Stock Code：6426

# APOGEE Optocom Co., Ltd.

# 2025
# ANNUAL REPORT

<u>*Notice to readers*</u>

*This English version is only a translation of the Chinese version. If there is any inconsistency or discrepancy between the English version and Chinese version, the Chinese version shall prevail for all intents and purposes.*

Apogee annual report is available at website：

http://mops.twse.com.tw

http://www.nextapogee.com.tw/

Printed on ：June 5. 2026

1. Spokesperson and acting spokesperson

(1) Spokesperson

Name：Law Lee

Title ：Chairman& Director of Management Department

Phone：+886-6-505-3700

E-mail：law@nextapogee.com.tw

(2)Deputy Spokesperson

Name：Rick Wei

Title ：General Manager

E-mail：rick@nextapogee.com.tw

2. Address and phone number of headquarters and factories

Headquarters：4th Floor, No. 7, Nanke 3rd Road, Xinshi District, Tainan City

Phone：+886-06-5053700

Branch Office：No. 248-30, Xinsheng Rd., Qianzhen Dist., Kaohsiung City

Phone：+886-07-8158008

3. Stock transfer service

Name：Taishin Securities Stock Transfer Agency Department

Address：B1, No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City

Phone：+886-2-2504-8125

Website： www.tssco.com.tw

4. Certifying CPA of last-year financial statements

CPA Firm：Ernst&Young, Taiwan

CPA：Yao, Shih-Chieh、Hu, Tzu-Ren

5. Overseas listing：None

6. Corporate website：http://www.nextapogee.com.tw/en/index.php

Contents

# I. Letter to Shareholders

Dear Shareholders,

I would like to thank all shareholders for your full support to the Company in the past year. On behalf of the Company, I would like to express my deepest respect and gratitude to all shareholders. APOGEE OPTOCOM will uphold the consistent philosophy, provide the best quality and service to customers, create a win-win situation with customers, create better profit sharing to all employees and investors, and achieve the goal of sustainable business operation. The Company's 2025 annual business report and a summary of future business plans are hereby reported as follows.

1.2025 operating results

(1)2025 business plan implementation results

Unit: NT$1,000

| Item \ Year | 2025 (Consolidated) | 2024 (Consolidated) | Increase (Decrease) Ratio (%) |
|---|---|---|---|
| Net Operating Income | 487,310 | 329,852 | +47.74 |
| Operating gross profit | 145,745 | 2,708 | +5,282.02 |
| Operating profit | (24,495) | (171,491) | -85.72 |
| Net profit pre-tax | (23,250) | (140,012) | -83.39 |
| Net Profit | (29,986) | (137,943) | -78.26 |
| Total profit (loss) | (34,271) | (138,342) | -75.23 |
| Earnings per share | (0.78) | (3.58) | -78.21 |

Net revenue for 2025 was NT$ 487 million, an increase of 47.74% from 2024, and net loss was NT$ 30 million.

In 2025, Global 5G infrastructure progress is gradually recovering, and the final after-tax loss per share has narrowed to 0.78 compared to 2024.

(2)Budgetary Implementation: No financial projections were publicly announced for the year 2025, and the overall operations were carried out in accordance with the Company's internal business objectives.

(3)Analysis of financial income and expenditure and profitability:

| Item \ Year | | | 2025 (Consolidated) | 2024 (Consolidated) |
|---|---|---|---|---|
| Financial income and expenditure | Liabilities to Assets Ratio (%) | | 11.38 | 9.89 |
| | Ratio of long-term funds to property, plant and equipment (%) | | 657.41 | 411.25 |
| Profitability analysis | Return on Assets (%) | | (2.84) | (11.90) |
| | Return on shareholders' equity (%) | | (3.22) | (13.31) |
| | Ratio of operating profit to paid-in capital (%) | Operation Income | (6.36) | (44.53) |
| | | Net income before tax | (6.03) | (36.35) |
| | Net Profit rate (%) | | (6.15) | (41.82) |
| | Earnings per share (NT$) | | (0.78) | (3.58) |

(4)Research and Development Status

R&D focused on two aspects：

Process Development and Assembly Technology Enhancement for Optical Communication Filters in 800G and 1.6T Cloud Data Center Applications.To meet the demands of 800G and 1.6T optical communication in cloud data centers, the company has developed new manufacturing processes using its advanced precision coating equipment. These processes enable precise control of film thickness, refractive index, and internal stress during thin-film deposition, and combine advanced processing and measurement technologies to significantly improve batch yield in order to deliver the highest quality optical communication filters in the industry.

Wafer-Level vacuum optical coatings are applied at the wafer level (6-inch, 8-inch, and 12-inch wafers) for semiconductor sensor applications. Various thin film products can be deposited, including: Infrared Cut Filters (IR-Cut Filters)、Waveguide Distributed Bragg Reflectors (DBRs)、Broadband Antireflection Coatings、Visible Bandpass Filters (VIS Band Pass Filters)、Near-Infrared Low-Shift Bandpass Filters (NIR Low Shift Band Pass Filters)、Middle- and Far-Infrared Long Pass Filters and Index-Matched Transparent Conductive Films (Index-Match ITO),These coatings encompass a wide range of metal and compound thin films designed to meet the optical and functional requirements of advanced semiconductor and optoelectronic devices.

2. Summary of 2026 Business Plans

(1)Business Policies：

A.Talent：Recruit outstanding professional personnel, enhance employee professional knowledge through education and training, and maximize employee value.

B. Production Control：Improve coating output and yield, and reduce man-hours in the middle and back-end processes.

C.Production Cost：Continuously test various materials and new suppliers in order to reduce production costs and maintain competitiveness.

D.Customer Service：Provide customers with comprehensive solutions and proactively create win-win opportunities.

E.Market Exploitation：Actively exploit overseas markets, increase customer sources, and maintain market competitiveness and share.

(2) Expected Sales Volume and its Basis：

The Company's estimated shipment of filters for 8, 415 thousands this year would be approximately

(3) Important Production and Sales Policies

A. Important Production Policies:

(a)Production Technology: Continue to upgrade production technology by introducing digital visual inspection systems to replace traditional manual microscope inspection, significantly improving detection efficiency. Advanced precision measurement equipment has been introduced to shorten single-unit measurement cycles and enable "one-to-many" operations, maximizing equipment utilization and manpower flexibility.

(b)Process Improvement: Breaking through existing bottlenecks of coating equipment capacity to expand operable equipment base and optimize process stability, achieving simultaneous improvements in yield and capacity. For cutting processes, develop and introduce advanced high-precision fixtures to effectively reduce labor costs and material waste, while simultaneously progressing to advanced cutting technology to minimize cutting loss area , further increase the number of usable substrates per unit, and optimize material cost structure.

(c)Improvement of Management Systems: Establish enterprise-level core server architecture integrated with AI intelligent decision-making systems to optimize product technology evaluation and automated customer order matching. Big data analytics enable "rapid response and precise finalization" service advantages, shortening front-end evaluation cycles and strengthening core competitiveness in the global supply chain.

B. Important Sales Policies:

(a) The passive market for optical communications : The US BEAD project (Broadband Equity Access and Deployment Program) and AI data center construction are expected to start in 2026. The project will re-examine production costs, competitor pricing, market prices, delivery time, etc. to improve pricing strategies and focus on high-margin products for the top ten customers.

(b)Cloud Data Market: The 800G modules market has high demand but low prices. A strategic price increase is needed to maintain profitability, requiring optimization of delivery time and other services. 1.6TG & CPO (Co-Packaged Optics): Establish strategic partnerships with existing system manufacturers (as customers) or module suppliers for joint verification and market promotion.

(c) Non-Optical Communication Active Market: Focus on semiconductor CIS, Low Earth Orbit (LEO) satellites, VR & LiDAR sensors, and related coating applications. We focus on high-margin, high-tech, and high-potential fields such as aerospace-grade coatings, AR high-transmittance and low-reflection coatings, and LiDAR high-weather-resistance coatings. We also develop semiconductor CIS for domestic clients.

(d)Biomedical Market: Enhance fluorescent filters for flow cytometry (300-850nm) used in oncology, immunology, hematology, and pharmacology, rapidly expanding filter types. We will focus on providing new product solutions for existing customers and expand our developed filter products into other markets, while also exploring other applications such as antibody detection and cell detection.

3.The Company's Future Development Strategies

To maintain Apogee's leading position in optical coating technology, the company continues to invest heavily in R&D equipment and talent development. While advancing its filter technologies for 800Gb/s and 1.6Tb/s optical transceiver modules, Apogee's forward-looking research will focus on key areas including：Filter technologies for 25G-PON and 50G-PON、Silicon photonics (SiPh) waveguides、Co-packaged optics (CPO) protective coatings、Anti-reflective coatings for edge couplers、Low-resistance contacts in semiconductor applications, establishing a solid foundation for future silicon photonics innovation technology platforms. Apogee's advanced silicon photonics co-packaging R&D is actively developing innovations in optical coupling, beam splitting, and DWDM components to further enhance advanced optical coatings for next-generation optical communication applications. The company continues to focus on new specialized process technologies, such as special patterned coatings, nanostructure coatings, and optical matching films for fiber arrays.

Apogee's forward-looking research continuously develops new materials, processes, optical coating components, and optical modules that may be adopted in the next five years. Apogee also continues to collaborate with external research institutions, including academia and industry alliances, to develop cost-effective optical thin-film technologies and vacuum coating manufacturing solutions for its customers. The forward-looking technology R&D team and its innovations in optical thin-film applications provide customers with competitive vacuum optical coating technologies, driving future business growth and profitability.

4. Affected by the external competitive environment, regulatory environment, and overall business environment

The Company operates in the optical communications industry. In addition to being affected by industry technological advancements and market competition, its operational performance is also influenced by global telecommunications and data center investment momentum, relevant regulatory policies, and changes in the overall macro operating environment.

The Company maintains its consistent positive and steady attitude. In addition to sustaining close cooperation with key customers and continuously enhancing product production efficiency and yield rates to reduce costs and establish multi-win supply and marketing relationships, we will also continue to monitor market conditions, develop new products and adjust operational directions in response to market demand trends, and remain vigilant about the impact of laws and regulations on the Company's operations.

Thank you for your long-term support and care. The Company’s management team will strive to provide the most complete products and the best services, creating greater benefits for shareholders and customers.

Wish you good health and good luck.

| | |
|---|---|
| Chairman: | Law Lee |
| General Manager: | Rick Wei |
| Manager, Corporate Finance: | Huan-Sheng Chang |

Ⅱ.Corporate Governance Report

## (I)Information on Director, General Manager, Assistant Manager, and senior managers

### 1.Directors

#### A.Information of Directors

April 28, 2026 Unit: Share; %

| Title | Nationality or Registration | Name | Gender & Age | Date First Elected | Term | Date of First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor child Shareholding | | Shareholding by Nominee Arrangement | | Shareholding when Elected | Current Shareholding | Spouse & Minor child Shareholding | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship |
| Chairman | Taiwan | Sheng Lin Investment LTD. | - | 2025.6.23 | 3 | 2009.5.15 | 5,489,146 | 14.25% | 5,489,146 | 14.25% | - | - | - | - | - | - | - | - | - |
| | Taiwan | Rep: Law Lee | Male 61~70 | 2025.6.23 | 3 | 2020.6.17 | 524 | - | 524 | - | 189 | - | - | - | Master's Degree in Department of Business and Economic Law, CTBC Business School<br>LAI, JIAN-NAN Law Firm, Supervisor | APOGEE Optocom Co.,Ltd. Administrative Officer<br>Ferrule Precision CO., Ltd. Chairman Opulence Optronics Co., Ltd Corporate Director, Representative | - | - | - |
| Director | Taiwan | Sheng Lin Investment LTD. | - | 2025.6.23 | 3 | 2009.5.15 | 5,489,146 | 14.25% | 5,489,146 | 14.25% | - | - | - | - | - | - | - | - | - |

| Title | Nationality or Registration | Name | Gender & Age | Date First Elected | Term | Date of First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor child Shareholding | | Shareholding by Nominee Arrangement | | Shareholding when Elected | Current Shareholding | Spouse & Minor child Shareholding | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship |
| | Taiwan | Rep: Rick Wei | Male 51~60 | 2025.6.23 | 3 | 2025.6.23 | 56,238 | 0.15% | 29,238 | 0.08% | - | - | - | - | Master of Optoelectronics, National Central University Manufacturing Section Chief, Yushan Optoelectronics Co., Ltd. Deputy R&D Manager, Lite-On Technology Co., Ltd. | APOGEE Optocom Co.,Ltd. General Manager Ferrule Precision CO., Ltd. Corporate Legal Representative and General Manager | - | - | - |
| Director | Taiwan | Guang Rong Investment Ltd. | - | 2025.6.23 | 3 | 2020.6.9 | 60,244 | 0.16% | 60,244 | 0.16% | - | - | - | - | - | - | - | - | - |
| | Taiwan | Rep: Huang Ying-Lin | Male 31~40 | 2025.6.23 | 3 | 2020.7.17 | 873 | - | 873 | - | - | - | - | - | Master of Applied Chemistry, Waseda University, Japan | Note 1 | - | - | - |
| Director | Taiwan | Hsieh Chin-Nan | Male 71~80 | 2025.6.23 | 3 | 2020.6.9 | - | - | - | - | - | - | - | - | MBA, NSYSU, Taiwan LUNG CHING STEEL ENTERPRISE CO., LTD. Chairman | Note 2 | - | - | - |

| Title | Nationality or Registration | Name | Gender & Age | Date First Elected | Term | Date of First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor child Shareholding | | Shareholding by Nominee Arrangement | | Shareholding when Elected | Current Shareholding | Spouse & Minor child Shareholding | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship |
| Independent Director | Taiwan | Zheng You-Ren | Male 61~70 | 2025.6.23 | 3 | 2020.6.9 | - | - | - | - | - | - | - | - | Note 3 | Joint Chair Professor, Department of Biomedical Engineering, National Cheng Kung University<br>Joint Chair Professor, Department of Mechanical Engineering, National Chung Cheng University | - | - | - |
| Independent Director | Taiwan | Chung Chien-Wen | Male 71~80 | 2025.6.23 | 3 | 2022.6.14 | 1,000 | - | - | - | - | - | - | - | Note 4 | - | - | - | - |
| Independent Director | Taiwan | Chu Chiung-Fang | Female 51~ 60 | 2025.6.23 | 3 | 2025.6.23 | - | - | - | - | - | - | - | - | Master of Accounting, Department of Accounting, National Chung Hsing University<br>Director, KPMG Accounting Firm<br>Partner, Crowe (TW) CPA Firm | Note 5 | - | - | - |

