and there is no significant impact on shareholder equity.				

(II). The names of managers and top ten employees that obtained restricted stock awards：

(1) Issued on July 29, 2022

	Title (Note 1)	Name	Shares obtained through restricted stock awards	Shares obtained through restricted stock awards as a percentage of current outstanding shares (Note 4)	Restrictions that were lifted (Note 2)				Number of restricted shares as a percentage of current outstanding shares (Note 4)					
					Number of unrestricted shares	Issue Price (per share)	Issuance amount (NT$ Thousands)	Number of unrestricted shares as a percentage of current outstanding shares (Note 4)	Number of restricted shares	Number of unrestricted shares	Issue price (per share)	Issuance amount (NT$ Thousands)	Number of restricted shares as a percentage of current outstanding shares (Note 4)	Number of unrestricted shares as a percentage of current outstanding shares (Note 4)
Managerial Officers	President	Huang, Chao-Li	162,000	0.06%	162,000	NT$0	0	0.06%	0	0	NT$0	0	0.00%	0.00%
	VP of Supply Chain Management	Lin, Shu-Chun (Note 5)												
	CTO	Chang, Jui-Cheng												
	VP of Sales	Chiang, Chao-Te (Note 5)												
	Vice President/Chief Financial Officer	Lam, Ru-Hsuan												
	Vice President	Liang, Kun-Tang												
	Vice President	Chen, Wen-Chuan												
	Vice President	Soh, Yong Seng												
	President	Lin, Shih-Chieh (Note 5)												
Employee (Note 3)	Senior Manager	Zeng Yao-Hui	178,000	0.07%	173,800	NT$0	0	0.07%	0	4,200	NT$0	0	0.00%	0.00%
	Senior Director	Jin, Jing-Guo												
	Senior Director	Liao, Chong-Xi												
	Senior Director	Chang Chao-Sen												
	Vice President	Jiang Yong-Le												
	Senior Director	Liu Yi-Zhang												
	Director	Zhao Zhi-Feng												
	Senior Director	Tsai, You-Zhi												
	General Manager of Affiliated Enterprises	Arntzen, Olav Mellum												
	Director	Wong Chee Wai												
	Senior Director	Sasiraj Somarajan												

Note 1: Disclose the names and titles of managers and employees (specify if the individual was separated or deceased), but the number of restricted stock awards they received or subscribed to may be disclosed in the form of a summary.
Note 2: The number of fields adjusted based on the actual number of issuances
Note 3: The top ten employees that received the most restricted stock units refers to employees other than managers.
Note 4: The number of current outstanding shares refers to the data registered with the Ministry of Economic Affairs.
Note 5: Lin, Shu-Chun retirement effective from 2024/1/1、Chiang, Chao-Te retirement effective from 2024/7/20、Lin, Shih-Chieh retirement effective from 2026/2/1.

(2) Issued on July 28, 2023

	Title (Note 1)	Name	Shares obtained through restricted stock awards	Shares obtained through restricted stock awards as a percentage of current outstanding shares (Note 4)	Restrictions that were lifted (Note 2)				Number of restricted shares as a percentage of current outstanding shares (Note 4)					
					Number of unrestricted shares	Issue Price (per share)	Issuance amount (NT$ Thousands)	Number of unrestricted shares as a percentage of current outstanding shares (Note 4)	Number of restricted shares	Number of unrestricted shares	Issue price (per share)	Issuance amount (NT$ Thousands)	Number of restricted shares as a percentage of current outstanding shares (Note 4)	Number of unrestricted shares as a percentage of current outstanding shares (Note 4)
Managerial Officers	President	Huang, Chao-Li	362,000	0.14%	100,000	NT$0	0	0.04%	262,000	0	NT$0	0	0.10%	0%
	VP of Supply Chain Management	Lin, Shu-Chun (Note 5)												
	CTO	Chang, Jui-Cheng												
	VP of Sales	Chiang, Chao-Te (Note 5)												
	Vice President/Chief Financial Officer	Lam, Ru-Hsuan												
	Vice President	Liang, Kun-Tang												
	Vice President	Chen, Wen-Chuan												
	Vice President	Soh, Yong Seng												
	President	Lin, Shih-Chieh												
Employee (Note 3)	Relationship Business Manager	Arntzen, Olav Mellum	361,000	0.14%	0	NT$0	0	0%	361,000	0	NT$0	0	0.14%	0%
	Relationship Business Manager	Grethe Mathiassen Årum												
	Senior Director	Jin, Jing-Guo												
	Vice President	Jiang, Yong-Le												
	Senior Director	Tsai, You-Zhi												
	Senior Director	Liao, Chong-Xi												
	Director	Zhao Zhi-Feng												
	Senior Director	Chang Chao-Sen												
	Director	Wang, Song-Huang												
	Senior Director	Guo, Pei-Shan												
	Senior Director	William C. Burrows												
	Senior Director	Sasiraj Somarajan												
	Director	Wong Chee Wai												

Note 1: Disclose the names and titles of managers and employees (specify if the individual was separated or deceased), but the number of restricted stock awards they received or subscribed to may be disclosed in the form of a summary.
Note 2: The number of fields adjusted based on the actual number of issuances
Note 3: The top ten employees that received the most restricted stock units refers to employees other than managers.
Note 4: The number of current outstanding shares refers to the data registered with the Ministry of Economic Affairs.
Note 5: Lin, Shu-Chun retirement effective from 2024/1/1、Chiang, Chao-Te retirement effective from 2024/7/20、Lin, Shih-Chieh retirement effective from 2026/2/1.

(3) Issued on July 26, 2024

	Title (Note 1)	Name	Shares obtained through restricted stock awards	Shares obtained through restricted stock awards as a percentage of current outstanding shares (Note 4)	Restrictions that were lifted (Note 2)				Number of restricted shares as a percentage of current outstanding shares (Note 4)					
					Number of unrestricted shares	Issue Price (per share)	Issuance amount (NT$ Thousands)	Number of unrestricted shares as a percentage of current outstanding shares (Note 4)	Number of restricted shares	Number of unrestricted shares	Issue price (per share)	Issuance amount (NT$ Thousands)	Number of restricted shares as a percentage of current outstanding shares (Note 4)	Number of unrestricted shares as a percentage of current outstanding shares (Note 4)
Managerial Officers	President	Huang, Chao-Li	557,000	0.22%	0	NT$0	0	0%	470,000	87,000	NT$0	0	0.19%	0.03%
	Vice President	Soh, Yong Seng												
	Vice President	Chen, Wen-Chuan												
	Vice President	Liang, Kun-Tang												
	Vice President	Chang, Jui-Cheng												
	Senior Manager	Weng Ying Jie												
	Vice President	Lam, Ru-Hsuan												
	President	Lin, Shih-Chieh (Note 5)												
Employee (Note 3)	Senior Director	Chang Chao-Sen	547,000	0.22%	0	NT$0	0	0%	547,000	0	NT$0	0	0.22%	0%
	Senior Director	Jin, Jing-Guo												
	Relationship Business Manager	William C. Burrows												
	Relationship Business Manager	Arntzen, Olav Mellum												
	Senior Director	Sasiraj Somarajan												
	Vice President	Jiang, Yong-Le												
	Senior Director	Guo, Pei-Shan												
	Senior Manager	Tang, Min Sin												
	Senior Director	Liao, Chong-Xi												
	Director	Zhao, Zhi-Feng												
	Senior Director	Tsai, You-Zhi												

Note 1: Disclose the names and titles of managers and employees (specify if the individual was separated or deceased), but the number of restricted stock awards they received or subscribed to may be disclosed in the form of a summary.
Note 2: The number of fields adjusted based on the actual number of issuances
Note 3: The top ten employees that received the most restricted stock units refers to employees other than managers.
Note 4: The number of current outstanding shares refers to the data registered with the Ministry of Economic Affairs.
Note 5: Lin, Shih-Chieh retirement effective from 2026/2/1.

(4) Issued on July 25, 2025

	Title (Note 1)	Name	Shares obtained through restricted stock awards	Shares obtained through restricted stock awards as a percentage of current outstanding shares (Note 4)	Restrictions that were lifted (Note 2)				Number of restricted shares as a percentage of current outstanding shares (Note 4)					
					Number of unrestricted shares	Issue Price (per share)	Issuance amount (NT$ Thousands)	Number of unrestricted shares as a percentage of current outstanding shares (Note 4)	Number of restricted shares	Number of unrestricted shares	Issue price (per share)	Issuance amount (NT$ Thousands)	Number of restricted shares as a percentage of current outstanding shares (Note 4)	Number of unrestricted shares as a percentage of current outstanding shares (Note 4)
Managerial Officers	President	Huang, Chao-Li	161,000	0.06%	0	NT$0	0	0%	140,000	21,000	NT$0	0	0.06%	0.01%
	Vice President	Soh, Yong Seng												
	Vice President	Chen, Wen-Chuan												
	Vice President	Liang, Kun-Tang												
	Vice President	Chang, Jui-Cheng												
	Senior Manager	Weng Ying Jie												
	Vice President	Lam, Ru-Hsuan												
	President	Lin, Shih-Chieh (Note 5)												
Employee (Note 3)	Vice President	Jiang, Yong-Le	125,000	0.05%	0	NT$0	0	0%	116,000	9,000	NT$0	0	0.05%	0.00%
	Senior Director	Tsai, You-Zhi												
	Senior Director	Chang Chao-Sen												
	Senior Director	Liao, Chong-Xi												
	Senior Director	Jin, Jing-Guo												
	Senior Director	Guo, Pei-Shan												
	Director	Zhao, Zhi-Feng												
	Director	Xu, Feng-Shan (Note 5)												
	Senior Manager	Zhong, Wen-Hao												
	Senior Vice Manager	Yan, Hui-Xuan												

