Stock Code: 6533

Andes Technology Corporation

Annual Report 2025

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I. The Annual Report is accessible through the websites below Market Observation Post System website of Taiwan Stock Exchange Corporation: http://mops.twse.com.tw
II. Andes annual report is available at: http://www.andestech.com

Notice to Readers:
The reader is advised that the annual report has been prepared originally in Chinese. The English version is directly translated from Chinese version.

Spokesperson and Acting spokesperson:

Spokesperson
Name: Geng-Min Li
Title: Special Assistant to the Chairman, Corporate Office
Tel: +886-3-572-6533
E-mail：ir@andestech.com

Acting spokesperson
Name: Yu-Ling Hsieh ;Kaung-Yeu Hsieh
Title: AVP of GCBU ; Technical Deputy Director of Marketing Department
Tel: +886-3-572-6533
E-mail：ir@andestech.com

Headquarters, Branch office and Factory:

Headquarters:
Address: A1-4, 3F, NO.1, Li-Hsin First Rd, Hsinchu Science Park, Hsinchu City 30078, Taiwan.
Branch office:
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Tel: +886-3-572-6533
Factory: Not Applicable.

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Company: Horizon Securities Corp.
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Independent Auditor:

Company: Ernst & Young
Auditors: Wan-Ju Chiu and Hsin-Min Hsu
Accounting Firm: Ernst & Young
Address: 9F, No. 333, Sec. 1, Keelung Road, Taipei City, Taiwan.
Website: http://www.ey.com/tw
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Name of overseas securities dealers and methods to inquire into overseas securities:

Global Depositary Receipts (GDRs)
Luxembourg Stock Exchange: https://www.bourse.lu/home

Website: http://www.andestech.com

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I. Letter to Shareholders

Andes Technology Corporation
Business Report

Dear Shareholders:

In the year 2025, global attention was intensely focused on the development driven by artificial intelligence, the semiconductor industry, and their applications. AI applications continued to contribute more than 40 percent of Andes Technology's silicon IP licensing revenue.

Andes Technology is a leading force in AI infrastructure. RISC-V is exceptionally well-suited for developing AI chips, and its performance is outstanding. Today, RISC-V is ubiquitous across the AI industry.

Business results in 2025

Financial status:
In 2025, Andes Technology's consolidated revenue was NT$1,478,187 thousand, showing an increase of 7% from last year. The licensing of CPU IP accounted for 65% of the total revenue, royalty revenues accounted for 19%, maintenance service and other income accounted for 16%.

The consolidated net operating loss was NT$419,841 thousand, while non-operating expenses were NT$61,504 thousand. The net loss for the whole year was NT$ 415,259 thousand, with earnings per share of NT$(8.20). The net cash outflow was NT$ 663,138 thousand for the whole year. The operating loss was primarily due to the costs associated with high-end CPU IP development projects, while the non-operating expenses was mainly attributable to higher foreign exchange losses caused by exchange rate fluctuations.

Budget execution status:
In terms of budget execution, Andes Technology only set internal budget targets in 2025 and did not disclose its financial forecasts.

Financial Income and Expense and Profitability Analysis:

Item	Year	2025	2024	Difference
Financial Income and Expense (NT$ thousands)	Net cash inflows (outflows) from operating activities	309,922	372,171	(62,249)
	Net cash outflows from investing activities	(2,445,577)	(153,316)	(2,292,261)
	Net cash outflows from financing activities	1,474,046	(35,475)	1,509,521
Profitability (%)	Return on Assets	(6.88)	0.08	(6.96)
	Return on Equity	(8.90)	0.04	(8.94)
	Income Before Tax to Paid-in Capital Ratio	(95.03)	2.28	(97.31)
	Net Profit Margin	(28.09)	0.14	(28.23)
	Earnings Per Share ($)	(8.20)	0.04	(8.24)

Sales and marketing status:
In 2025, the turnover contributed by the RISC-V product line continued to grow. Under the IP licensing model, it accounted for 97% of total revenue, while its share under the royalty model rose to 12%. In terms of regional operations, the Taiwan market remained the top contributor, making up 37% of total revenue, followed by North America at 36%. Revenue from mainland China declined to 16%, affected by U.S.-China competition and aggressive price-cutting driven by intensifying internal competition in the local market. Despite changes in regional contributions, overall annual revenue saw slight growth—increasing by approximately 7% compared to 2024. The cumulative total of SoC shipments to all customers has surpassed 19 billion units.

Research development status (IP core and technology):
In 2025, Andes Technology enhanced the functionality of the IP products launched in 2024, continued the R&D projects left unfinished from the previous year, and released new software versions with additional features. Specifically, the 46 Series strengthened vector instruction performance and increased transfer speed to external accelerators; AX66 offered a wider range of performance–area trade-off options; and D23 introduced support for the ACE customization tool. In the automotive-grade processor segment, we added ACE support to the N25F-SE and developed an ASIL-B–compliant STL (Software Test Library) for the D25F-SE. In addition, based on the existing AX45MPV, AX46MPV, AX46, and NX45, Andes undertook several customized projects for key customers, with applications including cloud-based large-scale AI control and acceleration, as well as automotive ADAS control. Some of these projects will extend into 2026. The features added for these customers have been integrated into standard products and are now available to all customers. In addition, the high-end out-of-order Cuzco processor developed by the North America Design Center was presented in August at the industry-leading conference Hot Chips. The project is still in development but has already gained significant interest from customers. The D23-SE design was also completed and entered the certification phase. On the software side, AndeSight not only continued to stay aligned with open-source developments by upgrading support for AndesCore processors, but also introduced the AutoOpTune tool for automatically searching optimal compilation options, as well as the FastSim fast simulator supporting the industry-standard SystemC and the Verilator Sim directly generated from RTL. AndesAIRE also continued to optimize computing acceleration functions, particularly for AI, and contributed these enhancements to upstream open-source projects; the NN SDK further expanded support for more AI models and improved model optimization.

Business plan summary in 2026

Management policy and future company development strategy:
Based on the observed business growth strategies and performance, Andes Technology's high-growth strategy has proven to be viable. Therefore, the company's operational strategy in 2026 will continue to focus on leveraging its comprehensive RISC-V processor IP portfolio to provide IP solutions for customers. By combining this with Custom Computing to deliver customized processor IPs, Andes aims to lay a solid foundation for sustained business growth. With continued investment in the areas of AI, automotive, and security, the company will keep cultivating customer adoption in these three key sectors. Admittedly, the 7% growth recorded in 2025 is not sufficient to sustain Andes' long-term growth. We therefore need to further strengthen revenue expansion and cost control, in order to improve the growth rate while reducing costs.

Expected sales volume and its basis:
According to forecasts from global semiconductor industry research institutions, the global silicon intellectual property (IP) market is expected to continue expanding, driven by the rapid development of AI, automotive electronics, high-performance computing, and mobile platforms. According to reports by Semico Research and IPnest, the global semiconductor silicon IP market is expected to grow at a compound annual growth rate (CAGR) of 15%–20% from 2023 to 2027, reaching over USD 10 billion by

2027. The RISC-V processor IP segment is expected to grow at a faster pace, with an annual growth rate projected to exceed 30%. The Company expects that total licensing shipments in 2026 will increase significantly compared to the previous year, driven in particular by applications in AI, data centers, and automotive, which will further contribute to revenue growth. Additionally, Andes is allocating resources to strengthen its business development in Europe to boost revenue in that region.

Key Sales and Marketing Policies:
Andes Technology upholds “not competing with customers” as its core value, focusing on a pure-play IP licensing model and does not develop its own chip products. The Company implements its sales and marketing policies based on the following strategies:

- **Product Strategy:** The Company provides a comprehensive portfolio of RISC-V processor cores ranging from entry-level to high-end, including entry-level cores, high-efficiency scalar cores (e.g., A25/N25), vector-enabled cores (e.g., AX45MPV), and out-of-order high-performance cores (e.g., AX65), to address diverse application requirements across AI, automotive, edge computing, IoT, and mobile platforms.
- **Regional Market Strategy:** The Company’s primary markets include Mainland China, the United States, Europe, and Taiwan. The U.S. and European markets focus on high-performance applications (e.g., cloud, data center, and intelligent automotive applications), while the China market has shown increasing adoption of RISC-V driven by domestic substitution policies. The Company actively provides localized technical support and services to meet regional requirements.
- **Platform and Ecosystem:** The Company advances the Copilot toolchain and strengthens the ACE platform to help customers integrate processors into their design flows, reduce adoption barriers, and accelerate time-to-production and time-to-market.
- **AI Adoption in Development:** The Company promotes the use of AI tools to accelerate product development and improve efficiency, thereby reducing labor costs and strengthening the foundation for operating profitability.

Impact due to external competitive environment, regulatory environment and overall business environment:
In 2025, geopolitical, economic, and trade disruptions stemming from U.S. President Donald Trump’s “America First” policy continued to generate volatility in the high-tech capital markets. Across China, Europe, and the United States, many emerging technology companies have faced increasing challenges in raising capital. Meanwhile, AI has remained a key driver of market momentum, and its continued growth has encouraged industries across the board to increase their investments. Amid this trend, Andes will continue to serve as a provider of AI application IP, leveraging AI technologies to drive innovation. Benefiting from the continued growth of AI and maintaining its industry leadership, the Company aims to return to profitability after reporting a loss in 2025 and to establish a new phase of growth.

Last but not least, we would like to deliver our sincere appreciation to all our shareholders for your long-term trust and continuous support for Andes and wish you all good health and good luck.

Chairman: Jyh-Ming Lin　　President: Hong-Men Su　　CFO: Han-Chang Chou

II. Corporate Governance

1. Information of Directors and Officials

   1.1. Information Regarding Board Members

As of March 30, 2026/ Unit: Shares; %

Title	Nationality or Registry	Name	Gender /Age	Date Elected	Term (Yrs)	Date First Elected	Shareholding when Elected (Note2)		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experiences	Current Positions at the Company and Other Companies	Spouse or relative within two degrees of consanguinity serving as a manager or director			Remarks (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Jyh-Ming Lin	Male 61-70	May 24,2024	3	March 14, 2005	540,045	1.07	540,045	1.07	120,668	0.24	0	0	VP of Sales, Faraday Technology Corp. Business Manager, UMC MSEE, Portland State University, Oregon, USA.	The Company's President. Chairman, Andes Technology (Samoa) Corporation. Chairman & President, Andes Technology (Wuhan) Corporation. Chairman & CEO, Andes Technology USA Corporation. Chairman, Andes Technology Shanghai Corporation. Director, Condor Computing Corporation Chairman, Andes Technology Canada Corporation Chairman, Andes Technology GmbH.	-	-	-	-
Director	R.O.C	Hong-Men Su	Male 61-70	May 24,2024	3	June 30, 2015	285,329	0.56	261,329	0.52	0	0	0	0	Chief Architect, Faraday Technology Corp. Sr. Staff, Sun Microsystems Sr. Staff, Afara Websystems C-Cube Micro Director, Silicon Graphics Sr. Engineer, Intergraph Corp Ph.D. in Computer Science, University of Illinois	The Company's Director, President & CTO. Director, Andes Technology (Wuhan) Corporation. Director & President, Andes Technology Shanghai Corporation. Director, Andes Technology USA Corporation. Chairman & CEO, Condor Computing Corporation Director, Andes Technology Canada Corporation Director, Andes Technology GmbH.	-	-	-	-
Director	R.O.C	Andrew Chang	Male 51-60	May 24,2024	3	June 18, 2020	0	0	0	0	0	0	0	0	Vice Chairman, Richtek Technology SVP, Mediatek Inc. Master Of Electrical Engineering, New York Polytechnic University, USA	Independent Director, AOPEN Solutions Corp. Director, Mediatek Foundation Chairman, ChipAI Co., LTD.	-	-	-	-
	R.O.C	Representative: Hsiang Fa Co.	-			February 22, 2006	4,005,324	7.91	3,249,324	6.42	0	0	0	0	-	Director, Chunghwa Precision Test Tech. Co., Ltd. Director, Mars Semiconductor Corp. Director, Chingis Technology Corporation Director, Mediatek Research Corp. Director, CMOS-Crystal Technology Co., Limited Director, InnoFusion Technology Corp.	-	-	-	-

Title	Nationality or Registry	Name	Gender /Age	Date Elected	Term (Yrs)	Date First Elected	Shareholding when Elected (Note2)		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experiences	Current Positions at the Company and Other Companies	Spouse or relative within two degrees of consanguinity serving as a manager or director			Remarks (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C	Herming Chiueh	Male 51-60	May 24,2024	3	July 3,2020	0	0	0	0	0	0	0	0	Political Undersecretary, Ministry of Digital Affairs Assistant Professor, Department of Electrical Engineering, National Yang Ming Chiao Tung University Assistant Professor, Department of Communications Engineering, National Yang Ming Chiao Tung University Director, TWEMBA Member Of Digital Wireless Transmission Platform Supervision Group, Government Information Office, Executive Yuan Member Of Cable Broadcasting and Television Review Committee, NCC Member Of Cable Broadcasting and Television Review Committee, Government Information Office, Executive Yuan Member of Digital Radio Review Committee, Government Information Office, Executive Yuan Member of Radio Review Committee, Government Information Office, Executive Yuan Ph.D. In Electrical Engineering, University of Southern California	Associate Dean, College of Electrical and Computer Engineering, National Yang Ming Chiao Tung University. Associate Professor, Department of Electrical Engineering, National Yang Ming Chiao Tung University. Chief Strategy Officer, Asia Silicon Valley & AI Strategy Agency (ASVA).	-	-	-	-
	R.O.C	Representative: National Development Fund	-			February 22, 2006	2,979,237	5.88	2,979,237	5.88	0	0	0	0	-	Director, Taiwan Semiconductor Manufacturing Company Limited. Director, Vanguard International Semiconductor Corporation. Director, Infinity Communication Tech. Inc. Director, Metanoia Communications Inc.	-	-	-	-
Independent Director	R.O.C	Chien-Kuo Yang	Male 61-70	May 24,2024	3	June 30, 2015	0	0	0	0	0	0	0	0	Partner, Ernst & Young Accounting firm. Bachelor's Degree, Tamkang University Department of International Trade.	Chairman/Partner, Diwan & Company Accounting Firm. Chairman, Diwan Management Advisory Services Co., Ltd. Chairman, Tianda Investment Co., Ltd. Independent Director, Leadtrend Technology Corp. Independent Director, Macronix International Co., Ltd. Independent Director, YoungTek Electronics Corp.	-	-	-	-

Title	Nationality or Registry	Name	Gender /Age	Date Elected	Term (Yrs)	Date First Elected	Shareholding when Elected (Note2)		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experiences	Current Positions at the Company and Other Companies	Spouse or relative within two degrees of consanguinity serving as a manager or director			Remarks (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	Chun-Hao Lai	Male 61-70	May 24,2024	3	July 7,2021	0	0	0	0	0	0	0	0	Master Of Science in Electrical and Computer Engineering, University of California, Santa Barbara General Manager/ Consultant, Global Unichip Corp. Independent Director, Truelight Corporation Director, Oomii Inc. Consultant, Xconn Technologies	Chairman, Skymizer Taiwan Inc. Independent Director, Silicon Optronics Inc. Independent Director, Focaltech Systems Co., Ltd. Director, Giga Solution Corporation Director, Wolley Inc. Director, M31 Technology Corporation. Director, Jmem Technology Co., Ltd. Director, InPsytech, Inc.	-	-	-	-

Note 1: If the chairman of the board and the general manager (or an equivalent top executive) are the same person, spouses, or first-degree relatives, the company shall disclose the reasons, rationality, necessity, and corresponding measures: The Company's Chairman also serves as CEO, primarily to enhance overall operational efficiency and decision-making execution. The responsibilities of the CEO and General Manager are managed through a system of layered authorization. Furthermore, the majority of our Board of Directors do not concurrently hold positions as employees or managers.

1.1.1. List of Major Shareholders of Andes' Major Institutional Shareholders

Table 1: Major Shareholders of the Institutional Shareholders

As of March 30, 2026

Institutional Shareholders	Major Shareholders of the Institutional Shareholders	Percentage of Shares Held by Institutional Shareholders
Hsiang Fa Co.	MediaTek Capital Co.	100%
National Development Fund, Executive Yuan	Government Agencies	NA

Table 2: List of Institutional Shareholders of Andes' Major Institutional Shareholders

As of March 30, 2026

Institutional Shareholders	Major Shareholders of the Institutional Shareholders	Percentage of Shares Held by Institutional Shareholders
MediaTek Capital Co.	MediaTek Inc.	100%

1.1.2. Directors' Professional Qualifications and Independent Directors' Independence Status

<table>
<tr><th>Criteria
Name/Title</th><th>Professional Qualification and Experience</th><th>Independent Directors' Independence Status</th><th>Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director</th></tr>
<tr><td>Chairman
Jyh-Ming Lin</td><td rowspan="6">For Directors' professional qualification and experience, please refer to "2. 1 Information Regarding Board Members" on page 4-6 of this Annual Report. None of the Directors has been in or is under any circumstances stated in Article 30 of Company Law. (Note 1)</td><td rowspan="4">Not Applicable</td><td>0</td></tr>
<tr><td>Director
Hong-Men Su</td><td>0</td></tr>
<tr><td>Director
Andrew Chang
Representative: Hsiang Fa Co.</td><td>1</td></tr>
<tr><td>Director
Herming Chiueh
Representative: National Development Fund</td><td>0</td></tr>
<tr><td>Independent Director
Chien-Kuo Yang</td><td rowspan="2">All of the following situations apply to each and every of the Independent Directors: 1. Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) issued by Taiwan's Securities and Futures Bureau 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any TSMC shares 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"</td><td>3</td></tr>
<tr><td>Independent Director
Chun-Hao Lai</td><td>2</td></tr>
</table>

Note 1: A person shall not act in a management capacity for a company, and if so appointed, must be immediately discharged if they have been:

(1) Convicted of a violation of the Statutes for the Prevention of Organizational Crimes and: has not started serving the sentence; has not completed serving the sentence; or five years have not elapsed since completion of serving the sentence, expiration of probation, or pardon.

(2) Convicted for fraud, breach of trust or misappropriation, with imprisonment for a term of more than one year, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon.
(3) Convicted for violation of the Anti-Corruption Act, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon.
(4) Adjudicated bankrupt or adjudicated to commence a liquidation process by a court, and having not been reinstated to his or her rights and privileges.
(5) Sanctioned for unlawful use of credit instruments, and the term of such sanction has not expired yet.
(6) If she/he does not have any or limited legal capacity.
(7) If she/he has been adjudicated to require legal guardianship and such requirement has not been revoked yet.

Note 2: (1) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.
(2) Not serving concurrently as an independent director on more than three other public companies in total.
(3) During the two years before being elected and during the term of office, meet any of the following situations:
A. Not an employee of the company or any of its affiliates.
B. Not a director or supervisor of the company or any of its affiliates.
C. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
D. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officers in the preceding (A) subparagraph, or of any of the above persons in the preceding subparagraphs (B) and (C).
E. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law.
F. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company.
G. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent).
H. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company.
I. Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT$500,000".

1.1.3. Diversity and Independence of the Board of Directors:

1.1.3.1 Board Diversity

The "Corporate Governance Practice Principles" stipulates that the diversity of board composition should be considered. In addition to the fact that the number of directors who are also managers of the Company should not exceed one-third of the total number of directors, appropriate diversity guidelines should be formulated with respect to the Company's operation, business model and development needs, which should include but not be limited to the following two major criteria:

1.1.3.1.1 Basic criteria and values: gender, age, nationality and culture, etc.

1.1.3.1.2 Expertise and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members should generally possess the knowledge, skills and qualities necessary to carry out their duties. In order to achieve the desired objectives of corporate governance, the Board should possess the following competencies:

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

The Company's seven board members have professional backgrounds including 2 natural person directors, 2 juristic person directors, and 3 independent directors. Diversified membership with expertise in management, leadership, industry knowledge, academia, and finance, and can give professional advice from different angles. It is of great help in improving the company's operating performance and management efficiency.

Among them, 29% are employees and 43% are independent directors.

The Company values gender diversity among its Board members. However, identifying suitable female directors presents a challenge due to the need to comprehensively consider candidates' professional backgrounds and the Company's operational requirements.

The Company remains committed to gender diversity within the Board of Directors. Given the need to balance professional expertise with operational requirements, identifying suitable female candidates has proven challenging. At the 2026 Annual General Meeting, the Company will hold a by-election for one female Independent Director seat, representing 14.29% of the Board. While this currently falls short of the one-third target, we will continue to actively recruit qualified female professionals ahead of future elections to align with the FSC’s (Financial Supervisory Commission) gender diversity goals. Regarding age distribution, our objective is to maintain at least one young-to-middle-aged director.

At present, the Company has three directors in this age group, accounting for 42.86%.

The following is a summary table of the implementation of diversification:

Diversified Core Items / Title Name	Composition							Professional Background				Industry Experience and Capabilities			
	Nationality	Gender	Employee	Age		Independent Directors Tenure		Technology	Management	Accounting/ Legal	Academics	Accounting/ Finance	Leadership/ Decision Making	IT/ Industry Knowledge	Operations/ Risk Management
				Below 60	60 and Above	2 Consecutive Terms	3 Consecutive Terms								
Chairman: Jyh-Ming Lin	R.O.C	Male	V		V			V	V			V	V	V	V
Director: Hong-Men Su	R.O.C	Male	V		V			V	V			V	V	V	V
Director: Andrew Chang Representative: Hsiang Fa Co.	R.O.C	Male		V				V	V			V	V	V	V
Director: Herming Chiueh Representative: National Development Fund	R.O.C	Male		V				V	V		V		V	V	V
Independent Director Chien-Kuo Yang	R.O.C	Male			V		V	V	V	V		V	V	V	V
Independent Director Chun-Hao Lai	R.O.C	Male			V	V		V	V			V	V	V	V

1.1.3.2 Board of Independence: The company actively implements the corporate governance system. In the operation and arrangement of the corporate governance system, the board of directors exercises its functions and powers in accordance with laws. The company respects the professional competencies of the directors, and all motions are discussed thoroughly before the board meetings, and the directors are consulted beforehand on major motions or other projects, and their professional advice is also sought during the meetings, which effectively raises the effectiveness of decision-making on motions and creates a good board meeting culture.

The company's board of directors has a total of 7 members, of which 3 independent directors, accounting for 43% of the board of directors, and they exercise their powers objectively. They review the management and control of the Company's existing or potential risks, etc., so as to supervise the effective implementation of the Company's internal control, the selection (dismissal) of certified public accountants and their independence, and the fair preparation of financial statements.

According to the Company's "Rules for Election of Directors", a candidate nomination system is adopted for the selection of directors and independent directors, and shareholders are encouraged to participate. Qualification review and confirmation of any violations listed in Article 30 of the Company Act shall be conducted and announced in accordance with the law to protect the rights and interests of shareholders and maintain independence. There are 2 directors who are spouses or relatives within the second degree of kinship among the directors of the company, and comply with the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.

