4. Enhance Cooperation among Value Chains

4.1 Innovation R&D and management

4.2 Supply Chain Management

4.3 Environmental Product Declaration

4.4 Customer Relationship Management

4.1 Innovation R&D and management

Material Topic	Significance to the Company	Policy/Commitment	Short-term Goal Mid- to Long-term Goals	1. Resources Invested / 2. Achievements	Responsible Department / Grievance Mechanism	Evaluation Mechanism / Outcomes
Innovation R&D	Continuous investment in IC design technology and product innovation serves as a vital foundation for enhancing market competitiveness, expanding into new markets, and creating long-term corporate value. Guided by our core philosophy of sustainable development, we consistently introduce energy-efficient products, fulfilling our corporate sustainability commitments through concrete actions.	The Company is committed to allocating a stable proportion of annual revenue to R&D expenditures, encouraging cross-departmental collaboration and knowledge sharing, and establishing institutionalized innovation incentives and protection mechanisms (such as patent applications and innovation proposal reward systems).	Promote innovation incentive programs to effectively stimulate and unleash employee potential. Implement continuous training and knowledge transfer programs while expanding recruitment of outstanding professionals.	1. Resources invested during the year: NT$67,356 thousand. 2. Key achievements: New product development delivered significant energy-saving and carbon-reduction results: SPI to Ethernet MAC Controller DM9051A-E2/DM9051-E2, Operating current ratio 60mA /160mA =37.5%. DM9051A-E2/DM9051-E2, Chip Size ratio 42.4%.	Administration Department esther_lin@davicom.com.tw	New product development results.

4.1.1 Innovation R&D

Since its founding in 1996, Davicom Semiconductor has dedicated itself to embedded network communication IC technologies. Leveraging superior mixed-signal design, rapid integrated IC development, and system application software, Davicom provides customers with highly integrated, high-efficiency, and cost-effective solutions.

Driven by ease of use, cost-efficiency, and high bandwidth, Ethernet has established itself as the mainstream networking technology across enterprise, consumer electronics, and Industrial Internet of Things (IIoT) sectors. Spurred by the rise of electric vehicles (EVs) and artificial intelligence (AI) applications, market demand continues to surge. Davicom remains long committed to cultivating Ethernet IC solutions and actively leading technology advancements in this space.

In response to the rapid global expansion of the Internet of Things (IoT), Davicom strategically focuses on the research and development of AIoT and IIoT products. By combining high-speed Ethernet with AI computing capabilities, the company has introduced high-performance, low-power smart chip solutions.

Davicom has developed a 3-in-1 integrated chip combining a CMOS Image Sensor (CIS), Neural Network Processing Unit (NPU), and Microcontroller Unit (MCU). Utilizing deep learning to enable real-time edge decision-making, this solution serves both consumer applications (e.g., home appliances, smart toys) and specialized fields (e.g., pandemic prevention, digital education). Moving forward, Davicom will expand its AI roadmap into pet detection, smart factory monitoring, advanced driver-assistance systems (ADAS), and cloud logistics AI management systems.

With the rapid evolution of AI, Industry 4.0, automotive electronics, and smart manufacturing—coupled with global net-zero emission targets and national energy policies—the

demand for high-performance, highly reliable network communications continues to climb. Boasting stability, security, and high compatibility, Ethernet serves as a fundamental pillar for smart applications and industrial communication.

Davicom continuously refines its core Ethernet IC technologies, actively investing in Edge AI, industrial automation, and smart logistics. By integrating Edge AI SoCs, sensors, actuators, and 10BASE-T1S technologies, Davicom optimizes device connectivity, smart control, and data transmission efficiency. This empowers clients to construct high-efficiency, low-power smart applications, fulfilling energy conservation and carbon reduction targets while enhancing corporate competitiveness and long-term sustainability value.