Note 1: Disclose the names and titles of managers and employees (specify if the individual was separated or deceased), but the number of restricted stock awards they received or subscribed to may be disclosed in the form of a summary.
Note 2: The number of fields adjusted based on the actual number of issuances
Note 3: The top ten employees that received the most restricted stock units refers to employees other than managers.
Note 4: The number of current outstanding shares refers to the data registered with the Ministry of Economic Affairs.
Note 5: Lin, Shih-Chieh retirement effective from 2026/2/1、Xu, Feng-shan resignation effective from 2026/2/27.

vii. Status of New Shares Issuance in Connection with Mergers and Acquisitions：None

viii. Financing Plans and Implementation：None

IV. Business Overview

i. Business Activities

(I). Business scope

1. Content: Our scope of business is as follows：
   (1) CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
   (2) CC01070 Telecommunication Equipment and Apparatus Manufacturing
   (3) CC01080 Electronic Parts and Components Manufacturing
   (4) CC01110 Computers and Computing Peripheral Equipments Manufacturing
   (5) CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
   (6) F108031 Wholesale of Drugs, Medical Goods
2. Main products and revenue distribution：

Main products and services	2025 annual ratio (%)
Headset	66.52
Audio and speakers	24.67
Other	8.81
Total	100.00

3. The Company's current products: Headphone, Wireless earphones, speakers, microphone components and microphone system products, composite sensors, hearing aids and accessories, hands-free headsets, mobile power banks, wireless charging, portable energy storage systems, electric-assist bicycle lithium batteries, video conferencing systems, automotive speakers, and in-car microphone modules.
4. New products under development: In the future, the company's technology will develop in the following directions
   (1) Speakers: Speaker units for headphones, smart speakers, and high-end audio-visual systems.
   (2) Micro-Electro-Mechanical System (MEMS) Microphones, Bone Conduction Microphones, Pressure Sensors, and Composite Sensors: Packaging technology.
   (3) Accessory Product Series:
      A. Audio Headphones.
      B. Gaming Headphones.
      C. Sports Headphones.

(4) Intelligent Energy Storage Systems.

A. Batteries for Light Electric Vehicles.

(5) Healthcare Series.

A. Sleep Aid Headphones.

B. Wellness Smart Headphones.

(II) Industry Overview

1. Current trends and outlook of the industry:

The aforementioned key products of the company are widely utilized across the consumer market. They are essential in various applications, including PCs/notebooks, tablet computers, mobile phones, televisions, wearable devices, smart glasses, smart home systems, and automobiles.

Firstly, in the earphones market, according to the latest report by Grand View Research, the global earphones and headphones market size is estimated to be USD 81.78 billion in 2025 and is expected to reach USD 238.72 billion by 2033, representing a compound annual growth rate (CAGR) of 14.5% from 2026 to 2033. The driving force behind market growth has evolved from the basic adoption of wireless technology to consumer demand for high-fidelity wireless audio experience, adoption of active noise cancellation (ANC), and a strong need for innovative applications such as sweat-proof designs for sports, open/ bone conduction designs, and gaming spatial audio effects. In 2024, the global wireless audio equipment market size is expected to be USD 121.67 billion and is projected to reach USD 790.05 billion by 2033, with a CAGR of 23.7% from 2025 to 2033. Concurrently, another research institution, Research

Nester, predicts that the global headset market size will surpass USD 124.46 billion in 2025 and is expected to reach USD 796.7 billion by 2035 (CAGR of 20.4%). The rise in streaming platforms to access and enjoy music and other audio content, coupled with innovative functions like fitness monitoring and tracking aimed at fitness-conscious consumers, has driven market growth for earphones. With the increasing popularity of hybrid work, remote learning, and fitness tracking, consumers are increasingly opting for wireless earbuds and headphones with smart assistant compatibility, adaptive audio functionality, and enhanced connectivity.

In particular, the True Wireless Stereo (TWS) earphones segment is forecasted by GII to grow at a notable CAGR of 33.3% between 2025 and 2030. However, the latest survey by Counterpoint Research points out that the overall TWS market is gradually reaching maturity, with an estimated moderate annual growth rate of 3% in total shipments for 2025. The current growth is primarily driven by entry-level models priced below USD 50 in emerging markets. High-end brands like Apple and Samsung need to rely on the deep integration of generative AI capabilities (such as real-time translation and intelligent noise cancellation) and health monitoring features to create new replacement demand and consolidate their market positions.

Regarding hearing aids and assistive listening devices, according to the World Health Organization' s survey, approximately 430 million people worldwide require rehabilitation to address their disabling hearing loss. By 2050, this figure is projected to reach 700 million people (or 1 in 10), who will suffer from disabling hearing loss. Fortune Business Insights' latest report indicates that the global hearing aids market size is expected to be USD 15.11 billion in 2025, with an anticipated growth to USD 37.81 billion by 2034, reflecting a CAGR of 11.00% from 2026 to 2034.

On October 19, 2021, the U.S. FDA issued eagerly awaited draft guidance, which was formally approved in August 2022, allowing hearing aids to be directly sold over the counter (OTC) in retail stores and online to consumers without requiring medical diagnosis and fitting by a specialist, a requirement applicable to adults aged 18 and older with mild to moderate hearing impairment. The positioning of OTC hearing aids falls between low-end traditional hearing aids and high-end smart earphones, presenting an opportunity for premium consumer earphone manufacturers (such as Merry Electronics) to enter a market long dominated by a few traditional hearing aid companies. Traditional hearing aid manufacturers are also expected to expand their product lines to include OTC hearing aids, releasing related outsourcing orders, which presents additional opportunities for Merry Electronics in the medical market. With the approval of Apple' s AirPods Pro 2 as OTC hearing

aids, a transformation is taking place in the hearing aid market, highlighting the potential of OTC hearing aids. Research Nester points out that the OTC hearing aid market size exceeded USD 400 million in 2024, with estimates reaching USD 420 million by 2025, and projected to surpass USD 800 million by 2037, foreseeing a CAGR of over 6% from 2025 to 2037.

In the smartphone and PC sectors, both continue to hold significant weight in the consumer electronics market, driving demand for electro-acoustic, battery accessories, and components. Regarding smartphones, PCs, and tablets, both smartphones and PCs continue to hold significant weight in the electronic consumer market. In the smartphone segment, according to the latest data from the International Data Corporation (IDC), despite macroeconomic and supply chain challenges, the global smartphone market in 2025 has demonstrated resilience with total shipments reaching 1.26 billion units, reflecting a steady growth of 1.9%. The trend toward high-end models is particularly pronounced, with Counterpoint Research indicating that high-end smartphones (priced over USD 600) saw an 8% year-over-year sales increase in the first half of 2025, accounting for over 60% of global smartphone revenue. Among these, phones equipped with generative AI (GenAI) features contributed over 80% of high-end sales. However, IDC warns that unprecedented supply chain disruptions, such as severe memory shortages, may lead to a downturn in the smartphone market in 2026, with an expected increase in average selling price (ASP).

In the PC and tablet segment, IDC data reveals that, driven by a wave of hardware upgrades ahead of the Windows 10 support termination, Chinese government subsidies, and product updates from top-tier suppliers, global personal computing devices (PCD) shipments experienced a year-over-year increase of 4.1% in the third quarter of 2025, with standalone PC growth reaching 8.9%. Concurrently, tablet shipments increased to 151.9 million units for the year 2025, showing a 5% year-over-year growth, marking a transition from the initial surge during the pandemic to a stable development phase driven by productivity and mid-to-high-end devices.

2. Product Trends
   (1) Receivers: Slim profile, low fundamental frequency (Fo).
   (2) Speakers: Slim profile, high sensitivity, wide frequency range, high power.
   (3) Microphones: Miniaturization, intelligent features, integration with other sensors.
   (4) Headphones: High-quality stereo headphones, metallic finish design, multi-color options, Bluetooth stereo headphones, Wi-Fi stereo headphones, Active Noise Cancellation (ANC), spatial audio, physiological sensing capabilities, intelligent features, true wireless transmission.

(5) Portable external speakers: Wired, Bluetooth, and Wi-Fi wireless, with smart speakers as a focal point for development.

3. Relationships with suppliers in the industry's supply chain

The electroacoustic industry is comprised of downstream end-brand manufacturers, electroacoustic component and part OEMs, as well as mid-to-upstream suppliers of chips, plastics, metals, and cables.

Upstream	Midstream	Downstream
Magnets	Wires	ICT manufacturers
Communications passive components	Metal stamping	Entertainment accessories manufacturers
Communications IC	Plastic injection	automobile assembly plant
Plastic	Surface treatment	
Metal		

4. Competition

Unlike the oligopoly seen in the information and communications technology industry, the electro-acoustic industry is characterized by a vibrant competitive landscape with numerous players. Among peers, some are publicly listed companies, while others are small to medium enterprises. As a manufacturer specializing in the design of electro-acoustic components and accessories, Merry Electronics is entering its fiftieth year of operation in this industry, and has positioned itself among the leading group alongside a select number of Japanese and Chinese competitors. Moving forward, through strategic alliances and vertical integration, Merry Electronics aims to establish a more robust development platform for the electro-acoustic industry.