1.2. Profiles of Key Managers

As of March 30, 2026/Unit: Shares; %

Title	Nationality	Name	Gender	Date Effective (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions at Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman & CEO	R.O.C	Jyh-Ming Lin	Male	March 2, 2021	540,045	1.07	120,668	0.24	0	0	The Company's President VP of Sales, Faraday Technology Corp. Business Manager, UMC MSEE, Portland State University, Oregon, USA	Chairman, Andes Technology (Samoa) Corporation Chairman & President, Andes Technology (Wuhan) Corporation Chairman & CEO, Andes Technology USA Corporation Chairman, Andes Technology Shanghai Corporation Director, Condor Computing Corporation Chairman, Andes Technology Canada Corporation Chairman, Andes Technology Europe GmbH	-	-	-	-
President & CTO	R.O.C	Hong-Men Su	Male	March 2, 2021	261,329	0.52	0	0	0	0	The Company's VP & senior VP Chief Architect, Faraday Technology Corp. Sr. Staff, Sun Microsystems Sr. Staff, Afara Websystems C-Cube Micro Director, Silicon Graphics Sr. Engineer, Intergraph Corp. Ph.D. in Computer Science, University of Illinois.	Director, Andes Technology (Wuhan) Corporation Director, Andes Technology USA Corporation Director & President, Andes Technology Shanghai Corporation Chairman & CEO, Condor Computing Corporation Director, Andes Technology Canada Corporation Director, Andes Technology Europe GmbH	-	-	-	-

Title	Nationality	Name	Gender	Date Effective (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions at Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior VP of Technical and New Business	R.O.C	Jen-Chih Tseng	Male	March 2, 2021	130,049	0.26	0	0	0	0	The Company's VP of Technology The Company's AVP of R&D Division The Company's Senior Manager of RD-VLSI Division, Manager of RD-VLSI Division, Deputy Manager of RD-VLSI Division. MTS, Sun Microsystems, Inc. MSEE, University of Wisconsin-Madison	-	-	-	-	-
Senior VP of R&D	R.O.C	Yung-Ching Hsiao	Male	March 2, 2021	99,550	0.20	0	0	0	0	The Company's AVP of RD-VLSI Division. The Company's Senior Manager of RD-VLSI Division, Manager of RD-VLSI Division, Deputy Manager of RD-VLSI Division. MTS, Sun Microsystems, Inc. MSEE, University of Wisconsin-Madison	-	-	-	-	-
VP of OVBU	R.O.C	Kuo-Chi Lin	Male	January 25, 2019	10,360	0.02	0	0	0	0	The Company's VP of IP Business Unit. The Company's AVP of Sales, Manager of Sales, Deputy Manager of Sales & Senior Manager of Sales. Deputy minister of Sales, Faraday Technology Corp. Manager of R&D department, UMC. Master's degrees, NTU Department of Electrical Engineering. Bachelor's Degree, Department of Physics, National Chiao Tung University	Director, Andes Technology (Wuhan) Corporation Director, Andes Technology Shanghai Corporation Director & President, Andes Technology Europe GmbH	-	-	-	-

Title	Nationality	Name	Gender	Date Effective (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions at Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
VP of Finance Division & ADM Service Division	R.O.C	Han-Chang Chou	Female	Mar 8, 2023	125,235	0.25	0	0	0	0	The Company's AVP of Finance and ADM Service Division, Manager of Finance and ADM Service Division, Deputy Manager of Finance and ADM Service Division. Manager of Finance Division, Gemstone Communications, Inc. Auditor, PwC Accounting Firm. Bachelor's Degree, Department of Accounting, Fu Jen Catholic University	Supervisor, Andes Technology (Wuhan) Corporation Director & CFO, Andes Technology USA Corporation Supervisor, Andes Technology Shanghai Corporation CFO, Condor Computing Corporation CFO, Andes Technology Canada Corporation	-	-	-	-
AVP of Legal & IP Management Division	R.O.C	Kuang-Heng Wang	Male	Mar 8, 2023	0	0	0	0	0	0	Chief Legal Officer of the Company Chief Legal Officer, Faraday Technology Co., Ltd. Deputy convener of the Intellectual Property Committee of the Bamboo Industry Association Adjunct Lecturer, Institute of Intellectual Finance, National Chengchi University National Yangming Jiaotong University EMBA Master National Taiwan University Law Department Bachelor of Finance and Economics Law	-	-	-	-	-
AVP of Quality & Reliability Management Division	R.O.C	Kuo-Cheng Huang	Male	Mar 8, 2023	4,777	0	0	0	0	0	The company's quality and safety management department assistant, senior director, director, quality management department manager, operation department manager Special Assistant to General Manager, Manager of Quality Management Department of Zhiyuan Technology Co., Ltd. Deputy Director of Quality and Reliability Assurance Department of Guanghui Electronics Co., Ltd. Lianhua Electronics Co., Ltd. Central Quality Assurance Department Manager, FAB Quality Assurance Department Manager Master of Science in Industrial Engineering and Management, National Tsing Hua University	-	-	-	-	-

Title	Nationality	Name	Gender	Date Effective (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions at Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
AVP of GCBU	R.O.C	Yu-Ling Hsieh	Female	Mar 8, 2023	5,347	0.01	0	0	0	0	The company's Associate Vice President of Sales Department Chief Operating Officer, Daxin Electronics Co., Ltd. Business Manager of Jinli Technology Co., Ltd. Master of Business Administration, National Central University Bachelor of Chemical Engineering, Chang Gung University	-	-	-	-	-
AVP of RD-Software Division	R.O.C	Yu-Chi Chuang	Male	May 7, 2024	0	0	0	0	0	0	The Company's AVP of RD-Software Division. Co-founder, Immense Oak Technology Co-founder, Code Circus Technology Manager, Marvell Semiconductor OSSTI RD Faraday Technology Corp. RD Doctoral Candidate, Institute of Computer Science, National Tsing Hua University Master of Science in Computer Science, Feng Chia University	-	-	-	-	-

Note 1: It is the date of as the position of the Company.

2. Remuneration for Directors, President and Vice Presidents

2.1. Remuneration of Directors and Independent Directors

Unit: NT$ thousands

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="8">Director’s remuneration</th><th colspan="2" rowspan="2">(A+B+C+D) as amount & % of Net Income (Note2)</th><th colspan="8">Remuneration from concurrent position as employee</th><th colspan="2" rowspan="2">(A+B+C+D+E+F+G) as amount & % of Net Income (Note2)</th><th rowspan="4">Remuneration received from re-investment business other than subsidiaries</th></tr>
<tr><th colspan="2">Salary (A)</th><th colspan="2">Pension (B)</th><th colspan="2">Remunerations (C)</th><th colspan="2">Allowances (D)</th><th colspan="2">Salary, Bonus, etc. (E)</th><th colspan="2">Pension (F)</th><th colspan="4">Employee Compensation (G)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Consolidated Entities</th><th rowspan="2">The Company</th><th rowspan="2">Consolidated Entities</th><th rowspan="2">The Company</th><th rowspan="2">Consolidated Entities</th><th rowspan="2">The Company</th><th rowspan="2">Consolidated Entities</th><th rowspan="2">The Company</th><th rowspan="2">Consolidated Entities</th><th rowspan="2">The Company</th><th rowspan="2">Consolidated Entities</th><th rowspan="2">The Company</th><th rowspan="2">Consolidated Entities</th><th colspan="2">The Company</th><th colspan="2">Consolidated Entities</th><th rowspan="2">The Company</th><th rowspan="2">Consolidated Entities</th></tr>
<tr><th></th><th></th><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>Chairman</td><td>Jyh-Ming Lin</td><td>100</td><td>100</td><td>0</td><td>0</td><td>0</td><td>0</td><td>15</td><td>15</td><td rowspan="7">877</td><td rowspan="7">877</td><td rowspan="7">22,832</td><td rowspan="7">22,832</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">23,709</td><td rowspan="7">23,709</td><td rowspan="7"></td></tr>
<tr><td>Director</td><td>Hsiang Fa Co. (Representative: Andrew Chang)</td><td>100</td><td>100</td><td>0</td><td>0</td><td>0</td><td>0</td><td>12</td><td>12</td></tr>
<tr><td>Director</td><td>National Development Fund (Representative: Herming Chiueh)</td><td>100</td><td>100</td><td>0</td><td>0</td><td>0</td><td>0</td><td>9</td><td>9</td></tr>
<tr><td>Director</td><td>Hong-Men Su</td><td>100</td><td>100</td><td>0</td><td>0</td><td>0</td><td>0</td><td>12</td><td>12</td></tr>
<tr><td>Independent Director</td><td>Chien-Kuo Yang</td><td>130</td><td>130</td><td>0</td><td>0</td><td>0</td><td>0</td><td>15</td><td>15</td></tr>
<tr><td>Independent Director</td><td>Chun-Hao Lai</td><td>130</td><td>130</td><td>0</td><td>0</td><td>0</td><td>0</td><td>12</td><td>12</td></tr>
<tr><td>Independent Director</td><td>Chia-Ling Yang (Note1)</td><td>130</td><td>130</td><td>0</td><td>0</td><td>0</td><td>0</td><td>12</td><td>12</td></tr>
</table>

1. The remuneration payment policy, system, standards and structure of the general directors and independent directors of the company, and according to the responsibilities, risks, time spent and other factors, describe the relevance to the amount of remuneration:
   (1) According to the company's articles of association, the remuneration of the company's chairman and directors, the value of their contribution to the company's operation and participation, and the level of industry peers, are determined by the salary and compensation committee and sent to the board of directors for approval.
   (2) The company's articles of association also specify that no more than 1% of the annual profit will be used as directors' remuneration.
   (3) The payment of directors' remuneration of the company is handled in accordance with the "Directors and Managers' Remuneration Management Measures", because all independent directors serve as members of the audit committee and the remuneration committee and are required to participate in the discussion of relevant committee meetings and Resolution, so its remuneration is higher than that of general directors.
2. In addition to the disclosures in the above table, the directors of the company in recent years have provided services to all companies in the financial report (such as serving as consultants for non-employees). Remuneration: None.

Note1: Director Chia-Ling Yang was resigned from the position on February 5, 2026.

Note2: Due to a net loss in the year 2025, no disclosure of its proportion is necessary.

Remuneration Range

Remuneration Range	Name of Directors (Note1-3)			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	Andes	Consolidated Entities	Andes	Consolidated Entities
Less than NT$ 1,000,000	Jyh-Ming Lin; Hong-Men Su; Hsiang Fa Co.; National Development Fund; Chien-Kuo Yang; Chun-Hao Lai; Chia-Ling Yang	Jyh-Ming Lin; Hong-Men Su; Hsiang Fa Co; National Development Fund; Chien-Kuo Yang; Chun-Hao Lai; Chia-Ling Yang	Hsiang Fa Co.; National Development Fund; Chien-Kuo Yang; Chun-Hao Lai; Chia-Ling Yang	Hsiang Fa Co; National Development Fund; Chien-Kuo Yang; Chun-Hao Lai; Chia-Ling Yang
NT$1,000,000 ~ NT$1,999,999				
NT$2,000,000 ~ NT$3,499,999				
NT$3,500,000 ~ NT$4,999,999				
NT$5,000,000 ~ NT$9,999,999				
NT$10,000,000 ~ NT$14,999,999			Jyh-Ming Lin; Hong-Men Su	Jyh-Ming Lin; Hong-Men Su
NT$15,000,000 ~ NT$29,999,999				
NT$30,000,000 ~ NT$49,999,999				
NT$50,000,000 ~ NT$99,999,999				
Greater than or equal to NT$100,000,000				
Total	7 (including 2 legal persons.)	7 (including 2 legal persons)	7 (including 2 legal persons)	7 (including 2 legal persons)

2.2. Remuneration of Supervisors: NA

2.3. President's and Vice Presidents' Remuneration

Unit: NT$ thousands

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Pension (B)</th><th colspan="2">Bonuses and special expenses (C)</th><th colspan="4">Employee Compensation (D)</th><th colspan="2">(A+B+C+D) as amount & % of Net Income (Note 1)</th><th rowspan="3">Remuneration received from re-investment business other than subsidiaries</th></tr>
<tr><th rowspan="2">Andes</th><th rowspan="2">Consolidated Entities</th><th rowspan="2">Andes</th><th rowspan="2">Consolidated Entities</th><th rowspan="2">Andes</th><th rowspan="2">Consolidated Entities</th><th colspan="2">Andes</th><th colspan="2">Consolidated Entities</th><th rowspan="2">Andes</th><th rowspan="2">Consolidated Entities</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>CEO</td><td>Jyh-Ming Lin</td><td rowspan="6">25,817</td><td rowspan="6">26,081</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">27,582</td><td rowspan="6">27,582</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">53,399</td><td rowspan="6">53,663</td><td rowspan="6">0</td></tr>
<tr><td>President & CTO</td><td>Hong-Men Su</td></tr>
<tr><td>Senior VP of Technical and New Business</td><td>Jen-Chih Tseng</td></tr>
<tr><td>Senior VP of R&D</td><td>Yung-Ching Hsiao</td></tr>
<tr><td>VP of OVBU</td><td>Kuo-Chi Lin</td></tr>
<tr><td>VP of Finance Division & ADM Service Division</td><td>Han-Chang Chou</td></tr>
</table>

Note 1: Due to a net loss in the year 2025, no disclosure of its proportion is necessary.

Remuneration Range

Remuneration Range	Name of Presidents and Vice Presidents	
	Andes	Consolidated Entities
Less than NT$ 1,000,000		
NT$1,000,000 ~ NT$1,999,999		
NT$2,000,000 ~ NT$3,499,999		
NT$3,500,000 ~ NT$4,999,999		
NT$5,000,000 ~ NT$9,999,999	Jen-Chih Tseng; Yung-Ching Hsiao; Kuo-Chi Lin; Han-Chang Chou	Jen-Chih Tseng; Yung-Ching Hsiao; Kuo-Chi Lin; Han-Chang Chou
NT$10,000,000 ~ NT$14,999,999	Jyh-Ming Lin; Hong-Men Su	Jyh-Ming Lin; Hong-Men Su
NT$15,000,000 ~ NT$29,999,999		
NT$30,000,000 ~ NT$49,999,999		
NT$50,000,000 ~ NT$99,999,999		
Greater than or equal to NT$100,000,000		
Total	6	6

2.4. Employee Compensation Distributed to Key Managers:

Unit: NT$ thousands

Title	Name	Cash (Note1)	Stock	Total	Percentage of net income after tax(%) (Note)
CEO	Jyh-Ming Lin	0	0	0	0
President & CTO	Hong-Men Su				
Senior VP of Technical and New Business	Jen-Chih Tseng				
Senior VP of R&D	Yung-Ching Hsiao				
VP of OVBU	Kuo-Chi Lin				
VP of Finance Division & ADM Service Division	Han-Chang Chou				
AVP of RD-Software Division	Yu-Chi Chuan				
AVP of Legal & IP Management Division	Kuang-Heng Wang				
AVP of Quality & Reliability Management Division	Kuo-Cheng Huang				
AVP of GCBU	Yu-Ling Hsieh				

Note1: Due to the net loss incurred in fiscal year 2025, the Board of Directors has resolved that no employees' compensation will be distributed to managerial officers.

2.5. Comparative analysis of percentage of remuneration for Directors, Supervisors, President and Vice Presidents versus parent company only net profit after tax over the last two years, and explanation of remuneration strategies, standards, decision processes and relationship between strategy and performance.

1. Percentage of total remuneration paid to Directors, Supervisor, President, and Vice President compared to company net income after tax in2024 and 2025.

Year / Item	Percentage of total remuneration compared to company net income after tax			
	2024 (%)		2025 (%)	
	Andes	Consolidated Entities	The Company	Consolidated Entities
Director	47.96	47.96	-	-
Supervisor	NA	NA	NA	NA
President and Vice President	2,545.8	2,545.8	-	-

Note : Due to a net loss in the year 2025, no disclosure of its proportion is necessary.

2. Percentage of remuneration for Directors, Supervisors, President and Vice Presidents versus parent company only net profit after tax over, and explanation of remuneration strategies, standards, decision processes and relationship between strategy and performance:

(1) Principles of remuneration for directors and supervisors

The policy for payment of directors’ remuneration is in accordance with the provisions of Article 23 of the company’s articles of association. If there is a profit in the year, no less than 2% of annual profit shall be allocated as employee compensation, and no more than 1% shall be made for directors’ remuneration. In the event that the Company makes a profit in its annual accounts, the remuneration of the Company's directors will be based on the results of the Company's operations and individual directors' evaluations, which will be reviewed by the Remuneration Committee and approved by the Board of Directors.

Measurement Items for Performance Evaluation of Board Members and rated on a 5-level scale.

A. Knowing the Company's goals and missions

B. Awareness of Directors' Duties
C. Involvement in the operation of the Company
D. Internal Relationship Management and Communication
E. Professional and Continuing Education of Directors
F. Internal Control

(2) Salary of CEO and President

The remuneration standard of the CEO and President shall be determined by the compensation and remuneration committee according to their participation in the operation of the company and the value of their contribution, and with reference to market peer group standards, between 0% and 150% of market peer funding, after review by the Remuneration Committee and approval by the Board of Directors.

The performance of the CEO and President is evaluated based on the achievement of the Company's overall annual goals, including the achievement of the Company's consolidated revenue, budget target rate, and other business management performance, etc. and is calculated based on the number of weights determined by the board of directors based on facts.

(3) Salary of the key managers

The appointment, dismissal and compensation of the key managers shall be in accordance with the Company's regulations. The remuneration standards are determined by the human resources department in accordance with the relevant rules of the Company's personnel performance appraisal, individual performance and contribution to the Company's overall operations, and with reference to market peer group standards, negotiate the key managers’ salary between 0% and 150% of the industry's salary level.

The performance of the Vice President is evaluated based on the achievement of the annual goals, including the achievement rate of the annual goals of the department to which he/she belongs, departmental management, cultivation of talents, and implementation of the Company culture, etc., and is calculated based on the number of weights.

(4) Business performance and future risks

The Company's compensation policy is based on the individual's ability, contributions to the Company, accomplishment of goals and performance, and is positively correlated with the operating performance and is calculated based on the number of weights. In addition, the Company has a certain degree of control over future risks, and the compensation policy has a certain correlation with future risks. The overall compensation package consists of a basic salary, bonuses and employee compensation. The base salary is evaluated in accordance with the competitive market situation and the company's policy for the position held by the employee; the bonus and employee compensation are determined in relation to the employee, the achievement of departmental goals and the company's operating performance.

3. Implementation of Corporate Governance

3.1. Board of Directors Governance

3.1.1. The Board of Directors held meetings 4 times (A) in 2025. Attendance status of Directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%)【B / A】	Remarks
Chairman	Jyh-Ming Lin	4	0	100	None
Director	Hong-Men Su	4	0	100	None
Director	Hsiang Fa Co. (Representative: Andrew Chang)	4	0	100	None
Director	National Development Fund (Representative: Herming Chiueh)	4	0	100	None
Independent Director	Chien-Kuo Yang	4	0	100	None
Independent Director	Chun-Hao Lai	4	0	100	None
Independent Director	Chia-Ling Yang	3	1	75	None

3.1.2. Other Required Notes for the Board Meetings:

(1) If any of the following circumstances occur in the operation of the Board of Directors, the date and session of the board meeting, the content of the proposal, all independent directors' opinions, and the Company's handling of such opinions shall be disclosed:

A: Items listed in Article 14-3: The company has established an audit committee, and Article 14-3 of the Securities and Exchange Act does not apply. For a description of the matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the Operation of the Audit Committee in Chapter 3.2 of this annual report.

B. Written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion: None.

(2) Recusals of Directors due to conflicts of interest in 2024 are as follows:

Meeting	Agenda
2025.3.6 The 4th meeting of the 8th Board	Proposal: Amendment to the 2024 projected compensation for the Company's executive officers. Resolution: During the vote of this proposal, executive officers Jyh-Ming Lin, Hong-Meng Su, and Han-Chang Chou, along with the attendees, recused themselves to avoid conflicts of interest. The proposal was unanimously approved by the five attending directors with voting rights, following an inquiry by the acting chairman, Independent Director Chien-Kuo Yang. Proposal: Amendment to the 2025 projected compensation for the Company's executive officers. Resolution: During the vote of this proposal, executive officers Jyh-Ming Lin, Hong-Meng Su, and Han-Chang Chou, along with the attendees, recused themselves to avoid conflicts of interest. The proposal was unanimously approved by the five attending directors with voting rights, following an inquiry by the acting chairman, Independent Director Chien-Kuo Yang.
2025.8.6 The 6th meeting of the 8th Board	Proposal: The "Procedures for Employee Subscription of New Shares" regarding the cash capital increase and the list of executive officers entitled to subscribe. Resolution: During the vote of this proposal, executive officers Jyh-Ming Lin, Hong-Meng Su, and Han-Chang Chou, along with the attendees, recused themselves to avoid conflicts of interest. The proposal was unanimously approved by the five attending directors with voting rights, following an inquiry by the acting chairman, Independent Director Chien-Kuo Yang.
2025.11.9 The7th meeting of the 8th Board	Proposal: The 2026 projected compensation for the Company's executive officers. Resolution: During the vote of this proposal, executive officers Jyh-Ming Lin, Hong-Meng Su, and Han-Chang Chou, along with the attendees, recused themselves to avoid conflicts of interest. The proposal was unanimously approved by the five attending directors with voting rights, following an inquiry by the acting chairman, Independent Director Chien-Kuo Yang. Regarding the disbursement schedule of the overseas project incentive bonuses, payments shall be made upon reaching each phase's milestone. If a milestone is achieved in 2025, payment is authorized to be made in 2025.
2026.3.9 The 8th meeting of the 8th Board	Proposal: Amendment to the 2026 projected compensation for the Company's executive officers. Resolution: During the voting of this proposal, executive officers Jyh-Ming Lin and Han-Chang Chou, along with the attendees, recused themselves to avoid conflicts of interest. The proposal

Meeting	Agenda
	was unanimously approved by the four attending directors with voting rights, following an inquiry by the acting chairman, Independent Director Chien-Kuo Yang.

(3) Implementation Status of Board Evaluations

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items	Result
Once per year	2025/1/1~ 2025/12/31	(1) Board	Performance evaluation by internal questionnaire	1. Level of participation in company operations 2. The quality of Board decisions. 3. Board composition and structure. 4. Appointment of directors and their continued development. 5. Internal controls.	Excellent (Agree)
Once per year	2025/1/1~ 2025/12/31	(2) Individual director	Performance evaluation by internal questionnaire	1. Grasp of company targets and missions. 2. Understanding of the director's role and responsibilities. 3. Level of participation in company operations. 4. Internal relationship management and communication. 5. Director's specialty and continued development. 6. Internal controls.	Excellent (Agree)
Once per year	2025/1/1~ 2025/12/31	(3) Audit committee	Performance evaluation by internal questionnaire	1. Participation in company operations. 2. Understanding of the responsibilities of functional committees. 3. Improvement of the decision-making quality of functional committees. 4. Composition of functional committees and member selection. 5. Internal control.	Excellent (Agree)
Once per year	2025/1/1~ 2025/12/31	(4) Remuneration Committee	Performance evaluation by internal questionnaire	1. Participation in company operations. 2. Understanding of the responsibilities of functional committees. 3. Improvement of the decision-making quality of functional committees. 4. Composition of functional committees and member selection.	Excellent (Agree)
Once every three years	2025/1/1~ 2025/12/31	(5) Board	Conducted by Live Sustainability Co., Ltd., an external independent evaluation institution, through director self-assessment questionnaires and on-site interviews.	Effective board operations, director participation, professional development, corporate foresight, fulfillment of duties, management oversight, corporate culture, stakeholder communication, and performance assessment.	Excellent. (Note)

In 2025, the performance evaluation results of the board of directors, the above-mentioned committees, and directors are all above 4.5 points, all of which are excellent (agree), which means "effective operation" and will be reported to the board of directors on March 9, 2026.

(4) Goals to Enhance Board Functions for the Current and Previous Fiscal Years (e.g., Establishing an Audit Committee, Enhancing Information Transparency) and Execution Status:

A. The Company has set “Rules Governing the Scope of Powers of Independent Directors”, “Ethical Corporate Management Best Practice Principles”, “Corporate Governance Best Practice Principles”, “Self-Evaluation or Peer Evaluation of the Board of Directors”, and “Rules of Procedure for Board of Directors Meetings”. In accordance with the "Self-Evaluation or Peer Evaluation of the Board of Directors ", the board of directors regularly completes the performance evaluation by self-evaluation.

B. The company has three independent directors, and the independent directors serve as conveners and members of the Remuneration Committee and Audit Committee.

C. The company has purchased liability insurance for board members.

D. The convening of the board, the discussion of the motion, the issuance and preservation of the proceedings are handled in accordance with “Rules of Procedure for Board of Directors Meetings”.

E. The training hours of directors have been registered in MOPS.

F. The board nomination system has been implemented in the Company's articles of association.

G. The company's corporate website has a sustainable management area, an investor area, a corporate governance area, and a stakeholder area to provide important information about the company's finances and business and contact channels for stakeholders.

3.2. Audit Committee and Attendance of Supervisors at Board Meetings

The audit committee’s annual work highlights and the operating conditions for the year are described as follows:

3.2.1. The audit committee of the Company consists of three independent directors to supervise the adequate presentation of the Company's financial statements, the selection and discharge of the CPA, the independence and performance, the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and the control mechanism for existing or potential risk. The matters discussed in the Audit Committee mainly include:

(1) Set or amend internal control systems according to the provisions of Article 14-1 of the Securities and Exchange Act.

(2) Assessment of the effectiveness of the internal control system.

(3) Set or amend Operating procedures for obtaining or disposing of assets, engaging in derivative transactions, outward loans to others, endorsement and guarantee to others according to the provisions of Article 36-1 of the Securities and Exchange Act.