In the IIoT sector, Davicom develops Ethernet ICs tailored for smart manufacturing, serving applications in smart grids, industrial automation controls, and AI image recognition. Concurrently, the company launched AI-integrated RFID systems for smart medical cabinet management, optimizing pharmaceutical inventory tracking and reducing operational error risks.

In alignment with ESG sustainability objectives, Davicom embeds low-power architecture into the product design phase. By engineering low-carbon embedded Ethernet controller ICs, Davicom helps clients minimize operational energy consumption, driving global decarbonization efforts.

Supported by a professional R&D team, Davicom responds rapidly to market dynamics by continually developing 10/100/1000M Ethernet controller ICs for smart buildings, digital homes, and cloud computing. As edge AI and hybrid cloud architectures gain momentum, Davicom delivers highly integrated communication solutions that bolster data transmission and analytics performance in AIoT and IIoT environments.

Looking ahead, Davicom will continue investing in smart sensing, intelligent recognition, and Ethernet communications, broadening its reach across AI, smart manufacturing, automotive electronics, and industrial automation. Notably, the 10BASE-T1S Ethernet controller supports Multidrop topology, making it ideal for in-vehicle diagnostics (OBD), body electronics, and industrial automation networks—offering key advantages such as simplified wiring, improved transmission efficiency, and reduced overall system cost. Davicom remains committed to deepening core technical capabilities, advancing innovative applications, and furthering sustainable corporate growth.

Year	R&D expense	Proportions
2024	NT$55,791 thousand	33.6%
2025	NT$67,356 thousand	36%

▲ Annual R&D expense

4.1.2 Innovation and R&D Management Framework

Davicom Semiconductor continuously drives technological innovation by adopting emerging technologies through diverse channels, including in-house R&D, corporate partnerships, technology transfer, and industry-academia collaboration. By combining these initiatives with its core R&D capabilities, the company accelerates new product development and product line expansion, steadily enhancing product quality, technological competitiveness, and market value to fulfill customer needs and capitalize on industry trends.

In terms of talent management, the company has established a robust performance evaluation and incentive system to encourage employees to engage in technological innovation and R&D improvements. Davicom places strong emphasis on cross-departmental collaboration, knowledge transfer, and professional talent development, thereby elevating technology transfer and R&D efficiency. Moving forward, Davicom Semiconductor will continue to deepen its innovation and R&D management, cultivate R&D talent, and strengthen its core technologies and innovation momentum—boosting corporate competitiveness to support the company's sustainable growth.



4.2 Supply Chain Management

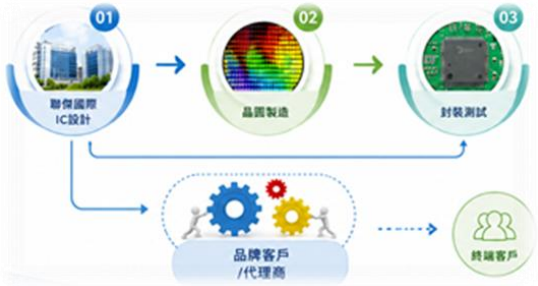
Material Topic	Significance to the Company	Policy/Commitment	Short-term Goal Mid- to Long-term Goals	1. Resources Invested / 2. Achievements	Responsible Department / Grievance Mechanism	Evaluation Mechanism / Outcomes
Supply Chain Management	The stability and compliance of the supply chain directly affect product quality, delivery reliability, and the Company's sustainability reputation. As global ESG expectations intensify, supply chain transparency and risk management have become vital indicators of competitiveness and responsible governance. Establishing a resilient, ethically responsible, and environmentally conscious supply chain network is key to ensuring long-term business sustainability.	Davicom's quality management system is ISO 9001:2015 certified and is built around the core objective of "meeting customer needs and enhancing customer satisfaction." The system encompasses a comprehensive quality management process, covering new product development, design verification, production planning, and customer relationship management.	1.Continuously evaluate the feasibility of local sourcing to reduce greenhouse gas (GHG) emissions from transportation. 2.Incorporate ISO 14001 into supplier selection criteria. 3. Periodically request suppliers to provide third-party laboratory test reports for homogeneous materials to ensure raw materials comply with EU RoHS Directive requirements.	1. Conducted supply chain mapping to identify supplier locations and assess the proportion and potential of local suppliers. 2. Achieved a local procurement ratio of 96.85% in 2025.	Administration Department： esther_lin@davicom.com.tw	Annual quality management review meetings.