(III). Overview of Technology and R&D

1. Research and Development Expenditures for the Most Recent Year and Up to the Annual Report Publication Date: The R&D expenditures for the year 2025 and the first quarter of 2026 amounted to NT$2,353,120 thousand and NT$602,764 thousand, respectively, accounting for 5.06% and 5.49% of the revenue.
2. Technologies and products successfully developed in the past year and up to the date of report：

(1) Improvement of Existing Products: Low power wireless transmission system design, noise cancellation technology (AI noise reduction algorithm), miniaturization of electro-acoustic components, miniaturization design techniques and process capabilities for headphones, optimization of MEMS microphone process yield >3%, miniaturization of Battery Management System (BMS), detachable battery structure design, optimization of MEMS microphone functionality

(enhancing signal-to-noise ratio/reducing power consumption).

(2) Development of new products and technologies:

A. High-Efficiency Intelligent Control Dual Battery Module and Control System
B. Wireless Fast Charging Active Cooling Technology
C. Wireless Hearing Assistance Products (Over-the-Counter Devices, Hearing Aids, Assistive Listening Devices)
D. Physiological Signal Sensing Application Products (True Wireless Earphones, Over-Ear Headphones)
E. Bone Conduction MEMS Microphone
F. MEMS Barometer (Pressure Sensor with Integrated Temperature Detection and Microphone Functionality)
G. AI Wind Noise Interference Reduction and Speech Clarity Algorithm
H. Desktop Gaming Microphone
I. Clip-on Wireless Microphone
J. Automotive Speaker and Amplifier Module
K. IP69K Exterior Microphone Module for Vehicles
L. Video Conferencing System Products
M. Voice Quality Scoring Technology
N. Unidirectional MEMS Microphone
O. Audio Products (True Wireless Earphones, Over-Ear Headphones, Audio Systems) and Speaker Products Incorporating Sustainable (Recycled) Materials (Recycled Magnets, Plastics, etc.)
P. Speaker Design Incorporating New Materials for Diaphragms (Graphene, TPCD, etc.)

3. Future research and development plans:

(1) Artificial Intelligence Algorithms Based on Physiological Signals
(2) AI Speech Clarity Enhancement Algorithms for Various Application Scenarios and Distances
(3) Energy Optimization Management and Control Systems for Medical Energy Storage Devices
(4) Directional Acoustic Technology
(5) Noise Reduction, Audio, and Video Processing Technologies for Business Video Conferencing and Calls
(6) Microphone Modules for Wearable Consumer Electronics Products
(7) Manufacturing Process Technology Compliant with Automotive Audio Product Regulations
(8) Automotive Audio Modules (Speakers, Noise Reduction Microphones, Amplifiers)
(9) Soundbars and Wireless Audio Products with Stereo Sound Effects
(10) Sound Quality Evaluation Technology
(11) Replaceable Battery Design for True Wireless Earbuds
(12) Algorithms for Mitigating Battery Degradation and Extending Battery Lifecycle (Charging and Discharging Algorithms)
(13) Sustainable Material Application and Reworkable Design for Consumer Electronics Products

(14) Integrated Products for Live Streaming Audio and Video

(IV) Long- and Short-Term Business Development Plans

1. Short-term plan

By 2025, following corporate restructuring, Merry Electronics aims to leverage teamwork and the "One Goal" approach to establish cross-departmental Cost Lead mechanisms, enhancing quoting competitiveness and aiding clients in optimizing designs to achieve customer success. In the existing headphone market, the company takes an active role in expanding its presence in Northeast Asia. In the OTC market, in addition to the existing U.S. market, Merry Electronics is proactively entering European and Middle Eastern markets. In the automotive sector, the company is committed to serving its existing clients, expanding into regions such as the U.S. and Australia, while actively developing new clients in the U.S. For the VC market, the company adopts strategic investment measures to secure new projects.

In response to the tariff policies under the Trump administration, Merry Electronics is actively increasing production capacity outside China, aiming to achieve a 50% proportion in the short term, with expansion efforts in Vietnam and Thailand, strategic production of TAA products in Taiwan, and flexible outsourcing strategies in North America to meet clients' agile supply chain needs. This prepares the company for the uncertainties of Trump's tariff policies, maintaining a foundation of profitability and enhancing revenue targets through comprehensive collaboration strategies.

2. Long-term plan

(1) Marketing

A. Mid-Term Initiatives: Enhancing Customer Service Value and Developing New Audio-Visual Integrated Products to Meet Broader Customer Needs: Facing the challenges of market maturity and intensified competition in the headphone industry, Merry Electronics is transitioning from a pure electro-acoustic hardware provider to a "audio-visual perception integration" solution provider to expand our Total Addressable Market (TAM). Consumer entertainment headphones will incorporate Wi-Fi connectivity, delivering purer audio quality in wireless transmission, supplemented by advanced sensing technologies such as EEG and Ultrasound to maintain product innovation and competitiveness. New product development will focus on "Speaker Entertainment Systems," "Smart Glasses," "Open Audio Systems (OWS)," and "Optical Intelligent Products" to optimize revenue structure and drive revenue growth.

B. Long-Term Vision: Creating AI-Driven Audio-Visual Products and Embracing Trends in Edge Computing and Human-Machine Interaction. With the rapid proliferation of AIGC, voice assistants, and various AI

applications, Merry Electronics is establishing dedicated teams and allocating budgets for new technology development. We focus on AI smart wearables, hearing assistance, healthcare, and other fields including drones, smart cockpit solutions, and robotics, conducting needs analysis and product planning. Our objective is to become a key solutions provider in "device-level human-machine interaction interfaces," leveraging our existing strengths in audio-visual interaction with emerging AI technologies to become a long-term strategic partner for our clients.

(2) Production

A. Increase the proportion of production outside China:

In response to the unpredictability of the U.S.-China trade war and potential conflicts, we will accelerate the increase in production volume outside China, identifying ASEAN countries as strategic locations.

a. Strategic Initiatives: Rapid completion and integration of Phase II of the new factory in Thailand; establishment of speaker production lines in Thailand; addition of a second overseas MEMS Microphone packaging line.

b. Flexibility Maintenance: The Shenzhen facility must retain its comprehensive capabilities to support other locations.

c. Taiwan Hub: Development of TAA-compliant production processes in Taiwan and implementation of operational mechanisms for overseas expansion (including outsourcing).

B. Building New Product Line Engineering and Mass Production Capabilities: In response to strategic shifts in product lines, the integration of audio-visual products, and the diversification of electro-acoustic applications, each factory must swiftly build new engineering and production capabilities.

a. Process Optimization: Enhance automation in automotive electro-acoustic production lines to optimize output and efficiency.

b. Establishment of New Product Process Capabilities: Develop production capabilities for AI video products outside China; prepare engineering capabilities related to Party Speakers and Smart Glasses.

C. Continuous Competitiveness Enhancement:

Facing dual pressures from geopolitical conflict and economic uncertainty, along with competitors aggressively competing on price, factories must prioritize the following KPIs to enhance cost competitiveness.

a. Efficiency Metrics: Improve utilization rate, site utilization, and production efficiency.

b. Cost Metrics: Reduce labor cost rate and decrease the ratio of labor

costs to sales (MVA).

D. Green Factory, Practicing Sustainable Commitment:
We are committed to progressing toward the 2030 RE100 energy target, actively monitoring product and environmental carbon emissions, and incorporating green electricity concepts into factory operations. Our goal is to reduce Scope 1 and Scope 2 emissions by 16.8% compared to 2023 levels and maintain UL2799 - Zero Waste certification for primary facilities.

(3) Research and development

A. Optimizing the Product Innovation System: Technological Roadmap and Momentum

a. Enhance the existing IPMT new product innovation review system by establishing a core management team review group to activate internal creativity mechanisms and integrate external innovation activities.

a). Dedicated Budget: The Group allocates a special budget for the development of innovative products, independent of the business unit budget, laying the foundation for Merry Electronics' technological needs over the next three years.

b). Collaboration Mechanism: Differentiating levels through TRL (Technology Readiness Level), collaborating with academic institutions, industrial research institutes, and startups.

c). Decision Process: IPMT member DCP meetings determine project feasibility and grant appropriate resources to seed teams or personnel.

Through proactive planning, we not only assist customer success but also inject strong momentum into Merry Electronics' second growth curve.

B. Deepening Electro-Acoustic Technology and Building Audio-Visual Integration Capabilities:
Focus on deepening core electro-acoustic technologies while fully constructing the technological roadmap for audio-visual perception integration.

a. Electro-Acoustic Innovations: Develop innovative components like Wi-Fi high-fidelity headphones, Wi-Fi open-ear designs, piezoelectric feedback immersive headphones, EEG sensing headphones, ultrasonic detection headphones, open-ear virtual bass algorithms, detachable battery TWS headphone technologies, low leakage open-ear headphones, ultra-low latency wireless clip-on microphones, 7.1.4 surround sound technology, bone conduction and biosensing integration algorithms, near-field charging technology for

headphones, ultra-low latency gaming headphone technology, and lightweight design research and development.

b. Electro-Acoustic Components: Design and develop waterproof MEMS microphone packaging, directional microphone modules, automotive microphone modules, bone conduction microphones, smart glasses microphone modules, barometers, and composite sensors. For speakers, we prioritize acoustic simulation technology development, tuning simulation, slim-profile speakers, and graphene diaphragm speakers.

c. Video and AI: Develop 4K quality video systems, AI facial recognition technologies and high-definition enhancement algorithms, sound recognition and tracking technologies, and electro-acoustic research in AI noise cancellation for both near-field and far-field microphone systems.

d. Battery Products: Implement Qi2.2 mobile power thermal solutions, AI BMS technology, and introduce new battery forms (solid-state/semi-solid/paper batteries).

e. Platform Services: Develop OTS product platforms and associated algorithms for automotive voice command, communication, and noise reduction modules, including laboratory testing certifications, and integration with external DSP and SoC manufacturers. This platform model will extend to other core businesses.