(4) Matters relating to the director’s own interests.

(5) Significant assets or derivatives transactions.

(6) Significant outward loans to others, endorsement and guarantee to others.

(7) Transaction of public offering, issuance or private placement of equity-type securities.

(8) Appointment, discharge or remuneration of CPA.

(9) Appointment and discharge of finance, accounting or internal audit supervisor.

(10) The annual financial report signed or sealed by the Chairman, manager and accountant, and the second quarter financial report subject to the audit check by the accountant.

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

3.2.2. Review annual financial report:

The Board of Directors prepared the Company's 2025 annual business report, financial statements and proposals for deficit compensation. The financial statements have been audited and certified by Ernst & Young Taiwan. The aforementioned business report, financial statements and proposal for deficit compensation have been audited by the Audit Committee and no disagreement has been found.

3.2.3. Assessment of the effectiveness of the internal control system:

The Audit Committee evaluated the company’s internal control system (including the supervision and management of subsidiaries) as of December 31, 2025, including understanding the effectiveness of operations and the extent to which the efficiency targets were achieved, and the reporting system was reliable, Timeliness, transparency and compliance with relevant regulations and relevant laws and regulations, and the design and implementation of relevant internal control systems are effective.

3.2.4. Audit Committee Meeting：

(1) The Audit Committee held 4 meetings (A) in 2025. The attendance of the independent directors is shown in the following table:

Title	Name	Attendance in Person（B）	By Proxy	Attendance Rate in Person (%)【B / A】	Remarks
Independent Director	Chien-Kuo Yang	4	0	100	-
Independent Director	Chun-Hao Lai	4	0	100	-
Independent Director	Chia-Ling Yang	4	0	100	-

(2) Other mentionable items:

I. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

i. Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date	Resolution	Resolution results of the Audit Committee	The Company's response to the comments of the Audit Committee
2025.03.06 The 3rd meeting of the 3rd Audit Committee	1. 2024 Business Report and Financial Statements. 2. 2024 Earnings Distribution Proposal. 3. Amendment to the "Articles of Incorporation". 4. Plan for long-term capital raising. 5. Issuance of the 2024 "Internal Control System Statement". 6. Assessment of the independence and suitability of the CPAs. 7. Appointment of the CPAs for 2025.	Unanimously approved by all members of the Audit Committee attending the meeting.	Unanimously adopted and approved by all attendant Directors.
2025.05.05 The 4th meeting of the 3rd Audit Committee	1. 2025 Q1 Financial Statements. 2. Plan for domestic cash increase through the issuance of new shares and the issuance of the 1st domestic unsecured convertible bonds.	Unanimously approved by all members of the Audit Committee attending the meeting.	Unanimously adopted and approved by all attendant Directors.
2025.08.05 The 5th meeting of the 3rd Audit Committee	1. 2025 First-Half Financial Statements. 2. Formulation of the "Risk Management Policies and Procedures". 3. Amendments to the "Internal Control System" and "Implementation Rules for Internal Audit".	Unanimously approved by all members of the Audit Committee attending the meeting.	Unanimously adopted and approved by all attendant Directors.
2025.11.11 The 6th meeting of the 3rd Audit Committee	1. 2025 Q3 Financial Statements. 2. 2026 Annual Audit Plan.	Unanimously approved by all members of the Audit Committee attending the meeting.	Unanimously adopted and approved by all attendant Directors.
2026.03.09 The 7th meeting of the 3rd Audit Committee	1. 2025 Business Report and Financial Statements. 2. Report on the execution of the sound operation plan to the Annual General Meeting (AGM). 3. 2025 Deficit Compensation Proposal.	Unanimously approved by all members of the Audit	Unanimously adopted and approved by all attendant

Date	Resolution	Resolution results of the Audit Committee	The Company's response to the comments of the Audit Committee
	4. Amendment to the "Articles of Incorporation". 5. Plan for long-term capital raising. 6. Issuance of the 2025 "Internal Control System Statement". 7. Assessment of the independence and suitability of the CPAs. 8. Appointment of the CPAs for 2026.	Committee attending the meeting.	Directors.

ii. Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

II. If independent directors' avoidance of motions is conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.

III. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods, and results of audits of corporate finance or operations, etc.)

These communication meetings are held solely between the Independent Directors, the CPAs, and the Head of Internal Audit, without the presence of executive directors or management. The communication has been effective.

i. Communication between Independent Directors and the Internal Audit Head in 2025:

Date	Communication Matters	Independent Directors' Comments and Follow-up Actions
2025/3/6	Audit result reports for Q4 2024 and Jan-Feb 2025; Audit deficiency report.	No comments.
2025/5/5	Audit result report for March 2025.	No comments.
2025/8/5	Audit result report for Q2 2025; Audit deficiency improvement report.	No comments.
2025/11/11	Audit result report for Q3 2025; Formulation of the 2026 Audit Plan (including risk assessment planning).	No comments.

ii. Communication between Independent Directors and CPAs in 2025:

Date	Communication Matters	Independent Directors' Comments and Follow-up Actions
2025/3/6	1. 2024 Financial Statement audit matters (e.g., CPA independence, group audit scope, Key Audit Matters (KAMs), and expected audit opinions). 2. Updates on securities laws and regulations.	No comments.
2025/11/11	1. Review matters of the Q3 2025 financial statements and 2025 annual audit planning (e.g., CPA independence, group review scope, KAMs, and expected audit/review opinions). 2. Updates on securities laws and regulations	No comments.

iii. Communication Policy between Independent Directors, the Internal Audit Head, and CPAs:

1. At least one private meeting shall be held annually between the CPAs and the Internal Audit Head to discuss significant issues of the current year and areas of particular concern.
2. The Internal Audit Head regularly reports to the Audit

Committee on the implementation of the audit plan and any significant findings.

3. The CPAs attend the Audit Committee meetings quarterly to explain the results of the audit or review of the financial reports.
4. Independent directors, the Internal Audit Head, and the CPAs maintain real-time interaction via various communication methods based on communication needs.

iv. Disclosure: Detailed information regarding the communication between the Independent Directors, the Internal Audit Head, and the CPAs has been disclosed on the Company's official website.

3.2.5. Attendance of Supervisors at Board Meetings: NA.

3.3. Corporate Governance Implementation as Required by the Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/ Listed Companies"?	V		The Company has formulated 【Corporate Governance Best Practice Principles】 with reference to "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". And after approval by the board of directors, it is publicly exposed on the corporate website and MOPS.	None
2. Equity structure and shareholders' equity (1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement them according to the procedure?	V		The Company established【Procedures for Handling Material Inside Information】and the spokesperson system to handle shareholders' suggestions or disputes.	None
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The Company tracks the list of the major shareholders and the ultimate owners of those shares.	None
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		The Company has defined【Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises】 and 【Procedures Governing the Monitoring of Subsidiaries】to establish a risk management mechanism at its subsidiaries.	None
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		Besides established【Procedures for Handling Material Inside Information】&【Procedures for the Prevention of Insider Trading】, the Company require insiders shall declare the holding of shares.	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
3. Composition and Responsibilities of the Board of Directors (1) Has the Board of Directors established a diversification policy and a specific management goal, and has it been implemented accordingly?	V		Article 20 of the "Code of Practice on Corporate Governance" of the company has stipulated that the composition of the board of directors is diversified. And formulate an appropriate diversification policy based on its own operation, operation type and development needs, Including but not limited to basic conditions and values (gender, age, nationality and culture, etc.) and professional knowledge and skills (such as accounting, industry, finance, marketing research and development, technology, business management, professional skills and industrial experience, etc.) two aspects, And generally possess the knowledge, skills and literacy necessary to perform duties. Report on the implementation of the Board diversity policy: 1. The company currently has 7 directors, of which independent directors account for 3 directors accounting for 43%; directors with employee status account for 4%; directors under 60 account for 43%, and directors over 70 account for 0%. 2. Independent director's term of office: since June 2015, not more than 9 years. 3. Each director has his own professional background including accounting, industry, finance, marketing research and development, technology, operation management, professional skills, and industry experience, etc. (Please refer to P.7-8 Diversity and Independence of the Board of Directors) Please refer to the Company's corporate website for the Company's corporate governance code of practice.	None
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	To strengthen risk control and sustainable governance mechanisms, the Company established the Sustainability Development Committee on November 11, 2025, to enhance overall corporate governance effectiveness.	As the Summary Description
(3) Does the Company establish a standard to measure the performance of the Board, on an annual basis, report the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?	V		"The Company has established the 'Rules for Performance Evaluation of the Board of Directors' and has conducted annual internal performance evaluations of the Board since 2019. The result of the 2025 internal evaluation was 'Excellent.' This result, along	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			with the external evaluation conducted by ' Live Susthinkability Co., Ltd.,' was reported to the 8th meeting of the 8th Board of Directors for acknowledgment. These findings serve as a reference for determining individual directors' remuneration and nominations for re-election. For further details regarding the evaluation, please refer to pages 18-19 of this Annual Report.	
(4) Does the Company regularly evaluate the independence of CPAs?	V		The audit committee and the board of directors of the company have regularly assessed the independence of CPA annually in accordance with the items stipulated in the Bulletin on the No.10 Norm of Professional Ethics for Certified Public Accountant of the ROC and obtained the independence statement issued. The results of the most recent evaluations in the last two years were approved by the Audit Committee and the Board of Directors on March 6, 2025, and March 9, 2026, respectively, regarding the independence and suitability of the certified public accountants. Please refer to Note 1 for the criteria for assessing the independence of accountants.	None
4. Does the company established an exclusively (or concurrently) corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors, handle matters relating to board meetings and shareholders' meetings according to laws, handle corporate registration and amendment registration, produce minutes of board meetings and shareholders meetings, etc..	V		On March 8, 2023, the company's board of directors appointed Ms. Chou Han-Chang, VP and CFO, as the supervisor of corporate governance to perform corporate governance business and handle relevant reporting operations, and report to the public information observation station by regulations. 1. The corporate governance affairs that he is responsible for are as follows: (1) Conducted matters relating to board meetings and shareholder meetings. (2) Assisted in the matters of director appointment and professional enhancement. (3) Maintains D&O insurance for its directors and key officers. (4) Election of the general meeting of shareholders, announcements and other related matters (5) Handle matters relating to company registration and change of company registration. (6) Arrange separate meetings between independent directors and CPA.	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			2. In 2025, the company's governance supervisor participated in continuing education. Please refer to Note 2 for details.	
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company established a communication channel on the company website. Including customers, suppliers, investors, and employees, providing e-mail and specific contact windows for all kinds of stakeholders to ask questions, and the main business leaders will reply to maintain a good communication channel.	None
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company entrusted the stock agency of Horizon Securities Co., Ltd. to handle the affairs of the shareholders' meeting.	None
7. Information Disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		The Company has disclosed information of financial and corporate governance on the website.	None
(2) 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)?	V		The Company has built an English website and appointing department of Finance to handle information collection and disclosure. The Company has established a spokesperson policy that properly handles shareholder recommendations and company information. The Company provides investor conferences webcasts and presentation materials on its website in a timely manner.	None
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		V	The Company announced and declared the quarterly and annual financial reports and the monthly operating situation within the prescribed time limit.	As the Summary Description
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1)Employee rights and employee care: The company has established an Employee Welfare Committee, implements a retirement pension system, plans employee group insurance, arranges regular health check-ups for employees, and encourages employees to participate in various training courses. (2)Investor relations: The Company established the spokesperson system to handle shareholders' suggestions or disputes. (3)Supplier Relationships:	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			The company has established a supplier audit and evaluation procedure, and only those who pass the audit can become partners. Additionally, to enhance communication with suppliers, the company has set up a complaint mailbox, serving as a channel for communication and complaints with the company. (4)The rights of stakeholders: The Company's website has information for contact. (5)Status of continuing education for directors and supervisors: The directors of the company actively participate in various professional knowledge training courses, and the directors' training status has been disclosed in the MOPS and supervisors training records are listed below. (6)Implementation of risk management policies and risk measurement: In addition to the internal control and related regulations and standardized operating procedures, the major business, finance or investment shall be approved by the board, and the risk has been minimized or acceptable. (7)Implementation of customers policy: Customers can make a request through e-Service system, and the engineers will reply immediately. (8)The Company maintains D&O insurance for its directors and key officers. The insurance has been renewed at expiration and disclosed on the Market Observation Post System (MOPS). (9)The company's corporate website has set up a corporate sustainable development zone, an investor zone, and a corporate governance zone to provide relevant important information.	

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	

(10)Status of training for directors and supervisors.

Title	Name	Date	Course Title	Training hours
Chairman	Jyh-Ming Lin	Aug 05, 2025	Artificial Intelligence (AI) Risk Governance Practices	3
		Nov 11, 2025	Trends and Challenges of Board Cybersecurity Governance	3
Director	Herming Chiueh	Aug 05, 2025	Artificial Intelligence (AI) Risk Governance Practices	3
		Nov 11, 2025	Trends and Challenges of Board Cybersecurity Governance	3
Director	Hong-Men Su	Aug 05, 2025	Artificial Intelligence (AI) Risk Governance Practices	3
		Nov 11, 2025	Trends and Challenges of Board Cybersecurity Governance	3
Director	Andrew Chang	Aug 05, 2025	IFRS 18 Financial Statement Presentation and Disclosure and Sustainable Innovation: Responding to Social Change and Establishing Differentiated Innovation Strategies	3
		Nov 11, 2025	Trends and Challenges of Board Cybersecurity Governance	3
Independent director	Chien-Kuo Yang	Aug 05, 2025	Artificial Intelligence (AI) Risk Governance Practices	3
		Nov 11, 2025	Trends and Challenges of Board Cybersecurity Governance	3
Independent director	Chun-Hao Lai	Aug 05, 2025	Artificial Intelligence (AI) Risk Governance Practices	3
		Nov 11, 2025	Trends and Challenges of Board Cybersecurity Governance	3
Independent director	Chia-Ling Yang	Aug 05, 2025	Artificial Intelligence (AI) Risk Governance Practices	3
		Nov 11, 2025	Trends and Challenges of Board Cybersecurity Governance	3

9. The improvement status for the result of the Corporate Governance Evaluation announced by Taiwan Stock Exchange: None.

Note1: CPAs' independence evaluation criteria

1. Regarding independence, eligibility (including performance), appointment, and review of the annual remuneration proposal of certified accountants, the audit committee used the certification The AQI information and other non-quantitative indicators submitted by the accountant are jointly evaluated as the basis for the appointment of certified accountants. After the resolution of the audit committee is passed, it is submitted to the board of directors for approval on the same day. The preparation of the AQI information is based on the AQI structure and disclosure template updated by the Financial Supervisory Commission. The period information covers the fiscal year 2025 of Ernst & Young and 2024. The items evaluated by the audit committee and the board of directors of the company include 5 aspects and 13 indicators including professionalism, independence, quality control, supervision, and innovation ability; other non-quantitative indicators are as follows:

Items for Evaluation	Evaluation Result	Compliance with Independence
Whether the accountants and their spouses and dependent relatives have direct or significant indirect financial interests in the company	No	Yes
Whether the accountants and their spouses and dependent relatives have any commercial relationship with the company's directors and managers that affects independence	No	Yes
During the audit period, whether the audit accountants and their spouses and dependent relatives are the company's directors, managers, or positions that have a direct and significant impact on the audit work	No	Yes
Whether the auditor and the company's directors and managers have spouses, direct blood relatives, direct blood relatives, or second-degree relatives in collateral blood	No	Yes

Note2: The training status of company governance executives in 2025:

Title	Name	Date	Organizer	Course Title	Training hours
VP	Han-Chang Chou	2025.08.05	Taiwan Corporate Governance Association	Artificial Intelligence (AI) Risk Governance Practices	3
		2025.10.03	Securities and Futures Market Development Fund Foundation, R.O.C.	2025 Insider Trading Prevention Promotion Conference & AI	3
		2025.10.28	Taiwan Corporate Governance Association	Application and Corporate Governance Seminar	3
		2025.11.11	Taiwan Corporate Governance Association	Trends and Challenges of Board Cybersecurity Governance	6

3.4. Operation of the Company’s Remuneration Committee

3.4.1. Remuneration Committee’s members

Title	Criteria / Name	Professional qualifications and experience	Independence situation	Number of other public companies concurrently serving as an independent director
Independent Director	Chien-Kuo Yang	Please refer to pages 7 to 10 of this annual report for directors’ information.	Please refer to pages 7 to 10 of this annual report for directors’ information.	2
Independent Director	Chun-Hao Lai	As above	As above	3
Independent Director	Chia-Ling Yang (Note)	As above	As above	0

Note: Independent Director Yang, Chia-Ling resigned from the Remuneration Committee on February 5, 2026.

3.4.2. Responsibilities of the Company’s Remuneration Committee

The Remuneration Committee assists the Board in discharging its responsibilities relating to the Company’s compensation and benefits policies, plans and programs, and the evaluation of the directors’ and executives’ compensation. The compensation to directors and other key managers were determined by the Remuneration

Committee of the Company in accordance with the individual performance and the market trends.
The compensation is measured based on the employee's personal achievements, contribution made to the business operation, and the market averages. It has a positive correlation with the performance of the Company's business. The annual earning distribution status is submitted to the Board of Directors for discussion.

3.4.3. Remuneration Committee Meeting Status

(1) The total number of members of the Company's Remuneration Committee is 3.

(2) The Compensation Committee held meetings 3 times (A) for the preceding year (2025). Attendance statuses of Independent Directors are as follows:

Title	Name	Attend in Person(B)	Attendance by Proxy	Attendance Rate in Person (%) (B/A)	Remarks
Convener	Chien-Kuo Yang	3	0	100	-
Member	Chun-Hao Lai	3	0	100	-
Member	Chia-Ling Yang	3	0	100	-

3.4.4. Other Required Notes for Remuneration Committee:

(1) In cases the Board doesn't adopt or revise Remuneration Committee's proposals, the Company shall list date/number of the Board meeting, agenda, the Board's resolution, and the Company's response to Remuneration Committee's proposal: None.

(2) In cases Remuneration Committee members have dissenting opinions or qualified opinions against their solution and recorded with notes in paper, the Company shall list date, number of the Remuneration Committee meeting, agenda, all members' opinion, and the follow-up of the members' opinion:

Meeting	Resolutions	Resolution results	The Company's response to the comments of the Remuneration Committee
The 2nd meeting of the 4th Committee 2025.03.06	1. To approve the 2024 distribution of employees' and directors' remuneration. 2. To approve the amendment to the 2024 projected compensation for executive officers. 3. To approve the amendment to the 2025 projected compensation for executive officers.	Unanimously approved by all members of the Remuneration Committee attending the meeting (Manager Han-Chang Chou has left the vote in accordance with the law when voting on the motion)	The 8th meeting of the 4th Board of Directors is all present and approved by the directors. (Managers and attendees have left the vote in accordance with the law when voting on the motion)
The 3rd meeting of the 4th Committee 2025.8.5	Approval of the Employee Stock Subscription Plan for Cash Capital Increase and the Executive Allocation List.	Unanimously approved by all members of the Remuneration Committee attending the meeting (Manager Han-Chang Chou has left the vote in accordance with the law when voting on the motion)	The 8th meeting of the 6th Board of Directors is all present and approved by the directors. (Managers and attendees have left the vote in accordance with the law when voting on the motion)

Meeting	Resolutions	Resolution results	The Company's response to the comments of the Remuneration Committee
The 4th meeting of the 4th Committee 2025.11.11	To approve the 2026 projected compensation for executive officers.	Unanimously approved by all members of the Remuneration Committee attending the meeting (Manager Han-Chang Chou has left the vote in accordance with the law when voting on the motion)	The 8th meeting of the 7th Board of Directors is all present and approved by the directors. (Managers and attendees have left the vote in accordance with the law when voting on the motion)

3.5. Information on Nomination Committee members and operations: Not applicable

3.6. Implementation of Sustainable Development Promotion and Deviations from "the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies".

Promote Item	Implementation			Reason for non-implementation
	Yes	No	Summary Description	
1. Has the company established a governance structure to promote sustainable development, and set up a dedicated (or non-dedicated) unit to promote sustainable development, relevant affairs of which are handled by senior managerial officers under the Board's authorization and supervision?	V		The Board of Directors approved the amendment of the "Corporate Social Responsibility Best Practice Principles" to the "Sustainable Development Best Practice Principles" on November 9, 2022. Since 2023, a cross-departmental Sustainable Development Task Force has been established, coordinated by the Corporate Governance Officer to plan and implement sustainable development goals. To enhance governance efficiency, the "Sustainable Development Committee" was formally established in November 2025 as the highest decision-making body for sustainability governance. The committee periodically reviews performance and reports to the Board of Directors. Under the committee, five specialized working groups have been formed to execute goals across Environmental Sustainability, Social Responsibility, Corporate Governance, Risk Management, and Ethical Management, ensuring information transparency. The 2025 Sustainable Development Execution Report has been published on the corporate website.	None
2. Did the company conduct risk assessment of environmental, social and corporate governance issues for its operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The company follows the Global Reporting Initiative (GRI) standards to conduct ESG (Environmental, Social, and Governance) strategy planning and risk assessment, covering the scope of the company. The assessment of significance is based on the degree of concern and impact on the company's operations by	None

Promote Item	Implementation			Reason for non-implementation
	Yes	No	Summary Description	
			various stakeholders, and management and responses are prioritized accordingly. The company conducts regular risk identification processes annually regarding environmental, social, and corporate governance aspects. After prioritizing risks, management actions are taken on high-risk items. (Please refer to the company's ESG report).	
3. Environment Topic (1) Does the Company establish proper environmental management systems based on the characteristics of their industries?	V		The Company is a professional CPU IP design company with no production process, so it has no significant impact on environmental impact. And also provides energy and resource saving technologies in product design to reduce the impact of global warming.	None
(2) Has the Company made effort to enhance the resources efficient use and used regenerated materials to mitigate the impact on the environment?	V		The Company strives for perpetual operations and development. During the lunch break, turn off the lights for 1 hour to save energy and reduce carbon, and provide employees with environmentally friendly tableware to reduce the use of disposable tableware.	None
(3) Does the Company evaluate the potential risk and opportunity caused by the climate change currently and in the future, and take measures corresponding to the climate relevant issues?	V		The company will regularly assess the potential risks and opportunities of climate change to the company and take measures to respond to climate-related issues, which will be disclosed on the company's corporate website and ESG report.	None
(4) Does the Company make statistics of total greenhouse gas emissions, water consumption and waste weight of the Company during past two years, and establish strategies for energy conservation, carbon and greenhouse gas reduction, water consumption saving or waste management, and has the Company formulated policies for greenhouse gas reduction, water use reduction, and other waste management??	V		The Company has calculated the greenhouse gas emissions, water consumption and total weight of waste in the past two years. And establish strategies for energy conservation, carbon and greenhouse gas reduction or water consumption saving. And disclosure on the company's website and ESG report to implement corporate sustainable development responsibility.	None
4. Society Topic (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Company has formulated its Human Rights Policy in accordance with the laws and regulations of its operating locations and international standards, including the UN Guiding Principles on Business and Human Rights (UNGPs) and the Responsible Business Alliance (RBA) Code of Conduct. We are dedicated to fostering a work environment characterized by	None

Promote Item	Implementation			Reason for non-implementation
	Yes	No	Summary Description	
			fairness, dignity, and diversity. Key Implementation Highlights in 2025: ● 100% of new hires completed the execution of Non-Disclosure Agreements (NDAs) and Intellectual Property (IP) Rights Agreements. ● Conducted regular awareness campaigns on sexual harassment prevention, prevention of insider trading, and ethical corporate management to strengthen employees' awareness of human rights and legal compliance. ● The CEO signed the "Workplace Violence Prevention Statement" to reinforce our commitment to a safe and harmonious workplace. For further information regarding our human rights management policies, specific programs, and the latest implementation status, please refer to the Company's official website.	
(2) Does the Company establish and implement rational employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the corporate business performance or achievements in the employee remuneration policy?	V		1. Employee Welfare Measures The Company provides compensation and benefits packages that are superior to legal requirements: ● Disburses quarterly bonuses and employee remuneration based on performance, and has implemented an Employee Stock Ownership Trust (ESOT). ● An Employee Welfare Committee (EWC) has been established to organize company trips and year-end parties, and to provide subsidies for weddings, funerals, and other celebrations. The Company also offers a high-quality work environment and maintains a regular labor-management communication mechanism. 2. Retirement System and Its Implementation The Company has established relevant management regulations in accordance with the law, which clearly define retirement application procedures and payment standards: ● The Company complies with the new pension system under the "Labor Pension Act." Each month, the Company contributes 6% of each employee's monthly salary to their individual pension account at	None