4.2.1 Supplier Management Policy

In accordance with the ISO 9001:2015 Quality Management System and the "Outsourcing Management Operating Procedures", the Company has established supplier evaluation and management mechanisms. Beyond traditional criteria such as quality, cost, delivery, technical capability, and service quality, the Company incorporates sustainability issues—including environmental protection, labor human rights, occupational health and safety, business ethics, information and communication security, and privacy protection—into its supplier management framework. Partners are required to comply with relevant laws, regulations, and international standards to jointly enhance supply chain resilience and practice sustainable supply chain management.

In terms of environmental management, suppliers are required to use raw materials that comply with EU environmental regulations, such as RoHS and REACH, and to provide Safety Data Sheets (MSDS/SDS) alongside relevant test reports. Priority is given to partners certified under the ISO 14001 Environmental Management System. Furthermore, suppliers must execute conflict minerals due diligence and submit Conflict Minerals Reporting Template (CMRT) documentation to ensure that raw material sourcing aligns with responsible procurement principles.

In terms of human rights and governance, suppliers are encouraged to obtain certifications such as ISO 45001 (Occupational Health and Safety Management System), SA8000 (Social Accountability), and ISO 27001 (Information Security Management). They are expected to adhere to standards governing labor human rights, occupational safety, information security, and privacy protection, while implementing measures for energy conservation, carbon reduction, resource recycling, and environmental management—working together to fortify supply chain resilience and sustainable competitiveness.



4.2.2 Supplier Selection

Suppliers are key partners in Davicom's sustainable growth, ensuring that products comply with international standards on human rights and green quality. The primary raw material for the Company's products is wafers, with UMC (United Microelectronics Corporation) as the main supplier. During the supplier selection process, Davicom collaborates with reputable and well-established companies, with evaluation criteria focused on product quality, technical capability, and delivery reliability.

Selection Process

For wafer foundry suppliers, the qualification process begins with document and system evaluations. Upon completing the preliminary assessment, the supplier undergoes a trial production run, followed by product verification. The Product Engineering Department consolidates the trial production results into a qualification report. Foundry suppliers that successfully pass verification are formally registered in Davicom's Approved Vendor List (AVL), ensuring quality stability and transparent management for future collaborations.



4.2.3 Supplier Audits and Management

In the semiconductor IC design industry, supply chain management is critical to ensuring product quality and supply stability. Davicom works closely with suppliers to align with international quality standards and enhance supply chain resilience. Through regular and ad hoc audits, the Company continuously monitors suppliers' quality management practices, promptly requesting corrective actions to mitigate risks and strengthen supply chain competitiveness.

Audit Frequency & Audit Criteria

The principle of audit frequency is to conduct one supplier quality audit each year, and a supplier audit review meeting is held every January to review the quality performance and improvement results of suppliers in the previous year, serving as the basis for formulating the new year's audit plan.

Audit Procedures and Implementation Methods

To ensure that audit work is systematic and impartial, the Company has established a standardized audit process as follows:

1. Audit Notification: The audit team must notify the supplier at least two weeks prior to the audit date. The Lead Assessor shall issue a formal letter explaining the audit content and arrangements.
2. On-Site Audit: The audit team, according to the plan, visits the supplier's site to carry out the audit, conducting a comprehensive assessment focusing on the quality management system, process control, product inspection, and abnormality handling mechanisms.
3. Audit Report and Improvement Plan:
   - If non-conformities are found during the audit, the audit team will complete a Quality Audit Defect Report and require the supplier to make improvements within a specified period.
   - All audit results will be compiled into a Supplier Quality Audit Report for subsequent tracking and effectiveness confirmation.
4. Follow-up and Continuous Improvement:
   - The supplier must propose specific corrective measures for the audit deficiencies, including the responsible person and the scheduled completion date, and reply to the Company's Quality Management Department within the designated timeframe.