C. Enhancing Circular Design Proportion: Implementing Sustainable Design (DfS)

We will formulate and implement strategies based on SBTi (Science-Based Targets for Carbon Reduction) to enhance the circular design proportion of products:

a. Carbon Reduction Targets: Long-term targets based on SBTi require a 17% reduction in Scope 1 and 2, and a 30% reduction in Scope 3 by 2023.

b. DfS Framework: Develop a DfS sustainable product framework and ensure that the proportion of recycled plastic in new product introductions increases from 25% in 2023 to 45% in 2026, with a goal of 13% recycled plastic for TWS products. The use of eco-friendly materials in the packaging of electro-acoustic accessories should increase from 35% in 2023 to 50% in 2026.

ii. Market, production and sales overview

(I) Market analysis

1. Major Product Sales Regions and Market Share

Merry Electronics primarily exports its products to Asia, Europe, and America,

collaborating with major global companies in development efforts. Merry Electronics is recognized as a world leader in TWS and entertainment over-ear headphones, with significant international mobile phone manufacturers and entertainment accessory companies as key clients. Among competitors, only a few companies from China and Japan have reached publicly traded status. Merry Electronics maintains a stable position within the industry.

2. Future Market Supply, Demand, and Growth Potential

   As previously mentioned, the terminal markets served by Merry Electronics, driven by continuous innovation in AI functions and applications, foresee another wave of growth across consumer headphones, smart speakers, hearing aids/assistive listening devices, video equipment, automotive speakers, and devices such as smartphones and PCs. This growth extends into application scenarios like residential, automotive, commercial office spaces, remote virtual conferencing, health, and outdoor mobility, supporting demand for Merry Electronics. However, due to tariff trade wars initiated by Trump, these markets face political and economic unpredictability, adding further uncertainty to the future. From the supply side, in addition to traditional competitors from Taiwan, China, and Japan, an increasing number of large consumer electronics manufacturers are entering the electro-acoustic field. Future advantages will depend on varied production layouts and high service integration creating competitive positions.

3. Competitive Advantages:

   (1) Comprehensive One-Stop Service Strengthening Customer Partnerships

   Merry Electronics has developed a complete product system and diversified specifications, covering receivers, speakers, automotive audio, professional loudspeakers, headphones, microphones, Bluetooth headsets, portable external speakers, and battery packaging products, meeting diverse and comprehensive customer needs. Merry Electronics has integrated AI-assisted design and smart factory technology, possessing technical expertise in product development and process improvements, enabling timely responses to diversified and prompt customer needs by launching corresponding product specifications to remain ahead in the market.

   (2) Rich R&D and Manufacturing Experience, Technology and Talent-Oriented Business Philosophy

   With extensive experience in R&D and manufacturing electro-acoustic products, Merry Electronics independently nurtures talent and actively engages in academic exchanges within the electro-acoustic field at domestic and international universities, attracting exceptional talent. R&D units are established in various countries, including Taiwan, Singapore, Malaysia, China, Norway, Canada, and Japan, drawing global talent.

Product development and production involve intricate procedures demanding high expertise and experience, leading to an emphasis on developing talent and recruiting proficient individuals to enhance talent quality and quantity, maintaining competitiveness and leadership.

(3) Vertical Integration, High Degree of Product Self-Manufacturing, and Rapid Delivery

To meet specified requirements from downstream customers, Merry Electronics engages in co-development during the design phase, achieving product alignment by assisting clients in speaker space design for optimal sound outcomes. Merry Electronics possesses vertical integration capabilities in material manufacturing, reducing lead times and cost. Product development uses simulation software for design, mold creation, and process estimation, facilitating quick responses to customer needs and promptly supplying samples for customer verification, shortening product development cycles.

(4) AI Empowerment from R&D to Manufacturing, Enhancing R&D Efficiency and Production Quality

Starting 2024, Merry Electronics implemented various AI applications and smart factory initiatives, annually reviewing AI process benefits. From R&D personnel to administrative office and manufacturing, AI tools are employed to shorten working time, enhance employee efficiency, improve production quality, and increase customer satisfaction.

4. SWOT analysis of the electroacoustics industry's long-term development and response measures

Opportunities	Threats
(1) The years 2025-2026 mark the inaugural period of widespread adoption for AI PCs and AI smartphones. To achieve more precise voice interaction and noise reduction, there has been a significant increase in demand for "high-performance microphones" and "high-performance speakers." (2) The aging society coupled with the trend of "hearing assistance via headphones" is substantially expanding the non-prescription hearing aid market. (3) Consumers' growing demand for sustainable and eco-friendly products is creating growth opportunities within the industry. (4) The explosion in AR/VR glasses and spatial audio is expected to reach a critical point of	(1) The demand momentum in the Chinese market continues to slow down, as state-subsidized mainland manufacturers shift focus to global markets for price competition, intensifying the profit margin pressure in the electro-acoustic OEM market. (2) Non-electro-acoustic major companies are entering the electro-acoustic industry through acquisitions, increasing competition. (3) Starting in 2025, the United States has imposed "reciprocal tariffs" on multiple countries, though ruled unlawful, the Trump administration continues to apply other tariff regulations. High tariff pressure and the de-Chinaization of supply chains (China +N strategy) have become commonplace,

shipment for AI smart glasses by 2026. AR/VR requires more advanced spatial audio and directional speaker technology. (5) The ecosystem surrounding cloud computing, big data, and artificial intelligence-generated content (AIGC) is progressively maturing.	significantly increasing costs. (4) Global geopolitical conflicts are impacting economic development and reducing demand.
Strengths	Weaknesses
(1) Our primary clients consist of globally renowned manufacturers in the mobile phone and entertainment accessory sectors, and our brand and capabilities have been widely recognized by international industry leaders. (2) We have integrated AI into our work and production processes, enhancing efficiency and quality, and shortening the development cycle for new products. (3) With a robust financial structure and prudent financial policies, we effectively mitigate operational risks. (4) We offer comprehensive one-stop services that fulfill all customer needs. (5) We continue to develop innovative technologies that support product innovation for our clients. (6) Our production capacity is strategically distributed across multiple countries, including Southeast Asia, which helps reduce tariff-related risks.	(1) The existing domestic education system is heavily oriented towards semiconductors and information and communication technologies, leading to a shortage of talent from electro-acoustic education backgrounds, with technical development primarily reliant on proprietary R&D efforts. (2) The market is highly competitive, and any further exacerbation due to trade war impacts, intensified competition, and price-cutting among peers may affect business operations and profitability. (3) Emerging fields such as AR/VR and robotics require a learning curve, and their overall development will take time to mature.

5. Response measures:
   (1) Accelerate the definition of "Electroacoustic + AI" products: moving beyond hardware to independently research or co-develop "intelligent acoustic modules" equipped with edge computing capabilities.
   (2) In response to tariff risks associated with "Trump 2.0," we are expanding our presence in Southeast Asia and Taiwan. We are shifting our assembly operations away from the China-centric areas and promoting localized procurement of key components. Additionally, we have conducted evaluations and planning for production in North America.
   (3) Transform production facilities into AI-driven smart manufacturing hubs to enhance production quality, efficiency, and flexibility.
   (4) Collaborate externally with complementary companies to expand our product line and deepen both vertical and horizontal integration.
   (5) Partner with renowned domestic and international universities to

strengthen talent training in the electroacoustic industry.

(6) Leverage the strengths of our partners, working collaboratively and integratively to build a powerful operational team.

(II) Important applications and manufacturing processes of major products

1. Important applications of major products

Main Product	Purpose or function
Headset	Designed for use with smartphones, tablets, and other electronic devices, facilitating hands-free communication, entertainment, gaming, and remote conferencing.
Speakers	Speakers compatible with mobile phones, smartphones, multimedia computers, mobile phone headsets, TWS (True Wireless Stereo), notebooks, tablets, and more.
Medical/Healthcare	Targeted at individuals with hearing impairments, offering hearing aid products that enhance communication through both wireless and wired options.
Mobile Power	Provides external power supply solutions for smartphones, tablets, and other electronic devices.
Portable speakers	Delivers exceptional sound performance by connecting wirelessly or via cable to audio source devices such as smartphones, tablets, and laptops.

2. Production process

The production processes for the company' s main products are briefly described as follows:

(1) Speakers

Bind the top plate and plastic frame → Bind the magnet and plastic frame → Bind the lower plate and plastic frame → Bind the PC plate → Bind the cloth skin → Bind the coil and diaphragm → Bind the coil and diaphragm with the plastic frame → Weld the coil's output line → Short circuit, broken line test → Glue output line → Affix period stamp → Complete.

(2) Headsets

Electronic circuit (including software) + sensor + plastic shell + electro-acoustic component + wire assembly → Complete.

(3) MEMS microphones

Microphone sensor + ASIC → Packaging test → Complete.

(III) Supply Status of Key Raw Materials

Merry Industry has deeply rooted expertise in supply chain management for core components such as electronics, plastics, and batteries. Through strategic partnerships and long-term delivery plans, we ensure stable material supply. In response to international geopolitical changes, we are actively implementing the "China+" strategy, deepening our existing supply system while

accelerating the development of resources in Southeast Asia to effectively enhance regional allocation resilience. We have established multiple procurement sources and diversified supply resources across regions for key materials, mitigating the risks associated with relying on single suppliers or regional dependencies. This approach ensures quality and delivery timelines, meets customer demands, and maintains stable operations.