Promote Item	Implementation			Reason for non-implementation
	Yes	No	Summary Description	
			the Bureau of Labor Insurance. ● In 2025, the total amount of pension contributions was NT$51,939 thousand (for historical data, please refer to the Company’s official website).	
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		The Company regularly conducts safety and health awareness programs and implements relevant measures for our employees. Routine inspections of the work environment are also performed. For further details, please refer to pages 76-77 of this annual report.	None
(4) Does the Company provide its employees with career development and training sessions?	V		The company arranges professional training, English learning courses and specific professional skills training courses to increase work quality and performance. For relevant details, please refer to the Company's official website.	None
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		When the company provides services to customers, the transaction process is completed according to the contract contents signed by both parties and comply with relevant regulations and international standards. For relevant details, please refer to the Company's official website.	None

Promote Item	Implementation			Reason for non-implementation
	Yes	No	Summary Description	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		The Company has established the "Supplier Management Procedures" and "Supplier Code of Conduct," integrating ESG into the core of our supply chain management. We set forth specific regulatory requirements for our suppliers: 1. Green Compliance and Local Procurement: Suppliers are strictly required to comply with international and customer-approved green product standards. We have set proactive standards for hazardous substance management and prioritize local procurement to reduce our carbon footprint. 2. Labor Rights and Ethics: Suppliers must ensure a safe working environment where employees are treated with dignity and respect, while strictly adhering to labor human rights and ethical conduct codes. To ensure compliance with these standards, the Company conducts regular annual audits and performance evaluations: 1. 2024 Supplier Evaluation: The Company completed the "Annual Supplier Evaluation" for 11 key suppliers with procurement amounts exceeding specific thresholds. The evaluation covered five major areas: Labor, Health and Safety, Environmental Protection, Ethics, and Management Systems. All results met the Company's standards. 2. On-site Audits: Based on evaluation results, personnel are dispatched to conduct on-site audits when necessary to ensure that actual operations align with corporate social responsibility (CSR) and safety regulations. 3. CSR Commitments: For new and high-transaction-frequency suppliers, the Company requires the signing of a "Supplier Social Responsibility Commitment Letter." In 2025 (FY114), 12 letters were issued with a 100% return rate.	None

Promote Item	Implementation			Reason for non-implementation
	Yes	No	Summary Description	
5. Does the Company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the Company, such as ESG Report? Do the reports above obtain assurance from a third-party verification unit?	V		To fulfill ESG information disclosure, the Company has prepared the 2025 Sustainability Report in accordance with the Core Options of the GRI Standards. The report provides a thorough disclosure of our practices and performance across governance, operations, environment, and social dimensions. This report is scheduled for official release in 2026 and will be simultaneously disclosed on the Market Observation Post System (MOPS) and the Company's official website. Currently, the report has not yet obtained assurance or a guarantee opinion from a third-party verification body.	None
6. Describe the difference, if any, between actual practice and the corporate sustainable development responsibility principles, if the Company has implemented such principles based on the Corporate Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies: The Company has established the "Sustainable Development Practices Guidelines" and has compiled ESG reports. The actual operation aligns with the established guidelines with no significant differences.				
7. Other important information to facilitate better understanding of the Company's corporate sustainable development responsibility practices： ➢ The Company holds the "Andes Certified Engineer Test (ACET™) Program" every year, which can screen out engineers who are skilled in using the Andes development system. In 2025, a total of 118 students participated in the ACET™ test. The Company's accreditation plans and donations in order to help students understand practical, applied and future employment opportunities. In addition, the company donated AndesCore™ CPU IP to the school for R&D and project research. ➢ The verification program organized by our company and the donation of AndesCore™ CPU IP to schools cannot use the amount to show economic benefits. We only use our own efforts to help schools cultivate students who are interested in the industry, and help students understand practices, applications and future employment. Opportunity to give back to the community. For other information, please refer to the website: http://www.andestech.com ➢ The company hosted the first "Andes Awards RISC-V Creative Competition" since 2022, providing high bonuses and requiring participating teams to realize their work on the RISC-V platform. School students participate in a creative competition. The competition is conducted in an open and fair manner, aiming to discover outstanding innovative talents in the RISC-V industry. The fourth edition was held in 2025, attracting 54 teams from 17 schools, with over a hundred participants registering for the event.				

3.6-1. Climate-Related Information

1. Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	**Board of Directors** The Board of Directors is the highest body for the company's sustainable governance, responsible for guiding long-term business strategies and supervising the promotion of sustainability projects. Every year, based on the results of material issue assessments, the company's vision, and stakeholder concerns, the Sustainable Development Task Force formulates sustainability strategies, project plans, risk assessments, and response measures. These are submitted to the Board for review and then executed to strengthen the company's management and response capabilities regarding impacts on the economy, environment, and people. **Sustainable Development Committee** As the primary entity for promoting and supervising sustainability policies, the Committee is responsible for coordinating sustainability strategies, annual plans, and execution progress management, while coordinating various departments to implement operations according to their functions. Through cross-departmental collaboration, the Committee drives sustainability efforts in corporate governance, ethical compliance, information security, supply chain management, human resources, occupational health and safety, and environmental management. It is also responsible for managing material issues, tracking projects, assessing risks, and integrating improvement suggestions to ensure that sustainability policies are effectively implemented and continuously refined.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	In response to rising global climate risks and the net-zero transition trend, Andes Technology continues to follow the TCFD framework to identify and assess climate-related risks and opportunities, incorporating them into operational management and strategic planning. Considering the company is in the CPU IP design industry, with a business model focused on R&D, licensing, and customer service, primary climate risks include policy changes such as carbon fees/taxes, delays in development or verification schedules due to extreme weather affecting supply chain partners, logistics disruptions, and the potential impact of power supply stability and energy cost fluctuations on operations. Beyond risks, the company focuses on development opportunities arising from low-power processor design, increased demand for energy-saving applications, renewable energy adoption trends, and green supply chain cooperation. In 2025, the company compiled 16 key risk factors and quantitatively assessed their likelihood and impact across short-term (2025–2027), medium-term (2028–2032), and long-term (2033–2050) periods to serve as a reference for resource allocation, R&D direction, and operational adjustments. Moving forward, Andes will continue to strengthen supply chain resilience, monitor low-carbon regulatory trends, and leverage its expertise in low-power CPU IP design to seize market opportunities in green transformation and energy-saving applications, enhancing long-term competitiveness and operational resilience.
3. Describe the financial impact of extreme weather events and transformative actions.	Facing the increasing frequency of extreme weather events and the global net-zero transition, Andes has integrated climate change issues into its operational management and risk assessment framework, continuously identifying potential transition and physical risks through cross-departmental collaboration. As a CPU IP design company, main operational risks include development and verification delays caused by climate events affecting the supply chain, changes in energy policies and carbon fee/tax systems, and rising requirements from customers for

Item	Implementation status
	low-carbon design and sustainability disclosure (details in Appendix 1). **Climate Change Risks and Opportunities** To strengthen operational resilience and respond to international sustainability disclosure trends, the company is gradually referencing the TCFD framework and the spirit of IFRS S2 disclosure. We have established processes for identifying, assessing, analyzing, and responding to climate risks and opportunities across governance, strategy, risk management, and metrics/targets to guide management measures, resource allocation, and information disclosure. 1. Identification and Assessment: Compile internal/external information and stakeholder concerns to identify climate transition and physical risks/opportunities, performing initial scoring based on likelihood, scope, and severity. 2. Questionnaire Distribution: Design TCFD questionnaires based on the established framework to collect data and opinions from internal units and key stakeholders as a foundation for impact analysis. 3. Impact Analysis: Deduce impact pathways of climate issues on operations and the value chain, covering costs, resource use, supply chain stability, and regulatory/customer requirements to evaluate potential financial and operational impacts. 4. Adaptation: Develop response strategies and adaptation measures for priority risks/opportunities, defining clear division of labor and follow-up plans, integrated into management processes and reported to the Board as necessary.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	**Climate Change Risk and Opportunity Identification Process** 1. Identification and Initial Assessment: Relevant units (Sustainability/ESG, Admin, IT, Finance) collaborate on data collection and issue identification, referencing the TCFD framework for physical/transition risks and opportunities based on company characteristics (R&D, licensing, office/data center operations, reliance on cloud/toolchain providers). 2. Analysis and Evaluation: Evaluate impact pathways for screened items, covering business continuity, energy costs, compliance/disclosure costs, customer sustainability clauses, and supplier stability. Likelihood and severity are considered to prioritize management. 3. Linking Financial Impact to Management: Connect assessment results to potential financial impacts (e.g., additional expenses, capital investment, project schedule fluctuations, backup costs) and compiling corresponding management measures (e.g., remote collaboration, energy efficiency, supplier coordination) to ensure consistency and traceability. 4. Prioritization and Continuous Improvement: Establish priorities, formulate response strategies and track indicators, and incorporate significant issues into the overall risk management and review mechanism. Regular reviews and rolling adjustments ensure alignment with company strategy and the external environment.

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</td><td>Under the TCFD framework, the company references the Shared Socioeconomic Pathways (SSP) from the IPCC AR6 report, selecting SSP2-4.5 (Moderate Emission Scenario) and SSP5-8.5 (Very High Emission Scenario) to assess climate risk variations and financial impacts, serving as a basis for resilience strategy planning.

Transition Risk Scenario Analysis:
<table>
<tr><th>SSP Scenario</th><th>Transition Risk Scenario Assumptions</th><th>Estimated Potential Financial Impact</th></tr>
<tr><td>SSP2-4.5</td><td>Global climate policies advance moderately; economic growth and low-carbon transition coexist. Temp rise ~2.7°C.</td><td>Andes expect pressure from carbon pricing, higher disclosure requirements, and stricter customer supply chain standards. This may drive adjustments in product design. We will enhance GHG inventory mechanisms, optimize data management, and deepen R&D in high-efficiency processor IP. If the 2030 carbon fee is NT1,200–1,800/ton, based on estimated emissions of 272.2126 tCO2e potential expenditure is approx. NT326,700–490,000. Risks are manageable and aid in product upgrades.</td></tr>
<tr><td>SSP5-8.5</td><td>Global cooperation weakens; fossil fuel use continues to grow with no clear mitigation. Temp rise ~3.6°C.</td><td>Short-term carbon regulation pressure is lower, but brand image and customer cooperation conditions may be affected as stakeholders focus more on climate risk. Failure to establish low-carbon management early could increase future transition costs and schedule pressure when policies shift, impacting long-term competitiveness.</td></tr>
</table>

Physical Risk Scenario Analysis:
<table>
<tr><th>SSP Scenario</th><th>Physical Risk Scenario Assumptions</th><th>Estimated Potential Financial Impact</th></tr>
<tr><td>SSP2-4.5</td><td>Global climate policies advance moderately; economic growth and low-carbon transition coexist. Temp rise ~2.7°C.</td><td>Increased frequency of extreme weather may affect office operations, employee safety, and operational stability, raising energy costs due to cooling needs. As a CPU IP design company, physical impacts are mostly indirect, affecting project progress through office disruptions or system stability. To mitigate this, we have strengthened our Business Continuity Plan (BCP), emergency response, system redundancy, and remote work arrangements.</td></tr>
</table>
</td></tr>
</table>

Item	Implementation status		
	SSP5-8.5	Global cooperation weakens; fossil fuel use continues to grow with no clear mitigation. Temp rise ~3.6°C.	Higher probability of extreme weather may cause chain effects through the supply chain and customers (e.g., fabrication or testing delays), affecting customer project schedules and increasing insurance/operational protection costs. We will enhance resilience through key system backups, cross-regional collaboration, and monitoring supply chain climate risk exposure.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Andes follows national net-zero policies and international disclosure trends, strengthening GHG management and reduction as a foundation for sustainability. Since operations focus on R&D and licensing, energy use is concentrated in offices and IT equipment. Our strategy focuses on energy efficiency, data management, and low-carbon operation capabilities. We have planned a medium-to-long-term carbon reduction path, reviewing Scope 1 and Scope 2 targets based on inventory results and management maturity. Implementation includes upgrading office efficiency, replacing high-energy equipment, and improving energy monitoring precision. We also evaluate the feasibility of RECs and green power procurement while leveraging our low-power CPU IP design advantage (see Appendix 2).		
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has not yet implemented an Internal Carbon Pricing (ICP) scheme.		
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	**Renewable Energy Support** In 2025, Andes continues to support renewable energy and efficiency in line with national policies. We focus on enhancing electricity efficiency and evaluating renewable energy adoption, monitoring the development of RECs and green power markets for Scope 2 management. Our strategy involves rolling reviews of emission performance and refining office energy-saving measures. Operationally, we reduce consumption through AC management, LED lighting, and IT equipment efficiency, while considering customer and supply chain requirements for green cooperation.		
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out points 1-1 and 1-2 below).	The company’s capital is below NT$5 billion. According to the "Sustainable Development Roadmap for Listed Companies," we will disclose parent company GHG inventory from 2026 (for the previous year), with assurance starting in 2028. Consolidated GHG inventory disclosure will start in 2027, with assurance from 2029. Please refer to 1-1 and 1-2.		

1-1 GHG Inventory and Assurance for the Past Two Years

1-1-1 GHG Inventory Information

State the greenhouse gas emissions (metric tons of CO_2e), intensity (metric tons of CO_2e / NT$ million), and the scope of data coverage for the most recent two years.
According to the "Sustainable Development Roadmap for Listed Companies" (refer to https://isds.tpex.org.tw for the detailed timeline): 1. Parent Company Only: Starting from 2026, the annual report shall disclose the GHG inventory information of the parent company for the preceding year on an annual basis. 2. Consolidated Subsidiaries: Starting from 2027, the annual report shall disclose the GHG inventory information of the consolidated entities for the preceding year on an annual basis.

Year	Scope 1	Scope 2	Scope 3	Total	Emission Intensity
2024	0.0000	450.4341	0.0000	450.4341	0.4140
2025	0.0402	272.1724	107.8855	381.041	0.3319

Note1: Emission Factors: Sourced from the latest "Greenhouse Gas Emission Factors" published by the Ministry of Environment, Executive Yuan. GWP Values: Based on the values announced by the IPCC (Sixth Assessment Report, AR6).

Note2: GHG Types Included: Carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride.

Note3: Inventory Standards: Conducted in accordance with the Greenhouse Gas Protocol (GHG Protocol).

Note4: Emission Intensity Calculation: Intensity may be calculated per unit of product/service or revenue. The Company discloses data calculated based on revenue (per NT$ million) as required.

1-1-2 Greenhouse gas assurance information

Describe the conviction status for the most recent two years, including the scope of conviction, the conviction body, the conviction criteria, and the conviction opinion.
Please explain the scope of at least assurance that should be implemented in accordance with the provisions of the Sustainable Development Roadmap of TWSE/TPEx listed companies (for relevant timeline planning, please refer to the website of the TPEx listed company's exclusive roadmap: https://isds.tpex.org.tw): 1. Parent company: Starting from 2028, the company's annual report will disclose the confidence in the parent company's individual greenhouse gas inventory information for the previous year and continue to disclose it annually. 2. Consolidated Company: Starting from 2029, the annual report of the Company will disclose the confidence in the greenhouse gas inventory information of the consolidated company in the previous year and continue to disclose it annually.

Note 1: The schedule specified in Paragraph 3 of Article 4-1 of these Regulations shall be followed.
Note 2: The assurance institution shall comply with the relevant requirements for sustainability report assurance institutions established by the Taiwan Stock Exchange Corporation and the Taipei Exchange of the Republic of China.
Note 3: For disclosures, please refer to the Best Practices Reference Examples on the Taiwan Stock Exchange Corporate Governance Center website.

1-2 Greenhouse gas reduction targets, strategies, and specific action plans

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans, and achievement of reduction targets.
Since the Company will implement Scope 1 to Scope 3 greenhouse gas inventories from 2025, the base year for greenhouse gas management will be adjusted to 2025. According to the results of the inventory, the Company's Scope 1 greenhouse gas emissions in 2025 were 0.0402 metric tons of CO_2e, Scope 2 was 272.1724 metric tons of CO_2e, and Scope 3 was 107.8855 metric tons of CO_2e. In the future, the Company will continue to track emissions changes in various areas using 2025 as the base year as an important basis for reduction management, target setting, and low-carbon transformation promotion.

Greenhouse gas reduction base year and reduction targets and implementation measures

The company's target is to reduce the average carbon emissions per person by 1%~2% per year. The greenhouse gas reduction strategy and specific action plan are as follows:

1. Turn off the lights for 1 hour during lunch break and encourage colleagues to turn off the lights at once to reduce energy and resource consumption.
2. The office adopts LED lighting equipment to reduce energy and resource consumption.
3. The temperature control of the air conditioning in the office in the whole area is equipped with a timed shutdown device.
4. Use water-saving equipment, promote water conservation, and reduce water waste.
5. Provide environmentally friendly tableware and reduce the use of disposable tableware to reduce garbage and pollution that impact on the environmental load.
6. In terms of waste, according to the classification method set by the Environmental Protection Agency, clearly marked and compliant temporary storage containers are set up in the office to achieve correct classification and effective recycling.
7. Implement an online sign-off system to reduce the use of paper.
8. Promote the use of hand dryers in the bathroom to reduce the consumption of paper towel resources.

Annex 1:

The company regularly reviews and adjusts its medium- and long-term business strategies on a rolling basis, incorporating "net-zero emissions by 2050" and "low-carbon transformation" into the company's overall development vision to respond to the national 2050 net-zero policy trend and as an important direction for responding to climate change. In response to climate-related risks and potential opportunities, the company continues to evaluate its impact on its operating model, R&D service operations, supply chain (including cloud services, tool chains, and outsourced operation and maintenance) management and resource allocation, and gradually takes stock of feasible improvement measures and medium- and long-term adjustment plans at this stage according to different risk patterns and time scales. Relevant practices include improving energy efficiency in information rooms and office spaces, optimizing computing resources and processes, supply chain collaboration and data collection, and improving climate/sustainability information disclosure to enhance operational resilience and steadily promote sustainable development goals.

Risk / Opportunity Category		Description	Impact on business models		Impact on the value chain	
			At present	Expected	At present	Expected
Transformation risk	Technology	Replace existing products and services with low-carbon products	We have felt that customers are paying more attention to energy efficiency and sustainability information in their adoption decisions, and the product positioning has begun to emphasize low power consumption and performance/power ratio and added relevant explanations and support during the proposal and implementation process.	Low-carbon and high-energy efficiency will be closer to the market threshold, and if the energy efficiency advantage of the product is insufficient, it may face substitution or bargaining pressure; On the other hand, if differentiation can be established with the advantage of low power consumption, it will increase the licensing adoption rate and long-term cooperation stickiness.	This risk is mainly transmitted through client specifications and evaluation mechanisms, and Andes needs to align energy efficiency goals and verification methods with customers earlier in the SoC design stage.	The value chain will pay more attention to "energy efficiency verifiability" and "sustainable information delivery", and Andes may need to provide energy efficiency data, test methods, or documentation on a more regular basis, and work with ecosystem partners to support customer implementation.
	Market	Customer behavior changes issues	Customers are more cautious in their decision-making, focusing on delivery schedules, long-term maintenance,	Customers may include sustainability and risk requirements in procurement terms, leading to	Customers rely more on the overall support of Andes and tools/OS/verification partners, and the	Partners and customers will emphasize long-term compatibility and co-delivery capabilities,

Risk / Opportunity Category		Description	Impact on business models		Impact on the value chain	
			At present	Expected	At present	Expected
			security/compliance, and supply chain requirements in addition to performance, which has led Andes to invest more in pre-sales assessments, implementation support, and document responses.	differentiation of case sources and higher delivery thresholds. Andes needs to use more platform-based products/tools and standardized delivery to reduce implementation costs and improve the winning rate.	demand for ecosystem collaboration has increased.	and the value chain is more "tied", and who can provide complete solutions and stable support is more likely to be adopted.
	Market	Market information uncertainty	Accelerating changes in geopolitics, regulations, and customer needs have forced Andes to adjust its priorities more frequently in product planning and resource investment, and to increase its reliance on scenario planning and risk management.	If uncertainty continues to rise, Andes needs to shorten product iteration time with more modular and configurable IP and tool chains and diversify the risk of single market fluctuations with a multi-market/multi-application layout.	Customer project timelines and specifications are more likely to be adjusted, leading to instability in the pace of implementation and cooperation plans.	Value chain collaboration will emphasize flexibility and rapid response, and Andes needs to synchronize versions, support routes, and long-term maintenance commitments more closely with ecosystem partners.
	Market	Raw materials rose	The increase in raw material/wafer/packaging and testing costs will increase the overall BOM pressure of customers, which may cause customers to be more conservative in SoC specifications and cost trade-offs, which will affect the speed of project decision-making and licensing negotiations.	If cost pressure continues, customers prefer CPU IP with better "performance/power consumption/area" and can reduce system costs. Andes needs to focus more on energy efficiency and integration to help customers achieve the optimal solution between cost and performance.	Upstream manufacturing cost fluctuations are mainly borne by the chip supply chain but will be pushed back to design selection through the cost management of the client.	The value chain may pay more attention to design solutions that reduce overall system costs, and the "platform-based, reusable" value of Andes and ecosystem partners will be further amplified.
	Market	Changing consumer preferences	The increasing preference for power saving, battery life, real-time, and information security in terminals will be translated by customers into SoC energy efficiency and safety specifications, and Andes needs to be closer to this trend in terms of product proposition and technical support.	If low power consumption and green design become mainstream, the importance of Andes' energy efficiency-related product lines and tool support will increase, affecting the company's layout priorities in the application market.	Clients more often request energy efficiency data and performance demonstrations in specific scenarios, prompting Andes and partners to provide more complete verifications and examples.	The value chain will place more emphasis on quantifiable energy efficiency and user experience, and Andes needs to form closer co-creation and verification cooperation with customers, tool chains, OS and platform partners.
	Honor	Increased negative attention and feedback from stakeholders	Increased external expectations for information disclosure, governance, and sustainability management have led Andes to invest more in compliance, disclosure, internal control, and supply chain requirements to maintain brand trust and cooperation opportunities.	If disclosure and governance become the basic threshold of the market, Andes needs to manage sustainability issues and risks more institutionally, otherwise it may affect customer cooperation, investor evaluation, and talent attraction.	Customers and partners may require clearer evidence of commitment and management (e.g., policies, processes, training, and response mechanisms).	The value chain will have more consistent requirements for transparency and compliance, and Andes needs more mature data management and communication mechanisms, and work with partners to maintain credibility in cooperation.
opportunity	Technology	Low-power RISC-V CPU IP	Andes can enhance product differentiation with low power consumption and high energy efficiency positioning, increase	As energy efficiency becomes a more core procurement metric, low-power product lines will have a better	Customers need energy efficiency implementation and validation support in the early stages of SoC	Low power consumption will become a common language in the value chain, and Andes can

Risk / Opportunity Category		Description	Impact on business models		Impact on the value chain	
			At present	Expected	At present	Expected
			adoption willingness in IoT, wearables, edge devices and other fields, and increase the opportunity for licensing negotiations and long-term cooperation.	chance of driving licenses and premium capabilities, as well as promoting extended revenue from tool chain, maintenance, and ecosystem collaborations.	design, and Andes can accelerate customer implementation through tools, examples, and partners.	play a more critical role as an "energy efficiency platform provider" in the ecosystem, working with OS/tool/verification partners to improve implementation efficiency and expand market adoption.

The impact of climate-related risks and opportunities on financial condition, financial performance and cash flows during the reporting period

Risk / Opportunity Category		Risk / Opportunity Description	The time interval that may be affected			Financial impact during the reporting period
			Short-term	Medium term	long-term	
Transformation risk	Technology	Replace existing products and services with low-carbon products		V	V	This risk may affect the medium and long term, and there is no relevant financial impact during the current period.
	Market	Customer behavior changes issues		V	V	This risk may affect the medium and long term, and there is no relevant financial impact during the current period.
	Market	Market information uncertainty		V	V	This risk may affect the medium and long term, and there is no relevant financial impact during the current period.
	Market	Raw materials rose		V		This risk may affect the range and medium term, and there is no significant financial impact for the current period.
	Market	Changing consumer preferences		V	V	This risk may affect the medium and long term, and there is no relevant financial impact during the current period.
	Honor	Stakeholder concern and negative feedback increased		V	V	This risk may affect the medium and long term, and there is no relevant financial impact during the current period.
Opportunity	Technology	Low-power RISC-V CPU IP		V	V	This risk may affect the medium and long term, and there is no relevant financial impact during the current period.