4.2.4 Supply Status of Key Raw Materials

Item	Content
Supplier	United Microelectronics Corporation (UMC)
Market Status	UMC is a globally renowned semiconductor manufacturer with a well-established reputation for quality. The Company has maintained a long-term partnership with UMC, ensuring reliable access to the production capacity required to meet our business needs.
Davicom's Procurement Strategy	Stable manufacturing processes and high yield rates effectively reduce costs, making the selection of high-quality suppliers highly beneficial to our products. Davicom has enjoyed a longstanding collaboration with UMC, which continuously develops new process technologies aligned with global industry trends and provides access to advanced nodes for our use. The Company reviews pricing based on market supply and demand conditions and conducts regular evaluations of product quality and service performance.

4.2.5 Green Supply Chain Management

The Company is committed to building an environmentally responsible supply chain, ensuring that our products comply with international environmental regulations and customer requirements throughout the design, manufacturing, packaging, and testing processes. All packaging facilities have obtained ISO 14001 certification. Regular reviews will continue to be conducted to ensure that the supply chain complies with the latest environmental regulations.

Through rigorous supplier management and certification, the Company guarantees that materials, manufacturing, and packaging processes meet environmental requirements, while working hand in hand with supply chain partners to promote green manufacturing and fulfill our corporate social responsibility. Looking ahead, we will continue to monitor suppliers' environmental performance and strengthen green supply chain management in alignment with international standards, thereby reducing environmental impact and advancing our sustainability objectives.

Davicom Provides Customers with a Self-Declaration on Product Compliance with Environmental Regulations and Management Procedures

No.	Davicom Product Management Procedure Declaration
1	EU RoHS (2011/65/EU, Restriction of Hazardous Substances in Electrical and Electronic Equipment, RoHS Directive)
2	EU REACH (EC 1907/2006) SVHC (Substance of Very High Concern)
3	PFOS (2006/122/EC, directive to restrict use of PFOS)
4	DMF (2009/251/EC, directive to restrict use of DMF)
5	Halogen (IEC 61249-2-21, directive to restrict use of halogen, only chlorine and bromine)

Localization of Procurement

The Company continues to promote local sourcing by collaborating with domestic suppliers to support local economic development and reduce energy consumption from transportation. In 2025, 96.85% of procurement expenditures at major operating sites were sourced from local suppliers.

4.2.6 Quality Management

Quality Management and System Framework

Upholding a strong commitment to product excellence and customer trust, Davicom leverages decades of industry expertise, an enduring reputation for integrity, and robust market experience to continuously refine its quality management system. This effort enhances product reliability, deepens client confidence, and advances the company's vision of sustainable growth.

Our quality policy is articulated along the following principles:

1. Effective governance and reinforcement of operational risk management；
2. Continuous development of cost-efficient, high-performance products to secure market competitiveness；
3. Sustainable business growth and profitability, underpinned by corporate social responsibility.

To systematically advance quality management, Davicom has adopted the ISO 9001:2015 Quality Management System, built upon the core objective of "meeting customer needs and enhancing customer satisfaction." This framework spans the entire value chain—from new product development and design verification to production planning and customer relationship management. Each department aligns its operations with quality policy directives to ensure stringent standards are upheld across every stage of the product lifecycle.

Quality Objectives and Annual Planning

In the fourth quarter of each year, all relevant departments establish quality objectives and annual plans targeting key performance factors. Upon review and approval, these measures are rigorously implemented to reduce quality losses, improve management efficiency, and achieve defined targets.