(IV) List of key clients:

1. Names, sales amounts, proportions, and reasons for changes related to customers that accounted for over ten percent of Merry Industry’s total sales in either of the two most recent fiscal years:

Unit: NT$ Thousand

	2024				2025			
Item	Name	Amount	As a percentage of net sales [%]	Relationship with issuer	Name	Amount	As a percentage of net sales [%]	Relationship with issuer
1	A26	16,761,414	38.22%	None	A26	15,794,969	33.97%	None
2	A30	10,418,837	23.76%	None	A30	9,963,233	21.43%	None
3	A6	5,207,624	11.87%	None	A6	4,825,323	10.38%	None
	Other	11,467,479	26.15%		Other	15,907,510	34.22%	
	Net sales	43,855,354	100.00%		Net sales	46,491,035	100.00%	

2. Names of supplier who accounted for more than 10% of the Merry Electronics' purchase in the last two years, purchase as a percentage of total purchases, and reason for changes:

Unit: NT$ Thousand

	2024				2025			
Item	Name	Amount	As a percentage of net sales [%]	Relationship with issuer	Name	Amount	As a percentage of net sales [%]	Relationship with issuer
1	D4	10,225,885	27.77%	Other invested companies evaluated by equity method	D4	10,133,676	25.32%	Other invested companies evaluated by equity method
2	D6	4,785,774	13.00%	Other invested companies evaluated by equity method	D6	3,080,293	7.70%	Other invested companies evaluated by equity method
	Other	21,812,990	59.23%		Other	26,803,852	66.98%	
	Net Purchases	36,824,649	100.00%		Net Purchases	40,017,821	100.00%	

iii. Information of employees in last two years and up to the date of report (including number of employees, average number of years with the company, average age, and education)

Year		2024	2025	March 31, 2026
Number of employees	Direct employees	6,123	8,757	7,259
	Indirect employees	3,364	3,972	3,748
	Total	9,487	12,729	11,007
Average age		31.32	32.09	33.01
Average years of service		3.60	3.56	3.92
Academic qualification (%)	Ph.D	0.10%	0.07%	0.08%
	Master's	3.78%	3.17%	3.66%
	Bachelors Degree	19.14%	18.72%	23.42%
	Senior High School	52.10%	59.56%	58.87%
	Senior High School and below	24.89%	18.48%	13.97%

iv. Information on environmental protection expenses

Losses Incurred from Environmental Pollution for the Most Recent Fiscal Year and Up to the Date of Annual Report Publication (Include compensation and details of violations found during environmental protection inspections, specifying the date of disposition, reference number, violated legal provisions, content of the violation, and details of the disposition. Also disclose estimated current and future potential amounts and mitigation measures. If a reasonable estimation cannot be made, provide an explanation of the inability to make a reasonable estimation):

The company has not incurred any losses due to environmental pollution in the most recent fiscal year and up to the date of annual report publication.

v. Employer/employee relations

(I). Overview of Employee Welfare Measures, Training, Development, Retirement Systems, Implementation Status, Labor-Management Agreements, and Employee Rights Protection Measures:

1. Employee Welfare Measures and Implementation Status:

(1) Welfare Measures Administrated by the Company:

A. Employee Compensation: Allocated based on the company' s operational status, considering positions and performance for distribution.

B. Year-End Bonus: Disbursement of two months' worth of year-end bonuses annually.

C. Annual Salary Adjustment: Set adjustment margins annually based on company operations, referencing national economic growth rate, price indices, industry salary adjustments, and individual performance evaluations.

D. Labor Insurance: Employees participate in labor insurance from the date of employment, in accordance with regulations.

E. National Health Insurance: Employees are enrolled in National Health Insurance from the date of employment, as stipulated by law.

F. Group Insurance: Employees are covered by group insurance, providing accident insurance protection from the date of employment. For business travel, overseas travel insurance is added. Overseas-assigned employees receive increased group accident coverage and are insured for accident medical care.

G. Regular Health Check-ups: Annual free health screenings are conducted, exceeding regulatory requirements.

H. Labor Day Gifts: Gift bonuses are given to each employee on Labor Day. Additionally, 'Service Commendation Awards' are provided for employees with service tenure of 5, 10, 15, 20, 25, 30, and 35 years or more, along with 'Model Employee Awards' for outstanding employees.

I. Provision for immediate special vacation days upon employment, adjusted according to labor laws after the statutory period.

J. Medical Room: Provides health consultation, rest for injuries and ailments, and medical services.

K. Employee Recreation Center: Offers facilities for dining, relaxation, seminars, training, and stress relief. The connected corridors feature blood pressure monitors and body fat analyzers for employees to monitor their health.

L. Nursing Room: Provides a warm and comfortable environment designated for nursing purposes.

M. Work environments with central air conditioning systems ensure optimal conditions.

N. Appointment of 'Visual Impairment Massage Therapists' to offer massage services, providing employment opportunities for people with disabilities, and offering relaxation options for employees.

O. Merry Industry scholarships are available for employees and their children who excel in academic performance and conduct in school.

P. Flexible working hours and remote work policy allow employees to manage their schedule and location autonomously, fostering a pleasant and comfortable work atmosphere.

Q. Offers leave policies exceeding statutory requirements, including paid

care leave, paid volunteer leave, additional prenatal check-up leave, additional accompanying (maternal) check-up leave, and paid leave for family weddings.

R. Employee Stock Trust: An additional 50% contribution is offered by the company as an incentive for employees joining the stock trust, which is returned upon resignation or retirement, allowing employees to benefit from shareholder value.

(2) Welfare Measures Administrated by the Employee Welfare Committee:

A. Annual Travel: Organizes travel activities or allows employees to host flexible and diverse travel activities of their own.

B. Subsidies for Marriage, Bereavement, Hospitalization, Birthday Bonuses, Festive Bonuses, and Scholarships for Employee' s Children.

C. Club Activities: Encourages a healthy and active environment by supporting the establishment of various clubs, such as music, badminton, running, crafting, aerobics, and basketball clubs.

D. Regular recreational events, such as family days, gatherings, and departmental dining activities.

(3) The company does not have a labor union, nor have there been requests for collective bargaining, and thus no collective agreements have been signed.

2. Employee education and training：

(1) Each year, based on the company' s operational policies, business development goals, and employee capability enhancement needs, training objectives and plans are established. Internal training focuses on developing excellent instructors and passing on professional knowledge. The Merry Electronics Learning Network offers online courses for flexible learning. External training emphasizes acquiring new knowledge and addressing specific development needs, with a feedback mechanism requiring participants to present internal debriefings or reports post-training to enhance the team' s knowledge base or professional skills. Collaborations with academic research institutions involve joint research and talent cultivation, forming strategic alliances with related industries, and providing employees with opportunities to participate in academic courses, combining practical experience with theoretical knowledge.

A. Merry Freshmen: In addition to passing on professional knowledge and skills, emphasis is placed on integrating and enhancing organizational culture and corporate philosophy.

B. Level-based Training: Training plans are developed for various levels based on rank and position. Management roles focus on cultivating global leadership, international foresight, and decisive decision-making. All Merry employees are encouraged to develop systematic

implementation, imagination and creativity, and positive influence, with a continual pursuit of excellence. Communication and coordination among teams and stakeholders, as well as customer service, are prioritized.

C. Professional Training: This aims to strengthen the professional knowledge and skills required for work, enhance new knowledge and skills in line with annual goals and external trends, and improve job performance and organizational functionality.

D. Language Training: A language training program targets key talent to develop globally mobile professionals.

E. Instructor Development: To promote the internalization and transfer of professional knowledge, employees with potential or specialized skills are selected for internal instructor training, ensuring the specialized acoustics expertise is passed down through internal lecturers.

F. Merry DNA: Promotes activities and lectures that highlight Merry's core values: enjoying music, loving reading, staying active, and volunteering, continuously fostering and deepening these cultural elements.

(2) Employee training in 2025：

Unit: NT$

Period of training	No. of hours	Expenditure (NTD)	Training hours per capita(hr)
2025.01~2025.12	428,483	6,610,905	38.38

3. Pension scheme and its implementation status：

The Company operates in accordance with the government's "Labor Standards Act" and the "Labor Pension Act".

(1) Pension Scheme under the Labor Standards Act:

A. In 1987, the Company established a retirement scheme in compliance with the Labor Standards Act and relevant regulations. A Labor Pension Reserve Supervisory Committee was formed, which was approved by the Taichung City Government. Quarterly meetings of the committee are held to systematize the management of pension funds. For the allocations under the old pension scheme, 5.1% of the total monthly salary is contributed to a designated labor pension fund account managed by the Taiwan Bank Trust Department.

B. At the end of each year, the balance of the designated account is reviewed. If the balance is insufficient to cover the statutory retirement benefits of the employees in the following year, additional contributions are made by the end of March of the following year to ensure the account is sufficient to meet the pension obligations under the old scheme.

C. As of the end of 2025, the accumulated amount in the labor pension reserve is approximately NT$45.3 million.

D. Quarterly meetings of the Labor Pension Reserve Supervisory Committee are held regularly to further systematize the operation of the pension fund.

(2) Pension Scheme under the Labor Pension Act:

A. Starting from July 2005, the Company contributes 6% of the total monthly salary to individual labor pension accounts at the Bureau of Labor Insurance, in accordance with the Labor Pension Act. Employees may also choose to contribute an additional 0 to 6% of their salary to their individual pension accounts, based on personal preference.