Annex 2:
The absolute total greenhouse gas emissions from Scope 1 to Scope 3 (expressed in metric tons of carbon dioxide equivalent) generated by the Company during the reporting period of the Republic of China in 114 are listed as follows:
Absolute total greenhouse gas emissions meter

Emissions category	Emissions items	Project subtotal	Total emissions by area
Category 1	Fixed discharge	0.0000	0.0402
	Mobile emissions	0.0000	
	Fugitive emissions	0.0402	
Category 2	purchased electricity	272.1724	272.1724
Category 3	waste generated in operations	43.9465	107.8805
	Fuel and energy related activities	63.9339	

Unit: metric tons/carbon dioxide emission equivalent

Greenhouse gas-related strategic targets, as well as corresponding indicators and targets

Strategic goals	Indicators				Base year (2025)	Goal				
	Indicator name	Unit of measurement	Indicator type	current amount		Objectives	Target range	Target type	Target period	Milestones/mid-term goals
Net zero emissions by 2050	Total Scope 1 greenhouse gas emissions	Metric tons of carbon dioxide emission equivalent (tCO2e)	quantification	0.0402	0.0402	Reduction of greenhouse gas emissions	individual	Absolute goal	By 2050	1% per year
	Scope 2 greenhouse gas emissions	Metric tons of carbon dioxide emission equivalent (tCO2e)	quantification	272.1724	272.1724	Reduction of greenhouse gas emissions	individual	Absolute goal	By 2050	
	Scope 3 greenhouse gas emissions	Metric tons of carbon dioxide emission equivalent (tCO2e)	quantification	107.8855	107.8855	Reduction of greenhouse gas emissions	individual	Absolute goal	By 2050	
	Total Scope 1 to Scope 3 GHG emissions (total)	Metric tons of carbon dioxide emission equivalent (tCO2e)	quantification	381.041	381.041	Reduction of greenhouse gas emissions	individual	Absolute goal	By 2050	

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

Assessment Item	Implementation Status			Reason for non-implementation
	Yes	No	Summary Description	
1. Establishment of ethical corporate management policies and programs (1) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		The Board of Directors passed the Company's Ethical Corporate Management Best-Practice Principles, implement of ethical corporate management policies and programs and disclose it on the corporate website and MOPS. Require the board of directors and senior management to actively implement.	None
(2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		In the "Code of Integrity Management", the Company specifically regulates the preventive measures for business activities with higher risks of dishonesty. The Company has established a “Codes of Ethical Conduct” to encourage the reporting of any illegal or ethical code of conduct through the Company’s report.	None
(3) Does the Company clearly provide the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments?	V		The Company has established the "Code of Conduct," "Code of Ethics," "Procedures for Preventing Insider Trading," "Procedures for Handling Internal Significant Information," and "Procedures for Handling Illegal and Unethical Behavior Reported by Internal (External) Personnel" as part of our plan to prevent dishonest behavior. These regulations clearly define illegal actions and the reporting channels and processes for handling violations when discovered. Disciplinary measures are stipulated in accordance with the "Work Rules," and they are included in the annual audit plan to review the Company's compliance. Furthermore, these management measures are audited annually, and any necessary amendments are promptly made to ensure their practicality.	None

Assessment Item	Implementation Status			Reason for non-implementation
	Yes	No	Summary Description	
2. Fulfill operations integrity policy (1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		The Company has established the "Ethical Corporate Management Best Practice Principles " and prior to the transaction, all of them will perform credit operations on the transaction objects in accordance with the relevant internal control methods. And through different conducts to understand whether there have been immoral transactions.	None
(2) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		Integrity is the foundation of our business operations and a core value of the Company. To strengthen corporate governance and risk control, the Company has established the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct." These regulations explicitly require directors, managers, employees, and appointees of the Company to comply with relevant laws and regulations and prevent unethical conduct. To ensure sound management of business integrity, the Finance Division and the Intellectual Property & Legal Division serve as the dedicated units responsible for formulating integrity management policies and prevention programs, and report the implementation status to the Board of Directors annually. The most recent report to the Board of Directors was on November 11, 2025 (114/11/11). For detailed implementation status, please refer to the Company's official website.	None
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		The Company has established the "Ethical Corporate Management Best Practice Principles " to develop a policy to prevent conflicts of interest, and has a president mailbox, and the Company's website also has an ethics reporting mailbox to serve as a pipeline for stakeholders. When directors have conflicts of interest concerning agenda items discussed at board meetings or when such items benefit themselves or the legal entities they represent, they abstain from participating in the discussions and voting processes.	None

Assessment Item	Implementation Status			Reason for non-implementation
	Yes	No	Summary Description	
(4) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		In order to implement honest management, the Company has established effective systems for both accounting and internal control, which are regularly audited by internal auditors according to the assessment results of the risk of immoral behavior. In the audit project of 2025, there are no defects in the content and implementation of the "Ethical Corporate Management Best Practice Principles. "	None
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		The company regularly explains the Company's integrity management and ethical regulations of conduct for new employees. To enhance employees' awareness of joint management and prevention of immoral behavior. Implementation in 2025: Education and training for new employees: 32 times (total 23.5 hours, 47 colleagues).	None
3. Operation of the integrity channel (1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		The company has established a "Procedure for Handling Reports of Unlawful and Unethical Behavior by Internal (and External) Personnel," which clearly delineates the reporting channels and assigns appropriate designated personnel to handle reported cases.	None
(2) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		The company has established the "Procedure for Handling Reports of Unlawful or Unethical Conduct by Internal (External) Personnel," which clearly defines the investigative procedures for handling reported matters, the subsequent actions to be taken upon completion of the investigation, and the related confidentiality measures.	None
(3) Does the Company provide proper whistleblower protection?	V		The company's "Procedure for Handling Reports of Unlawful or Unethical Conduct by Internal (External) Personnel" clearly specifies measures to protect the safety of whistleblowers and ensure they are shielded from retaliatory actions.	None
4. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its	V		The company has disclosed its Code of Business Ethics, the adherence to ethical conduct, and relevant	None

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Reason for non-implementation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>implementation on the Company’s website and MOPS?</td><td></td><td></td><td>information on the Company’s website and annual report, which have also been made available on the MOPS.</td><td></td></tr>
<tr><td colspan="5">5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation:
The Company has set up an “Ethical Corporate Management Policy” and the practices are in accordance with Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies: None.</td></tr>
</table>

3.8. Other Important Corporate Governance Information:
In addition to the Company's website, information is disclosed on the MOPS

3.9. Status of the Internal Control System Implementation:

3.9.1. Declaration of Internal Control:
Please refer to the Chinese version of Market Observation Post System (MOPS).
The access path is as follows: Market Observation Post System (MOPS) > Individual Company > Corporate Governance >Company Regulations/Internal Control > Internal Control Statement Announcement
(https://mops.twse.com.tw/mops/#/web/t06sg20)

3.9.2. Disclose the Review Report of Independent Auditors if They are Retained for Reviewing the Internal Control System:
None.

3.10. Major Resolutions of Shareholders' Meeting and Board Meetings

3.10.1. Shareholders' Meeting

Meeting	Date	Major Resolutions	Implementation Status
2025 Annual General Meeting	May 29th, 2025	Acknowledgement Items: (1) The 2024 business report and financial statements (2) Adoption of the Proposal for 2024 Deficit Compensation (3) Proposal to amend the allocation of funds for the 2021 Cash Capital Increase through the Issuance of Common Shares for the Overseas Depositary Receipts (GDRs) offering.	 Approved. Approved. Approved.
		Discussion Items: (1) Proposal to Request the Shareholders' Meeting to Lift the Restriction on the Newly Elected Directors of the 8th Board of Directors Regarding the Prohibition of Competitive Business Activities under Article 209 of the Company Act (2) Proposal for the Company to Conduct Cash Capital Increase to Issue Common Shares to Participate in the Issuance of Global Depositary Receipts and/or Domestic Cash Capital Increase to Issue Common Shares, in Installments or Simultaneously, Using One or a Combination of Methods.	Approved. Approved.

3.10.2. Board Meetings

Conference name	Conference date	Important resolutions
The 4th meeting of the 8th board	2025.3.6	1. Approved the distribution of employee remuneration and director remuneration of the Company in 2024. 2. Approved the Company's business report and financial statements for the 2024 year of the Republic of China 3. Approved the Company's earnings distribution in 2024 4. Define the scope of the company's grassroots employees 5. Approved the amendment of the Company's "Articles of Incorporation" 6. Through the company's plan to handle long-term capital raising 7. Approved the convening of the Company's 2025 annual shareholders' meeting and accepting shareholders' proposals 8. Approved the issuance of the Company's 2024 annual internal control system statement 9. Passed the independence and competency assessment of the company's certified public accountants 10. Approved the company's certified public accountant remuneration in 2025 of the Republic of China 11. Approved the revision of the expected salary and remuneration amount of the Company's manager in 2024 12. Approved the revision of the Company's manager's estimated salary and remuneration amount for the 2025 year of the People's Republic of China
The 5th meeting of	2025.5.5	1. Approved the Company's financial statements for the first quarter of 2025 2. Approved the issuance of new shares through domestic cash capital increase and the first unsecured convertible corporate bonds in China

Conference name	Conference date	Important resolutions
the 8th board		3. Obtain financing through dealings with various banks 4. Approved the revision of the "Regulations for Financial Business Related to Affiliates"
The 6th meeting of the 8th board	2025.8.5	1. Approved the financial statements for the first half of 2025 2. Passed the formulation of "Risk Management Policies and Procedures" and revised the "Internal Control System" and "Internal Audit Implementation Rules". 3. Approved the Company's 2024 Corporate Sustainability Report 4. Employee Subscription Regulations for New Shares Issued through Cash Capital Increase and List of Managers
The 7th meeting of the 8th board	2025.11.11	1. Approved the company's financial statements for the third quarter of 2025 2. Approved the company's 2026 annual operation plan of the Republic of China 3. Passed the company's 2026 annual audit plan of the Republic of China 4. Approved the establishment of the "Sustainable Development Committee" and the formulation of the "Organizational Regulations of the Sustainable Development Committee" 5. Obtain financing through dealings with various banks 6. Approved the estimated salary and remuneration number of managers in 2026
The 8th meeting of the 8th board	2026.3.9	1. Approved the Company's business report and financial statements for the 2025 year of the Republic of China 2. The company's accumulated loss reaches two-thirds of the paid-in capital, and a regular shareholders' meeting report is convened 3. Approved the implementation of the company's sound operation plan and submitted it to the regular shareholders' meeting 4. The implementation of the company's first domestic unsecured convertible corporate bond was submitted to the regular shareholders' meeting 5. Approved the Company's loss compensation plan for 2025 6. Approved the amendment of the Company's "Articles of Incorporation" 7. Through the company's plan to handle long-term capital raising 8. Approved the matters related to the by-election of the eighth independent director of the Company 9. Passed the Company's 2026 annual shareholders meeting and accepted shareholders' proposals 10. Approved the Company's statement on internal control system in 2025 11. Passed the company's certified public accountant independence and competency assessment and remuneration 12. Approved the revision of the expected salary and remuneration amount of the Company's managers in 2026

3.11. Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors: None.

4. Information Regarding the Company's Independent Auditors

4.1. Audit fee and Non-audit fee paid to auditors, the audit firm, and its affiliates:

Unit: NT$ Thousands

Accounting Firm	Name of CPA	Duration of Audit	Auditing fee	Non-Auditing fee (Note)	Total	Note
Ernst & Young	Wan-Ju Chiu, Hsin-Min Hsu	Jan. 1, 2025~ Dec. 31, 2025	2,840	260	3,100	-

Note: The content of non-audit fee is tax audit.

4.2. Replaced the audit firm and the audit fee paid to the new audit firm was less than the payment of the previous year: None.

4.3. Audit fee reduced by more than 15% year over year: None.

5. Changes in Independent Auditors
   Not applicable.

6. The Company's Chairman, President or managers in charge of finance or accounting has been under current audit firm or its affiliates' employment in 2025.
   None.

7. Net Change in Shareholding and Net Change in Shares Pledged by Directors, Supervisors, Management and Shareholders with 10% Shareholding or More
   7.1. Net Change in Shareholding by Directors, Supervisors, Management, Shareholders with 10% Shareholding or More:
   Please refer to the Chinese version of Market Observation Post System (MOPS). The access path is as follows:
      7.1.1. Share Transfer: Please refer to the Chinese version of Market Observation Post System (MOPS). The access path is as follows: Market Observation Post System > Single Company > Equity Changes/Securities Issuance > Equity Transfer Information Inquiry > Post-Insider Shareholding Change Report Form. (https://mopsov.twse.com.tw/mops/web/query6_1)

      7.1.2. Share Pledge Change Status: None.

   7.2. Information on stock transfer: None.

   7.3. Information on pledge of share: None.

8. Top 10 Shareholders Who are Related Parties to Each Other

As of March 30, 2026

Top 10 Shareholders	Shareholding		Shareholding under Spouse and Minor		Shareholding under 3rd Party		Top 10 Shareholders Who are Related Parties to Each Other		Note
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Hsiang Fa Co.	3,249,324	6.42	-	-	-	-	-	-	-
Rep: Andrew Chang	-	-	-	-	-	-	-	-	-
National Development Fund	2,979,237	5.88	-	-	-	-	-	-	-
Rep: Herming Chiueh	-	-	-	-	-	-	-	-	-
Shui-Cheng, Tu	2,149,000	4.24	Note 1	-	-	-	-	-	-
Kapitalforeningen Danske Invest Institutional Afdeling Danica Pension - Aktierkapitalforeningen Danske Invest Institutional Afdeling Danica Pension - Aktier	908,000	1.79	-	-	-	-	-	-	-
Matthews Emerging Markets Small Companies Fund	806,000	1.59	-	-	-	-	-	-	-
Jyh-Ming Lin	540,045	1.07	120,668	0.24	-	-	-	-	-
Ashmore Sicav Emerging Markets Equity Fund	404,000	0.80	-	-	-	-	-	-	-
Shun-Chih Lo	402,000	0.79	Note 1	-	-	-	-	-	-
LCIV Emerging Market Equity Fund, A Sub Fund Of London LGPS CIV Authorised Contractual Scheme	374,000	0.74	-	-	-	-	-	-	-
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	359,000	0.71	-	-	-	-			

Note 1: The Shareholder is not an internal of the Company, could not get the information of shareholding under spouse and minor and shareholding under 3rd party.

9. Total shareholding of long-term investments held by the Company and Directors, Officers, and Affiliates

As of December 31, 2025

Investment	Investments by the Company (1)		Investments Directly or Indirectly Controlled by Directors and Managers of the Company (2)		Total Investment (1) + (2)	
	Shares	%	Shares	%	Shares	%
Andes Technology（Samoa） Corporation	2,058,780	100	0	0	2,058,780	100
Andes Technology (Wuhan) Corporation	- (Note 1)	100	- (Note 1)	0	- (Note 1)	100
Andes Technology USA Corporation	6,800,000	100	0	0	6,800,000	100
Andes Shanghai Technology Corporation	- (Note 1)	100	- (Note 1)	0	- (Note 1)	100
Condor Computing Corporation	1,000,000	100	-	-	1,000,000	100
Andes Technology Canada Corporation	1,000,000	100	-	-	1,000,000	100
Andes Technology Europe GmbH	100,000	100	-	-	100,000	100

Note 1: The Corporation is not a company limited by shares, unissued shares.

III. Capital and Shares

1. Capital and Shares

1.1. Source of Capital

Month Year	Issue Price (per share)	Authorized Capital		Paid-in Capital		Remarks		
		Shares (K)	Amount ($K)	Shares (K)	Amount ($K)	Sources of Capital	Capital Increase by Assets Other than Cash	Others
Mar. 2017	65.1	70,000	700,000	40,611.9	406,119	Capital Increased by Cash	-	Note 1
Nov. 2017	19.4	70,000	700,000	40,619.9	406,199	Exercise of stock options	-	Note 2
	22.5					Exercise of stock options		
Sep. 2018	-	70,000	700,000	42,650.9	426,509	Capital surplus transferred to common stock	-	Note 3
Sep. 2021	440	70,000	700,000	50,650.9	506,509	Capital Increased by Cash		Note 4
Jun. 2025	-	100,000	1,000,000	50,650.9	506,509	Increase approved share capital by 30,000 shares	-	Note 5

Note 1: The capitalization was approved by the Hsinchu Science Park Administration on Mar. 28, 2017 with an approval letter of Yuan-Shang-Tzu No. 1060007779.

Note 2: The capitalization was approved by the Hsinchu Science Park Administration on Nov. 3, 2017 with an approval letter of Yuan-Shang-Tzu No. 1060030206.

Note 3: The capitalization was approved by the Hsinchu Science Park Administration on Sep. 14, 2018 with an approval letter of Yuan-Shang-Tzu No. 1070026867.

Note 4: The capitalization was approved by the Hsinchu Science Park Administration on Sep. 29, 2021 with an approval letter of Yuan-Shang-Tzu No. 1100027932.

Note 5: The capitalization was approved by the Hsinchu Science Park Administration on Jun. 16, 2025 with an approval letter of Yuan-Shang-Tzu No. 1140018265.

As of March 30, 2026 Unit: Shares

Type of Stock	Authorized Capital			Remarks
	Outstanding	Un-Issued	Total	
Common Stock	50,650,911	19,349,089	100,000,000	Listed on TSE

Shelf Registration: Not Applicable

1.2. Major Shareholders

As of March 30, 2026

Shares / Name	Total Shares Owned	Ownership (%)
Hsiang Fa Co.	3,249,324	6.42
National Development Fund	2,979,237	5.88
Shui-Cheng, Tu	2,149,000	4.24
Kapitalforeningen Danske Invest Institutional Afdeling Danica Pension - Aktierkapitalforeningen Danske Invest Institutional Afdeling Danica Pension - Aktier	908,000	1.79
Matthews Emerging Markets Small Companies Fund	806,000	1.59
Jyh-Ming Lin	540,045	1.07
Ashmore Sicav Emerging Markets Equity Fund	404,000	0.80
Shun-Chih Lo	402,000	0.79
LCIV Emerging Market Equity Fund, A Sub Fund Of London LGPS CIV	374,000	0.74

Name \ Shares	Total Shares Owned	Ownership (%)
Authorised Contractual Scheme		
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	359,000	0.71

1.3. Dividend Policy and Status

1.3.1. The Company’s dividend policy is determined by the board of directors based on the Company’s operating conditions, capital requirements, capital expenditure budget, changes in the overall internal and external environment and taking into account the interests of shareholders. Without consideration of other special circumstances, the current year’s distributable surplus is 50%~ 100% as the distribution principle.

1.3.2. Dividend Policy under the Articles of Incorporation

According to ANDES’ Articles of Incorporation, the current year’s earnings, if any, shall be distributed in the following order:

(1) Reserve for tax payments.

(2) Offset accumulated losses in previous years, if any.

(3) Legal reserve, which is 10% of leftover profits. However, this restriction does not apply if the amount of the accumulated legal reserve equals or exceeds the Company’s total capital stock.

(4) Allocation or reverse of special reserves as required by law or government authorities.

(5) The remaining net profits and the retained earnings from previous years will be allocated as shareholders’ dividend. The Board of Directors will prepare a distribution proposal. If the distribution proposal in the form of new shares to be issued by the Company should submit the same to the shareholders’ meeting for review and approval by a resolution; If such surplus earning is distributed in the form of cash, it shall be specially approved by the board of directors, and report to the shareholders' meeting.

In accordance with the provisions of Article 241 of Company Law, the Company will issue all or part of the statutory surplus reserve and capital reserve to new shares or cash according to the proportion of the shareholders’ original shares. With more than two-thirds of the directors' attendance, and resolutions where more than half of the directors attended, and report to the shareholders' meeting.

The policy of dividend distribution should reflect factors such as sustainable development, stable growth, the interest of the shareholders, and healthy financial structure as the goal. The board of directors shall make the distribution proposal according to funding needs. The dividends to shareholders shall be distributed at no less than 2% of distributable earnings. If the Company decides to issue dividends, cash dividends shall not be lower than 10% of the total dividends.

1.3.3. Proposal to Distribute Profits:

The Board of Directors of the Company resolved on March 9, 2026, not to distribute dividends for the fiscal year 2025.

1.4. Effect of 2025 Share Dividends on Operating Performance and EPS: Not applicable.

1.5. Employees’ Compensation and Remuneration to Directors

1.5.1. Profit distribution set aside as employees’ compensation and remuneration to directors: According to the Articles of Incorporation of the Company, no lower than 2% of profit of the current year is distributable as employees’ compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors.

1.5.2. Accounting for Employees’ Compensation and Remuneration to Directors
The Company's estimate of Employees’ Compensation and Remuneration to Directors is based on the Articles of Incorporation and is recognized as current operating expenses. If the estimated amounts differ from the actual distribution resolved by the board of directors, the Company will recognize the change as an adjustment to the income of next year.

1.5.3. Employees’ compensation and Remuneration to Directors resolved by the Board of Directors
(1) Remuneration for employees and the amount of compensation for directors and supervisors distributed in cash or stocks. If there is a discrepancy from the annual estimated amount of recognized expenses, the number of discrepancies, reasons and circumstances should be disclosed:
Due to a net loss after tax in fiscal year 2025, the Company did not accrue employee compensation and directors' remuneration for the year 2025.
(2) The amount of employee compensation distributed by shares and the ratio of the total net profit after tax and the total employee compensation for individual or individual financial reports in the current period: Not applicable.

1.5.4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and stock price), and the difference between the remuneration of recognized employees, directors and supervisors, and the reasons for the difference should be stated. Handling situation:
The 4th Meeting of the 8th Board of Directors of the Company resolved to distribute employee compensation in cash totaling NT$173,000 and directors' remuneration totaling NT$84,000, which is consistent with the estimated amounts recognized as expenses for the year.

1.6. Repurchase of Company Shares: None.

2. Status of Corporate Bonds

Corporate bond processing

Types Of Corporate Bonds	The First Unsecured Convertible Corporate Bond
Date Of Issuance (Processing).	September 8, 2025
Denomination	Each sheet has a denomination of NT$100,000
Place Of Issuance And Trading (Note 3)	Republic of China
Issue Price	It is issued at 101% of the par value
Total	The total face value of the issue is NT$105 billion
Interest Rate	Coupon rate is 0%
Period	3-year maturity: September 8, 2028
Guarantee Institution	None
Trustee	SinoPac Commercial Bank Co., Ltd. Trust Office
Underwriting Institutions	KGI Securities Co., Ltd
Certified Lawyer	HANDSOME ATTORNEYS -AT-LAW, Ya-wen Chiu
Certified Accountant	Ernst & Young Wan-Ju Chiu and Hsin-Min Hsu
Repayment Method	1. Duration: three years 2. Repayment method: Except for the conversion of the convertible corporate bonds into common shares of the Company in accordance with Article 10 of the Regulations, or the early redemption by the Company in accordance with Article 18 of the Regulations, or the purchase and cancellation by the Company from the securities firm's

	business place, the Company shall repay the convertible corporate bonds in cash in a lump sum at maturity according to the face value of the bonds. Payment will be made within 10 business days (inclusive) of the due date (including the 10th business day).
Outstanding Principal	The total face value of the issuance is NT$1.5 billion
Redemption or withdrawal Settlement provisions	Please refer to the Regulations Governing the Issuance and Conversion of the First Unsecured Convertible Corporate Bonds
Restriction (Note 4)	None
The name of the credit rating agency, the date of the rating, and the rating result of the corporate bond	None
Other rights are attached: The number of common shares, overseas depositary receipts or other securities that have been converted (exchanged or subscribed) as of the date of publication of the annual report	0
Other rights are attached: Issuance and conversion (exchange or subscription of shares).	Please refer to the Regulations Governing the Issuance and Conversion of the First Unsecured Convertible Corporate Bonds
Issuance and conversion, exchange or subscription of shares, issuance conditions may dilute equity and impact on existing shareholders' equity	The total face value of the convertible corporate bonds issued this time is NT$115 billion, because the issuance period of the company's bonds is 3 years, and the timing of creditors' requests for conversion is different, which will delay the result of earnings per share and will not have a significant impact on existing shareholders' equity.
The name of the entrusted custodian institution of the exchange object	Not applicable

Convertible corporate bond information

Unit: NT$

types of corporate bonds		The first unsecured convertible corporate bond	
Item / year		2025	Cut off that year March 31, 2026
Convert the market price of corporate bonds	The highest	113.25	101.65
	Lowest	99	87
	Equal	106.26	96.7
Conversion price		308	308
The date of issuance (processing) and the conversion price at the time of issuance		September 8, 2025 / 308	September 8, 2025 / 308
Ways to fulfill conversion obligations		Issue new shares	Issue new shares

3. Status of Preferred Stocks
   None.

4. Status of GDR/ADR

Item / Issuing date	2021.09.13
Listing venue	Luxembourg Stock Exchange

Item / Issuing date			2021.09.13
Total dollar amount			US$ 127,120,000
Unit price of overseas depositary receipts			US$ 31.78
Total number of units to be issued			4,000,000 units
Units of global depositary Receipts resources			issue new common shares by cash capital increase
Units of global depositary Receipts representing			Each unit of depositary receipts commends 2 shares of the Company's common stock
Rights and obligations			Same rights and obligations as the Company's existing issued and outstanding common shares
Trustee			None.
Depository institution			Citi Bank
Custodian institution			Citi (Taiwan) Bank
Outstanding balance			0
Apportionment method of related expenses during the issuance and existence period			by the issuing company
Important stipulations of depository deed and custody deed			Detailed Depository Deed and Custody Deed
Market price per unit (US$)	2025	Highest	28.00
		Minimum	14.70
		Average	19.55
Market price per unit (US$)	Most recent year ended March 31, 2026	Highest	16.10
		Minimum	10.70
		Average	13.80

5. Status of Employee Stock Option Plan

5.1. The impact to shareholders' equity of the Unexpired Employee Stock Option Certificate of the Company as the date of this Annual Report:

None.