Note 1： Executive General Manager of Sports Goods Adhesives and Materials Business Division of NAN PAO RESINS CHEMICAL CO., LTD.；Corporate Director Representative and Chairman of Sheng Lin Invstment Ltd.; ITLS International Development Co., Ltd.; Nanpao Fine Materials Co., Ltd.；Chairman of Sheng Bao Investment Co., Ltd.; Guang Lin Investment Co., Ltd.; Ching Lin International Development Co., Ltd.；Greatwill Materials (HK) Ltd. ；Ongoing Profits Ltd. ；Rising Sun Associates Ltd. ；Nan Pao Resins (Vietnam) Enterprise Ltd. ；Goldford Investments Ltd. ；Nan Pao Resins (Holdings) Ltd. ；Eastlion Enterprises Ltd. ；Nan Pao Resins Development Ltd. ；Nan Pao Materials Vietnam Co., Ltd. ；Nan Pao Resins International Ltd. ；Changshu Yu Bo Polymer Materials Co., Ltd.；Profit Land Ltd. ；Giant Profit Development Ltd. ；Great Mount Enterprises Ltd. ；Fuqing Nan Pao Investment Ltd. ；Wealth Castle Development Ltd. ；Thai Nan Pao Investments Ltd. ；ITLS Holding Pte. Ltd. ；Nan Pao Materials Resins India Private. Ltd. ；Contact BioSolutions Australia Pty. Ltd. ；Opulence Optronics Co., Ltd.；Nan Pao Village Industry Co., Ltd.; Nan Pao Village Development Co., Ltd；Corporate Director Representative of Nan Pao Industry Co., Ltd., Yun Teh Industrial Co., Ltd., Spark Foamtech Enterprise Co., Ltd. ； Corporate Representative Director of Prince Pharmaceutical Co., Ltd；Chairman and Supervisor of PT. Indo Nan Pao Resins Chemical Co., Ltd. ； Supervisor of Advanced Pao Trusval Technology Co., Ltd.。

Note2：Lung Ching Steel Enterprise Co., Ltd. Legal representative Chairman, South Taiwan Investment Co., Ltd. , Nan Fa Investment Limited , Advant Analytics Tactics Ltd., Xiaogang Warehousing Co., Ltd. Chairman, Huangjia Investment Co., Ltd., Jiaqi Enterprise Co., Ltd., CHAO YANG STEEL INDUSTRY CO., LTD. Director.

Note3：Chair Professor, Department of Mechanical Engineering, Chung Cheng University, Vice President of National Chung Cheng University, General Motors Research Labs Chief R&D Engineer, NASA Glenn Research Center researcher, Independent Director of Contrel Technology Co., LTD.

Note4：Assistant Professor, Department of Electronics, Far East University of Science and Technology、Associate Professor, Department of Electrical Engineering, Far East University of Science and Technology、Pingtung University of Science and Technology Smart Agriculture Production Technology Alliance Advisory Committee、Council of Agriculture, Executive Committee Member of the Chicken Association of the Republic of China、Consultant of Huading Optoelectronics Co., Ltd.

Note5：Chief accountant of Cheng Chiao International Certified Public Accountants, Adjunct lecturer in the Department of Public Finance and Taxation at National Taichung University of Science and Technology, Vice Chair and central regional chair of Republic of China (Taiwan) Certified Public Accountant, Independent Director of W&B Technology Ltd., Supervisor of Phrozen Tech Co. Ltd., Independent Director of Paiho Shih Holdings Corporation(Cayman), Independent Director of GreenRock Energy Co., Ltd.

a.Major shareholders of the institutional shareholders:

April 28, 2026

| Name of Institutional Shareholders | Name of Institutional Shareholders (Note 2) |
|---|---|
| Sheng Lin Investment LTD. | Shengbao Culture Foundation (88.89%) |
| | World Top Investment Holding LTD. (11.11%) |
| Guang Rong Investment Ltd. | Guang Rong Investment Development Limited (Samoa) (100%) |

* If the Director, Supervisor is a representative of a corporate shareholder, the name of the corporate shareholder should be filled in.

* Enter the name of the major shareholder (the top ten shareholders) and its shareholding ratio. If the major shareholder is a corporation, the following table 2 should be completed.

*If the corporate shareholder is not a corporate organization, the name of the shareholder and the percentage of shareholding disclosed in the preceding paragraph shall be the name of the contributor or donor (please refer to the announcement of the Judicial Yuan) and the percentage of contribution or donation. If the donor is deceased, add "dead".

b. Major shareholders of institutional shareholders are legal persons:

| Name of Institutional Shareholders (Note 1) | Name of Institutional Shareholders (Note 2) |
|---|---|
| Shengbao Culture Foundation | Donor and Donation Ratio: Huang Chingfang (dead)(95.30%) |
| World Top Investment Holding LTD. | World Top Investment Holdings Limited (Samoa) (100%) |
| Guang Rong Investment Development Limited (Samoa) | ACCORD PERFECT INVESTMENT HOLDINGS LIMITED (100%) |

＊ When the major shareholder in Table 1 above is a legal entity, the name of the legal entity should be filled in.

＊ Fill in the name of the major shareholder of the corporation (whose shareholding is among the top ten) and its shareholding ratio.

＊ If the corporate shareholder is not a corporation, the name of the shareholder and the percentage of shareholding should be disclosed in the preceding paragraph, i.e., the name of the contributor or donor (please refer to the announcement of the Judicial Yuan) and the percentage of contribution or donation. If the donor is deceased, add "dead".

B. Director professional qualifications and experience

| Criteria / Name | Professional qualifications and experience | Independence Status | Number of Independent Directorships in Other Public Companies |
|---|---|---|---|
| Sheng Lin Investment Ltd. Rep: Law Lee | Mr. Law Lee graduated from Soochow University with a major in law and later obtained a Master's Degree in Department of Business and Economic Law, CTBC Business School. And has more than 30 years of working experience. He has served as Legal Manager, Associate Manager of Administration Department, Spokesperson, and Administrative Officer, etc. Mr. Lee has served as the Chairman of the Company since 2020 and possesses legal expertise, industry knowledge, and leadership of operating companies. | Chairman Lee is the representative of Sheng Lin Investment, one of the top five corporate shareholders of the Company. He also serves as a director, supervisor, or chairman of the Company's affiliated enterprises.<br>For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission. | 0 |
| Sheng Lin Investment Ltd. Rep: Rick Wei | Mr. Rick Wei graduated from the Institute of Optoelectronics at National Central University and has over 30 years of work experience, having served as Vice President and General Manager. He possesses professional expertise in industry knowledge, company leadership, and business strategy. | Director Wei is the representative of Sheng Lin Investment, one of the top five corporate shareholders of the Company.<br>For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission. | 0 |
| Guang Rong Investment Ltd. Rep: Huang Yinglin | Mr. Huang Yinglin obtained a master's degree from the Institute of Applied Chemistry of Waseda University in Japan. He is currently serving as the Executive General Manager of Sports Goods Adhesives and Materials Business Division of Nanbao Resin Company and the director of the company. He has professional knowledge of the industry. | Director Huang is the representative of Guang Rong Investment. He is also the Charman of Sheng Lin Investment, one of the top five corporate shareholders of the Company.<br>For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission. | 0 |
| Hsieh Chin-Nan | Mr. Hsieh Chin-Nan obtained a master's degree from Sun Yat-sen University's Institute of Business Administration and has more than 30 years of work experience. He is currently serving as Lung Ching Steel Enterprise Co., Ltd. Chairman, Advant Analytics Tactics Ltd. Chairman and Xiaogang Warehousing Co., Ltd., etc. He has industry knowledge and leadership in operating companies, business strategy and other expertise. | Director Hsieh previously served as a supervisor of the Company.<br>For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission. | 0 |

| Criteria / Name | Professional qualifications and experience | Independence Status | Number of Independent Directorships in Other Public Companies |
|---|---|---|---|
| Independent Director Zheng You-Ren | Dr. You-Ren Zheng holds a Ph.D. in Mechanical Engineering from Case Western Reserve University in the United States and has over 30 years of professional experience. He previously served as a researcher at NASA and as an R&D engineer at General Motors. Currently, he is a jointly appointed Chair Professor in the Department of Biomedical Engineering at National Cheng Kung University and the Department of Mechanical Engineering at National Chung Cheng University. He also formerly served as an independent director of Contrel Technology Co., Ltd. and possesses extensive industry knowledge and expertise. | All independent directors have met the following conditions both during the two years prior to their appointment and throughout their tenure:<br>They comply with the qualification requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act. Furthermore, all independent directors have been granted full rights to participate in decision-making and express opinions according to Article 14-3 of the Securities and Exchange Act, thereby independently performing their duties. | 0 |
| Independent Director Chung Chien-Wen | Mr. Chien-Wen Chung obtained a Master's degree in Information Engineering from National Sun Yat-sen University and has over thirty years of work experience. He has previously served as an Assistant Professor in the Department of Electronics at Far East University, an Associate Professor in the Department of Electrical Engineering at Far East University, a consulting committee member of the Smart Agricultural Production Technology Alliance at Pingtung University of Science and Technology, and an executive committee member of the Taiwan Poultry Association under the Council of Agriculture. He possesses industry knowledge and expertise. | | 0 |
| Independent Director Chu Chiung-Fang | Ms. Chu Chiung-Fang graduated with a Master's degree in Accounting from National Chung Hsing University and has over 28 years of work experience. She previously served as a partner accountant at Crowe (TW) CPA Firm and currently also serves as the lead accountant at Cheng Chiao International Certified Public Accountants, an independent director of W&B Technology Ltd., and an independent director of Paiho Shih Holdings Corporation(Cayman). She possesses expertise in accounting, financial management, and financial investment. | | 3 |

* None of the Company's directors have any circumstances specified in Article 30 of the Company Act.

C.Diversification and independence of Board of Directors:

(A) Board of Directors Diversification

The Company implements a policy of diversity on the Board of Directors, which is governed by the Corporate Governance Best Practice Principles , including but not limited to the following two broad criteria: Basic Qualifications and Values: gender, age, nationality, race and culture, etc.

Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, or technology), expertise, and industry experience.
The Company has a total of seven directors (including three independent director), and the Board of Directors has diverse and complementary industry experience and professional capabilities in finance, finance, accounting, and law, in line with the management objectives of the Board of Directors' diversity policy (please refer to Note 1: Implementation of the Board of Directors' Diversity Policy).

| **Specific management objectives：** | **Achievement situation：** | |
|---|---|---|
| (1)The female directors shall reach one-third of the Board; | (1)Female directors account for 14.29% of the board seats, which does not meet the one-third requirement; | Unachieved |
| (2)Independent Director seats exceed one-third of Director seats; | (2) Independent Director accounted for 42.86 %; | Passed |
| (3)The number of directors who concurrently act as the company's manager shall not exceed one-third of the director's seats; | (3) Directors who also serve as company managers account for 28.57%; | Passed |
| (4) No more than 2 directors have a spouse or a relative Relationship within the second degree. | (4) Directors do not have a spouse or relative within the second degree kinship. | Passed |

If the board of directors does not reach one-third representation of either gender, the Company shall explain the reasons and the measures planned to enhance gender diversity on the Board:
In the past, the selection of board members has primarily focused on candidates' professional backgrounds, industry and management experience, and their potential contribution to the Company's future development. Gender ratio was not specifically restricted. However, to further promote gender equality on the Board, the Company established a new management objective in 2025 to have female board members account for one-third of the Board seats. Future plans and measures to enhance gender diversity on the Board please refer to page 29: Goals to strengthen the functionality of the board of directors and assessment of implementation results.

Note 1：Implementation of Diversity Policy for Board Members

| Diversified core item / Director's Name | Basic Criteria | | | Date of First Elected | Independent Director Term (Seniority) | Part time staff | Part-time manager | Professional ability | | | | | | | Industrial experience | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gender | Age | Nationality | | | | | Operations and Management | Leader-ship Decision-making | Accounting | Taxation | Legal | Human Resources | ESG | Net work | Chemical | Steel |
| Blue Lan | Male | 61-70 | Taiwan | 2020.6.17 | | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ | ✓ | | |
| Rick Wei | Male | 51-60 | Taiwan | 2025.6.23 | | ✓ | ✓ | ✓ | ✓ | | | | | ✓ | ✓ | | |
| Huang Yinglin | Male | 31-40 | Taiwan | 2020.7.17 | | | | ✓ | ✓ | | | | | | | ✓ | |
| Hsieh Chin-Nan | Male | 71-80 | Taiwan | 2020.6.9 | | | | ✓ | ✓ | | | | | ✓ | | | ✓ |
| Independent Director: Zheng You-Ren | Male | 61-70 | Taiwan | 2020.6.9 | 7-9 years | | | | | | | | | | | | |
| Independent Director : Chung Chien-Wen | Male | 71-80 | Taiwan | 2022.6.14 | 4-6 years | | | | | | | | | | | | |
| Independent Director : Chu Chiung-Fang | Female | 51-60 | Taiwan | 2025.6.23 | 1-3 years | | | | | ✓ | ✓ | | | | | | |

Independence of the Board of Directors: The Board of Directors of the Company is reasonably independent.