B. In 2025, contributions to the new pension scheme amounted to approximately NT$39.74 million.

(3) Procedures and Conditions for Employee Retirement Applications:

According to the Company' s Retirement Management Regulations, employees who meet statutory service years/age retirement conditions may apply for retirement at their discretion. Furthermore, the Company strives to allow retired employees to continue to utilize their expertise in a familiar and beloved work environment. A reemployment system for retirees is specially established, offering reemployed retirees benefits superior to legal stipulations, including the continuation of annual leave entitlement and equitable employee compensation and year-end bonuses akin to those provided to active employees.

4. Employee code of conduct and ethics: Regulates employee conduct and ethics

(1) Employee conduct is regulated through departmental roles, employment management measures, HR management procedures, attendance management, employee reward and discipline measures, performance evaluation methods, business secret controls, subsidies for company club activities, and sexual harassment prevention measures.

(2) We established the "Merry Business Practice and Professional Ethics Code" for all managers and employees of Merry and subsidiaries. It mainly stipulates that when there is any conflict, violation or incompatibility between local laws, the Company's (or subsidiaries) Article of Incorporation, work rules, or any form of contract or agreement signed by the Company, the provision that takes precedent in the code will be followed and that the Company is obligated to comply. Its main points are as follows:

A. Protection of company assets and resources.

B. Use of electronic mail, internet, intranet, telephones, and other communication technologies.

C. Avoidance of conflicts of interest.

D. Holding directorships in other companies.

E. Handling of confidential information.
F. Accurate reporting and disclosure.
G. Addressing accounting, auditing, and disclosure concerns.
H. Retention and management of company documents and records.
I. Media, public, and governmental inquiries.
J. Political activities and contributions.
K. Equal employment opportunities.
L. Discrimination and harassment.
M. Safe working conditions.
N. Drugs and alcohol policies.
O. Compliance with laws, rules, and regulations.
P. Security laws and insider trading.
Q. Protection of intellectual property.
R. Authorization for contract signing.
S. Gifts, meals, services, and entertainment.
T. Disciplinary actions for violations.
U. Procedures for reporting concerns and violations.
V. Legal notices.

(II). We did not sustain any losses due to labor-management disputes in the most recent year and up to the annual report publication date.

(III). Protection measures taken to ensure a safe working environment and maintain employees' personal safety:

1. We established management regulations for various environmental protection measures such as waste storage management, occupational safety and health, and occupational accident prevention and handling, so as to maintain employees' personal safety and prevent environmental pollution.
2. Establishment of management procedures for preparations and emergency response measures for major disasters and emergencies:
   We are prepared for any matters that may impact the environment or are safety hazards, so that we may immediately respond when a disaster occurs. We also established an emergency response team, and established the tasks and responsibilities of organizations and employees, operating standards, and handling procedures.
3. To ensure employees enjoy a comfortable and healthy environment in the workplace, the company conducts environmental sanitation cleaning and disinfection in the plant 4 times a year.
4. We established safety and health work rules and management regulations in accordance with the Enforcement Rules of the Occupational Safety and Health Act and The management requirements of ISO 45001:2018 stipulate the safety and health, in order to provide a safe work environment, prevent occupational

accidents from occurring, and protect labor safety and health. All employees and non-employees working in workplaces of the Company are required to comply with the safety and health work rules and management regulations.

5. In order to ensure the safety of employees in the workplace, the company implemented automatic inspections and implemented walking management, and improved a total of 6 safety and sanitary facilities to ensure the safety of equipment or equipment and personnel. We perform regular "operating environment monitoring," "medical check-up," and "special medical check-up" to maintain employee health. We enhanced employee safety and health education and training to raise safety awareness, and regularly organize disaster prevention drills in hopes of properly taking precautionary measures and the correct safety protection measures in the event of a disaster.
6. We enroll employees in group insurance to provide coverage for employees that are in an accident.
7. We organize fire safety and occupational safety and health seminars to raise employees' awareness of fire safety and occupational safety and health.
8. Employ occupational nursing staff and contracted doctors to provide employees with medical health consultation, guidance and care. We conduct health examination activities that are superior to regulations and analyze the results. In addition to providing individual health guidance, we also conduct diversified health promotion activities to enhance the overall health of employees, both physically and mentally. In emergency medical care, infectious disease prevention, and occupational injury and illness prevention, we regularly update employees with the latest health information through monthly electronic occupational safety and health reports and bulletin boards on the employee website. Pay attention to the epidemic situation of infectious diseases at home and abroad, carry out vaccination and epidemic prevention information dissemination, and protect the health of employees.

vi. Cyber Security Management

(Ⅰ) Describe the cybersecurity risk management structure, cybersecurity policies, substantial management policies, and resources invested in cybersecurity management:

The cybersecurity structure of Merry includes the following major steps:

Information safety risk evaluation: ascertain the source of information safety risks and level of impacts.

Risk management strategy: ascertain the method to identify risks, including selecting appropriate risk management measures.

Implement risk management measures: implement the selected risk management measures.

Monitor and review: regularly monitor and review the implemented risk measures to ensure their effectiveness and timely adjustments.

We have established information security management measures and regularly promotes awareness to strengthen information security consciousness. To enhance the group's information security and corporate competitiveness, the "Information Security Promotion Task Force" was established in 2021, which operates under the Board of Directors' Sustainability Development and Nomination Committee. The Chief Information Officer, at the Vice President level, also serves as the Chief Information Security Officer and chairs the task force. The task force comprises information security experts from across the group and is responsible for reviewing and formulating information security objectives and policies. The planning for the establishment of the Information Security Management System (ISMS) was initiated, and the Taiwan headquarters obtained the ISO 27001 certification for information security management in 2021. With the designation of 2022 as the "Year One for Information Security," and the launch of short, medium, and long-term plans, MECL and MEVN secured their ISO 27001:2013 certifications in 2022 and 2023, respectively. The Taiwan headquarters successfully completed the ISO 27001 version transition audit in December 2024 and obtained the latest ISO 27001:2022 certification. Certification period is from December 2024 to December 2027. As of December 2025, the annual re-certification audit for the ISO 27001:2022 version has been completed. Moving forward, we will actively promote the security certification mechanisms across the group's facilities to uphold the core philosophy of "strengthening information security and ensuring sustainable operations."

Focus of information security management:

1. The policy statement is: "Strengthening information security for sustainable operations."
2. Develop comprehensive information security management policies and plans to meet the operational and holistic information security needs of our

clients.

3. Implement and ensure the effective operation of information security to achieve the group' s goal of sustainable business development

In addition to establishing the Information Security Management System, we also strengthen controls over network security, data transmission, and computer hardware and software security permissions. Critical information files are protected using encryption software, and access to project data is controlled. Entry and exit of personnel in all R&D offices and laboratories are managed through access control systems to ensure that all project team members properly manage personal documents and important confidential information related to clients and suppliers. To ensure the accurate execution of information security measures, since March 2021, we have implemented two-factor authentication and privileged account management to protect secure account login operations. In 2023, we introduced a 24/7 Security Operations Center (SOC) monitoring mechanism for key systems, which activates relevant protective measures and immediately notifies system administrators in the event of unusual attack activities.

We maintain an annual cybersecurity insurance policy and have appointed a dedicated Chief Information Security Officer (CISO) supported by a team of seven network administrators. Together, they manage our IT asset monitoring system to ensure the security of all host servers used by employees. Furthermore, we conduct 12 cybersecurity awareness and planning meetings annually.

(Ⅱ) List the losses, possible impacts and measures of major security incidents in the most recent year and as of the date of annual report printed: None, there were no major Cyber security incidents.

vii. Important contracts

Nature of contract	The Parties	Commencement date/expiration date	Content	Restriction clauses
Outsourcing agreement	National ChungHsingUniversity	2023/07/20~2026/07/19	Industry-academia collaboration in R&D and application matters	Shall abide by confidentiality obligations
Outsourcing agreement	National Cheng Kung University	2025/08/01~2026/7/31	Industry-academia collaboration in R&D and application matters	Shall abide by confidentiality obligations
Contracting Agreement	Booncharoensub Co., Ltd.	2024/10/29~ Project acceptance completed	The subsidiary, MERRY ELECTRONICS (THAILAND) CO., LTD., has undertaken the construction of a factory building from the local authority.	None
Contracting Agreement	Morse Space Design Co., Ltd.	2025/04/01~2025/10/31	Renovation of the administrative building and electrical and plumbing works	None
Purchase agreement	J-STAR Co., Ltd.	2025/03/17 - 2025/09/18	Acquisition of shares in MWT Holdings Co., Ltd. held by the counterpart	None
Purchase agreement	E.SUN Commercial Bank	2025/10/21 - 2032/10/20	Acquisition of 5-year financial bonds issued by the counterpart	None
Other	Lanto Electronics Limited	2020/02/27 - 2065/06/28	Joint venture establishment in Vietnam	None

V. Review and analysis of the financial status, financial performance, and risk management

i. Financial position

Unit: NT$ Thousand; %

Item \ Year	2025	2024	Difference	
			Amount	%
Current assets	31,548,152	26,905,658	4,642,494	17.25
Property, plant and equipment	5,037,783	4,365,774	672,009	15.39
Intangible assets	733,882	778,132	-44,250	-5.69
Other assets	7,474,752	7,070,357	404,395	5.72
Total Assets	44,794,569	39,119,921	5,674,648	14.51
Current liabilities	20,331,321	14,100,931	6,230,390	44.18
Non-current liabilities	5,375,423	5,825,623	-450,200	-7.73
Total liabilities	25,706,744	19,926,554	5,780,190	29.01
Capital	2,538,269	2,534,914	3,355	0.13
Capital surplus	8,480,217	8,422,431	57,786	0.69
Retained earnings	7,310,841	7,829,752	-518,911	-6.63
Other interests	-780,006	-768,252	-11,754	1.53
Treasury stock	-	-	-	-
Non-controlling interests	1,538,504	1,174,522	363,982	30.99
Equity attributable to owners of parent	17,549,321	18,018,845	-469,524	-2.61
Total equity	19,087,825	19,193,367	-105,542	-0.55

Note: Retained earnings include statutory reserve and special reserve

Analysis of changes reaching 20% or amount reaching NT$10 million:

(1) Current Liabilities: Primarily attributable to the increase in short-term borrowings during the period.