5.2. Employee Stock Option Granted to Management Team and to Top 10 Employees:

Not applicable.

6. Status of New Employees Restricted Stock Issuance
None.

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

8. Financing Plans and Implementation

8.1. Description of Plan

The Company's status of the execution of its capital utilization plan has been announced and reported on the Market Observation Post System (MOPS). The access path is as follows: Market Observation Post System > Single Company > Equity Changes/Securities Issuance > Fundraising > Execution of Fundraising Plans

8.2. Status of Implementation

Please refer to the Chinese version of Market Observation Post System (MOPS). The access path is as follows: Market Observation Post System > Single Company > Equity Changes/Securities Issuance > Fundraising > Execution of Fundraising Plans (https://mopsov.twse.com.tw/mops/web/bfhtm_q2)

IV. Business Overview

1 Business Scope

1.1. Business Scope

1.1.1. Main Business Activities of the Company

(1) CC01080 Electronic Parts and Components Manufacturing
(2) I501010 Product Designing
(3) F401010 International Trade
(4) I301010 Software Design Services
(5) I301020 Data Processing Services
(6) F601010 Intellectual Property
(7) Research, design, develop, manufacture, and market the following products:
RISC CPU for Embedded Processor SoC
a. Generic platforms
b. Network platforms
c. Multimedia platforms

1.1.2. Business Distribution of Our Main Products

Unit: NT$ thousands

Main Products	2024		2025	
	Amount	%	Amount	%
Licensing of CPU IP	924,824	67	965,403	65
Royalty revenues	283,797	21	282,337	19
Maintenance services	170,017	12	226,957	16
Others	2,869	-	3,490	-
Total	1,381,507	100	1,478,187	100

1.1.3. Products Currently Offered by the Company

The Company is the first professional CPU IP supplier in Taiwan, dedicated to provide low power and high-performance CPUs and peripheral Platform IPs, as well as necessary development tools and software. Our main products are:

(1) License of CPU IP revenues, including:
a. AndesCore™: a series of configurable CPU core families and their Companion IPs (hereinafter referred to as AndesCore™).
b. AndeSight™, an integrated software development environment which is an optimized tool for software/hardware development and debugging (hereinafter referred to as AndeSight™).
c. AndeStar™, an instruction set includes 16-bit and 32-bit mixed-length instructions (hereinafter referred to as AndeStar™).
d. AndeSoft™, the optimized targets running on AndesCore™ processors, including system software, driver, and middleware (hereinafter referred to as AndeSoft™).
e. Andes Automated Custom Extension™ (ACE), a tool for automating custom instructions. Licenses with AndesCore processors, it fully utilizes the scalability of RISC-V instructions, greatly accelerating the performance of SoC application processing.
f. AndeSentry™, safety protection architecture, including software and hardware solutions.
g. AndesAIRE™, AI/ML solutions for edge and end-point devices.
h. License fee: The Company has granted the licenses of our CPU IPs and Platform IPs to SoC design companies and charges the license fee based on the quantity used.
i. Custom Computing: Provides high-value CPU IP design and integration services according to customer needs.

(2) Royalty revenues: customers use licensed CPU IPs to design SoC ICs. The Company collects royalties based on their sales volume after mass production.
(3) Maintenance services and others: Maintenance fees are paid by customers every year to obtain CPU IP and development tool updates. “Others” refers to AndeShape™, an integrated hardware development environment including development platforms and Platform IPs, mainly sold to customers and universities for rapid SoC development and to schools for research and development and teaching purposes (hereinafter referred to as AndeShape™).

1.1.4. New Products Planned for Development

- Continuous Development of RISC-V CPU IP: The Company continues to develop RISC-V CPU IP that meets customer and market demands. Our portfolio includes the compact 32-bit N22, D23, and N225; the mid-range 32/64-bit 25-series and 27-series; the mid-to-high-end superscalar 45-series single and multi-core processors; the world's first 1024-bit RISC-V multi-core vector processor, the AX45MPV; and the high-end superscalar out-of-order (OoO) multi-core processor, the AX65. The AX46MPV, an advanced vector processor launched in 2025, was released in September and has already secured contracts with customers across the United States, Europe, and Asia. Furthermore, the advanced superscalar out-of-order AX66 is under continuous development, with early versions provided to customers for evaluation and integration starting in September.
- Functional Safety Solutions: Following the launch of the N25F-SE, the world's first RISC-V IP fully compliant with ISO 26262 ASIL-B standards, the DSP-supported D25F-SE, and the D45-SE which fully complies with the highest ASIL-D level, the Company will accelerate the development of automotive-grade processors including the AX46-SE, D23-SE, and N21-SE.
- Enhanced ACE Capabilities: The Company has enhanced its Andes Custom Extension™ (ACE) features, such as the ACE Domain Extension released in 2025, which accelerates AI/ML computations and supports both the 45-series and 46-series CPU IP.
- AndesAIRE™ AnDLA™ Expansion: Building upon the I350 for vision-based CNN applications, the Company introduced the I370 edge AI/ML accelerator IP in 2025. The I370 is designed for vision, audio, CNN, and RNN applications, and is supported by a comprehensive software suite including the NN SDK and NN Library.
- Strengthened CPU Security: To build more comprehensive hardware and software security solutions, the Company continues to enhance CPU security features by developing Secure Platform, Secure Boot v1.1, MCU-TEE v1.1, and OP-TEE.
- Comprehensive Simulation Models: The Company has introduced more robust simulation model solutions, such as AndeSysC™ and FastSim™, to assist customers in SoC architecture construction and functional simulation.

1.2. Industry Outlook

1.2.1. Current Condition of the Industry and its Development

With the growth of semiconductor processes doubled by Moore's Law, and the rapidly evolving and changing needs of consumer electronics products, the IC design industry in Taiwan has largely adopted the technologies of the SoC and embedded system to design products. With the features of strong performance, multiple functions, low price and rapid time-to-market, they have played an important role on global information products and consumer IC supplies. While the industry has developed and the products have evolved for many years, 8-bit 8051 Micro Controller Units (MCU) or low-bit Digital Signal

Processors (DSP) are still used for low-end SoC products. However, as the tasks are getting more and more complex, the computing capability has to be improved to meet the needs for expansion of functions for applications and provide network connectivity. The core processors of the products in this market segment have been gradually replaced by 32-/64-bit microcontrollers. At present, in addition to processors developed by ARM, MIPS, and ARC, the mainstream processors are designed with the open RISC-V ISA promoted by RISC-V International. This is also the fifth-generation architecture products currently pushed by the company. The commonly seen processor chips in the market are often used in PC systems, such as Intel Core processors or AMD processors. Another processor type is Application Processor (AP), which is an embedded processor, for example, Qualcomm's Snapdragon Series, a mobile application processor, or Apple's A7-A17 processors using the ARM-based SoC design.

The licenses of the embedded processor SIPs are divided into the following categories:

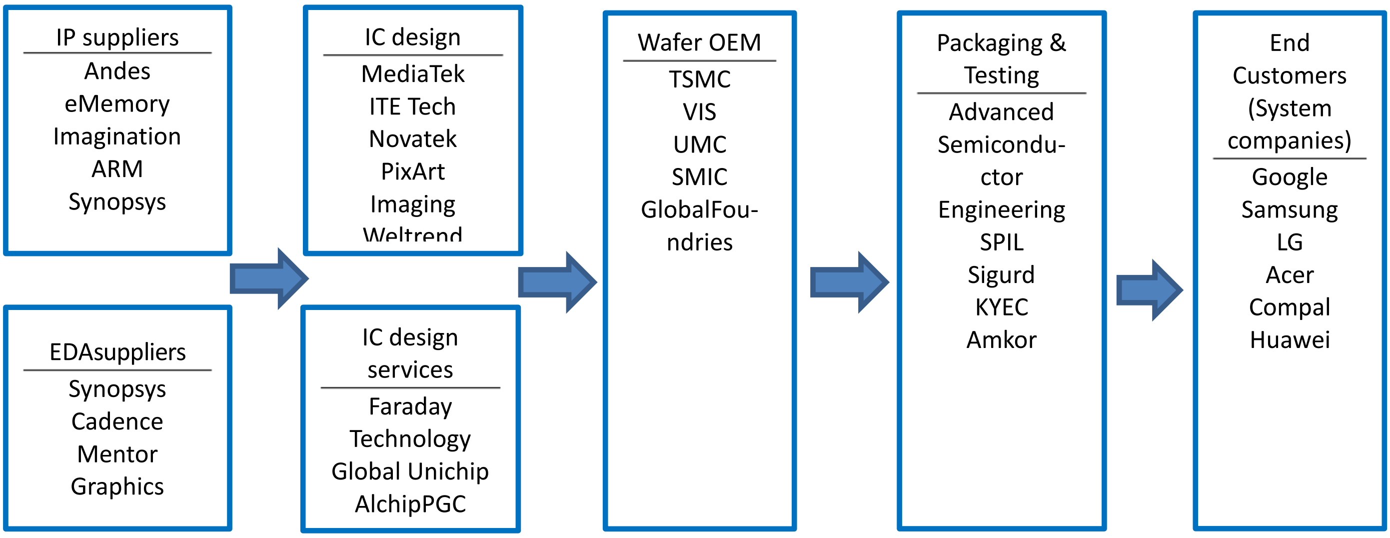
(1) Normal License or Soft-Core License: It is typically offered as synthesizable RTL codes. Customers can optimize the logic synthesis and physical design of their processors based on the fab, process, component library, and performance/power/area requirements. Its disadvantage is that it is susceptible to improper leak and usage without authorization. In practice, authorized vendors protect their Soft Core using legal provisions of the contract.
(2) Hard Core License: SIP vendors have to complete the logic synthesis and physical design in advance, and work with specific fabs and process parameters. Because the options available for customers may be limited, authorized vendors no longer provide hard core products in recent years.
(3) Architecture License: Architecture License is needed when customers with better engineering capabilities intend to use instruction set architecture for processors to perform implementations by themselves to add functions and features different than those of the Normal License. Architecture License fees are typical much higher than the Normal License ones. The Company's business is mainly on the Soft-Core License.

1.2.2. The Supply Chain of the Industry

In response to the trend of shortening the product life cycle and the rapid decline in product prices, the existing technology, design and intellectual property are widely used to achieve the goal of fast time-to-market. Therefore, the SoC and embedded system technologies were born. SoCs are complex systems with embedded core processors. In addition, depending on the applications, there may be system bus, I/O peripherals, hardwired accelerators/circuits, integrating necessary digital, mixed mode, analog and other hardware, together with hardware abstraction layer (HAL), driver and service routines, operating system, middleware, and applications, to form an embedded system. IC design companies use the SoC and embedded systems to achieve further industrial division. They accelerate the introduction of new technologies and products using common or even open interface specifications and proven modules.

The main products of the Company are to grant licenses of the embedded IP processors, as well as related platforms and services. Our direct customers are IC design companies and IC design service companies. There are also a few system companies or brand manufacturers that have IC design teams or make chips through IC design service companies. Such companies are also our direct customers. In addition, the Company has established a Custom Computing Business Unit (CCBU) in response to the accelerated architectural trend of special applications and customized needs. In addition to using the Company's Andes Automated Custom Extension development software COPILOT to assist customers with customizing instructions, customized CPUs, peripheral IP customization and special function IPs are included in our service scope, complementing standard CPU products and services. Since our products require cooperation between IC design companies and IC design service companies, Andes not only has to work with wafer fabrication companies on the hard core license, but also needs them to provide relevant data about the processes and standard component libraries to perform design simulation and verification. The relationship between the Company and EDA (Electronic Design Automation) companies in the upstream and midstream of the IC industry is customers using their electronic design automated tools, technical partners for the peripheral circuit IPs, and competitors for the embedded processor IPs. The relationship between the system companies that use SoC chips, electronic manufacturing companies, and brand companies in the downstream of IC industry is indirect customers (using SoC chips launched by the IC design companies) or direct customers (developing chips themselves or entrusting a IC design service company to perform SoC projects).

The division of labor among SIP suppliers in the IC industry chain is shown in the following figure:



1.2.3. Development Trends of Products

Basically, processors are digital processing cores designed to "be applicable to a variety of fields". While general-purpose design is in the majority, to gain a competitive advantage among different vendors and products, various strategies as well as methodologies are used for processor architecture, processor circuit implementation, middleware, and OS support, to meet the requirements of the specific applications. This makes the processor vendors provide not only their processor design and licenses, but also necessary hardware/software development tools as well as development environments, to build a support ecosystem, forge an alliance with technical partners in various application fields, and maintain a close relationship with the leading customers. In doing so, those companies can gain a significant market share in various application fields to remain influential for the next-generation processors and technical specifications and to stay competitive for a long term.

Faced with various applications such as smart devices, wearable electronics, medical electronics, automotive electronics, IoT, 5G, and even machine learning, embedded processor products will face more challenges and competitions in the following areas:

(1) Architecture: To meet the needs of various applications, the processor architecture should be flexible in design, and can add function units, such as instruction set expansion, floating point unit, digital signal processing (DSP), single instruction multiple data (SIMD), vector processor, multi-core processor, multi-threading, and custom instruction set, etc.
(2) The trade-off between energy-saving and performance: For the technical aspect,

there are often trade-offs between energy-saving and performance, and it is not easy to have advantages of both. In recent years, the design tools and methodologies have been improved, and the practical concepts have been introduced to the industry. In addition to the pursuit of low power consumption, how to obtain the optimal performance and power consumption per unit area of a chip on the Performance-Power-Area (PPA) indicator is the goal that the IC design industry strives to achieve.

(3) Industry standards and ecosystem: With the development of application fields, relevant industry organizations have been established, and the industrial standard specifications have been developed. In addition to the development of various standards and applications, corresponding products and solutions should be launched. In response to the trend of professional division of labor in the industry, it is necessary to cooperate with technical partners to exert complementary effects on products and services, thereby enhancing market visibility and influence of the ecosystem, and further expanding the customer base.

1.2.4. Product Competition

In the current global embedded processor market, the major suppliers are ARM, ARC, MIPS, SiFive, and Andes. The following introduces those embedded processor companies:

(1) ARM

ARM is the world’s largest embedded processor supplier. Its main application fields include smart phones, tablets, digital TVs, set-top boxes, etc. In addition to the wifely used previous-generation products ARM7 and ARM9 series, the current processor product line is classified into Cortex-A, Cortex-R, Cortex-M, and Nerverse series, based on the application and technical characteristics. In addition to the function extension IPs related to the processors, ARM also provides GPU IP products. In September 2016, ARM was acquired by SoftBank, a Japanese telecommunications company. ARM was acquired by NVIDIA in September 2020, but the merger was discontinued in February 2022. SoftBank brought ARM back to market in September 2023.

(2) Synopsys ARC

The ARC processor technology can be traced back to the early 1990s when the 3D accelerator chip was developed for the Super Famicom console. It became a new company independently with the success of this chip product. In November 2009, ARC International was acquired by Virage Logic. Less than one year, in September 2010, Virage Logic was acquired by EDA Company Synopsys. ARC processors become part of various IP portfolios in the DesignWare IP of Synopsys SIP product line. Synopsys released the ARC-V series of processors that support RISC-V in November 2023. In January 2026, Synopsys announced that it has entered into a definitive agreement with GlobalFoundries to sell its Processor IP solutions business to GlobalFoundries. The transaction is expected to close in the second half of 2026.

(3) MIPS

It is a company split from SGI in 2000 which provides processor IPs. In addition to being widely used for the computer systems and several video consoles, MIPS processors had a high market share in the networking & communication, digital TV, and multimedia. In December 2012, Imagination Technologies acquired MIPS. In September 2017, Imagination Technologies sold MIPS to Tallwood Venure Capital. In June 2018, Wave Computing, an AI chip start-up company, acquired MIPS. In May 2019, Wave Computing filed for bankruptcy protection, and MIPS was not affected. MIPS announced at the end of 2022 that the processor eVocore P8700 supports the RISC-V architecture, and was acquired by GlobalFoundries in August 2025.

(4) SiFive

SiFive was founded in 2015 by Krste Asanovic, a professor at UC Berkeley, and Dr. Yunsup Lee and Dr. Andrew Waterman from UC Berkeley. SiFive is also one of the RISC-V International's founding members, and its main products are processor core IPs based on the RISC-V ISA.

In addition to the companies above, the IC design industries in Japan, Korea, China or other emerging countries are also developing processor-related technologies. Japan has invested in processor technology and product development for decades, but it does not have its processor-based SIP licensing business model. Instead, it has gradually been replaced by licensable core processors such as ARM's own architecture and Andes' RISC-V. China has set up processor development as its national-level strategic goal for the industry, and the specific output is represented by Loongson processor chips for servers used by government units. Its processor SIP is the licensed MIPS architecture so that there is no business-like SIP license. As for some other small SIP processor manufacturers in China, in addition to being less known and not yet recognized for their technical capabilities, they do not have their own architecture and core technologies. In recent years, to prevent US sanctions, China has successively established China RISC-V Industry Consortium (CRVIC) in Shanghai and China RISC-V Alliance (CRVA) in Beijing to vigorously promote and subsidize chips based on the RISC-V ISA. As for embedded processor companies in Taiwan, some adopt Architecture License, such as the design service company Faraday Technology (using ARM-based architecture), while some adopt compatible instruction sets, such as RDC Semiconductor (using the x86 architecture). In addition to being unable to master the processor core technology and definition rights and lacking design flexibility, core processors of the former companies are only available for their own design service chips and cannot be licensed. Meanwhile, they have to pay a great deal of license fees and be constrained by technology source companies. The latter companies are able to enter the old ecosystem quickly. However, for newer functions and technological integration required by SoC and embedded systems, their products lag behind those of the instruction set source companies for several generations, because they do not have basic processor technology, the right to define specification, and the patents are not theirs. The RISC-V architecture is an open-source instruction set developed by The University of California, Berkeley in U.S.A. Currently, the establishment and promotion of the follow-up architecture is led by the RISC-V Foundation (now RISC-V International) established in 2015. RISC-V International has more than 1,000 members all over the world. The x86-based architecture dominates the PC/NB market while the ARM-based architecture dominates the market of mobile phones and portable devices. The simplified, modular, and scalable RISC-V architecture will become the dominating one for the IoT and other consumer electronics markets. In the near future, there will also be opportunities to share ARM's market share in mobile phones and Chrome Book. In recent years, RISC-V architecture has been adopted by many new chip or system companies in the burgeoning AI field due to its modular and scalable nature, providing superior technology to support the integration of general-purpose processors and AI accelerators. Google announced at the RISC-V Summit 2022that besides ARM and x86 architecture, they officially support RISC-V architecture in the Android operating system. This will accelerate the adoption of RISC-V chips in various Android OS devices, such as TVs and set-top boxes. Andes, as a Founding Premier member of the RISC-V Foundation, is one of the main suppliers of hardware and software solutions for RISC-V core processors. We are fully confident to provide a complete RISC-V SIP product line to the industry. In 2023, the Company also became a founding member and board member of the RISC-V Software Ecosystem (RISE), working with other members to accelerate the development of various RISC-V based open source software projects.

Taiwan's semiconductor industry has the most comprehensive ecosystem in the world, including suppliers of chemical materials and silicon wafers in the upstream, IC design industry, IC fabrication industry, and IC packaging/testing industry in the midstream, as well as the system companies of PC/NB, mobile phones, and consumer electronics in the downstream. Taiwan's IC design industry is ranked No. 2 in the world while the foundry and IC packaging/testing industries are ranked No.1. They are characterized by professional vertical division of labor and mutual support. The industry cluster effect is obvious with comprehensive peripheral support. For many years, among the majority of 32/64-bit SoC products launched by Taiwanese IC design companies, the most important embedded processors are from foreign suppliers. The Company focuses on R&D and service on the embedded processor SIP and related technologies. For the semiconductor industries and IC design industries in Taiwan, China, and Asian Region, the Company provides the critical SIP solutions that have been missing for a long time. By mastering the key embedded processor technologies, Andes can promote the development of the SoC-related technologies and core components, and improve the industry values, while entering the European and American markets.

1.3. Technology and R&D

1.3.1. The R&D spending in 2025 is NT$1,284,555 thousands.

1.3.2. Technology or products successfully developed in 2025 and up to the printing date of this annual report.

Year	Specific R&D outcomes
2025	1. Completed the development of the AnDLA™ I370 v1.0 Deep Learning Accelerator and NN SDK v1.1. 2. Completed the development of the AndeSight™ v5.4 Integrated Development Environment (IDE). 3. Completed the development of Andes AutoOpTune™ v1.0, an intelligent compiler optimization tool. 4. Completed the development of ACE/COPILOT v7.0-v7.3 automated custom instruction tools. 5. Completed the development of AndesCore™ AndeSysC™ v2.0. 6. Completed the development of AndeSentry™ Secure Platform AXI/AHB/APB IOPMP, Secure Boot v1.0, and MCU-TEE v1.0 Secure Monitor software. 7. Completed the development of Secure Boot v1.1 and MCU-TEE Secure Monitor v1.1.
2026	1. Expected to complete the development and obtain ISO-26262 ASIL-D & ASIL-B certifications for the D23-SE RISC-V processor. 2. Expected to complete the development and obtain ISO-26262 ASIL-B certification for the AX46-SE RISC-V processor. 3. Expected to complete the development of the N21-SE RISC-V processor compliant with ISO-26262 ASIL-B requirements. 4. Expected to complete the development of the AX46MPV multi-core vector processor. 5. Expected to complete the development of the AX66 superscalar out-of-order multi-core processor. 6. Expected to complete the development of the AnDLA™ I370 v2.0 Deep Learning Accelerator and NN SDK v1.2. 7. Expected to complete the development of AndeSight v5.5 Integrated Development Environment (IDE). 8. Expected to complete the development of Andes AutoOpTune™ v1.1 intelligent compiler optimization tool. 9. Expected to complete the development of AndesClarity v1.3 pipeline visualization tool. 10. Expected to complete the development of ACE/COPILOT v7.4/v7.5 automated custom instruction tools. 11. Expected to complete the development of AndesCore™ AndeSysC™ v2.1.