Management Review and Continuous Improvement

Annual quality management review meetings, convened by the management representative and attended by department heads, provide comprehensive assessments of system performance, internal audit findings, and policy relevance. Where discrepancies or policy misalignments are identified, immediate corrective and preventive actions are initiated, with detailed records maintained for follow-up. Davicom remains committed to strengthening its quality governance framework, fostering cross-departmental collaboration, and ensuring that every stage of design and delivery meets uncompromising standards of excellence.

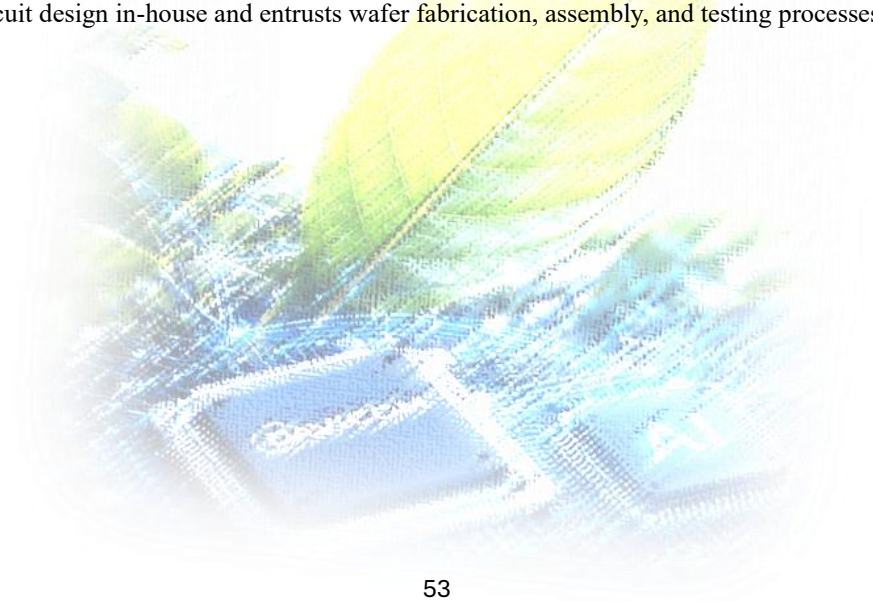


4.3 Environmental Product Declaration

Davicom Semiconductor places high priority on product environmental stewardship and is committed to providing products that comply with international environmental regulations, thereby enhancing the transparency of product environmental information, fulfilling customer demand for green products, and bolstering corporate sustainable competitiveness. The Company mandates that suppliers adhere to applicable environmental regulations, including the EU RoHS Directive (2011/65/EU), and provide compliant third-party test reports to ensure that products conform to both regulatory standards and customer requirements.