(2) Total Liabilities: Primarily attributable to the increase in short-term borrowings during the period.

(3) Non-controlling Interests: Primarily attributable to the increased profitability of subsidiaries with non-controlling interests during the period.

ii. Financial performance

(I). Comparative analysis of financial performance

Unit: NT$ Thousand; %

Item \ Year	2025	2024	Increase (Decrease)	Percentage of increase (decrease)%
Operating revenue	46,491,035	43,855,354	2,635,681	6.01
Gross profit	5,620,533	5,848,683	-228,150	-3.90
Operating income/loss	1,458,616	1,861,972	-403,356	-21.66
Non-operating income and expense	671,263	1,288,640	-617,377	-47.91
Net income before tax	2,129,879	3,150,612	-1,020,733	-32.40
Net income from continuing operations	1,814,652	2,440,157	-625,505	-25.63
Net income	1,814,652	2,440,157	-625,505	-25.63
Other consolidated income/loss (net value after tax)	-183,341	454,696	-638,037	-240.32
Total comprehensive income of the term	1,631,311	2,894,853	-1,263,542	-43.65
Net income attributable to owners of the parent	1,336,636	2,143,258	-806,622	-37.64
Net income attributable to non-controlling interests	478,016	296,899	181,117	61.00
Total Comprehensive income attributable Owners of the Parent	1,249,601	2,581,407	-1,331,806	-51.59
Total Comprehensive income attributable to Non-controlling Interests	381,710	313,446	68,264	21.78

Reasons for changes reaching 20%:

1. Decrease in Operating Profit: Primarily due to the reduction in gross profit and the increase in research and development expenses.
2. Decrease in Non-operating Income and Expenses: Primarily attributable to the increase in foreign exchange losses.
3. Decrease in Profit Before Tax, Net Profit from Continuing Operations, and Current Period Net Profit: Mainly due to the reduction in operating profit and non-operating income.
4. Decrease in Other Comprehensive Income (Loss) (Net of Tax): Primarily due to the decrease in exchange gains from the translation of foreign operation financial statements.
5. Decrease in Total Comprehensive Income for the Period: Mainly due to the decrease in current period net profit and other comprehensive income.
6. Decrease in Net Profit Attributable to Owners of the Parent: Primarily due to the decrease in net profit for the year.
7. Increase in Net Profit Attributable to Non-controlling Interests: Mainly due to the increase in net profit of subsidiaries with non-controlling interests during the period.
8. Decrease in Total Comprehensive Income Attributable to Owners of the Parent: Primarily resulting from the decrease in net profit for the year and exchange gains from the translation of foreign operation financial statements.
9. Increase in Comprehensive Income Attributable to Non-controlling Interests: Mainly due to the increase in net profit of subsidiaries with non-controlling interests during the period.

(II) The expected sales volume and its basis may have an impact in the company's future financial business and corresponding plans:

The company does not disclose financial forecasts to the outside world, and only sets internal goals based on the industrial environment, market supply and demand conditions, and the company's operating conditions.

iii. Cash flows

(I). Analysis of cash flow changes in the current year:

Unit: NT$ Thousand

Cash outflow for the entire year	Cash outflow for the entire year	Cash outflow for the entire year	Cash surplus (shortage)	Remedial measures for cash deficit	
				Investment plan	Financial plan
8,586,894	1,117,876	1,211,038	9,797,932	-	-

1. Operating Activities: An increase in inventory during the year led to a decrease in net cash inflows from operating activities compared to the previous year.
2. Investing Activities: An increase in expenditures for the acquisition of property, plant, and equipment, coupled with the absence of liquidation proceeds from equity-method investments in affiliates during the period, resulted in an increase in net cash outflows from investing activities.
3. Financing Activities: The increase in short-term borrowings resulted in an increase in net cash inflows from financing activities.

(II). **Liquidity analysis for the most recent two years:**

Item \ Year	2025	2024	Percentage of increase Item (decrease)
Cash flow ratio (%)	5.50	14.39	-61.78%
Cash flow adequacy ratio (%)	86.28	83.89	2.85%
Cash reinvestment ratio (%)	-3.01	4.26	-270.66%
Reasons for changes:			
1. Cash Flow Ratio and Cash Reinvestment Ratio: The decrease in these ratios was primarily due to a reduction in net cash inflows from operating activities. 2. Cash Flow Adequacy Ratio: The increase in this ratio was mainly driven by the growth in net cash flows from operating activities over the most recent five-year period.			

(III). Liquidity analysis for the coming year：

Unit: NT$ Thousand

Beginning Cash Balance (1)	Net cash inflow from operating activities ((2)	Cash outflow for the entire year (3)	Cash surplus (shortage) (1)+(2)-(3)	Remedial measures for cash deficit	
				Investment plan	Financial plan
7,810,000	4,986,590	5,048,590	7,748,000	-	-

1. Analysis of cash flow changes in the current year：

(1) Operating Activities: Net cash inflows from operating activities are expected to amount to NT$4,986,590K, primarily driven by net cash inflows

generated from sales transactions.

(2) Investing Activities: Net cash outflows from investing activities are anticipated to be NT$3,491,027K, mainly due to the planned acquisition of investments, plant, and equipment.

(3) Financing Activities: Net cash outflows from financing activities are expected to total NT$1,557,563K, primarily resulting from the repayment of bank borrowings and the distribution of cash dividends.

2. Remedial measures for cash shortage and liquidity analysis: N/A.

iv. Impact of major capital expenditures in recent years on the Company's financial position and business: N/A

v. Reinvestment policy in the most recent year, main reason for profit or loss, improvement plan, and investment plan for the coming year:

In fiscal year 2026, amidst ongoing geopolitical conflicts and increasing trade protectionism, the Company will continue to adhere to its operational strategies to safeguard and create value for the Company and all its shareholders. The recent year' s return on investment in subsidiaries was attributed to the favorable alignment of product and customer development with expectations, ensuring stable operations.

The losses were primarily due to increases in production costs driven by global raw material supply and demand fluctuations. Moving forward, the Company will actively integrate group resources and streamline related expenditures to enhance profitability.

vi. Risk analysis and assessment should be conducted for the following items in the most recent year and up to the date of report:

(I) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures:

1. Impact of Changes in Interest Rates, Exchange Rates, and Inflation on the Company' s Profit and Loss

(1) Interest Rate Changes

A. The Group' s borrowings are measured at amortized cost, with interest rates subject to annual repricing according to contractual agreements. As a result, the Group is exposed to the risk of changes in future market interest rates.

B. Assuming all other factors remain constant, a 0.25% increase or decrease in borrowing interest rates would result in a decrease or increase in net profit (loss) after tax by NT$8,922K and NT$1,784K for fiscal years 2025 and 2024, respectively. This effect is primarily due to fluctuations in interest expenses associated with floating rate borrowings.

(2) Exchange Rate Changes

A. The Group operates internationally and is exposed to exchange rate risk arising from transactions denominated in currencies different from the functional currencies of the Company and its subsidiaries, primarily the US Dollar, Renminbi, and Hong Kong Dollar. This exchange rate risk stems from future commercial transactions and recognized assets and liabilities.

B. The Group' s management has established policies requiring each company within the Group to manage exchange rate risk relative to their functional currencies. Companies should hedge their overall exchange rate risk through the Group' s finance department. The measurement of exchange rate risk is accomplished by forecasting highly probable transactions that will result in USD expenditures, using forward foreign exchange contracts to mitigate the impact of exchange rate fluctuations on anticipated inventory purchase costs.

C. The Group uses forward exchange contracts to hedge against exchange rate risk. However, hedge accounting is not applied, and these are recorded as financial assets or liabilities at fair value through profit or loss.

D. The Group' s operations involve several non-functional currencies (the Company' s functional currency is the New Taiwan Dollar, and some subsidiaries use the US Dollar, Renminbi, Hong Kong Dollar, Thai Baht, Canadian Dollar, and Malaysian Ringgit). Therefore, exposure to exchange rate fluctuations is significant. Information on foreign currency assets and liabilities affected by significant exchange rate fluctuations is as follows:

For fiscal years 2025 and 2024, the total exchange (losses) gains recognized due to exchange rate fluctuations, including both realized and unrealized amounts, were a loss of NT$280,758K and a gain of NT$372,901K, respectively.

(3) Inflation

The annual growth rate of the Consumer Price Index (CPI) in Taiwan for fiscal year 2025 was 1.66%, indicating the absence of significant inflationary pressures. Consequently, the impact on the Group' s profit and loss for fiscal year 2025 was not substantial.

2. Future response measures:

(1) Interest Rate Risk Management Strategies

The Company is exposed to interest rate risk arising from liabilities incurred to support operational activities and assets such as time deposits and bond investments. To mitigate the interest rate risk associated with liabilities, the Company aims to secure long-term financing or issues convertible corporate bonds to fulfill capital expenditure needs. To address asset-related interest rate risk, funds are allocated to short-term deposits and high liquidity fixed-income bonds, ensuring principal safety and cash flow liquidity. The Company maintains close relationships with financial institutions to negotiate

favorable deposit and loan interest rates.