1.4. Long- and Short-term Business Development Plans

1.4.1. Short-term Plan:

(1) To expand Andes' advantages in Taiwan, deepen its relationship with existing customers, assist customers in mass production, and increase the contribution of Taiwanese customers to our revenues.
(2) To grasp the opportunities of the rapid growth of semiconductors in China and RISC-V ISA as a national key support development, establish good sales and services offices in Beijing, Shanghai, and Shenzhen, and quickly accumulate the number of customers.
(3) To win customers from Japanese and Korean large IDM or IC design firms, provide good documentation and services, and establish a good customer base for long-term revenues.
(4) Strengthen business development in North America, Europe and Israel, and corporate with agents at the lowest cost to achieve great outcomes from key customers with our competitive products.

1.4.2. Long-term Plan:

(1) Work with third party development partners to build our superior ecosystem, establish an irreplaceable product advantage, and expand the Company's influence in the industry.
(2) To win customers from major IC design companies, system factories, or IDMs in Europe and the US, provide differentiated design services, and increase our visibility and brand recognition in Europe and the US.
(3) To penetrate the market for the mainstream product applications with high-end RISC-V CPUs and establish the impression that our products are of high quality and high efficiency in the minds of customers.
(4) To continuously participate in RISC-V International's Workshop and actively engage in the specifications and development of related development tools and software.
(5) To continue to promote RISC-V core processors based on Andes' V5 architecture with the Company's RISC-V CON.

2 Market and Sales Outlook

1.1. Market Analysis

1.1.1. Regions of distribution for the Company's major products

Unit: NT$ thousands

Year / Regions	2024	2025
Taiwan	521,891	547,280
America	426,302	536,835
China	323,346	236,966
Others	109,968	157,106
Total	1,381,507	1,478,187

1.1.2. Market Share

The key suppliers of the 32-/64-bit embedded processor SIP are ARM (SoftBank), ARC (Synopsys), Nuclei, T-Head, SiFive, and us. According to the statistics by Linley Group which specializes in the CPU technology analysis, the total global chips which use CPU IP reached 33.3 billion units in 2020, where our 2020 shipments was over 2 billion, accounting for 6.0% market share. The Company's shipments in 2021 were 3 billion units, a 50% increase from 2020. In 2022, due to factors such as the global economic slowdown and inventory digestion in the IC industry, the shipment volume decreased compared to 2021, with over 2 billion units shipped. Even as the semiconductor industry faced inventory pressures in 2023, the accumulated shipments of SoCs embedded with AndesCore™ exceeded 14 billion units. By the end of last year ,2025, the cumulative shipment volume had further exceeded 19 billion units. According to the SHD marketing report released on Jan 2024, Andes has achieved a 30% market share among RISC-V IP vendors, making it the number one provider of RISC-V CPU IP.

1.1.3. Future market supply, demand, and growth

(1) Future market supply and demand

Today's market trend is that consumer electronics must be slim and lightweight. Other electronic products with high growth potential, such as industrial control, IoT, automotive electronics, medical devices, also have multi-functional and high integration requirements. Due to the application needs and advancement of the IC fabrication processes, SoCs have become the mainstream of the IC chips. SoCs are IC chips that combine system integration and provide specific uses. It must consist of the embedded CPU with computing capability, memory, digital logic circuit, analog circuit, and other necessary I/O interfaces. Currently, the specialized companies that provide embedded processors are ARM, Synopsys/ARC, Nuclei, SiFive, our company and other smaller companies. Andes is the first listed company in Asia to provide 32/64-bit RISC-V processors and their development platforms. With a favorable geographical location, we provide the most comprehensive solutions and services for the companies located in Asia Pacific (including China), Japan, and Korea. We continue to expand our business to Europe and the United States.

The SHD market research report forecasts that the overall revenue of RISC-V will grow to $92.7B by 2030, with a compound annual growth rate of 47.4%. According to the forecast for RESEARCH AND MARKETS, the demand for multi-core processors will range from USD 60.3 billion in 2020 to USD 172.7 billion in 2027, with a compound growth rate of 16%. Our technologies and products have successfully penetrated various application fields of SoC, such as various types of mobile communication devices, domestic digital TV, wireless communication, IoT, companies' network and its storage devices, smart devices, AI, and various microcontrollers, all of which will significantly contribute to our future revenues.

(2) Future market growth

Due to the diversity of IC manufacturing processes and the increasing complexity of system chips, more and more IPs are used for a single chip to reduce the need for design manpower and shorten the time for chip development. According to the forecast for RESEARCH AND MARKETS, global intellectual property revenue will reach 7.3 billion US dollars in 2025. Semico Research predicts that RISC-V CPU cores will reach 62.4 billion by 2025, with a compound annual growth rate of 146% from 2019 to 2025. For the emerging applications, DBS Asian Insights expects the global IoT device market to reach 125 billion devices by 2030. Regarding the 5G market, Facts and Factors predicts that by 2026, its output value can reach 26.1 billion US dollars. Compared with US$2.67 billion in 2019, the compound annual growth rate was 38%. According to Tractica's forecast, deep learning chipset shipments will reach 41.2 million units by 2025. Our CPU IP shipments only account for less than 10% in the global market. With the rapid growth of RISC-V-based system chips, high consumption of IoT device applications and artificial intelligence, the rapid growth of 5G devices, and the speedy growth of automotive chips along with the rise of the new energy vehicle industry, the company's revenue growth rate is expected to increase substantially.

1.1.4. Competitive niche

(1) Innovative 32-/64-bit instruction architecture AndeStar™

Our instruction set architecture has evolved from V1, V2, and V3 to V5 architecture with the RISC-V instructions and all benefits of the previous generations. Innovation is always our development principle. We not only use the 16-/32-bit mixed instruction architecture, but also develop several innovative architectures. For example, StackSafe™ is a kind of hardware stack protection mechanism which can increase the software reliability. CoDense™ is a technique used to condense codes. AndeStar™ also includes other instructions that can improve the processor performance. We have acquired dozens of patents on AndeStar™ architecture in US, China, and Taiwan.

(2) International fame

We became the founding member of RISC-V International in 2016 and has upgraded to Premier in 2020. We are also the first commercial mainstream processor IP Company to include the RISC-V instruction set architecture developed by University of California, Berkeley, California, USA, to make the open, simplified, modular, and scalable RISC-V architecture make its way into the mainstream SoC applications. The new-generation AndeStar™ V5 architecture provides a complete solution for the embedded 32-/64-bit SoC design and integrates the RISC-V technology with the proven AndeStar™ V3 architecture. It also includes several convenient functions and application enhanced units innovated by Andes, and Andes Custom Extension (ACE), Digital Signal Processing (DSP), Vector instruction extension (RVV), Security Extension Instruction Set, etc.

(3) Performance and efficiency of industry-leading AndesCore™ processors

Our AndesCore™ processors were designed to lead the industry at the early design stage. It has two major advantages: one is performance/area efficiency, and the other is power saving performance. That is, the optimal performance is achieved using the smallest area or power consumption. Especially in power saving performance, it outperforms the leading companies by more than 30% in average.

(4) Institutive and standard AndeSight™ software development tool

Our AndeSight™ software development tools include an easy-to-use Integrated Development Environment (IDE) with the graphic interface and supported Toolchains. For program development, it has a highly optimized complier which can be used to generate simplified codes, a pure C embedded programming environment, and a C library optimized for microcontroller applications. These tools significantly reduce customers' software development schedule and improves its quality.

(5) Extensive AndeSoft™ Software Stack

For different applications, the complete architecture of the SoC includes the underlying hardware architecture platform and a software stack consisting of multiple layers of software on it. We provide extensive AndeSoft™ Software Stack for different applications, including the Linux OS, real time operating system (RTOS) of the paid and open-source codes, device drivers, middleware, and others.

(6) Flexible and configurable AndeShape™ platform IPs

We provide digital soft core platform IPs consisting of commonly used peripheral IPs to improve the efficiency and quality of customers' design and product development and to shorten the time-to-market. These platform IPs not only are applicable to any semi-conductor fabrication process but also can evaluate and develop software programs on our FPGA development board. Through their flexible and diverse configurations, customers can select the most suitable IP configurations to include their own modules. They only need to validate their own design. It is worth mentioning that the AE200 family features a completely validated integrated platform which has functions required by most microcontroller units (MCU). Therefore, customers can quickly penetrate the 32-bit MCU markets. The AE300 family supports the advanced 32-/64-bit AXI/AXB bus system platforms. It also supports the conversion between the 32-bit, 64-bit, and 128-bit data width, and conversion between different bus standards.

(7) Comprehensive and flexible AndeSentry™ security collaborative framework
As embedded, automotive and IoT markets continue to expand, device and data security have become critical priorities for both consumers and governments. Increasingly attackers will try to hack the systems with various kinds of methods like side-channel attacks, fault injection attacks, physical attacks, etc. To prevent information leakage and system misuse due to attacks, all embedded systems and IoT devices must address security aspects in their designs. AndeSentry™ offers a comprehensive portfolio of solutions to help companies developing RISC-V based solutions achieve their security and business goals. To overcome the issue, the AndeSentry™ Collaborative Framework integrates Andes' and its partners' security solutions within the RISC-V ecosystem to provide a range of security solutions that cover every aspect of security requirements. These solutions include isolated execution, application integrity, RoT, cryptography IPs, secure elements, secure boot, secure debug, secure monitors for TEE, and continue to expand.

(8) AndesAIRE™, ultimately efficient AI/ML solutions for edge and end-point interface
With the explosive growth of AI/ML applications, there is a critical need for high performance-efficient deep learning solutions that can operate at the edge and endpoint, where the strict power and energy constraints make it difficult to only rely on CPU architecture. To address these challenges, Andes announced AndesAIRE™, including AI/ML hardware accelerator intellectual property (IP), the AndesAIRE™ AnDLA™ I350 (Andes Deep Learning Accelerator), and the neural network software tools and runtimes, the AndesAIRE™ NN SDK. This solution delivers industry-leading efficiency, low power, and small area, making it ideal for use in a wide range of edge inference applications, from smart IoT devices and smart cameras to smart home appliances and robotics.

(9) Self-developed and designed total solutions
Our total solutions include AndesCore™ Processor IPs, AndeSight™ Integrated Development Environment with a graphic interface, software toolchains, and hardware development platform, all of which were developed and designed by Andes. Therefore, we have an advantage on both cost and future development.

(10) Elite partners
We have worked with more than 180 partners, including famous hardware/software IP companies, foundries, design services, and software tool companies, for examples, TSMC, UMC, GlobalFoundries (foundry), Intel, Faraday Technology, Global Unichip, Alchip, Invecas, M31, eMemory (memory SIP), Rambus, PUFsecurity, Crypto Quantiqu Secure-iC (security IP), Imagination (GPU, IP), Rafael (RF IP), Arteris (NoC IP), Mentor Graphics (simulation platforms), Micrium, RT-Thread (RTOS), Acoinfo SylixOS (real-time OS RTOS), Lauterbach, and J&D (software tool companies). In addition, our products have passed TSMC's stringent quality review and become one of the recommended processor IPs in its Open Innovation Platform (OIP). This not only improves our brand awareness but also boosting our sales. After becoming one of the founding members of RISC-V International, we make alliances with several companies, such as Mentor Siemens (debugging and trace IP), Imperas/Synopsys (software simulation and virtual platform), Tiempo , ZAYA, eShard, Thales (security

IP and platform), SEGGER, IAR, Ashling (software tool companies), Skymizer (AI software), Expedera (AI IP), Multicoreware, PerfXLab (OpenCV), and Codeplay (Open CL). After releasing the product with functional safety support, Andes has attracted many partners such as Vector (AUTOSAR OS), AUTOSAR OS, FPT Software (AUTOSA software service), Tasking (embedded product development tool), LDRA (software testing), Parasoft (software testing), Beanpod Tech (embedded security software), TrustKernel (embedded security software), and Resiltech (automotive chip security inspection software). We will also further expand the number of our partners.

(11) Campus promotion plan

We have started the campus promotion plan since 2010. It is intended to make the students familiar with our processor architecture and usage environment to cultivate future engineers for customers and us, and raise our brand awareness. We started with National Chiao Tung University. As of the fourth quarter in 2025, we have signed contracts with 83 universities where 36 universities in Taiwan, 37 universities in China, and 10 universities in other countries. In 2025, we held the "Andes Certified Engineer Test (ACET^{TM})" with 118participants taking the test. The 4th Andes Award was held in 2025, attracting over a hundred students from 54 teams across 17 universities and colleges to register.

(12) Outstanding professional R&D team

Our core R&D team consists of talents who ever worked for renowned processor companies in US Silicon Valley, such as AMD, DEC, Intel, MIPS, nVidia, Sun, etc. They have rich experience in processor architecture, as well as in related software and hardware.

1.1.5. Positive and negative factors for future development, and countermeasures

(1) Favorable factors in development:

a. High barriers to entry

The expertise of the processor SIPs includes innovative instruction architecture, Soft IP design, integrated development environment, development tools, OS, and debugging tools. These require senior R&D talents who know the hardware/software integration. The entry barriers are high so that less than 10 companies in the world can provide processor IPs. The Company is the first Asian listed company that sells 32-/64-bit processor IPs and their development platform. We have mature technologies and deliberate short-term and long-term plans to meet various emerging needs in the market.

b. The SoC market has grown rapidly and extensively

According to the MarketWatch forecast, the market size of system chips will reach US$25.3 billion by 2024. DBS Asian Insights predicts that worldwide IoT devices will reach 125 billion by 2030. Our products emphasize high power-saving efficiency and are in line with the essential requirements for low power consumption of IoT terminal devices. In addition, the big data collected by IoT applications have driven the upgrading demands for the infrastructure, such as the storage and network equipment, and emerging technologies such as AI/machine learning form the so-called edge computing. Our latest 64-bit CPU and vector processors just meet the requirements of high performance, high bandwidth, and high addressing in these fields. Therefore, the thriving development of IoT devices, AI, edge computing, and SoC is expected to have a positive effect on our promotions and revenues.

c. The rapid development of IC industry in China

According to IC Insights' Industry Report, China's IC production value has a compound growth rate of 11% from 2019 to 2024, and it is projected that China's IC output value will increase to US$58.2 billion by 2026. With a favorable geographic location and language, it is expected that our customers and revenues in China will increase significantly.

(2) Negative factors for our development and our corresponding strategy:

a. Insufficient talents

In response to the growth demand, we must hire talents continuously. However, Taiwan did not have commercialized processor companies and industry in the past. Several companies, such as UMC, VIA, and RDC Semiconductor, produced Intel x86-based instruction architecture in the early stage. They focus on the PC industry and have little research on embedded processors. The relevant research on processors is limited to few universities in Taiwan. Therefore, there is a shortage of talents in processor architecture, hardware design, development tools, and embedded systems.

Our corresponding strategy:

(a) We cultivate R&D talents through internal and external education and training, and work with top-notch universities (NTU, NTHU, NCTU, NCKU, NCCU, etc.) in Taiwan to perform research or internship programs, inherit technologies, and hire talents in the future.

(b) Hire foreign high-end talents who have related experience.

(c) Provide long-term training to alternative military servicemen who graduate from the Departments of Electrical Engineering and Computer Science.

(d) Implement the employee stock purchase plan to make our employees become our shareholders for better engagement.

(e) Issue employee stock option certificates to retain talents.

b. Lack of custom standard cell libraries and memory SIPs

We focus on the Soft IP products to provide customers the embedded processors and development systems with the best performance and efficiency. We do not develop our own standard cell libraries and memory compiler products. For different IC processes, the technical data of the main performance uses the standard cell libraries and memory compiler provided by foundries. Some competitors have their own standard cell library and memory compiler team which can provide custom standard cell libraries and memory for better technical data (for example: the highest frequency, area, and power consumption).

Our corresponding strategy:

(a) Enhance design architecture to reduce the difference between various standard cell libraries and memories.

(b) Forge an alliance with the professional standard cell libraries and memory SIP companies to be more competitive.

c. Diverse application market goals

The embedded market has diverse applications. Due to the limited workforce and resources, we cannot provide a comprehensive hardware/software solution for each application.

Our corresponding strategy:

(a) Enhance the market analysis and visit customers to invest resources in the market with the best ROI.

(b) Find more partners to cooperate with and use the minimum resources to provide the best total solutions for customers.

1.2. Important applications of major products and production processes:

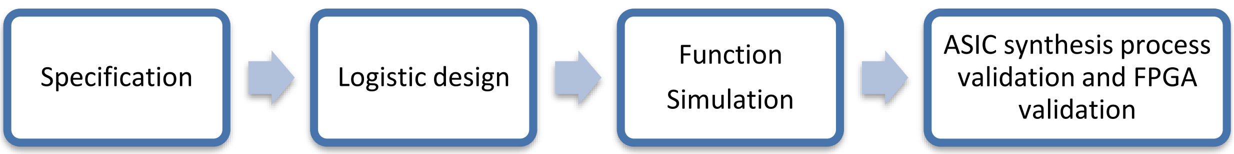
2.2.1. Important applications of major products

Andes is committed to the design and development of an innovative architecture with high-performance and low power consumption of 32-/64-bit embedded microprocessors and the corresponding SoC development platforms. We have microprocessors, system architecture, operating systems, software development toolchains, and other technologies to provide services for the rapid growth of embedded system applications worldwide. Our products can be applied to SoC, IC and other fields. The application product types are as follows:

(1) Consumer digital electronics
(2) Mobile communications
(3) Networking solutions
(4) Satellite positioning
(5) Embedded system solutions
(6) Multimedia solutions
(7) Thin client
(8) Memory storage
(9) Sensing
(10) Wearables
(11) IoT
(12) Power ICs
(13) Touch panel controllers
(14) Smart meters
(15) Industrial control
(16) Medical instruments
(17) Automotive electronics
(18) AI/machine learning
(19) Data center

2.2.2. Production process of major products

We are an IP supplier and do not produce physical products. The flowchart of our IP services is as follows:



1.3. Supply of key materials

We are a professional company that sells 32-/64-bit processor SIPs and their development platforms. Our key products are SIP soft codes and software tools which do not require production. The key materials for the AndeShape™ Development Board to support product display and customer development include the Printed Circuit Board (PCB), Field Programmable Gate Array (FPGA), ROM/Flash/DDR memory/memory module, various logic/analog/control IC devices, oscillator, various connectors/cables, etc., all of which come from outsourced production and procurement. The top priority of our supplier selection is the stable quality. Therefore, the supply conditions of each raw material are good.

1.4. Name of the major suppliers/customers over the last two years

2.4.1. Major suppliers

Unit: NT$ thousands

Item	2024				2025			
	Supplier	Amount	% of Total Purchase	Relation	Supplier	Amount	% of Total Purchase	Relation
1	Ellipsiz	3,200	82	None	Ellipsiz	(Note)	(Note)	None
2	Gao-Fu	(Note)	(Note)	None	Gao-Fu	234	11	None
3	BESA	(Note)	(Note)	None	BESA	595	28	None
4	LCU	(Note)	(Note)	None	LCU	273	13	None
	Other	705	18		Other	989	48	
	Total	3,905	100		Total	2,091	100	

Note: Purchases from this supplier did not exceed 10% of the Company's total purchases for the year and are therefore not disclosed.

Reason for increase or decrease: Changes in major suppliers were primarily due to the Company’s procurement of test boards for planned batch production in 2024, whereas there were no such production or procurement requirements in the current period.

2.4.2. Major customers over the last two years

Unit: NT$ thousands

Item	2024				2025			
	Sales	Amount	% of Total Revenue	Relation	Sales	Amount	% of Total Revenue	Relation
1	Customer A	255,532	19	None	Customer A	202,569	14	None
2	Customer B	224,294	16	None	Customer B	165,953	11	None
	Others	901,681	65		Others	1,109,665	75	
	Total	1,381,507	100		Total	1,478,187	100	

Note: Sales to this customer did not exceed 10% of the Company's total sales for the year and are therefore not disclosed.

Reason for increase or decrease: The change in the proportion of major customers is primarily due to fluctuations in annual licensing agreements and royalty income.

3 Employees

Year		2024	2025	2026 (As of March 31)
Number of Employees	R&D	371	369	366
	Management	105	104	105
	Total	476	473	471
Average Age		39	41	41
Average Years of Service		3.45	3.04	4.14
Education	Doctoral	5.67%	4.86%	4.67%
	Master	73.95%	75.90%	76.01%
	University & College	20.38%	19.24%	19.32%
	High school (inclusive) and below	-%	-%	-%
	Total	100.00%	100.00%	100.00%

4 Environmental Protection & Expenditures

Losses due to environmental pollution (including compensation) and total fines during the most recent years and up to the annual report publication date: None. The Company is a professional CPU IP design company with no production process.

5 Labor-Management Relations

5.1. The Company's employee welfare program, training and development, and retirement policy, settlement between employees and employer

(1) Labor Conditions:

A. Beside the formal channels of communication, the Company also establishes the Employee Welfare Committee to host different types of events such as company event (anniversaries and family days), holiday celebrations, departmental activities (department outings and joint birthday celebrations), group outings, host a sports competition, etc.

B. The Company has provided high-quality health checks and post-check consultations to its employees every year. Employees are entitled to basic insurance for labor, health insurance, etc. In addition, the parents, spouses and children of the employees also enjoy the protection of group insurance.

C. The Company's regular running office environmental testing and fire detection for providing a safe working environment.

D. In accordance with the Labor Standards Law, the Company provides such as paternity leave, parental leave, and breastfeeding time of female. The Company also provides other regulations such as flexible working hours, etc., which are better than the Labor Standards Act.

(2) Training & development：

The Group pays its full attention on the employee training and development. A complete long-term human resource development plan is designed and implemented for various purposes including general, management, professional courses, English learning courses and other specifics programs, which will help to inspire employees to increase their working quality and performance.

(3) Status of retirement system：

A. The Company's retirement system was designed in accordance to the Labor Standards Law and the Labor Pension Act. All employees choose the New System. The Company withdraws the pension to the labor personal account of the Labor Insurance Bureau every month according to law. In addition, the voluntary part of the employee's contribution shall be declared by the human resources unit after application.

B. According to Article 46 of the Company's "Work Rules", employees who have worked for more than 15 years and have reached 55 years old, or have worked for more than 25 years, or have worked for more than 10 years and have reached 60 years of age, may request retirement.

(4) Labor-Management Conference：

The Company held the Labor-Management Conference are held every season for employee representatives to meet with top management to discuss and respond to major topics to achieve a better bilateral understanding between employees and the Company and thus to reach cohesiveness.

(5) Maintenance measures for various employee rights

A. the Company and the employees set a labor contract to protect the rights and interests of employees.

B. the Company has not hired underage child labor.

C. the Company provides flexible working hours, allowing employees to take care of their work and family.

D. the Company has a complaint channel for prohibiting workplace bullying and complaints of sexual harassment in the workplace to protect human rights.

(6) Work Environment and Protective Measures

The Company implements ESG environmental and social responsibilities and is committed to providing a safe and healthy workplace:

(1) Personal Safety and Environmental Protection Measures

A. Working Environment Inspection: The Company conducts working environment inspections semi-annually to monitor heavy metals and volatile organic compounds (VOCs) in laboratories, ensuring all indicators exceed regulatory standards.

B. Fire Safety Management: The Company performs regular annual inspections, maintenance, and replacement of fire safety equipment to ensure the fire protection system remains in optimal condition at all times.

C. Prevention Programs: The Company promotes management plans such as "Prevention of Ergonomic Hazards," "Prevention of Diseases Caused by Abnormal Workload," and "Prevention of Workplace Unlawful Infringement."

(2) Safety and Health Training

A. Emergency Drills: The Company regularly conducts fire safety training and emergency response drills for all employees to ensure they possess professional knowledge and disaster prevention capabilities.

B. Education and Awareness: The Company provides ongoing occupational safety and health training. Additionally, full-time nursing staff hold regular health lectures and conduct health risk assessments.

(3) Health Care

A. Health Examinations: Surpassing regulatory requirements, the Company provides annual health examinations for all employees. Contracted physicians are also available on-site to provide health consultations and follow-up on medical check-up results.

B. Maternal Protection: The Company provides dedicated lactation rooms and implements a maternal health protection plan to safeguard the dignity and physical and mental health of female employees in the workplace.

In summary, the Company attaches great importance to the rights and interests of employees and gives full respect and care to employees based on the principle of humanized management.

5.2. Losses incurred by labor disputes in recent years up to publication, and potential disputes and appropriate measures:

The Company’s agreement on labor relations and protection rights and interests’ maintenance measures for employee rights was in accordance to the Labor Standards Law. There is no any labor dispute.