(i)There are 7 directors, of whom 3 are independent (42.86 %). All three independent directors meet all the criteria for independence.

(ii)All independent directors shall serve for no more than three consecutive terms, and no more than three independent directors of other public companies shall serve concurrently.

(iii)There is no spouse or relative within the second degree among the directors (None of the circumstances specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act apply).

(iv)The directors shall exercise a high degree of self-discipline and shall not participate in the discussion of or vote on any resolution listed in the board of directors' meeting in which they or the legal entity they represent has an interest, and shall recuse themselves from the discussion or vote if it is harmful to the interests of the Company. (Please refer to page 28： Circumvention of Directors' Interests.)

(B) Information on General Managers, Associates and Heads of Departments and Branches

April 28, 2026 Unit: Share; %

| Title | Nationality | Name | Gender | Date Effective | Shareholding | | Spouse & Minor child Shareholding | | Shareholding by Nominee Arrangement | | Experience (Education) | Other Positions | Managers who are spouses or within the second degrees of kinship | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship |
| General Manager (Note 1) | Taiwan | Rick Wei | Male | 2025.03.11 | 29,238 | 0.08% | - | - | - | - | Master's Degree in Department of Optics and Photonics, National Central University<br>Manufacturing Manager of YCL ELECTRONICS CO., LTD.<br>R&D Deputy Manager, Lite-On Technology Corporation | Corporate Director Representative and General Manager of Ferrule Precision Co. Ltd. | - | - | - |
| Chief Management Department | Taiwan | Law Lee | Male | 2023.12.21 | 524 | - | 189 | - | - | - | Master's Degree in Department of Business and Economic Law, CTBC Business School<br>LAI, JIAN-NAN Law Firm, Supervisor | Chairman of Ferrule Precision Co. Ltd.<br>Corporate Director Representative of Optronics Co., Ltd. | - | - | - |

| Title | Nationality | Name | Gender | Date Effective | Shareholding | | Spouse & Minor child Shareholding | | Shareholding by Nominee Arrangement | | Experience（Education） | Other Positions | Managers who are spouses or within the second degrees of kinship | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship |
| Manager, Corporate Finance (Note 3) | Taiwan | Chang Huan-Sheng | Male | 2025.12.23 | 5,000 | 0.01% | 1,000 | - | - | - | Bachelor's Degree in Department of Accounting, National Cheng Kung University<br>Senior Auditor(Team Leader), Ernst & Young<br>Senior Professional, Project Management Department, Nan Pao Resins Chemical Co., Ltd<br>Deputy Group Manager, BizLink International Corp. | Accounting Manager ,Ferrule Precision CO., Ltd | - | - | - |
| Chief Technology Officer (Note 2) | Taiwan | Cheng Xuan Li | Male | 2025.02.28 | - | - | - | - | - | - | Master's Degree in Institute of Physics, National Central University<br>Section Manager of R&D department of Apogee Optocom Co., Ltd | - | - | - | - |
| Head of Internal Audit Department | Taiwan | Jingyi Lee | Female | 2020.02.10 | - | - | - | - | - | - | Tamkang University, Department of International Trade<br>Yonyu Plastics Co., Ltd. Auditing Specialist<br>Chanheng Precision Co., Ltd. Head of Internal Audit Department | - | - | - | - |

Note1: Former General Manager Mr. Blue Lan retired on February 28, 2025. The Board of Directors approved the appointment of Mr. Rick Wei as the new General Manager on March 11, 2025.

Note2: Former R&D Director Mr. Jin-Bin Yeh retired on February 28, 2025, and the newly appointed Chief Technology Officer, Mr. Cheng Xuan Li, assumed the position on the same day.

Note3:Former Corporate Finance Manager Peter Sun resigned on November 30, 2025, and the board of directors approved the appointment of Chang Huan-Sheng as financial manager on December 23, 2025.

## (Ⅱ) Remuneration paid to Directors and General Managers

### 1. Remuneration Paid to Directors and Independent Directors in 2025

a. The company shall disclose the remuneration of its directors, supervisors and general manager individually if one of the following circumstances occurs:

(i) If there have been after-tax losses in the individual or individual financial reports in the last three years, the names and remuneration of the "directors and supervisors" should be disclosed individually, but the individual or individual financial reports in the most recent years have generated after-tax net profits, which are sufficient to make up for the accumulated losses, not limited to this.

(ii) In the most recent year, when the director' s shareholding ratio has been insufficient for more than three consecutive months, the individual director' s remuneration shall be disclosed; if the supervisor' s shareholding ratio has been insufficient for more than three consecutive months in the most recent year, the individual supervisor' s remuneration shall be disclosed.

(iii) If the average pledge ratio of directors or supervisors for any three months in the most recent year is greater than 50%, the remuneration of individual directors or supervisors whose pledge ratio exceeds 50% in each month shall be disclosed.

(iiii) All directors and supervisors receiving remuneration for directors and supervisors of all companies listed in the financial report accounted for more than 2% of the after-tax net profit, and individual directors or supervisors received remuneration exceeding NT$15 million, The remuneration of the individual director or supervisor should be disclosed. (Note: The above-mentioned remuneration for directors and supervisors is calculated by adding the item "Director's Remuneration" to "Supervisor's Remuneration" in the attached table, excluding the relevant remuneration received by part-time employees.)

(v) Listed OTC companies whose corporate governance evaluation results in the most recent year are at the last level, or have been subject to changes in trading methods, suspension of trading, termination of listing, or other corporate governance issues in the most recent year and up to the date of publication of the annual report. Those who are considered by the evaluation committee should not be evaluated.

(vi) The average annual salary of non-managerial full-time employees of the listed OTC companies in the most recent year has not reached NT$500,000.

(vii) Listed over-the-counter companies whose net profit after tax increased by more than 10% in the most recent year, but the average annual salary of full-time employees who are not in supervisory positions did not increase compared with the previous year

(viii)The after-tax profit and loss of listed companies in the most recent year has declined by 10% and exceeded NT$5 million, and the average remuneration of each director (excluding part-time employee compensation) has increased by 10% and exceeded NT$100,000.

(1)Remuneration paid to general directors and independent directors in 2025 in the most recent year (individually disclose names and remuneration methods)

Unit: NT$1,000

| Title | Name | Director Remuneration (Note 1) | | | | | | | | Ratio of Total Remuneration (A+B+C+D) to Net Income (%) | | Part-time employees receive related remuneration | | | | | | | | Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%) | | Remuneration from ventures other than subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Base Remuneration (A) | | Severance Pay (B) | | Directors Remuneration(C) | | Allowances (D) | | | | Salary, Bonuses, and Allowances (E) | | Severance Pay (F) | | Employee Remuneration (G) | | | | | | |
| | | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company Cash | The Company Stock | All companies in the consolidated financial statements Cash | All companies in the consolidated financial statements Stock | The Company | All companies in the consolidated financial statements | |
| Chairman | Sheng Lin Investment Limited Representative：Law Lee | - | - | - | - | - | - | 25 | 25 | 25/ -0.08% | 25/ -0.08% | 2,513 | 2,513 | 108 | 108 | - | - | - | - | 2,646/ -8.82% | 2,646/ -8.82% | - |
| Director | Sheng Lin Investment Limited Representative：Blue Lan (Note 2) | - | - | - | - | - | - | 10 | 10 | 10/ -0.03% | 10/ -0.03% | 632 | 632 | 18 | 18 | - | - | - | - | 660/ -2.20% | 660/ -2.20% | - |
| Director | Sheng Lin Investment Limited Representative：Rick Wei | - | - | - | - | - | - | 15 | 15 | 15/ -0.05% | 15/ -0.05% | 3,467 | 3,467 | 108 | 108 | - | - | - | - | 3,590/ -11.97% | 3,590/ -11.97% | - |
| Director | Guang Rong Investment Ltd. Representative：Huang Yinglin | - | - | - | - | - | - | 20 | 20 | 20/ -0.07% | 20/ -0.07% | - | - | - | - | - | - | - | - | 20/ -0.07% | 20/ -0.07% | - |
| Director | Hsieh Chin-Nan | - | - | - | - | - | - | 20 | 20 | 20/ -0.07% | 20/ -0.07% | - | - | - | - | - | - | - | - | 20/ -0.07% | 20/ -0.07% | - |
| Independent Director | Zheng You-Ren | 180 | 180 | - | - | - | - | 25 | 25 | 205/ -0.68% | 205/ -0.68% | - | - | - | - | - | - | - | - | 205/ -0.68% | 205/ -0.68% | - |
| Independent Directo | Cheng Yun-Yao (Note 2) | 90 | 90 | - | - | - | - | 10 | 10 | 100/ -0.33% | 100/ -0.33% | - | - | - | - | - | - | - | - | 100/ -0.33% | 100/ -0.33% | - |

| Title | Name | Director Remuneration (Note 1) | | | | | | | | Ratio of Total Remuneration (A+B+C+D) to Net Income (%) | | Part-time employees receive related remuneration | | | | | | | | Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%) | | Remuneration from ventures other than subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Base Remuneration (A) | | Severance Pay (B) | | Directors Remuneration(C) | | Allowances (D) | | | | Salary, Bonuses, and Allowances (E) | | Severance Pay (F) | | Employee Remuneration (G) | | | | | | |
| | | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | | All companies in the consolidated financial statements | | The Company | All companies in the consolidated financial statements | |
| | | | | | | | | | | | | | | | | Cash | Stock | Cash | Stock | | | |
| r | | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Chu Chiung-Fang | 90 | 90 | - | - | - | - | 15 | 15 | 105/ -0.35% | 105/ -0.35% | - | - | - | - | - | - | - | - | 105/ -0.35% | 105/ -0.35% | - |
| Independent Director | Chung Chien-Wen | 180 | 180 | - | - | - | - | 25 | 25 | 205/ -0.68% | 205/ -0.68% | - | - | - | - | - | - | - | - | 205/ -0.68% | 205/ -0.68% | - |
| ※ Except as disclosed in the table above, the most recent year's compensation received by the company's directors for services provided to all companies in the financial statements (e.g., as consultants to non-employees): None. | | | | | | | | | | | | | | | | | | | | | | |

Note1 ：Describe the policy, system, standard and structure of remuneration for general directors and independent directors, and describe the correlation with the amount of remuneration based on factors such as responsibilities, risks, time invested, etc.: Remuneration A is the monthly remuneration of independent directors, and is related to the amount of remuneration paid during the term of office. It is related to the number of months; the director's remuneration C is not higher than 5% according to the company's articles of association, and there was a loss in 2024, so there is no director's remuneration in that year, which is in compliance with the company's articles of association; business execution expenses D are mainly travel expenses, which are related to the number of meetings.

**Note 2: Director Blue Lan and Independent Director Cheng Yun-Yao resigned on June 23, 2025, upon the expiration of their terms.**

## (2) Remuneration of General Manager for the most recent year (2025) (name and method of remuneration disclosed separately)

Unit: NT$1,000

| Title | Name | Salary(A) | Severance Pay (B) | Bonuses and Allowances (C) | Employee Remuneration (D) | Ratio of total remuneration (A+B+C+D) to net income (%) | Remuneration from ventures |
|---|---|---|---|---|---|---|---|

| | | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements | The Company | | Companies in the consolidated financial statements | | The Company | Companies in the consolidated financial statements | other than subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Cash | Stock | Cash | Stock | | | |
| General Manager | Blue Lan (Note) | 632 | 632 | 18 | 18 | - | - | - | - | - | - | 650/ -2.17% | 650/ -2.17% | - |
| General Manager | Rick Wei | 2,029 | 2,029 | 108 | 108 | 1,438 | 1,438 | - | - | - | - | 3,575/ -11.92% | 3,575/ -11.92% | - |

Note: General Manager Blue Lan retired on February 28, 2025.

2. If a listed company has one of the above (1) or (5), it should disclose the remuneration information of the top five executives (such as General Manager, CEO or Head of Financial Department) individually.

(1). The compensation paid to the top five executives in the most recent year (2025) (individual disclosure of Name and compensation method)

Unit: NT$1,000

| Title | Name | Salary(A) | | Severance Pay (B) | | Bonuses and Allowances (C) | | Employee Remuneration (D) | | | | Ratio of total remuneration (A+B+C+D) to net income (%) | | Remuneration from ventures other than subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements | The Company | | Companies in the consolidated financial statements | | The Company | Companies in the consolidated financial statements | |
| | | | | | | | | Cash | Stock | Cash | Stock | | | |
| General Manage | Rick Wei | 2,029 | 2,029 | 108 | 108 | 1,438 | 1,438 | - | - | - | - | 3,575/ -11.92% | 3,575/ -11.92% | - |
| Chief Administrative Officer | Law Lee | 1,743 | 1,743 | 108 | 108 | 770 | 770 | - | - | - | - | 2,621/ -8.74% | 2,621/ -8.74% | - |
| Assistant Manager | Benny Chuang(Note 1) | 1,313 | 1,313 | 76 | 76 | 681 | 681 | - | - | - | - | 2,070/ -6.90% | 2,070/ -6.90% | - |
| Finance Manager | Peter Sun (Note 2) | 978 | 978 | 56 | 56 | 601 | 601 | - | - | - | - | 1,635/ -5.45% | 1,635/ -5.45% | - |
| R&D Deputy Manager | Cheng Xuan Li | 955 | 955 | 58 | 58 | 536 | 536 | - | - | - | - | 1.549/ -5.17% | 1.549/ -5.17% | - |

Note 1: Assistant Manager Benny Chuang resigned on December 31, 2025.

Note 2:Finance Manager Peter Sun resigned on November 30, 2025.