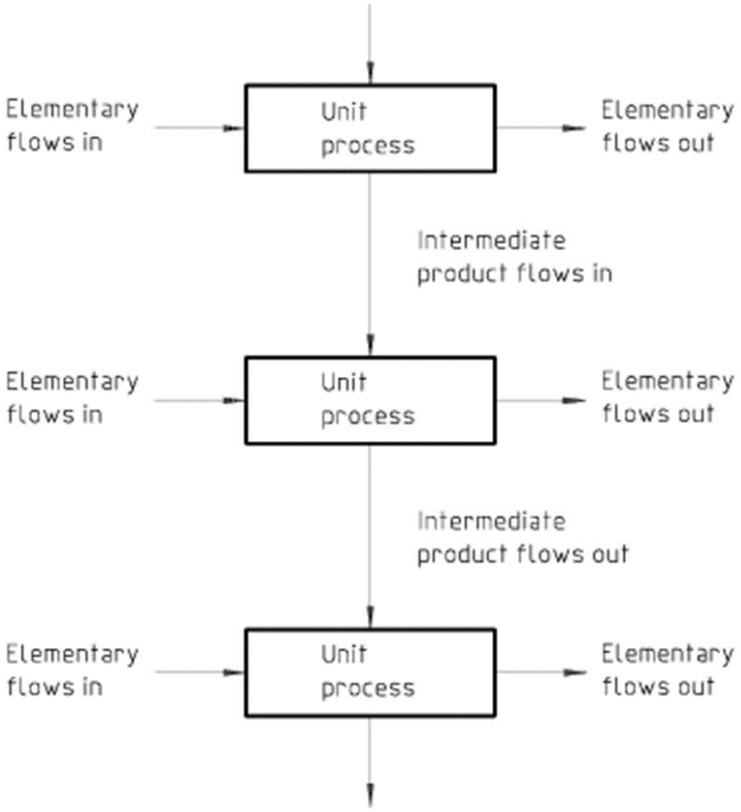
In fiscal year 2025, the Company continued to allocate resources toward product development—specifically for outsourced wafer fabrication, packaging, and testing—with total expenditures reaching NT$54,830 thousand. Meanwhile, the Company persistently collects product environmental data to reinforce supply chain environmental management. By regularly reviewing supplier regulatory compliance and product environmental information, Davicom continuously refines its product environmental management mechanisms, elevates product environmental performance and market competitiveness, and supports sustainable corporate development.

As an IC design company, Davicom completes circuit design in-house and entrusts wafer fabrication, assembly, and testing processes to qualified suppliers.

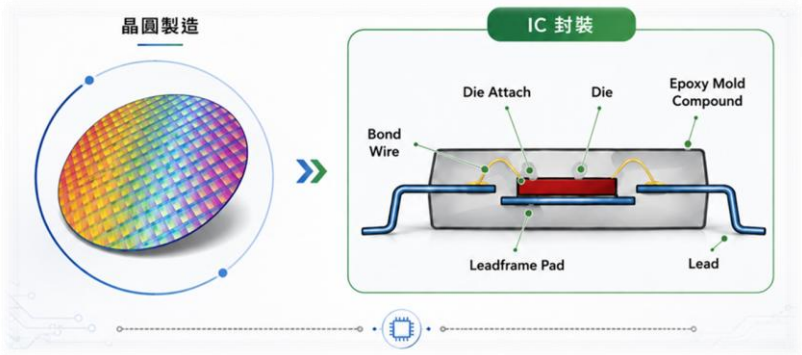


Category	Controller	Phy	Switch	USB	SPI	Serial port	EPD、VD AI Soc
Item	9000	9161、9162、9119	8203、8603、8606C、8806	9621A、9620A	9051A	9625	

Product Process



Wafer Manufacturing **IC Packaging**



Homogeneous Material Analysis for Green Products

Section	Restricted-using Substance Content (PPM)of EU RoHS directives									
	Cr^{+6}	Cd	Hg	Pb	PBB	PBDE	DEHP	BBP	DBP	DIBP
Die	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Lead & Leadframe pad	N.D.	N.D.	N.D.	○	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Epoxy Mold Compound	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Die Attach Material	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Bond Wire	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Plating on Lead	N.D.	N.D.	N.D.	○	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.

"N.D." indicates "Not Detected"
"O" indicates "Below the maximum concentration specified in the EU RoHS Directive"

No.	Content
1	EU RoHS (2011/65/EU, Restriction of Hazardous Substances in Electrical and Electronic Equipment, RoHS Directive)
2	EU REACH (EC 1907/2006) SVHC (Substance of Very High Concern)
3	PFOS (2006/122/EC, directive to restrict use of PFOS)
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4.4 Customer Relationship Management