6 IT Security Management

6.1 Structure, Policy and Resource

6.1.1 IT Security Structure

In order to strengthen the company's information security management and ensure data, system and network security, an information security room has been set up, which is a dedicated information security unit, including the information security chief and at least one information security personnel, responsible for the planning of information security affairs, Promote and implement, and regularly report to the general manager and the chairman of the board on the status of various business executions.

IT Security Policy

Information security is one of the important tasks that the company has been paying attention to for a long time. In order to ensure that various information security management operations can be effectively implemented, and early detection of illegal behaviors and security loopholes or threats. Early identification can help deter wrongdoing and minimize potential risks.

- Establish and implement an information security management system.
- Comply with the information security requirements of laws and contracts.
- Assess risks and set goals and control measures to continuously improve information security.
- Disseminate information security requirements to employees and relevant groups.

6.1.2 IT Security Resource

The company attaches great importance to information security control, and the specific methods adopted in information security protection are mainly as follows:

(1) Employee management

When an employee is hired, the company signs an "employment contract" with the employee, in which it is stipulated that the intellectual property rights of all creations and inventions of the employee during the employment period shall belong to the company. At the same time, it also signed a detailed "confidentiality contract" with the employees. No matter during or after the employment contract is terminated, the employed employees shall keep confidential all business information, technologies, programs, processes, designs or any other company confidential information that can be used for design, sales or operation that they come into contact with during their employment. If there is a violation of the contract, the company may impose punishment in accordance with the work rules. And depending on the seriousness of the circumstances, the criminal responsibility shall be prosecuted.

(2) Device Control

To safeguard the Company’s information security, bringing personal information devices, such as personal computers (PCs) and notebooks (NBs), into the workplace is prohibited. If there is a legitimate business need for such equipment, an application for the procurement or borrowing of information equipment must be submitted in accordance with the Company’s regulations. Only Company-issued equipment may be used after formal approval has been granted. (3) Rights management

Employees of the company need to pass two-factor authentication to log in to their personal computers to avoid account theft and fraudulent use. Each R&D project has strict authority control. Project members need to submit an application. After the approval of the supervisor, the information management personnel will set the access authority, and regularly review the access authority to ensure the correctness of the authority management.

(4) Data management

The company's research and development related data are all stored in professional storage devices with high-availability backup capabilities. Project research and development data are all subject to authority control, and only authorized members are allowed to access them. The company's R&D data has a complete regular backup mechanism and is stored off-site to ensure recovery in the event of a disaster.

(5) Output management

When the product is delivered to the customer, it is necessary to complete the application process. After the approval of the relevant supervisors and business operators, the system will encrypt the data and upload it directly to the exclusive space provided by the company for customers to download. The process does not involve any manual work. The opening time of the line is limited to one week, and if it is overdue, you must apply for the opening again.

(6) Host Equipment Log Management and Analysis

A. Store logs of Web, IIS servers, and Firewalls on the Log Server and retain them for 3-5 years.

B. Regularly analyze logs daily or weekly to check for malicious attacks or potential threats. If malicious attacks or connections are detected, block them using the Firewall to ensure internal security. For example, abnormal login failures for AD accounts, web servers being subjected to large-scale external IP connection attacks, etc.

C. To strengthen information security defense, the Company integrated a third-party IP blacklist database (AbuseIPDB), adding a total of 270,000 entries.

Year	2024	2025
Number of Blacklist Database Entries	100,000	270,000

(7) Endpoint Protection

The Company continues to implement advanced cybersecurity protection technologies, including Endpoint Detection and Response (EDR) and Network Detection and Response (NDR) mechanisms. By leveraging AI-based behavioral analysis and real-time threat monitoring, we have enhanced our capabilities to detect anomalies, malicious attacks, and latent risks, thereby strengthening our overall information security infrastructure and incident response efficiency.

A. All employee computers must have endpoint antivirus software installed to prevent malicious file or link attacks and ensure the safety of colleagues' computer usage.

B. EDR Implementation: EDR (Endpoint Detection and Response) systems are deployed on critical servers and host equipment. These systems utilize real-time monitoring, behavioral analysis, and threat-blocking mechanisms to mitigate the risks of hacker intrusions and ransomware attacks. The Company currently utilizes the CrowdStrike Falcon platform to reinforce endpoint threat detection and incident response capabilities.

C. NDR and Email Security: The Company has introduced NDR (Network Detection and Response) mechanisms that employ AI behavioral analysis to monitor internal and external network traffic in real-time. This allows for the identification of abnormal connections, suspicious lateral movements, and hidden malicious activities. Currently, the Company utilizes the Darktrace Cyber AI Platform for network anomaly detection and threat analysis. Simultaneously, we have established robust email security measures to enhance the detection and prevention of Business Email Compromise (BEC). Through multi-layered email security controls and user behavioral analysis, we effectively reduce the risks of phishing attacks and account misuse, thereby strengthening overall information security governance.

D. Continuous Monitoring: The Company conducts daily analysis of latent threat events. Corresponding actions and follow-up procedures are strictly implemented for events identified as medium-risk or higher to minimize information security exposure.

(8) Disaster Recovery Drill Plan

A. Implement disaster recovery drills annually, with different formats and themes each year. For example, in 2024, focus on BPM System and conduct relevant disaster recovery drill plans.
B. Assess whether the current plan is viable or requires adjustments through disaster recovery drill plans.
C. Document/plan disaster recovery drill plans annually.

(9) Employee Cybersecurity Awareness Training

A. Conduct periodic cybersecurity awareness campaigns for employees.
B. Provide cybersecurity lectures for employees annually by the cybersecurity department to enhance employee cybersecurity awareness.
C. Enhance employee awareness of email social engineering attacks and phishing websites.
D. The completion rate of information security training for new employees reached 100%

Item	Frequency
Information Security Awareness Promotion	4 times
Information Security Training & Education	2 times

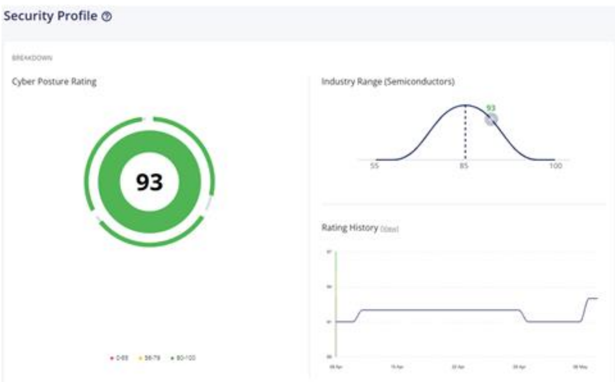
(10) Asset Equipment Vulnerability Scanning

Perform vulnerability scans of host equipment and computers every six months. In addition to patching vulnerabilities rated as high-risk or above, check if the operating system is EOS/EOL. If it is, advise the host manager to upgrade to a new version to avoid vulnerability attacks.

The Company regularly conducts information security system testing and reinforcements, and continuously performs business continuity and incident response drills. Simultaneously, the Company leverages objective results and threat intelligence from third-party risk assessments, such as Panorays, to perform risk analysis and further enhance information security management mechanisms.

Vulnerability Scanning	2024	2025
High-Risk Vulnerabilities	0	0

Our target for the Panorays assessment is a score of 90 or above. Since January 2025 , the Company has consistently maintained a score of 93.



(11) Architecture Review and Adjustment

Periodically hold meetings with the IT department to discuss and confirm the presence of any hidden risks in the current architecture or environment. If any related hidden risks are identified, take appropriate measures and report to department heads for subsequent response measures.

(12) The Company has established an information security vulnerability management mechanism to regularly monitor international security advisories (e.g., Common Vulnerabilities and Exposures, CVE). Upon the discovery of high-risk vulnerabilities,

relevant personnel are immediately notified to perform patching and updates to mitigate system risks and strengthen overall information security defense capabilities.

Fiscal Year	Number of CVE Notifications	Remarks
2025	8 times	Regular notification and assistance in remediation

6.2 Damage and Impact

From 2025 to March 31, 2026, the company has not suffered losses due to information security incidents.

7 Material Contracts

Agreement Type	Counterparty	Term	Summary	Restrictions
Credit Contract	Bank SinoPac Co., Ltd.	2024.8.31-2025.8.31	Short-term loan (Note 1), Banking transaction	None
Credit Contract	Land Bank of Taiwan Co., Ltd.	2025.11.15-2026.11.15	Short-term loan (Note 1), Banking transaction	None
Credit Contract	Mega International Commercial Bank Co., Ltd.	2026.2.7-2027.2.6	Short-term loan (Note 1), Banking transaction	None
Credit Contract	Union Bank of Taiwan	2026.4.17-2027.4.17	Short-term loan (Note 1), Banking transaction	None
Office Lease	Hsinchu Science Park Administration	2026.1.1-2026.12.31	Office Lease	None
Office Lease	Taiwan Fertilizer Co., Ltd.	2018.8.1-2028.7.31	Office Lease	None

Note1: The Company’s short-term lines of credit remained unused as of December 31, 2025.

V. Financial Status, Operating Results and Status of Risk Management

1. Financial Status

Unit: NT$ thousands

Item \ Year	2024	2025	Difference	
			Amount	%
Current Assets	2,766,652	2,174,815	(591,837)	(21.39)
Property, Plant and Equipment	130,982	1,291,025	1,160,043	885.65
Intangible Assets	1,969,735	2,695,185	725,450	36.83
Other Assets	433,819	232,018	(201,801)	(46.52)
Total Assets	5,301,188	6,393,043	1,091,855	20.60
Current Liabilities	364,938	414,097	49,159	13.47
Long-term Liabilities	0	0	0	0
Other Liabilities	115,493	1,464,112	1,348,619	1,167.71
Total Liabilities	480,431	1,878,209	1,397,778	290.94
Share Capital	506,509	506,509	0	0.00
Capital Surplus	4,096,056	4,209,255	113,199	2.76
Retained Earnings	207,428	(207,831)	(415,259)	(200.19)
Other Equity	10,764	6,901	(3,863)	(35.89)
Total Equity	4,820,757	4,514,834	(305,923)	(6.35)

1. Explanation for changes that exceed 20% and reached NT$10 million in the past two years:
   (1) Decrease in Current Assets: Primarily due to a decrease in bank deposits resulting from the purchase of plant facilities.
   (2) Increase in Property, Plant and Equipment: Primarily driven by the acquisition of plant facilities.
   (3) Increase in Intangible Assets: Primarily attributable to the continuous investment in development expenditures.
   (4) Decrease in Other Assets: Primarily due to the amortization of right-of-use assets and the decrease in deferred tax assets.
   (5) Increase in Total Assets: Primarily due to the purchase of the plant and the funds raised from the issuance of unsecured convertible bonds
   (6) Increase in Other Liabilities: Primarily due to the issuance of unsecured convertible bonds in 2025.
2. If the impact is significant, the future response plan should be stated: Not applicable.

2. Operating Results

Unit: NT$ thousands

Item \ Year	2024	2025	Difference	
			Amount	%
Net Sales	1,381,507	1,478,187	96,680	7.00
Operating Costs	646	1,017	371	57.43
Gross Profit	1,380,861	1,477,170	96,309	6.97
Operating Expenses	1,656,940	1,897,011	240,071	14.49
Operating Income	(276,079)	(419,841)	(143,762)	52.07
Non-Operating Income and Expenses	287,620	(61,504)	(349,124)	(121.38)
Net Income before Income Tax	11,541	(481,345)	(492,886)	(4,270.74)
Income Tax Expense	9,648	(66,086)	(75,734)	(784.97)
Net Income	1,893	(415,259)	(417,152)	(22,036.56)
Other Comprehensive Income, net of tax	7,938	(3,863)	(11,801)	(148.66)
Total Comprehensive Income	9,831	(419,122)	(428,953)	(4,363.27)

1. Explanation for changes that exceed 20% and reached NT$10 million in the past two years:
   (1) Increase in Operating Loss: Primarily attributable to an increase in research and development (R&D) expenses year-over-year, as the Company continues to invest R&D resources to advance various project developments.
   (2) Decrease in Non-operating Income, Profit Before Tax, Net Profit After Tax, and Total Comprehensive Income for the Period: Primarily due to an increase in foreign exchange losses arising from exchange rate fluctuations, which consequently reduced non-operating income and profit before tax.
   (3) Increase in Loss Before Tax: Primarily driven by an increase in foreign exchange losses arising from exchange rate fluctuations, resulting in a decrease in non-operating income and profit before tax.
   (4) Decrease in Income Tax Expense: Primarily due to the net loss incurred in the current period, which resulted in a lower income tax expense.
   (5) Increase in Net Loss After Tax: Primarily attributable to an increase in foreign exchange losses arising from exchange rate fluctuations.
   (6) Decrease in Other Comprehensive Income for the Period: Primarily driven by an increase in foreign exchange losses due to exchange rate fluctuations, and a decrease in exchange differences on the translation of subsidiaries' financial statements.
   (7) Decrease in Total Comprehensive Income for the Period: Primarily attributable to an increase in foreign exchange losses arising from exchange rate fluctuations.
2. Possible impact on the Company's future financial business and corresponding plan: Not applicable.

3. Cash Flow Analysis

3.1. Analysis of cash flow deviation for the current period:

Unit: NT$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Provided by operating Activities in 2025	Net Cash Outflows from Investing and Financing Activities in 2025	Impact of Foreign Exchange Ratio	Cash Balance End of Year	Leverage of Cash Deficit	
					Investment plan	Financing plan
2,082,726	309,922	(971,531)	(1,529)	1,419,588	-	-

Analysis of change in cash flow in the current year:
(1) Operating Activities: Net cash inflow of NT$309,922 thousand, primarily due to sales growth in 2025, which resulted in an increase in operating revenue.

(2) Investing Activities: Net cash outflow of NT$2,445,577 thousand, primarily due to the acquisition of intangible assets. (3) Financing Activities: Net cash inflow of NT$1,474,046 thousand, primarily attributable to cash inflows generated by the issuance of unsecured convertible bonds. Remedial measures and liquidity analysis for insufficient cash: Not applicable.

3.2. Remedy for cash shortfall: The Company has ample cash on-hand; remedial actions are not required.

3.3. Analysis of cash flow project for the next period: As of December 31, 2025 the Cash and cash equivalents still have net NT$1,419,588 thousands, which is sufficient to meet the Company's operational expenditures and other requirements; therefore, no cash shortfall is expected to take place in the coming year.

4. Major Capital Expenditure

4.1. Utilization and Funding Sources of Major Capital Expenditures in the Most Recent Fiscal Year

Unit: NT$ thousand

Project	Actual Funding Source	Completion Date	Total Capital	Utilization			
				2022	2023	2024	2025
Expansion of Office & Factory Facilities	GDR Issuance	2025	1,195,000	158,350	121,350	52,820	862,480

4.2. Expected Benefits

The investment is expected to reduce long-term rental expenses and mitigate the risk of future rent increases. By converting rental payments into capital investments, the Company aims to enhance capital efficiency and align with its strategic objectives。

5. Direct Investment Policy, Main Causes for Profit or Loss, Improvement Plan and Investment Plan for the Upcoming Year

The Company's investments are long-term strategic investments. The investment loss from equity method investment in 2025 Individual Financial Statements was NT$10,797 thousand. The Company will keep its long-term strategic investment policy and evaluate investment plans prudently.

6. Risk Management

6.1. Risks Associated with Interest Rate Fluctuation, Foreign Exchange Volatility, and Inflation

Unit: NT$ thousands

Item \ Year	2024	2025
Net Sales	1,381,507	1,478,187
Foreign Exchange Gains or Losses	163,381	(79,904)
Foreign Exchange Gains or Losses to Net Sales (%)	12	(5)

(1) Risks associated with interest rate: As of December 31, 2025 and 2024, the Company had no bank borrowings . In addition, as of December 31, 2025 and 2024, financial assets with fair value interest rate risk were primarily time deposits amounting to NT$948,960 thousand and NT$1,211,397 thousand, respectively. Given the short-term nature of these deposits and the fact that interest rates were fixed upon inception, the associated risk is considered not significant..

(2) Risks associated with foreign currency: The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when

revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries. The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2025 and 2024 decreases by NT$6,262 thousand and NT$16,918 thousands. The impact of exchange rate fluctuations of the NTD against the USD on the Company is not significant.

The main income currency of the Company is US dollars and New Taiwan dollars. The proportion of net exchange gain (loss) to net operating income for the years ended December 31, 2025 and 2024 is (5)%, and 12％, respectively. The proportion was minor. The following measures were taken to deal with exchange rate changes:

A. Observe the impact of the economic situation on the exchange rate at any time, and fully grasp the exchange rate trend, take necessary risk avoidance measures.

(3) Risks associated with inflation: There was no major impact from inflation on the Company's operations. The Company has not been profitable due to inflation. The past profit and loss have not been significantly affected by inflation. If the cost or expense is increased due to inflation, the Company will also adjust the sales price appropriately.

6.2. Risks Associated with High-Risk/High-Leveraged Investment; Lending, Endorsements, and Guarantees for Other Parties; and Financial Derivative Transactions

(1) The Company has not engaged in high-risk or high-leveraged financial investments during 2025 and up to date of this report.

(2) The Company has not engaged in the act of lending, endorsement guarantees and Financial Derivatives transactions during 2025 and up to date of this report.

6.3. Future R&D Plans and Expected R&D Spending

The Company's future research and development will align with the extensions defined by RISC-V International. We will continue to enhance AndeStar™ V5 by incorporating new architectural features, including bit manipulation, functional safety architecture, code size reduction, cryptography instructions, and next-generation instruction sets. AndesCore™ processors are planned to complete the V5 architecture extension instruction sets and evolve toward higher performance and lower power consumption in response to application trends, while also developing a series of products compliant with the ISO 26262 automotive safety standard. In addition to continuously improving performance, high-end application processors will further support RISC-V Profiles such as RVA23 and RVA24, and evolve toward multi-cluster architectures to provide SoCs with greater computing power. For Vector Processors, we will continue to optimize the architecture to provide superior performance for applications such as data center accelerators. In addition, the Company will continue to strengthen its platform-level solutions to provide more secure and feature-rich reference design platforms, SoC-level IP, and software.

The development of the AndeSight™ integrated development environment (IDE), including the toolchain, encompasses not only the development of a new LLVM compiler, but also the continued support and optimization for new processor instruction sets and pipeline architectures. The development of the AndeSoft™ software stack includes not only expanded support for 64-bit operating systems and enhanced IoT stack support, but also the ongoing porting and optimization of the latest versions of various operating systems and application features.

The AndesAIRE™ AnDLA Deep Learning Accelerator continues to advance technical support for Transformer, Vision Transformer (ViT), and Small Language Model (SLM) technologies. In conjunction with the AndesAIRE™ NN SDK and NN Library, the AnDLA and CPU will be integrated into comprehensive AI subsystems. AndeSentry™ is our newly established security-oriented architecture, integrating proprietary technologies and partner IP to satisfy diverse customer requirements.

In addition, regarding computing acceleration, the Company will further enhance the Andes Custom Extension (ACE) architecture for customer-defined acceleration instructions, as well as its development software COPILOT (Custom-OPtimized Instruction deveLOpment Tools). We will also continue to explore AI deep learning and acceleration-related applications, including the development of ACE Domain Extensions for AI-specific expansion instructions.

The Company's R&D expenses primarily consist of personnel costs for R&D staff. The R&D expenses in 2025 and 2024 were NT$1,284,555 thousand and NT$1,083,192 thousand, respectively. We will continue to increase our R&D workforce to enhance our development capabilities, with projected R&D investment estimated to remain at more than 70% of annual revenue.

6.4. Risk Associated with Changes in the Political and Regulatory Environment

The Company's Legal Department and Finance Department are responsible for risks associated with changes in the political and regulatory environment. The Company pays close attention to any changes in policies and laws that may affect the Company's operations and adjusts the relevant internal regulations of the Company.

6.5. New technology change (including the risk of IT security) and industry change impact on the Company's finance and business operations

The company has established an e-operation committee, which regularly half-yearly reports on information security and information security improvement measures quarterly, explains information security cases such as information security issues and phishing letters to all employees, and sends email notifications from time to time. All employees are notified about the prevention of malicious emails.

The information security policy has stipulated information security regulations in the information system management process, specify the necessary implementation principles and measures for employee information security, such as company information protection and security, remote access multi-factor authentication (MFA) to add a layer of protection to the login process and prohibit colleagues from installing, using or sharing unauthorized Software... etc. information security protection restrictions,

The company has information system emergency response measures to enable information operations to take emergency measures after natural disasters or man-made damages occur and resume various computer operations as soon as possible to maintain the operation of the company's business.

It also stipulates that an emergency response team for major critical safety incidents should be established immediately during an information security incident. The general manager and department heads shall be organized according to their powers to be responsible for the emergency response handling of information security incidents, and the information department shall be responsible for information security prevention and crisis—related measures such as notification and emergency response.

6.6. Changes in Corporate Image and Impact on Company's Crisis Management

There are no changes in corporate image and impact on company's Crisis during 2025 and up to date of this report.

6.7. Risks Associated with Mergers and Acquisitions

There is no any plan with Mergers and Acquisitions during 2025 and up to date of this report.

6.8. Risks Associated with Facility Expansion

In September 2022, the Company entered into a contract to purchase pre-sold land and buildings, which were completed in 2025. The expected benefits include the reduction of rental expenses and increased flexibility to accommodate future growth in headcount, which will provide a positive impact on the Company's mid-to-long-term operational development. There are no adverse effects on shareholders' equity.

6.9. Risks Associated with Purchase Concentration and Sales Concentration

(1) Purchase Concentration

The Company is a professional CPU IP design company, in which the purchase of raw materials, components and accessories for the Company's AndeShape™ production. This hardware platform can provide customers with software development, verification procedures and error detection, but the purchase amount is not large, so the Company does not have the purchase concentration situation.

(2) Sales Concentration

The company did not have a single customer sales ratio of 40% in the last two years. The sales concentration does not pose any risks and customers with more than 10% of sales are all reputable listed companies or well-known international companies, and the relationship between the two parties is good, the collection situation is normal.

6.10. Risks Associated with Sales of Significant Numbers of Shares by the Company’s Directors and Major Shareholders Who Own 10% or more of the Company’s Total Outstanding Shares

The Company regularly reports changes in the holdings of directors, supervisors, and shareholders owning more than ten percent of the shares every month. Additionally, the Company continuously monitors the transfer of ownership rights.

6.11. Risks Associated with Change in Management

In the latest fiscal year and as of the date of this Annual Report, there were no such risks for the Company.

6.12. Risks Associated with Litigations

(1) Major ongoing lawsuits, non-lawsuits or administrative lawsuits: None.

(2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

6.13. Other Material Risk

None.

7. Other Material Events

(1) Intellectual Property (IP) Management

The Company regards intellectual property as a core asset and has established an IP management plan integrated with corporate strategic goals to ensure legal protection of core technologies and reinforce competitive advantages.

A. Systematic Management: Through systematic patent management and protection mechanisms, the Company safeguards the legal rights of its R&D achievements in core technologies. We proactively mitigate infringement risks to enhance corporate competitiveness and protect the best interests of our shareholders.
B. Dedicated Unit: The Intellectual Property & Legal Division is the dedicated unit responsible for handling legal cases, controlling intellectual property rights, preventing risks, and executing various IP management regulations.

Implementation Status in 2025:

A. Patent Portfolio: As of the end of 2025, the Company has accumulated a total of 95 granted patents worldwide.
B. Education and Training: The Company continued to conduct education and training on trade secret protection to strengthen employees' IP protection awareness and regulatory compliance.
C. Software Compliance: The Company strictly prohibits employees from using illegal software or software from unknown sources, ensuring the implementation of internal software compliance management.
D. Board Reporting: Intellectual property matters are reported to the Board of Directors at least once a year. The reporting date for 2025 was November 11, 2025 (the 7th meeting of the 8th Board of Directors).

VI. Special Disclosure

1. Summary of Affiliated Companies
   Information regarding the Company's related parties has been announced and reported on the Market Observation Post System (MOPS). Please refer to the Related Party Transactions Section for details. The access path is as follows: Market Observation Post System > Single Company > Electronic Document Download> Related Party Transactions Section (https://doc.twse.com.tw/server-java/t57sb01?step=1&colorchg=1&co_id=6533&year=&mtype=K&isnew=true)

2. Private Placement Securities
   None.

3. Other Necessary Supplement
   None.

4. Any Events that Had Significant Impacts on Shareholders’ Rights or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan
   None.

Andes Technology Corporation

Chairman Jyh-Ming Lin