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3. Names of managers who distributed employee compensation in the most recent year (2025) and the circumstances of the distribution:

December 31, 2025；Unit: NT$1,000

| | Title | Name | Stock | Cash | Total | Proportion of total amount to net profit after tax (%) |
|---|---|---|---|---|---|---|
| Managers | General Manager(Note 1) | Blue Lan | - | - | - | -% |
| | General Manager | Rick Wei | | | | |
| | Manager, Corp. Finance (Note 2) | Peter Sun | | | | |
| | Chief Administrative Officer | Law Lee | | | | |
| | Assistant Manager (Note 3) | Benny Chuang | | | | |
| | Chief Technology Officer(Note 1) | Chin Pin Yeh | | | | |
| | Head of Internal Audit Department | Jingyi Lee | | | | |
| | R&D Deputy Manager | Cheng Xuan Li | | | | |

Note 1:General Manager Blue Lan and Chief Technology Officer Chin Pin Yeh retired on February 28, 2025.
Note 2:Finance Manager Peter Sun resigned on November 30, 2025.
Note 3: Assistant Manager Benny Chuang resigned on December 31, 2025.

4. Comparing and explaining the ratio of the total amount of remuneration paid to the Company's Director and General Manager in the last two years by the company and all companies in the consolidated statement to the after-tax net profit of individual or individual financial reports, and explaining the policy and standards for payment of remuneration and portfolio, the procedure for determining remuneration, and the relationship with business performance and future risks.

(1) Analysis of the ratio of total remuneration paid to after-tax net profit:

Unit: NT$1,000

| Item | 2024 | | 2025 | |
|---|---|---|---|---|
| | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements |
| Total Director Remuneration | 7,647 | 7,647 | 7,551 | 7,551 |
| Proportion of director's total remuneration to after-tax net profit (%) | -5.54% | -5.54% | -25.18% | -25.18% |
| General Manager | 7,716 | 7,716 | 4,225 | 4,225 |
| The total remuneration of the general manager is | -5.59% | -5.59% | -14.09% | -14.09% |

| | | | | |
|---|---|---|---|---|
| a percentage of net income after tax. (%) | | | | |

Note: The total amount of Director's remuneration includes the portion of remuneration received by part-time employees, so there is duplication with the calculation of General Manager's remuneration.

(2) The policy, criteria and composition of remuneration, the process of setting remuneration, and the correlation with operational performance and future risks.

(a) Director

In accordance with Article 25 of the Company's Articles of Incorporation, the Director's remuneration shall be no more than 5% of the Company's earnings for the period before the Company distributes the earnings. The portion related to directors or supervisors who also serve as employees should be referenced in accordance with the explanation provided in Note (2).

(b) General Manager

The remuneration of the CEO and General Manager consists of salary, bonus and employee compensation. The salary level is determined based on the position held by the Company, the responsibilities assumed and the contribution to the Company's operating objectives, and with reference to industry standards. Relevant bonuses are also granted based on the company's annual operational performance, financial condition, business operations, and individual job performance. The distribution of employee compensation is conducted in accordance with Article 25 of the Company’s Articles of Incorporation. Before distributing earnings, the Company shall allocate 1% to 5% of the profits generated during the distribution period as employee compensation. In summary, the Company's remuneration determination process is based on its Articles of Incorporation and relevant compensation management policies. In addition to considering the Company’s overall operational performance, industry risks, and future development trends, individual performance achievement and contributions to the Company’s results are also taken into account to provide reasonable compensation. This approach ensures a positive correlation between remuneration and business performance. The performance evaluations and reasonableness of compensation are reviewed by the Compensation Committee and the Board of Directors, and the remuneration system is continuously reviewed and adjusted in accordance with the Company’s operational status and applicable laws to maintain a balance between sustainable business operations and risk management.

## (Ⅲ) Corporate Governance Report

### 1. Board of Directors Operation

In 2025 and up to the publication date of the annual report, the Company’s Board of Directors held a total of 8 meetings. The attendance of the directors is as follows:

| Title | Name | Attendance in Person | By Proxy | Attendance Rate (%) | Remarks |
|---|---|---|---|---|---|
| Chairman | Sheng Lin Investment LTD. Rep: Law Lee | 8 | 0 | 100% | Re-elected |
| Director | Sheng Lin Investment LTD. Rep: Blue Lan | 2 | 0 | 100% | Formerly-elected |
| Director | Sheng Lin Investment LTD. Rep: Rick Wei | 6 | 0 | 100% | Newly-elected |
| Director | Guang Rong Investment Ltd. Rep: Huang Yinglin | 7 | 1 | 86% | Re-elected |
| Director | Hsieh Chin-Nan | 7 | 1 | 86% | Re-elected |
| Independent Director | Zheng You-Ren | 8 | 0 | 100% | Re-elected |
| Independent Director | Cheng Yun-Yao | 2 | 0 | 100% | Formerly-elected |
| Independent Director | Chung Chien-Wen | 8 | 0 | 100% | Re-elected |
| Independent Director | Chu Chiung-Fang | 6 | 0 | 100% | Newly-elected |

Other supplementary items.

1. The operation of the Board of Directors shall specify the date, period, content of the motion, all Independent Director's opinions and the Company's treatment of the Independent Director's opinions if any of the following circumstances apply.

   (1)The matters listed in Section 3 of Article 14 of the Securities Exchange Act.

   Please refer to "Information on the Operation of the Audit Committee" in this annual report. All of the Independent Directors agreed to approve each motion.

   (2)In addition to the foregoing, other matters resolved by the Independent Director with dissenting or qualified opinions and recorded or stated in writing: None.

2. The Director shall recuse himself/herself from the implementation of the interest motion by stating the Director Name, the content of the motion, the reasons for the recusal and the participation in the voting.

   (1)Board of Directors Meeting on December 23, 2025.

   A. In accordance with the Board of Directors' Rules of Procedure, Law Lee, Blue Lan and Rick Wei, as managers of the Company, recused themselves from the 2025 Year-End Bonus and the Performance Bonus. The Board of Directors has recused itself from the case. The proposal was approved by a resolution of the other five Directors present.

3. The listed company should disclose the period and duration of the Board of Directors' self- (or peer) evaluation, the scope, method and content of the evaluation, and fill out Appendix 2. Implementation of the Board of Directors Evaluation

| Evaluation cycle | Evaluation period | Scope of evaluation | Evaluation method | Evaluation items |
|---|---|---|---|---|
| Once a year Year | 2025.01.01 - 2025.12.31 | Board of Directors | Director's self-evaluation | Participation in corporate operations, quality of board decisions, composition and structure of the board, selection and continuing education of directors, and internal control. |
| | | Individual Director member | Self-evaluation by members of the Board (peer) | The Company's objectives and tasks, knowledge of directors' duties, participation in the Company's operations, internal relations and communication, professional and continuing education of directors, and internal control. |

| | | | | |
|---|---|---|---|---|
| | | Functional Committee | Internal self-evaluation of each functional committee | An evaluation is conducted once every three years by an external professional independent organization. |
| An assessment is conducted once every three years by an external professional independent organization. | 2025.01.01 - 2025.12.31 | Board of Directors | EY evaluation is conducted once every three years by an external professional independent organization | Aspects including the level of Board involvement and awareness of the company's operations, enhancing the quality of Board decisions and understanding of goals and tasks, Board composition and structure, director selection and ongoing education, as well as internal controls within the Board. |

The results of the self-evaluation of the performance of the Board of Directors and the Functional Committee for 2025 were assessed to be good and the overall situation was still effective. The results were submitted to the board meeting on March 6, 2026.The overall performance evaluation and recommendations commissioned by EY,an external professional independent agency,every three years have been submitted to the board of directors on March 6, 2026 as a basis for review and improvement.

4. Assessment of the objectives of the current year and the most recent year to strengthen the functions of the Board of Directors (e.g., to establish an audit committee and to enhance information transparency, etc.) and the implementation status:

   To promote gender equality among board members, enhance female participation in decision-making, and improve the structure of the Board of Directors, the Company has set a goal for fiscal year 2026 to have female directors occupy at least one-third of the board seats as part of its board diversity policy. This objective will be prioritized during the board elections in 2026 and in subsequent years.

2. Operation of the Audit Committee

(1)Operation of the Audit Committee

The company's Audit Committee was established on June 9, 2020 to replace the original Supervisor system. The members of the committee are composed of 3 Independent Directors from the Board of Directors, and all members elect an Independent Director to serve as the convener and chairman of the meeting. The Audit Committee shall operate in accordance with the Company's "Rules and Regulations Governing the Organization of the Audit Committee" and shall consider the following matters: the Company's financial statements, the Company's internal control system, significant asset or derivative transactions, the issuance of securities, the appointment, dismissal or compensation of the certifying accountant, and the appointment or dismissal of the financial, accounting or Head of Internal Audit Department.

2025 Work Highlights

(a) Review of Financial Statements

The financial statements for 2024 (including the consolidated financial statements) have been audited by CPAs of Ernst & Young; Yao, Shih-Chieh and Hu, Tzu-Ren and approved by the 2nd Audit Committee of the 15th session on March 11, 2025, together with the Business Report and the motion on the appropriation of earnings. The Board of Directors approved the proposal on March 11, 2025, and submitted it to the shareholders' meeting on June 23, 2025 for approval.

(b) Assessment of the Effectiveness of the Internal Control System

The Company's internal control system based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies" was effective. In accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies", the Company determined that the design and implementation of the internal control system for 2024 was effective, based on the self-assessment report of each unit and subsidiary's internal control system and the results of the Audit Office's full-year audit program. Therefore, we determined that the design and implementation of the internal control system for 2024 were effective and were reviewed and approved by the 15th Audit Committee of the 2st session on March 11, 2025, and the "Statement of Internal Control System" for 2024 was issued for the resolution by the Board meeting on March 11, 2025.

For the FY 2025 and up to the date of publication of the public statement, the Audit Committee met Seven times with the Independent Director in attendance as follows.

| Title | Name | Attendance in Person | Actual attendance by proxy (%) | Remark |
|---|---|---|---|---|
| Independent Director | Zheng You-Ren | 7 | 100% | Re-elected |
| Independent Director | Cheng Yun-Yao | 2 | 100% | Formerly-elected |
| Independent Director | Chung Chien-Wen | 7 | 100% | Re-elected |
| Independent Director | Chu Chiung-Fang | 5 | 100% | Newly-elected |

Other matters that shall be recorded:

1. The Audit Committee shall specify the date, period, content of the motion, and the outcome of the Audit Committee's resolution and the Company's handling of the Audit Committee's opinion if any of the following circumstances apply to the operation of the Audit Committee.

(1) Matters listed in Article 14-5 of the Securities and Exchange Act.

| Meeting Date | Session | Content of the proposal | Resolution result | The Company's handling of the opinions of the Audit Committee |
|---|---|---|---|---|
| 2025.3.11 | 2-15 | (1)2024 financial statements (including consolidated and individual financial statements), operating reports and financial statements<br>(2) 2024 Internal Control System and Statement.<br>(3) Proposal for Evaluating the Independence of the Signing CPA and the Affiliated Accounting Firm<br>(4) Proposal for Quarterly Review of Accounts Receivable to Determine Whether Reclassification as Loans to Others is Necessary.<br>(5) List of Non-Assurance Service Items for 2025. | all the members present, the case was approved without objection | all the members present, the case was approved without objectio |
| 2025.5.8 | 2-16 | (1) Consolidated financial statements for the first quarter of 2025<br>(2) Endorsement of guarantee for loans from FERRULE PRECISION CO.<br>(3) Proposal for Quarterly Review of Accounts Receivable to Determine Whether Reclassification as Loans to Others is Necessary. | all the members present, the case was approved without objection | all the members present, the case was approved without objectio |
| 2025.8.5 | 3-1 | (1)Proposed nominee for Audit Committee Convenor<br>(2) Consolidated financial statements for the second quarter of 2025<br>(3) Loan of funds to its subsidiary FERRULE PRECISION CO.<br>(4) Foreign exchange hedging operations<br>(5) Proposal for Quarterly Review of Accounts Receivable to Determine Whether Reclassification as Loans to Others is Necessary | all the members present, the case was approved without objection | all the members present, the case was approved without objectio |
| 2025.11.6 | **3-2** | (1) Consolidated financial statements for the third quarter of 2025.<br>(2) The Company's proposal to amend"Procedures for Acquisition and Disposal of Assets"<br>(3) The Company's proposal to amend "Sustainable Development Best Practice Principles"<br>(4) The Company's proposal to amend "Internal control system - Payroll Cycle"<br>(5) The Company's proposal to amend "Internal Audit System - Payroll Cycle"<br>(6) Proposal for Quarterly Review of Accounts Receivable to Determine Whether Reclassification as Loans to Others is Necessary | all the members present, the case was approved without objection | all the members present, the case was approved without objectio |
| 2025.12.23 | 3-3 | (1) Proposed 2026 annual budget.<br>(2) The Company's proposal to establish "Personal Data Protection Management Regulations" | all the members present, the case was approved | all the members present, the case was approved without |

| | | | | |
|---|---|---|---|---|
| | | | without objection | objectio |
| 2026.3.6 | 3-4 | (1) The Company's proposal to amend"Rules of Procedure for Shareholder Meetings"<br>(2) The Company's proposal to amend "Financial Statement Preparation Process Management"<br>(3) 2025 financial statements (including consolidated and individual financial statements), operating reports and financial statements<br>(4) 2025 Internal Control System and Statement.<br>(5) Proposal for Evaluating the Independence of the Signing CPA and the Affiliated Accounting Firm<br>(6) Proposal for Quarterly Review of Accounts Receivable to Determine Whether Reclassification as Loans to Others is Necessary<br>(7)List of Non-Assurance Service Items for 2026. | all the members present, the case was approved without objection | all the members present, the case was approved without objectio |
| 2026.5.4 | 3-5 | (1) The Company's proposal to amend" Rules of Procedure for Shareholder Meetings"<br>(2) The Company's proposal to amend"Internal control system - Financing Cycle - Stock Operation"<br>(3) The Company's proposal to amend"Internal audit system - Financing Cycle - Stock Operation"<br>(4) Consolidated financial statements for the first quarter of 2026.<br>(5) Endorsement of guarantee for loans from FERRULE PRECISION CO.<br>(6) Proposal for Quarterly Review of Accounts Receivable to Determine Whether Reclassification as Loans to Others is Necessary<br>(7) Proposal for Investment and Procurement Plan for High-End Coating Equipment | all the members present, the case was approved without objection | all the members present, the case was approved without objectio |

(2) Except for the matters described in the preceding paragraph, other matters not approved by the Audit Committee and approved by two-thirds or more of all directors: None.

