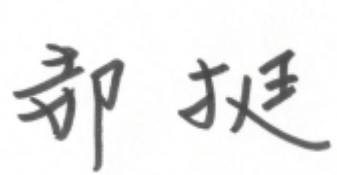
Chairman's Words



Dr. Ting Hao

Chairman of DAVICOM Semiconductor, Inc.



In 2025, the global macroeconomic and geopolitical landscape remained volatile. The Russia-Ukraine war and Israel-Hamas conflict persisted, while U.S.–China competition expanded from technology and microchips to a comprehensive structural reorganization of global supply chains. Coupled with the volatility and uncertainty surrounding U.S. tariff policies, global economic stability and industrial order faced unprecedented pressure. The electronics and semiconductor sectors bore the brunt of these impacts. Although Davicom has long been dedicated to its core IC design business—demonstrating resilience through the Asian Financial Crisis, the Dot-Com Bubble, and the U.S. Subprime Mortgage Crisis to achieve a record of 76 consecutive profitable quarters—the compounded uncertainties of geopolitics, supply chain restructuring, and market realignment led to a slight loss in Q2 2025 for the first time.

However, these challenges prompted us to reflect more deeply on the core meaning of corporate sustainability. Current ESG priorities have evolved beyond traditional economic, social, and governance frameworks toward energy security, geopolitical risk management, and strategic resilience. Amid the deep convergence of technology, finance, and sustainable governance, corporate sustainability strategies are facing a structural transformation. The AI revolution is not only reshaping competitive paradigms across industries, but also opening new pathways for entrepreneurship and technological applications. For an IC design company, this means integrating energy efficiency, performance optimization, and application value directly into the product design and system architecture stages. Driving technological innovation as the core engine for sustainable transformation remains the top priority in Davicom's communication and reporting to all stakeholders.

As geopolitical shifts and policy volatility reshape global investment logic, sustainability is no longer merely a declaration of values, but a critical tool for responding to international environmental changes and strengthening risk management. Reviewing the Company's business operations and governance strategies, beyond deepening carbon accounting, evaluating renewable energy procurement, and continuing existing ESG practices such as social returns and public welfare actions, we view regulatory compliance, energy management, AI integration, supply chain resilience, and labor rights as fundamental cornerstones supporting corporate governance, strategic decision-making, and long-term competitiveness.

On the environmental front, Davicom continuously monitors global sustainability trends highlighted by COP30. Powered by AI innovation and anchored in educational care, we collaborate through industry-academia partnerships and diverse channels to progressively implement Nature-Based Solutions (NbS), promote biodiversity conservation, and emphasize harmonious coexistence with natural ecosystems. Our corporate social responsibility has expanded from simple carbon reduction to natural conservation and ecological resilience, aiming to build a forward-looking ESG strategy aligned with international standards. Placing people at the heart of our operations, Davicom firmly believes that enduring corporate growth must be rooted in trust and value creation. Guided by our core corporate culture of "diligence, value, integrity, cooperation, opportunity, and modesty," the Company maintains a stabilizing force against high external uncertainties. Relying on an irreplaceable cultural foundation, together with the collective dedication of its management team and all employees, the Company successfully navigated the severe challenges of Q2 2025 and returned to profitability in Q3. At this critical turning point, Davicom demonstrated agile adaptability and high organizational resilience.

Looking to the future, Davicom will chart its corporate blueprint with a global perspective, honoring its long-term commitments to customers, employees, investors, and society with integrity as its guiding principle. Beyond continuously strengthening its core technological competitiveness, the Company seeks to extend its social influence as a technology enterprise by engaging in education, culture, and the arts. In doing so, Davicom strives to realize the contemporary value of harmony between technology and humanity, advancing toward a more resilient and responsible future.