(2) Foreign Exchange Risk Management Strategies

As a multinational operator, the Company faces foreign exchange risk from future commercial transactions. For pricing quotations to customers, a prudent and conservative exchange rate is used as the basis to minimize the impact of exchange rate fluctuations on accepted orders' profitability. The Company hedges foreign currency exposures from operations through foreign currency loans, currency swaps, forward foreign exchange contracts, and options. All foreign exchange derivative financial transactions are conducted for hedging purposes, and the Company has established procedures for "Asset Acquisition or Disposal Processing" as per the guidelines issued by the Securities and Futures Bureau and relevant regulations to ensure sound financial and operational exchange rate risk management.

(3) Inflation Management Strategies

The Group continuously monitors market price fluctuations and adjusts sales prices, raw material costs, and inventory levels accordingly. As of now, inflation has not exerted a substantial impact.

(II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures:

In the most recent fiscal year, the company did not engage in high-risk, high-leverage investments. For information regarding lending funds to others and endorsements or guarantees, please refer to Schedules I of the company's consolidated financial report for the 2025 (available at the MOPS Public Information Observatory: Homepage -> Single Company -> Electronic Document Download -> Financial Reports, https://mops.twse.com.tw/mops/#/web/t57sb01_q1, and search for company code: 2439). Derivatives traded in 2025 include forward exchange contracts and swaps to build a hedge position that avoids currency risks from investments and loans. We carried out proper management and supervision based on the guidelines for acquisition and disposal of assets. Furthermore, we established the "Procedure for the Acquisition or Disposal of Assets" to specify the risk management system for trading derivatives. The above do not have any material negative impact on the Company's profit.

(III) Future R&D plans, current progress of unfinished R&D plans, required further R&D investment, estimated time to mass production, and key factors influencing future R&D success: Our company integrates cross-disciplinary technologies to enhance user experience and focuses on the miniaturization of electroacoustic components and the development of wearable intelligent products. We continue to invest R&D resources to maintain technological leadership and are actively exploring new markets based on acoustic technology, including composite sensors, automotive electroacoustic components and related modules, video conferencing systems, hand tool battery packs, BBUs, AMR power modules, consumer drones, medical and

smart power units. The estimated R&D investment for fiscal year 2026 is approximately NT$2,557,540K.

(IV) The effect of changes in important domestic and foreign policies and laws on the Company's financial position and business operations, and response measures:

1. In response to the amendments to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers effective on May 5, 2025, holders of convertible and exchangeable corporate bonds will be allowed to request conversion or subscription at any time during the periods up to sixty days before an annual shareholders' meeting and thirty days before an extraordinary shareholders' meeting, according to the issuer's specified conversion or subscription methods. The registration of the shareholder roster will comply with the relevant regulations. On July 24, 2025, the Company's Board of Directors resolved to amend the relevant provisions of the "Fourth Domestic Unsecured Convertible Bonds Issuance and Conversion Plan" and the "Fifth Domestic Unsecured Convertible Bonds Issuance and Conversion Plan."

2. In line with the amendments to the Regulations for Unpaid Parental Leave effective November 21, 2025, starting in 2026, employees will be allowed to apply for unpaid parental leave on a daily basis, with a limit of no more than 30 days per year when calculated cumulatively. The Company has revised relevant personnel policies and disseminated the information accordingly.

(V) The effect of changes in technologies (including information security risks) and industry on the Company's financial position and business operations, and response measures:

To address industry changes, the Company is committed to developing new products and technologies, along with nurturing technical expertise. Through collaboration with academic institutions and suppliers, the Company actively integrates new technologies, such as artificial intelligence algorithms, physiological signal sensing, and intelligent network applications, into our products. The Strategy Planning Department of the General Management Office conducts regular industry market analysis to ensure the Company's alignment with market application trends.

In 2021, the "Information Security Promotion Committee" was established under the Board's Sustainable Development and Nomination Committee to enhance the Group's information security and competitive edge. Chaired by the Chief Information Officer at the level of Vice President, serving as the Chief Information Security Officer, the committee comprises information security experts from across the Group. Their responsibility is to assess and formulate information security goals and policies to prevent adverse impacts on the Group's information systems. With a focus on information security and sensitive data protection, this reflects the Company's competitive strength and our commitment to clients, shareholders, and employees. Taiwan headquarters obtained the ISO 27001 Information Security Management System Certification in 2021. After setting the Information Security Year goals

for 2022 and initiating short, medium, and long-term plans, MECL and MEVN were awarded the ISO 27001:2013 certificate in 2022 and 2023, respectively. The Taiwan headquarters successfully completed the version upgrade certification to ISO 27001:2022 by December 2024. The annual re-certification for the ISO 27001:2022 version was completed in December 2025. The Company will actively promote security certification mechanisms across its various plants, embodying the core principle of "strengthening information security to ensure sustainable operations."

The Company is dedicated to constructing a comprehensive cybersecurity defense system, focusing in 2025 on "Core Cybersecurity Engineering and Resilience Enhancement" to comprehensively improve security monitoring efficiency and response capabilities. In terms of cybersecurity architecture and resilience, numerous key systems have undergone upgrades and contingency plans for alternate site redundancy, ensuring uninterrupted operations.

Identity Access Management Optimization: Successfully implemented RDS login MFA (Multi-Factor Authentication) mechanisms, strictly controlling remote access permissions to eliminate risks of unauthorized intrusions.

Business Continuity Management (BCM): Completed deployment of alternate systems at the Thailand plant and Taipei site, including remote deployment of Active Directory (AD) systems and backup systems, thus enhancing the recovery capabilities in extreme scenarios.

Security Protection for Key Systems: Implemented network isolation policies, bolstering the Access Control List (ACL) settings for AD servers and Virtual Machines (VMs) to reduce lateral penetration threats.

Dynamic Governance of Supply Chain Risk: The Company conducts annual information security risk assessments for suppliers, evaluating information security resilience for ISO27001-related security items, highlighting our commitment to the overall ecosystem's security resilience within the supply chain.

(VI) Impact of corporate image change on risk management and response measures:

Since its inception, the Company has adhered to its core beliefs of "honesty and integrity," continuously improving corporate governance and executing environmental protection and social responsibility. In fiscal year 2025, the Company was recognized in the top 5% category by the Taiwan Stock Exchange's "Corporate Governance Evaluation" and was included in the S&P Global "Sustainability Yearbook" for its achievements in sustainable governance. With a long-standing positive corporate image, the Company has established a risk management committee to proactively manage potential risks. Corporate image and related information are disseminated through the Company website, Market Observation Post System, Investor Relations Department, and the spokesperson.

(VII) Expected benefits and potential risks of merger and acquisition:

Through strategic investments and acquisitions, the Company and its

subsidiaries seek to integrate upstream and downstream resources and expand new products and markets to enhance competitiveness, reduce management costs, and improve operating performance. Potential risks associated with mergers and acquisitions will be carefully evaluated, and appropriate management and integration measures will be adopted to support the Company' s long-term value and sustainable development.

(VIII) Expected benefits and potential risks of capacity expansion:

In response to customer demand and to reserve operational capacity needed for future business operations, the Company expanded a new facility in Thailand with a total project cost of THB 764 million (approximately NT$ 735 million), which was completed in the fourth quarter of fiscal year 2025. Upon completion, the new facility increases overseas production capacity, catering to diversified capacity requirements from customers and enhancing order-taking competitiveness. New models from customers are already being produced in Thailand.

(IX) Risks associated with over-concentration in purchase or sale and response measures:
The Company actively develops diversified products and customer groups to mitigate sales risks. In addition, by collaborating closely with core suppliers and systematically cultivating secondary suppliers, the Company ensures material quality, technology, pricing, and delivery meet customer requirements.

(X) Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% interest on the Company, associated risks and response measures: None.

(XI) The effect of changes in management right on the Company, risks, and response measures: N/A.

(XII) For litigious and non-litigious events, if the result of major litigious, non-litigious events, or administrative disputes, either concluded or ongoing, involving the company and its directors, supervisors, president, de facto responsible person, major shareholders with more than 10% shares, or subsidiaries may have a material impact on shareholders' equity or stock prices, disclose the facts in contention, amount, start date of litigation, main parties involved, and progress up to the date of report: The Company is not involved in any major litigious, non-litigious events or administrative disputes. We do not have any information on individuals.

(XIII) Other significant risks and countermeasures: None. The company' s Board of Directors has established a Sustainable Development and Nomination Committee, under which the Risk Management Team regularly assesses the company' s risk exposure and risk concentration levels.

vii. Other important matters：None.

VI. Special notes

i. Information on affiliated enterprises: Please refer to the MOPS Public Information Observatory by navigating to the homepage -> Single Company -> Electronic Document Download -> Affiliated Enterprises Section (https://mopsov.twse.com.tw/mops/web/t57sb01_q10), and search for the company code: 2439.

ii. Private placement of securities in the most recent year and as of the printing date of the annual report: None.

iii. Other supplemental information: None.

Ⅶ. Occurrence of events that have a material impact on shareholders equity or stock prices specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act

Events that have a material impact on shareholders equity or stock prices specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year and up to the date of report: None.

MERRY ELECTRONICS CO.,LTD.

Chairman

MERRY ELECTRONICS CO.,LTD.
NO.22,23rd Road,Taichung Industrial Park,
Taichung,40850 Taiwan,R.O.C.
Tel:+886 04-23590811 Fax:+886 04-23590826
https://www.merry.com.tw

www.merry.com.tw