2. The recusal of the independent directors from the implementation of the interested parties' motions, including the names of the independent directors, the content of the motions, the reasons for the recusal and their participation in the voting: None.

3. Communication between the independent directors and the internal auditors and certified public accountants (including significant matters, methods and results of communication regarding the Company's financial and business conditions):

(1) Communication between the independent directors and the internal auditors and certified public accountants: The independent directors of the Company have direct contact with the internal auditors and certified public accountants.

In accordance with the regulations of the competent authorities, the Company conducts regular audits of the Company's financial and business conditions and communicates directly with the management and governance units..

1. The Company's internal audit manager regularly conducts internal audit reports at the quarterly audit committee meetings, and has fully communicated with the Company regarding the execution of audit operations, the tracking of audit deficiencies and their effectiveness; the internal audit manager not only provides written audit reports to the independent directors on a monthly basis but also conducts project business reports to the independent directors at least once a year through a separate meeting.

2. The Company's certified public accountant shall, at least twice a year, conduct annual audit planning and audit summary reports to the independent directors through separate meetings, as well as other communication matters required by relevant laws and regulations.

(2) Communication between the independent directors and the internal auditors is good. The independent directors have no other recommendations. A summary of the major communications for fiscal year 2025 is as follows.

| Date and Communication Method | Communication key point | Communication results |
|---|---|---|
| 2025.3.11<br>The Board Meeting | (1) Audit results and improvement tracking results.<br>(2) Progress of auditing and reporting operations.<br>(3) Progress of annual internal control self-assessment. | After discussion and communication, no objection was raised. |
| 2025.5.8<br>The Board Meeting | (1) Audit results and improvement tracking results.<br>(2) Audit the progress of reporting operations. | After discussion and communication, no objection was raised. |
| 2025.8.5<br>The Board Meeting | (1) Audit results and improvement tracking results.<br>(2) Audit the progress of reporting operations. | After discussion and communication, no objection was raised. |
| 2025.11.6<br>The Board Meeting | (1) Audit results and improvement tracking results.<br>(2) Audit the progress of reporting operations. | After discussion and communication, no objection was raised. |
| 2025.12.6<br>The Board Meeting | (1) 2026 Annual Audit Plan. | After discussion and communication, no objection was raised. |

(3) The communication between the independent directors and the certified public accountants was good and the independent directors had no other recommendations. a summary of the major communication items for FY 2024 is as follows.

| Date and Communication Method | Communication key point | Communication results |
|---|---|---|
| 2025.3.11<br>Checking and aggregation stage communication meeting | Communication to the Independent Director on the 2024<br>1, Group audit scope and methodology<br>2, Identification of significant risks and responses<br>3, Individual and consolidated key audits | After discussion and communication, no objection was raised. |
| 2025.12.6<br>Checking and aggregation stage communication meeting | Communication to the Independent Director on the 2025 audit plans.<br>1, Group audit scope and methodology<br>2, Identification of significant risks and responses<br>3, Individual and consolidated key audits | After discussion and communication, no objection was raised. |

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

| Evaluation Item | Implementation Status | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | 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/TPEx Listed Companies"? | ✓ | | The Company has established its "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" on March 12, 2020. | Same as summary description |
| 2.Shareholding structure & shareholders' rights<br>(1) Has the Company established internal operating procedures to deal with shareholders' suggestions, queries, disputes and litigations, and managed these based on the procedures?<br>(2) Does the Company have a list of its major shareholders as well as the ultimate owners of those shares?<br>(3) Has the Company established and executed a risk management and firewall system within its conglomerate structure?<br>(4) Has the Company established internal rules against using undisclosed information for insider trading? | ✓<br>✓<br>✓<br>✓ | | The Company has a spokesperson and a proxy spokesperson to handle shareholder proposals, disputes and other issues.<br>In accordance with Article 25 of the Securities and Exchange Act, changes in the shareholdings of insiders, managers and shareholders whose shares exceed 10% are reported monthly on the website of the Public Information Observation Post System designated by the Securities and Futures Bureau.<br>The Company has established various risk control mechanisms. It has also established relevant operating, business and financial transactions with its affiliates and provided guidance to its subsidiaries in establishing written control systems to implement risk control mechanisms for its subsidiaries.<br>The Company has established the "Procedures for Prevention of Insider Trading" and "Codes of Ethical Conduct" to prohibit insiders from trading marketable securities using unpublicized information. On March 9, 2022, the Board of Directors approved amendments to the "Corporate Governance Best Practice Principles" to prohibit insiders from trading their shares during the closed period of 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report. | No major differences yet. |
| 3. Composition and Responsibilities of the Board of Directors<br>(1) Does the Board develop and implement a diversified policy for the composition of its members? | ✓ | | The Company's Corporate Governance Best-Practice Principles govern the Board of Directors approach to diversity, including but not limited to the following two major criteria.<br>(1) Basic criteria and values | No major differences yet. |

| Evaluation Item | Implementation Status | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary Description | |
| | | | (2) Professional knowledge and skills<br>For the actual achievement of all four management objectives, please refer to pages 18~19: Director Diversity Policy and Implementation. | |
| (2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? | | ✓ | In addition to the remuneration committee and audit committee established by law, the Company has not established other functional committees, which will be evaluated as necessary in the future. | |
| (3)Does the Company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection? | ✓ | | The Board of Directors established the "Board of Directors' Performance Evaluation Method" on November 4, 2020, and the performance evaluation was performed annually in accordance with the methodology and method of evaluation. The evaluation results for 2025were reported to the Board of Directors on March 6, 2026, and the evaluation results were all in compliance with the standards. The performance evaluation results of each year were be provided to the Remuneration Committee as a reference for individual director's remuneration and nomination for re-appointment. The results will be used as a reference for individual director's remuneration and nomination for reappointment. | |
| (4)Does the Company regularly evaluate the independence of CPAs? | ✓ | | The Company conducts an annual assessment of the independence and suitability of its certified public accountants and provides The Company conducts an annual evaluation of the independence and suitability of the certified public accountants and submits it to the Board of Directors for approval. The evaluation of the independence and appropriateness of the accountants for 2025 (Note 1) was discussed and approved by the Board of Directors on March 6, 2026. | |
| 4. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)? | ✓ | | The Company's Finance Department is a dedicated corporate governance unit responsible for corporate governance-related matters and is supervised by the Chief Executive Officer. Corporate governance-related matters, including the following.<br>1. To register and change the registration of the company.<br>2. To handle matters related to the meetings of the board of directors and shareholders' meetings in accordance with the law and to assist the Company in complying with the relevant laws and regulations of the board of directors and shareholders meetings.<br>3. Prepare minutes of board meetings and shareholders' meetings.<br>4. To provide directors and independent | No major differences yet. |

| Evaluation Item | Implementation Status | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary Description | |
| | | | directors with information necessary for the performance of their duties and to assist directors and independent directors in complying with the latest legal and regulatory developments related to the operation of the Company.<br>Other matters in accordance with the Company's articles of incorporation or contract. | |
| 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, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities? | ✓ | | The Company has set up a stakeholder area on the Company's website. We usually communicate with our bank, employees, customers and suppliers by phone or e-mail. We respect their legitimate rights and interests, and handle their responses appropriately. The Company respects the legitimate rights and interests of the stakeholders and handles their responses appropriately. | No major differences yet. |
| 6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs? | ✓ | | The sales and trading department of Master Link Securities Co., Ltd. was appointed to conduct the shareholders' meeting. | No major differences yet. |
| 7. Information Disclosure<br>(1)Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?<br>(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)?<br>(3)Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1. Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit? | ✓<br>✓ | <br><br>✓ | Investors of the Company may access the Company's website The Company's website and Market Observation Post System provide financial and corporate governance information.<br>The Company has set up a website in English (http://www.nextapogee.com.tw/en/news.php), which designates a person responsible for the collection and disclosure of company information. In addition, a spokesperson system is established to clearly define the division of responsibilities and powers of spokespersons, and to disclose information to all investors and the media in an open and transparent manner at the same time to implement the spokesperson system.<br>The Company announces and reports all information (including annual financial report) to the public before the deadline in accordance with the law, and considering the manpower and work situation, there is no plan to announce earlier. | Same as summary description. |
| 8. Does the Company have other important information that can help understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor training, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors, etc.)? | ✓ | | 1. The Company encourages direct communication between employees and management to appropriately reflect the opinions of employees on major decisions regarding the Company's operations or employee interests.<br>2. The Company has established a public information reporting network in accordance with the regulations to provide information that may affect the decisions of investors and interested parties.<br>3. The directors and supervisors of the Company attend training from time to time.<br>4. Implementation of risk management policies and risk measurement standards: Not applicable (for securities dealers)<br>5. Enforcement of consumer or customer protection policies: Not applicable (for | No major differences yet. |

| Evaluation Item | Implementation Status | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary Description | |
| | | | securities dealers)<br>6. The Company has taken out liability insurance for all directors and supervisors since April 2018 and renewed the insurance policy in April 2026. | |

9. Please describe the improvements that have been made to the results of the Corporate Governance Assessment released by the Taiwan Stock Exchange Corporation in the most recent year and propose priorities and measures to enhance those that have not yet been improved. (Not required for companies not included in the assessment).

The improvements to be made in FY2025 are as follows.

1. 1.13: All cash dividends distributed by the Company will be paid within 30 days after the ex-dividend date and announced on the MOPs and the Company's website.
2. 2.23: The Company's Board of Directors Performance Evaluation Method has been approved by the Board of Directors, stipulating that an external evaluation will be conducted at least once every three years. The results of the external Board of Directors performance evaluation, including improvement suggestions and future improvement plans or actions, are published on the Company's website.
3. 4.8: The Company has established a policy to appropriately reflect operating performance or results in employee remuneration and disclose this information on the Company's website.
4. 4.16: The Company has stated and disclosed on its website the relevant information regarding reporting methods and channels for illegal activities (including corruption) by internal and external personnel.
5. 4.20: The Company has established and disclosed the implementation status of its workplace diversity policy and gender equality policy (such as the prevention of sexual harassment).

The Company will continue to plan for the improvement of the remaining evaluation issues in 2026 and subsequent years.

Note 1： CPAs' independence and suitability evaluation procedure

| | Evaluation Item | Evaluation Result | Whether it meets independence |
|---|---|---|---|
| **1. Financial benefits** | | | |
| i | Do the members of the audit team and their families have any direct financial interest or significant indirect financial interest in the Company? Do they have any direct financial interest or material indirect financial interest in the Company? | Yes | V |
| ii | Do the other certified public accountants and their families have no direct financial interest or significant indirect financial interest in the Company? Do they have any direct financial interest or significant indirect financial interest in the Company? | Yes | V |
| iii | Are there any direct financial interests or significant indirect financial interests between the CPA firm and its affiliates and the Company? Do you have any direct financial interest or significant indirect financial interest in the Company? | Yes | V |
| **2. Financing and Guarantee** | | | |
| i | Is there any mutual financing or assurance between the Company and the firm, the firm's affiliates, and the audit service team members? | Yes | V |
| **3. Business Relationships** | | | |
| i | Is there no close business relationship between the firm, its affiliates and the audit team members and the Company or the Company's Are there any close business relationships between the directors, supervisors, and managers of the Company? Such relationships include, for example, the following:<br>Strategic alliances with the Company or its controlling shareholders, directors, supervisors, or managers that have significant interest.<br>A firm or firm-affiliated company that allies its service offerings or products with those offered by the Company and markets them externally at the same time.<br>A firm or a firm-affiliated company and the Company that mutually promotes or market their products or services for the benefit of each other. | Yes | V |
| ii | Are the Company selling goods or providing services to a firm, or is the firm related to a corporation or a member of an audit service group, in the normal course of business? | No such things | V |
| **4. Family and Personal Relationships** | | | |
| i | Are there any members of the audit service team who are not directors, supervisors, managers or have direct and significant influence on the audit work of the Company, or who have held such positions during the audit period? | Yes | V |
| ii | Are there any members of the audit service team who are not directors, supervisors, managers or have direct and significant influence on the audit work of the Company, or who have held such positions during the audit period? | Yes | V |
| **5. Employment Relationships** | | | |
| i | Are there any members of the audit service team who are not directors, supervisors, managers or have direct and significant influence on the audit work of the Company, or who have held such positions during the audit period? | Yes | V |
| ii | If a member of the audit services team, a CPA or a retired CPA from a firm is employed by the Company, please consider the following circumstances to determine the extent to which the independence of the CPA is affected.<br>. the position held with the Company.<br>. the length of time the accountant has been employed by the Company since the firm's departure.<br>Importance of past positions held in the firm. | None | V |
| iii | Are there any members of the audit service team known to be employed by the Company in future periods? | Yes | V |
| iv | Are there any members of the audit services team known to be employed by the Company in future periods? Are there any accountants or employees of the accounting firm or firm's affiliates who provide services as directors, | Yes | V |

| Evaluation Item | | Evaluation Result | Whether it meets independence |
|---|---|---|---|
| | supervisors, managers or equivalent positions for the Company | | |
| **6.Gifts and Special Offers** | | | |
| i | Are the Company's gifts or special offers to members of the Audit Services Group normal social courtesies or business practices that are not of significant value and do not have any motive or intent to influence professional decisions or to obtain confidential information? | Yes | V |
| **7. Rotation of CPAs** | | | |
| i | Does an accountant serve as the Company's principal accountant for no more than seven years and must be rotated at least two years before returning? What is the interval between rotations? | Yes | V |
| **8.Non-audit business** | | | |
| i | Ask the accountant about the details of the non-audit business provided by the Company and its impact on independence. What is the impact on the Company's independence? | Yes (Note) | V |
| **9. An independence statement from the auditors and an assessment of the auditors' independence and suitability based on Audit Quality Indicators (AQIs) were conducted.** | | | |
| i | Obtaining the independence statement from the auditor addressed to the Audit Committee (or equivalent governing body, if no Audit Committee is present). | Yes | V |
| ii | Obtaining the evaluation report from the CPA firm based on Audit Quality Indicators (AQIs), confirming that the CPA firm has met the requirements for independence and suitability certification. | Yes | V |

Note:The confirmed list of approved services for non-audit engagements in 2026, along with the independence assessment checklist, has been reviewed, and it is determined that it will not have a significant impact on independence.