Material Topic	Significance to the Company	Policy/Commitment	Short-term Goal	Mid- to Long-term Goals	1. Resources Invested / 2. Achievements	Responsible Department / Grievance Mechanism	Evaluation Mechanism / Outcomes
Customer Relationship Management	Davicom Semiconductor is committed to providing high-quality products and professional services, placing high value on long-term trust and collaborative relationships with customers.	To assist customers in accelerating their product R&D processes, we continuously listen to their technical and application needs, enhancing overall supply efficiency through professional solutions. Davicom views supporting customer success as a vital cornerstone of sustainable corporate development and will continue to refine its practices to create stable, long-term operational performance.	Zero complaints regarding customer privacy infringement.		1. Established a comprehensive customer service and issue-response mechanism, covering product information provision, technical support, customer feedback analysis, and grievance handling procedures. 2. Responded swiftly to customer needs, continuously enhancing service quality and customer satisfaction while maintaining strong customer partnerships.	Administration Department：esther_lin@davicom.com.tw	Periodically collects customer feedback to continuously optimize product quality, technical services, and customer satisfaction, using evaluation results as a key basis for ongoing service and quality improvements.

4.4.1 Commitment and Core Values in Customer Relations

Davicom Semiconductor upholds a customer-centric business philosophy, dedicated to delivering high-quality products, professional technical support, and superior services while placing high value on building long-term, mutually trusted partnerships with clients. We continuously listen to customer needs, leveraging our R&D capabilities and innovation to provide market-oriented products and solutions that empower customers to enhance product development efficiency and market competitiveness. Furthermore, we consistently refine our quality management, information security, and customer privacy protection to elevate customer satisfaction—working alongside our clients to co-create long-term value and realize sustainable business operations.

4.4.2 Customer Communication and Response Mechanisms

Davicom values ongoing interaction with clients and has established robust mechanisms for product information disclosure and technical service delivery to ensure rapid responses to customer needs. To strengthen customer relationship management, the

Company has implemented a comprehensive response and resolution framework encompassing product information sharing, technical support, feedback analysis, and grievance handling.

Product Information and Customer Communication

To ensure timely and complete information delivery, our sales teams conduct regular client visits, building solid communication channels. Face-to-face engagement and technical exchanges allow us to gain deeper insights into customer design requirements and application contexts, providing targeted recommendations and valuable feedback to our R&D teams for continuous product enhancement.

Technical Service and Support Principles

Serving as the primary communication channel, our sales teams coordinate technical support requests during both the design-in stage and subsequent production or application processes. Customers may also directly engage with system application engineers. Relevant departments collaborate closely to analyze and resolve issues, ensuring effective problem resolution.

Customer Feedback and Continuous Improvement

To enhance satisfaction, Davicom consistently gathers and analyzes client feedback, including survey results and practical application insights. The quality management team consolidates findings for review at quality management meetings, where concrete improvement actions and plans are developed. Through cross-departmental collaboration and resource integration, Davicom drives a cycle of continuous improvement, enhancing both service quality and product competitiveness.

Davicom will continue optimizing its customer service framework, building more systematic and professional response mechanisms to address every inquiry and technical concern with diligence, with the goal of becoming a trusted long-term partner for our clients.

4.4.3 Customer Privacy Protection

Operating on a Business-to-Business (B2B) model, Davicom Semiconductor places high priority on protecting customer trade secrets, confidential information, and intellectual property, while remaining dedicated to upholding business ethics, industry standards, and fair competition. Through its Code of Ethics and information security management mechanisms, the Company mandates that all employees strictly adhere to confidentiality obligations, prohibiting any unauthorized disclosure of customer technologies, manufacturing processes, designs, software/code, or other proprietary information. Furthermore, Davicom continuously reinforces its information security systems and access management controls to safeguard the confidentiality, integrity, and security of customer data.

During the reporting period, the Company received zero substantiated complaints concerning breaches of customer privacy, nor any related complaints from regulatory authorities. Regarding information security, Davicom continues to invest in security management and protective measures, recording zero incidents of customer data leaks, theft, or loss throughout the reporting period.