(4)Composition and Operation of the Remuneration Committee :

A.In accordance with "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange In accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange", the Company approved the establishment of the "Remuneration Committee" and the establishment of its organizational regulations at the Board of Directors' meeting on October 3, 2013. In accordance with Article 5 of the Organizational Regulations of the Compensation Committee, the Compensation Committee shall consist of three members, and the fifth Remuneration Committee member was appointed by the Board of Directors as Mr. Zheng You-Ren, Ms. Chu Chiung-Fang and Mr. Chung Chien-Wen.

Information on the members of the Remuneration Committee

| Title （Note 1） | 條件 / 姓名 | Professional qualification and experience | Independence | Number of other public companies in which the individual is concurrently serving as a remuneration committee member | Remark |
|---|---|---|---|---|---|
| Independent Director | Zheng You-Ren | Please see page 16-19 for the Director's professional qualifications and independence disclosure. | All Remuneration Committee members are in compliance with "Article 14-6 of the Securities and Exchange Law promulgated by the Financial Supervisory Commission" and "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange", Article 6 related to independence.<br>• The director, spouse, or a relative within the second degree of consanguinity is not a Director or employee of the Company or its affiliates.<br>• The director, my spouse, or a relative within the second degree of consanguinity (or using the name of another person) do not hold shares and weightings in the Company.<br>• Not being a director, supervisor or employee of a company with a specific relationship with the Company.<br>• Have not provided any remuneration for business, legal, financial, or accounting services to the Company or its affiliates in the last 2 years.<br>All independent directors have been given the power to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and accordingly execute relevant powers independently. | None | None |
| Independent Director | Chu Chiung-Fang | Please see page 16-19 for the Director's professional qualifications and independence disclosure. | | 3 | None |
| Independent Director | Chung Chien-Wen | Please see page 16-19 for the Director's professional qualifications and independence disclosure. | | None | None |

Note 1: Please fill in the identity as Director, Independent Director or Other.

B. The Compensation Committee is responsible for evaluating the Company's overall remuneration and welfare policies, as well as the remuneration policies and systems of the Company's Directors and managers, in a professional and objective manner, and making recommendations to the Board of Directors for their reference in making decisions. The Board of Directors will make recommendations to the Board of Directors for their reference in making decisions. The fifth session of the Board meeting on December 21, 2025, and the Board of Directors elected Mr. Zheng Youren, Independent Director, as the convener and chairman of the meeting.

C.Information on the operation of the Remuneration Committee：

(a) There are three members of the Remuneration Committee of the Company.

(b) The term of office of the current committee members: from June 23, 2025 to June 22, 2028, the salary and remuneration committee has held 3 meetings (A) in the most recent year and as of the publication date of the annual report. The qualifications and attendance of the members are as follows:

| Title | Name | Attendance in Person (B) | By Proxy | Attendance Rate (%) 【B/A】(Note) | Remarks |
|---|---|---|---|---|---|
| Convener | Zheng You-Ren | 3 | 0 | 100% | Re-elected |
| Member | Cheng Yun-Yao | 1 | 0 | 100% | Formerly-elected |
| Member | Chung Chien-Wen | 3 | 0 | 100% | Re-elected |
| Member | Chu Chiung-Fang | 2 | 0 | 100% | Newly-elected |

Other matters that shall be recorded:

1. If the Board of Directors does not adopt or amend the recommendation of the Compensation Committee, it shall state the date, date and period of the Board of Directors' meeting, the content of the resolution, the result of the Board of Directors' resolution and the Company's handling of the recommendation of the Compensation Committee (if the compensation approved by the Board of Directors is better than the recommendation of the Compensation Committee, it shall state the difference and the reasons for the difference): None.

2. If the members of the Compensation Committee have any objections or reservations and there are records or written statements, the date, period, content of the resolution, opinions of all members and the handling of the opinions of the Compensation Committee should be stated: None.

3. A summary of the major communication items and resolutions for the fiscal year 2025 was as follows.

| Remuneration Committee | Content of the proposal | Resolution result |
|---|---|---|
| 4-7<br>(2025.3.11) | 1. The appropriation of directors' remuneration and employees' remuneration in 2024<br>2. The change of company manager<br>3. The change of manager of subsidiary | The content of the proposal listed on the left was passed by the Remuneration Committee without objection, and submitted to the Board of Directors of the Company for approval. |

| | | |
|---|---|---|
| 5-1<br>(2025.12.23) | 1. The year-end bonus and performance bonus for the managers of the Company for fiscal year 2025.<br>2. The change in the Corporate Finance Manager, Chief Accountant, and Chief Corporate Governance Officer | The content of the proposal listed on the left was passed by the Remuneration Committee without objection, and submitted to the Board of Directors of the Company for approval. |
| 5-2<br>(2026.3.6) | 1. The appropriation of directors' remuneration and employees' remuneration in 2025 | The content of the proposal listed on the left was passed by the Remuneration Committee without objection, and submitted to the Board of Directors of the Company for approval. |

Note:

(1) If a member of the Remuneration Committee leaves the Company before the end of the year, he/she should indicate the date of departure in the Remarks column, and the actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and his/her actual attendance during his/her employment.

(2) If there is a re-election of the Remuneration Committee before the year-end date, both new and old members of the Remuneration Committee should be listed, and the date of re-election should be indicated in the Remark column as the old, new or re-elected member. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and the actual attendance during the term of employment.

(5)Important resolutions and implementation of the shareholders' meeting.

APOGEE OPTOCOM held its 2025 Annual General Meeting of Shareholders on June 23, 2025 in Tainan. The following items were approved by the shareholders at the meeting and the status of implementation.

A. Recognition of the 2024 Business Report and Financial Statements: The 2024 Business Report and Financial Statements were recognized, with consolidated revenue of NT$329,852 thousand, the net loss for the current period of NT$137,943 thousand, with losses per share of NT$ 3.58.

B. Proposal for Approval of the 2024 Loss Appropriation and Distribution of Cash Dividends from Capital Surplus.
Implementation: Approval was granted to distribute NT$0.5 in cash per common share. September 3, 2025, was set as the ex-dividend date, and the cash distribution will be made on September 25, 2025.

C. Approval of the amendment to the company's articles of association.
Implementation:None.

D. Approval of Amendments to the Company's Internal Regulations as Follows:
●Corporate Governance Best Practice Principles
Implementation: The resolution was approved and has been fully executed in accordance with the resolution of the shareholders' meeting

E. Election: Proposal for a complete re-election of the company's tenth board of directors (independent directors)
Implementation: The elected directors are Law Lee & Rick Wei, representatives of Sheng Lin Investment LTD., Huang Ying-Lin and Hsieh Chin-Nan, representatives of Guang Rong

Investment Ltd., and Zheng You-Ren, Chung Chien-Wen and Chu Chiung-Fang, who are elected as independent directors. Their term of office is from June 23, 2025 to June 22, 2028.

F. Lifting the non-compete clause for the newly appointed directors of the company's tenth term
Implementation: Announced on the MOPs on June 23, 2025.

(6)Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

| Item | Implementation | | | Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No. | Summary Description | |
| 1. Does the Company has establish a dedicated position to promote corporate social responsibility? This position may be held by a full-time or part-time staff member. The Board of Directors has authorized the senior management to handle CSR-related matters and report on the progress to the Board of Directors? | | ✓ | The Company has not yet set up a dedicated (part-time) unit to promote corporate social responsibility. | On December 25, 2024, the Board of Directors established the Company's "Sustainability Information Management Procedures" and on November 6, 2025, the "Sustainability Development Practice Principles". In 2026, the Company will gradually promote the establishment of a Sustainability Committee and other dedicated (part-time) units to fulfill its corporate social responsibility, based on the Company's operating scale and characteristics. |
| 2.Does the Company has accordance with the principle of materiality, the company conducts risk assessments on environmental, social, and corporate governance (ESG) issues related to its operations. Based on the assessment, the company establishes relevant risk management policies or strategies. | | ✓ | The Company has established its Corporate Social Responsibility Best Practice Principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and has disclosed the implementation status on the Company's website. In the future, should practical needs arise, the Company will formulate relevant risk management policies accordingly. | No major differences yet. |
| 3. Environmental issues<br>(1) Does the Company establish proper environmental management systems | ✓ | | (1)As of 2025, the Company has completed the establishment of the ISO14001 | No major differences yet. |

| Item | Implementation | | | Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No. | Summary Description | |
| based on the characteristics of their industries?<br>(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?<br>(3)Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?<br>(4) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?？ | ✓<br>✓<br>✓ | | Environmental Management System and passed third-party verification. Other related measures include:<br><br>A. Effective operation of the Environmental Management System, implementing the spirit of continuous improvement in environmental management and pollution prevention, and reducing environmental impact.<br><br>B.Strengthening the control of process improvement and pollution prevention equipment operation, conducting regular inspections in accordance with environmental protection requirements, and complying with legal requirements.<br><br>C. Strengthening education and training to enhance the environmental awareness of all employees, so as to thoroughly implement environmental responsibility.<br><br>(2)The Company is committed to implementing activities such as industrial waste reduction and resource classification and recycling to protect Earth's resources and environmental hygiene.<br><br>(3)<br>A. Our company has compiled greenhouse gas emissions data for the past two years and disclosed the results of the greenhouse gas inventory. External verification and confirmation are scheduled for July 2026, | |

| Item | Implementation | | | Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No. | Summary Description | |
| | | | and reduction policies will be formulated based on the confirmed data.<br><br>B.Our company is actively promoting various energy reduction measures, including replacing high-carbon-emission production equipment with alternative equipment having lower carbon emission coefficients, in order to implement pollution reduction policies.<br><br>C. The Company has compiled statistics on water consumption over the past two years and has implemented a number of improvement measures, including:<br>(i) continuous monitoring of the production process to reduce unnecessary waste in the cleaning process during the testing process;<br>(ii) recycling RO water from cutting optical communication filters for heat dissipation, including introducing wastewater into the recycling system and using recycled water in the process to reduce water consumption.<br>In 2025, the Group's operating profit is higher, and water intake and consumption have increased compared to 2023-2024. However, the overall water-saving effect is gradually taking shape due to the above measures.<br><br>D. With the aim of optimizing waste sorting and improving safety, waste is centrally managed by a dedicated unit to effectively control and manage the sources and quantities of waste. For recycling, | |

| Item | Implementation | | | Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No. | Summary Description | |
| | | | collaboration with resource recycling companies is undertaken to enhance resource utilization value, with the ultimate goal of achieving zero waste. | |
| 4. Social Issues<br>(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?<br>(2) Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries？<br>(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?<br>(4) Does the Company provide its employees with career development and | ✓<br>✓<br>✓<br>✓ | | (1) The Company has established the "Company Management Regulations" and its labor rights and obligations comply with labor laws and regulations and respect the internationally recognized basic labor human rights principles without gender, age, ethnicity, or religion differences.<br>(2) The Company follows the Labor Standards Act and related laws and regulations to establish various employee welfare measures and provide competitive salaries. In addition, the Company has established a reward system such as performance bonuses and employee compensation, which not only considers the Company's overall operating performance, future operating risks and development trends of the industry, but also takes into account the individual's performance achievement rate and contribution to the Company's performance, and provides reasonable compensation, which has a positive correlation with operating performance.<br>(3) The company is responsible for maintaining the safety and health of the workplace and the environment. We | No major differences yet. |

| Item | Implementation | | | Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No. | Summary Description | |
| training sessions？<br>(5) Do the Company's products and services comply with relevant laws and international standards in Relationship 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?<br>(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. | ✓<br>✓ | | conduct regular inspections and spot checks, and request improvements when the safety and health environment is not in compliance. "Workplace Health and Safety Rules" have been established for employee work environment and equipment management and are implemented and enforced. Regular employee safety and health education and training are conducted to ensure the provision and continuous improvement of a safe and healthy work environment for employees.<br>The goal is to reduce the incidence of occupational accidents and minimize unnecessary losses. Two fire drills (operation of fire-fighting equipment) and earthquake drills are conducted annually, along with disaster prevention and safety training courses (including practical drills) to achieve a zero-risk, zero-accident record. As of 2025, the company held 33 valid safety and health-related certifications.<br><br>(4)From the moment an employee joins the company, training on company regulations, occupational safety, and workplace safety is provided. New employees are informed of the company's policies, internal rules, and values, and mentors are assigned to provide experience transfer. An annual training plan survey is conducted, and courses are developed and implemented based on the needs of each unit. Our company's training programs are categorized by job function: new employee training, personal career | |

| Item | Implementation | | | Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|---|---|---|---|---|
| | Yes | No. | Summary Description | |
| | | | development, professional certification (safety and health) training, and management training. This categorization aims to systematically train employees on the professional skills and abilities required for each position and level. In 2025, a total of 1,178 employees received training, totaling 3,181 hours.<br>(5)<br>A.Product labeling and markings are handled in accordance with product characteristics, customer requirements, and relevant local regulations. The company fully implements quality-first management practices to continuously ensure customer satisfaction with quality and service.<br>B.The company values every customer complaint. Upon receiving a quality complaint, the sales department is immediately notified to handle the complaint. In accordance with the "Corrective and Preventive Action Operating Procedures," immediate action is taken, and a customer complaint tracking report is prepared and promptly communicated to relevant supervisors and the customer.<br>In 2025, the Apogee Group did not experience any major product safety incidents that posed a threat to customers. The customer complaint rate for Apogee Group's product orders in 2025 was 0.33%, of which 65.79% were attributable to Tong Hsin itself. Analysis revealed the main causes to be: process errors, human error, | |

| Item | Implementation | | | Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|---|---|---|---|---|
| | Yes | No. | Summary Description | |
| | | | and incorrect measurement settings. 96.05% of cases were rectified within the specified timeframe and followed up with preventive action standard procedures, which were approved by the customer.<br>C. Our company prioritizes information security and has established rigorous and clear preventative measures in accordance with the "Computer Data Control Regulations." Access to and transmission of important data, as well as the use of USB drives and internal networks, are strictly limited to specific users, and multiple layers of restrictions and security safeguards are in place. In 2025, our IT and sales departments received no complaints from customers regarding privacy violations or data loss.<br><br>(6)The company continuously collaborates with suppliers to improve product compliance with green environmental standards and has a supplier evaluation system. Since 2021, the company has been promoting the signing of "Code of Ethics and Supplier Code of Conduct" by suppliers to jointly enhance corporate social responsibility. | |
| 5. Does the Company reference internationally accepted reporting standards or guidelines, and prepares reports that disclose non-financial Information on the Company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third-party verification unit? | ✓ | | Our company has prepared its 2024 Corporate Social Responsibility Report in accordance with GRI standards and SASB Technology and Communications Industry Disclosure Standards, and has received a qualified opinion from Ernst & Young. We expect to continue preparing the report for 2025. | No major differences yet. |

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No.</th><th>Summary Description</th></tr>
<tr><td colspan="5">6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the Company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies: None.</td></tr>
<tr><td colspan="5">7. Other useful information for explaining the status of corporate social responsibility practices:<br>(1) Our company has obtained ISO14001 certification and complies with the environmental management series standards and the corporate social responsibility indicators contained therein.<br>(2) We follow the "Workplace Health and Safety Rules" established by the Labor Safety and Health Act to maintain employee safety and health.<br>(3)Obtain the required environmental management certification, maintain and continuously improve it, and conduct operations, records and reports in accordance with the regulations.<br>(4)Information about the Company's operations related to the promotion of corporate sustainable development is disclosed in the CSR section of the Company's website at http://www.nextapogee.com.tw/ch/csr.php</td></tr>
</table>

(7) The implementation status of climate-related information is as follows:

| Item | Execution situation |
|---|---|
| 1. The Board of Directors and management team provide oversight and governance regarding climate-related risks and opportunities. They are responsible for ensuring that the company identifies, assesses, and manages climate-related risks in a proactive manner. | (1)The Board of Directors serves as the highest governing body responsible for climate governance. The Board regularly oversees the company's overall sustainability development strategy and the progress towards its goals. However, at present, there is no dedicated unit specifically responsible for addressing climate-related risks and opportunities under the Board of Directors.<br>(2) According to ESG-related matters—including the preparation of the annual ESG report and the greenhouse gas inventory and verification timeline as stipulated in the "Sustainability Development Roadmap for TWSE/TPEx Listed Companies"—are handled concurrently by the Shareholder Services Department. The department is responsible for compiling and preparing the Company's annual ESG report and reporting the progress of the greenhouse gas inventory and verification schedule to the Board of Directors on a quarterly basis. At present, climate-related risks and opportunities are also temporarily managed by the Shareholder Services Department. |
| 2.The Company how to distinguish the climate risks and opportunities affect a company's business, strategy and finances in the short, medium and long term | Refer to Note 1：TCFD climate-related risks and opportunities identification table in 2025. |
| 3. The impact of extreme weather events and transition actions on finances. | Refer to Note 1：TCFD climate-related risks and opportunities identification table in 2025. |
| 4. How climate risk identification, assessment, and management processes are integrated into the overall risk management framework. | Refer to Note 1：TCFD climate-related risks and opportunities identification table in 2025. |
| 5. When assessing resilience to climate change risks, it is important to provide an explanation of the scenario, parameters, assumptions, analysis factors, and key financial impacts used in the scenario analysis. | None. |
| 6. In response to managing climate-related risks, please provide an explanation of the content of the transition plan and the indicators and objectives used to identify and manage physical risks and transition risks. | None. |
| 7. Using internal carbon pricing as a planning tool requires an explanation of the price-setting foundation. | None. |
| 8. When setting climate-related goals, it is important to provide an explanation of the activities covered, scope of greenhouse gas emissions, timeline, and progress achieved annually. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet these goals, the source and quantity of carbon offsets or the number of RECs should be specified. | None. |
| 9. Greenhouse Gas Inventory and Assurance Status. | It is expected that the greenhouse gas inventory for Scope 1 and Scope 2 will be completed by July 2026, and external verification of greenhouse gas emissions is planned to be completed by July 2028. |

Note 1：2025 TCFD climate-related risks and opportunities identification table

(1)Describe how the identified climate risks and opportunities affect the company's business, strategy, and finances in the short, medium, and long term; describe the financial impact of extreme climate events and transformation actions:

| Type | Key Factors / Risk Issues | Impact degree | Impact time | Risk | Chance | Financial impact | Strategic response |
|---|---|---|---|---|---|---|---|
| Transformation Risk | Regulations ：<br>Greenhouse gas regulations | High | Short term | 1. Low carbon technology, equipment and management cost input<br>2. Total carbon emission and carbon trading, carbon fee and carbon tax system<br>3. Latest regulations and interpretations from the Ministry of Environment, and relevant regulations in the locations of downstream customers' products.<br>hh | 1. Digital transformation of energy management drives smart and low-carbon production<br>2. Participate in carbon trading<br>3. Green Product Premium and Certification | 1. Capital expenditures (equipments)<br>2. Operating costs (including recruitment and carbon reduction training for relevant personnel, fees and taxes, certification and consulting fees, etc.) | 1. We conduct Greenhouse gas inventories, establish a baseline year, and plan a carbon reduction roadmap, aiming to reduce emissions in categories I to III in the short term and move towards carbon neutrality in the long term.<br>2. Promoting energy saving and carbon reduction programs.<br>3. Replace low-energy resource-using equipment.<br>4. Promote the recycling and reuse of waste. |
| Transformation Risk | Market ： low carbon technology<br>1. renewable energy<br>2. Carbon Capture, Utilization and Storage (CCUS) | High | Mid term Long term | 1. Renewable Energy Regulations and Procurement.<br>2. The development costs and highly uncertain applicability of new technologies | 用<br>1. Expand new energy business or increase the use of renewable energy<br>2. Carbon capture technology development and application | 1. Capital expenditures (Technology Investment )<br>2. Operating costs (Changes in fixed cost expenditures)<br>3. Risk of asset impairment (if new technologies are not applied due to high iteration rates)<br>應用） | 1. Invest in improving energy efficiency equipment.<br>2. Look for opportunities to build solar power generation devices<br>3. Actively look for new energy sources such as wind power, biomass energy, geothermal energy, and organic solvent cracking power generation. |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | 4. First, seek small-scale replacements of experimental technologies to achieve high-efficiency applications or in-process recycling.<br>5. Participate in organizations such as industry-driven low-carbon alliances, combining this with supply chain transformation; or actively apply for relevant government subsidies to meet the needs of new technologies and reduce out-of-pocket costs.<br>尋找建設太陽能發電裝置之機會<br>需求並減輕自費成本 |
| Transformation Risk | Market：low carbon Market：<br>1. Environmental protection and sustainable products<br>2. Green Supplier Verification (Bluesign, ZDHC, Higg Index)<br>3.Downstream customer sustainability requirements | High | Short term Mid term | R&D technology and cost input (“green premium” of supply chain) | 1. Improve product competitiveness, and establish a sustainable, low-carbon brand reputation.<br>2. Improve the overall sustainability level of the upstream and downstream supply chain, forming a cohesive green supply chain alliance and indirectly reducing operational risks. | 1. Capital Expenditure<br>2. Operating Costs (increased unit product cost to meet sustainability requirements, and related certification fees) | 1. Continue to invest in R&D funds to enhance R&D energy.<br>2. Actively improve the product passing inspection rate.<br>3. Introduce a circular economy model and assess the feasibility of increasing the recycling rate of existing waste materials. |
| Physical risk | Extreme Weather Events | High | Short term Long term | 1. Heavy rainfall/severe typhoon floods lead to increased transportation and equipment maintenance costs<br>2. El Niño or uneven rainfall may | 用<br>1. Increased water efficiency<br>2. Improved process precision, controllability, and reduced resource waste through monitoring and | 1. Sales Revenue (affects shipments or damages products; revenue may increase if products are successfully adapted to climate change).<br>2, Operating costs (equipment maintenance expenses, preventative measures expenditures) | 1. Strengthen disaster prevention and mitigation education and measures.<br>2. Establish a real-time monitoring system for rainfall, water levels, and water conditions to establish a coordinated mechanism for emergency response in production and distribution .<br>3. Make effective use of real-time information from the Water Resources |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | exacerbate water shortages in the company's location<br>3. Long-term sea level rise has led to a decrease in the stability of plant operations.<br>廠區營運穩定度降低 | preventative measures, leading to increased waste utilization<br>3. Enhanced safety and stability in factory buildings and areas | 3. Capital expenditure (plant reinforcement)<br>支出(廠房加固) | Agency to monitor water conditions and develop strategies to address water shortages.<br>4. War management: Adopt optimal inventory management and flexible transportation scheduling to optimize supply chain operations.<br>5. Implement water-saving processes and projects to recycle wastewater for reuse in equipment operation or heat dissipation . |

(2) Explanation of how the identification, assessment, and management processes for climate risks are integrated into the overall risk management system: Based on the company's internal regulations, " Sustainable Development Best Practice Principles" and "Sustainability Information Management Procedures,"the company has integrated climate change issues into one of its formal risk management checklists. Through regularly conducted response measures, assessments, controls, and monitoring procedures, the relevant provisions are summarized as follows:

1. Conduct and disclose direct and indirect greenhouse gas inventories, and formulate and promote the company's energy conservation, carbon reduction, and greenhouse gas reduction strategies based on operating conditions and inventory results.
2. Based on greenhouse gas inventories, water resource consumption and usage, and waste statistics, establish estimated risk opportunity transformation costs. Ultimately, sustainable operating objectives should be considered in conjunction with the company's overall risk assessment and management objectives.
3. Company management is responsible for formulating sustainable development policies and objectives, developing internal control systems, and submitting them to the audit committee for approval.
4. Define the materiality of sustainability information as the upper limit of the tolerable error range for errors or discrepancies when controlling risks and preparing sustainability information.
5. Sustainability information management is incorporated into the internal control system and listed as an annual audit item.

## (8)Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons

| Evaluation Item | Implementation | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary Description | |
| 1. Establishment of ethical corporate management policies and programs<br>(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? | ✓ | | The Company has established the "Ethical Corporate Management Best Practice Principles", which is supervised by the Management Department, and in case of dishonest behavior, it will handle the matter and review the improvement measures to the Board of Directors. In case of dishonest behavior, the management department will report to the Board of Directors on how to handle the situation and review the improvement measures. | No major differences yet. |
| (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? | | ✓ | The Company has announced the "Ethical Corporate Management Best Practice Principles" to all employees, and has conducted education and training for new employees when they report for duty. The risk assessment mechanism has not yet been established, but it will be improved in FY2026. | |
| (3) Does the Company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the | ✓ | | The Company analyzes the business activities with higher risk of dishonest behavior in the business area and strengthens the following preventive measures: | |

| Evaluation Item | Implementation | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary Description | |
| Company enforce the programs above effectively and perform regular reviews and amendments? | | | 1. Bribery and accepting bribes.<br>2. Making illegal political contributions.<br>3. Improper charitable donations or sponsorships.<br>4. Providing or accepting unreasonable gifts, hospitality or improper benefits. | |
| 2. Fulfill operations integrity policy<br>(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts? | ✓ | | The Company has established the "Ethical Corporate Management Best Practice Principles" to follow. When conducting business activities, the Company will consider the integrity records of its counterparties before dealing with them and promote suppliers to sign the "Code of Ethics and Supplier Code of Conduct" in 2021, giving priority to companies that have signed the commitment to operate with integrity. The Company will also promote the signing of the Code of Ethics and Supplier Code of Conduct by suppliers in 2021. | No major differences yet. |
| (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? | ✓ | | To improve the management of integrity management, the Management Department is responsible for formulating and monitoring the implementation of integrity management policies and prevention programs and reports to the Board of Directors from time to time. | |
| (3) Does the Company establish policies to prevent conflicts of interest and provide | ✓ | | The Company has established "Ethical Corporate Management Best Practice | |

| Evaluation Item | Implementation | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary Description | |
| appropriate communication channels, and implement it? | | | Principles" to prevent conflicts of interest. In addition to a physical mailbox for employees to make representations, the Company also has an Email communication channel for external parties such as suppliers in the "Code of Ethics and Supplier Code of Conduct". | |
| (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? | ✓ | | To ensure the implementation of the integrity management, the Company has established an effective accounting system and internal control system, and internal auditors regularly review the compliance of the preceding system. | |
| (5) Does the Company regularly hold internal and external educational trainings on operational integrity? | ✓ | | In accordance with the Ethical Corporate Management Best Practice Principles, the company regularly conducts training sessions on topics such as "Prevention of Conflicts of Interest," "Avoidance of Self-Interest," and "Confidentiality." | |
| 3.Operation of the integrity channel<br>(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 | ✓ | | The company provides proper reporting channels and keeps the identity of the reporter and the content of the report confidential. In case of violation, we will announce and disclose the Title, Name, date of violation, the content of the violation, and the handling situation of the violator. | No major differences yet. |

| Evaluation Item | Implementation | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary Description | |
| (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?<br><br>(3) Does the Company provide proper whistleblower protection? | ✓<br><br>✓ | | The Company provides proper reporting channels in accordance with the Ethical Corporate Management Best Practice Principles and ensures the operation of confidentiality mechanisms.<br><br>The Company provides proper reporting channels in accordance with the Ethical Corporate Management Best Practice Principles and ensures the operation of confidentiality mechanisms. In 2025, our company received 0 whistleblower reports, and 0 cases were verified after investigation. | |
| 4.Strengthening information disclosure<br>(1) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS? | ✓ | | The Company has announced the "Ethical Corporate Management Best Practice Principles" on its website. The Company also discloses information related to the Ethical Corporate Management Best Practice Principles in this annual report.<br>The Company discloses information on the Market Observation Post System on a regular basis to protect the interests of investors. | No major differences yet. |
| 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 established a Code of Ethical Conduct, which is published on its official website. The Company's operations are in alignment with both its own Code and the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies." | | | | |
| 6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies. Ethical Corporate Management Best Practice Principles, etc.):<br>1. The Company complies with the Company Act, the Securities Exchange Act, the Business Accounting Act, the regulations related to listing on the stock exchange, and other business conduct related laws and regulations as the basis for the implementation of honest management.<br>2. The Company's "Regulations Governing Procedure for Board of Directors Meetings" provides for the recusal of the Director's interest in the Board of Directors' motions. If the Board of Directors has an interest in the Board of Directors' proposals that may be harmful to the Company's interests, the | | | | |

| Evaluation Item | Implementation | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary Description | |
| Director may present his or her opinion and answer questions, but may not participate in the discussion or vote, and shall recuse himself or herself from the discussion or vote.<br>3. The Company has established "management practices to prevent insider trading", and has conducted relevant education, training, and education and signed confidentiality agreements for Directors, Supervisors, managers and employees, important units related to important information, and targets of important information transmission; The Company regularly monitors the stock movements of insiders for any abnormalities and pays attention to the management and preservation of important information related documents and electronic records. | | | | |

(8) Other material information that may enhance understanding of the Company's corporate governance practices may also be disclosed as appropriate:

A.Code of Corporate Governance and related regulations: The Company has established the "Procedures for Handling Material Internal Information" and the "Procedures for Preventing Insider Trading" as behavioral guidelines for its directors, supervisors, managers, and employees. These procedures explicitly require all such personnel to comply with applicable laws, regulations, and directives, including those related to insider trading.

B.The Company's website features a dedicated "Corporate Sustainability" section, where the annual sustainability report is published and regularly updated to disclose the effectiveness of corporate governance initiatives.

**C.The relevant rules and regulations of the Company have been placed on the Company's website for investors' reference .**

(9)The Implementation Status of Internal Control System

A. Internal Control Statement:

The Company's 2025 Statement on the Internal Control System has been disclosed and filed on the information reporting website designated by the Financial Supervisory Commission (FSC). It is also available on the Market Observation Post System (MOPS). Please visit MOPS > List Company Info > Corporate Governance > Company Rules / Internal Control > Internal Control Statement Disclosure for inquiry. Website : https://mops.twse.com.

B. For companies that engage accountants to conduct special reviews of the internal control system, the accountant's review report should be disclosed: None.

(10) In the most recent year and as of the date of the annual report, the Company and its internal personnel have been punished by law, or the Company has punished its internal personnel for violating the provisions of the internal control system, and the result of the punishment may have a significant impact on shareholders' equity or securities prices. The content of the penalties, major deficiencies, and improvements: None.

(11) Significant resolutions of shareholders' meetings and board meetings for the most recent Year and up to the printing date of the annual report.

| Date | Type of Meeting | Important resolutions |
| --- | --- | --- |
| 2025.03.11 | Board Meeting | (1) Amendments to the Articles of Association. |
| | | (2) Definition and scope of "entry-level employees" in the company |
| | | (3) The allocation of directors' and supervisors' remuneration as well as employee compensation for the year 2024 |
| | | (4) Company manager change |
| | | (5) Subsidiary company manager change |
| | | (6) Financial statements (including consolidated and individual), operating reports, and statement of accounts for the year 2024 |
| | | (7)The 2024 loss appropriation plan |
| | | (8) Discussion on the proposal to distribute cash from capital surplus |
| | | (9) A complete re-election of the company's tenth board of directors (including independent directors) |
| | | (10) Discussion on the date and venue for the 2025 Annual General Meeting of Shareholders |
| | | (11) Issuance of the 2024 "Internal Control System Statement" |
| | | (12) Evaluation of the independence of the certified public accountant and the affiliated auditing firm |
| | | (13) The Company's quarterly review on whether accounts receivable should be reclassified as loans to others. |
| | | (14) List of non-assurance service items for 2025. |
| 2025.05.08 | Board Meeting | (1) Consolidated Financial Statements for the First Quarter in 2025. |
| | | (2) Endorsement guarantee case for loans to subsidiary FERRULE PRECISION CO. |
| | | (3) 2025 Q2 Bank loan. |
| | | (4) The Company's quarterly review on whether accounts receivable should be reclassified as loans to others. |
| | | (5) Review of the list of independent director candidates. |
| | | (6) Lifting the non-compete clause for newly appointed directors. |
| | | (7) Added reasons for convening the 2025 Annual General Meeting of Shareholders. |
| 2025.06.23 | Shareholders Meeting | (1) Business report and financial statements in 2024 |
| | | (2) Deficit compensation in 2024 |
| | | (3) Discussion on the proposal to distribute cash from capital surplus |
| | | (4) Revision of the Company's Articles of Association. |
| | | (5) Revision of the Company's "Corporate Governance Best Practice Principles" |
| | | (6) The case of re-election of the company's tenth board of directors (including independent directors) |
| | | (7) Case of lifting the non-compete clause for newly appointed directors |
| 2025.08.05 | Board Meeting | (1) Consolidated Financial Statements for the Second Quarter in 2025 |
| | | (2) Provision of funds to FERRULE PRECISION CO. |

| Date | Type of Meeting | Important resolutions |
|---|---|---|
| | | (3) Foreign exchange hedging transactions operation plan |
| | | (4) 2025 Q3 Bank loan. |
| | | (5) The Company’s quarterly review on whether accounts receivable should be reclassified as loans to others. |
| 2025.11.06 | Board Meeting | (1) Consolidated Financial Statements for the Third Quarter in 2025 |
| | | (2) Drafting of the "2026 Audit Plan" proposal |
| | | (3) Revision of the Company’s “Procedures for Acquisition and Disposal of Assets” |
| | | (4) Revision of the Company’s “Sustainable Development Best Practice Principles” |
| | | (5) Revision of the Company’s “Internal control system - Payroll Cycle” and “Internal Audit System - Payroll Cycle” |
| | | (6) The Company’s quarterly review on whether accounts receivable should be reclassified as loans to others. |
| 2025.12.23 | Board Meeting | (1) Proposed 2026 annual budget. |
| | | (2) Discussion on the 2025 year-end and performance bonuses for managers |
| | | (3) Changes in the company's chief financial manager, chief accounting officer, and chief corporate governance officer |
| | | (4) The Company's proposal to establish "Personal Data Protection Management Regulations" |
| 2026.03.06 | Board Meeting | (1) Revision of the Company’s "Rules of Procedure for Shareholder Meetings" |
| | | (2) Revision of the Company’s "Financial Statement Preparation Process Management” |
| | | (3) Definition and scope of "entry-level employees" in the company |
| | | (4) The allocation of directors' and supervisors' remuneration as well as employee compensation for the year 2025 |
| | | (5) Financial statements (including consolidated and individual), operating reports, and statement of accounts for the year 2025 |
| | | (6) The 2025 loss appropriation plan |
| | | (7) Discussion on the proposal to distribute cash from capital surplus |
| | | (8) Discussion on the date and venue for the 2026 Annual General Meeting of Shareholders |
| | | (9) Issuance of the 2025 "Internal Control System Statement" |
| | | (10) Evaluation of the independence of the certified public accountant and the affiliated auditing firm |
| | | (11)The Company’ s quarterly review on whether accounts receivable should be reclassified as loans to others. |
| | | (12) List of non-assurance service items for 2026 |

| Date | Type of Meeting | Important resolutions |
|---|---|---|
| | | (13) 2026 Q1 Bank loan |
| 114.05.04 | Board Meeting | (1) Revision of the Company's" Rules of Procedure for Shareholder Meetings". |
| | | (2) Revision of the Company's " Internal control system - Financing Cycle - Stock Operation"and" Internal audit system - Financing Cycle - Stock Operation". |
| | | (3) Consolidated Financial Statements for the First Quarter in 2026 |
| | | (4) Endorsement guarantee case for loans to subsidiary FERRULE PRECISION CO. |
| | | (5) 2026 Q2 Bank loan |
| | | (6) The Company' s quarterly review on whether accounts receivable should be reclassified as loans to others. |
| | | (7) Proposal for Investment and Procurement Plan for High-End Coating Equipment |

(12) For the most recent fiscal year and up to the date of the annual report printing, there were no directors who disagreed with important resolutions passed by the board of directors and made records or written statements; main content: none.

4.Audit Fee

Unit: NT$1,000

| Name of accounting firm | Names of CPAs | Audit Fee | Non-audit Fee | | | | | Period Covered by CPA' s Audit | Remark |
|---|---|---|---|---|---|---|---|---|---|
| | | | System of Design | Company Registration | Human Resource | Other (Notes 2) | Sub total | | |
| Ernst & Young Taiwan | Yao, Shih-Chieh | 2,500 | - | 57 | - | 215 | 272 | 2025.01.01~ 2025.12.31 | |
| | Hu, Tzu-Ren | | | | | | | | |

Note 1: If the Company has changed its certified public accountant (CPA) or accounting firm during the current fiscal year, please list the audit periods separately, and explain the reasons for the change in the remarks column. Additionally, disclose the audit and non-audit fees paid, in sequence.

Note 2: Non-audit fees should be listed separately by service item. If the "other" non-audit fees amount to 25% of the total non-audit fees, the service content should be listed in the Remarks column.

(1) If the non-audit fees paid to the certified public accountant, the certified public accountant's firm and its affiliates are at least one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services should be disclosed: Not applicable.

(2) If the audit fee paid in the year of change of accounting firm is less than the audit fee paid in the year before the change, the amount of audit fee before and after the change and the reasons for the change should be disclosed: None.

(3) If the audit fee is reduced by 10% or more from the previous year, the amount, percentage, and reasons for the reduction shall be disclosed: None.

5. Replacement of CPA
   (1) About the former accountant: Not applicable.
   (2) For the successor accountant: Not applicable.
   (3)The former accountant's response to the Articles of 10.5.1, 10.5.2 and 10.5.3 of this Standard: Not applicable.

6. If the chairman, General Manager, or managers in charge of financial or accounting affairs of the Company has worked in the firm of the certified public accountants or their affiliates within the last year, the names, titles, and periods of employment in the firm of the certified public accountants or their affiliates should be disclosed: None.
7. Changes in the shareholding of directors, managers and shareholders holding more than 10% of the shares as of the last year and as of the publishing date of the annual report
   (1)Transfer of shares and change in pledge of shares
      1. The share transfer changes of directors and managers for 2025, and up to the date of the annual report printing, have been filed and disclosed on the information reporting website designated by the Financial Supervisory Commission (FSC), and are available on the Market Observation Post System (MOPS). Please visit MOPS > Listed Company Info > Shareholding Changes/Securities Issuance > Share Transfer Data for inquiry. Website: https://mops.twse.com.tw.
      2. The share pledge changes of directors and managers for 2024, and up to the date of the annual report printing, have been filed and disclosed on the information reporting website designated by the FSC, and are available on the MOPS. Please visit MOPS > Listed Company Info > Shareholding Changes/Securities Issuance > Insider Pledge/Release Data for inquiry. Website: https://mops.twse.com.tw.

   (2)Information on the related parties of the equity transfer: None.
   (3)Information on pledge of shares as related parties: None.

8. Information on the top ten shareholders who are related to each other or are spouses or relatives within the second degree of kinship.

April 28, 2026; Unit: Share/%

| Name (Note 1) | Current Shareholding | | Spouse's/minor's Shareholding | | Shareholding by Nominee Arrangement | | Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3) | | REMARK |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | % | Shares | % | Shares | % | Name | Relationship | |
| World Top Investment Holding LTD. | 6,344,472 | 16.48 | - | - | - | - | - | - | |
| Rep: (Samoan) World Top Investment Holding Company Ltd. | - | - | - | - | - | - | - | - | |
| Sheng Lin Investment LTD. | 5,489,146 | 14.25 | - | - | - | - | - | - | |
| Rep: Huang Ying-lin | 873 | - | - | - | - | - | - | - | |
| China Trust manages the investment account of Brocade Development Ltd. | 1,619,930 | 4.21 | - | - | - | - | - | - | |
| Sun Jin-Chuan | 713,674 | 1.85 | - | - | - | - | - | - | |
| Chase-managed investment account of JP Morgan Securities Limited | 370,748 | 0.96 | - | - | - | - | - | - | |
| Pao Wang Investment Co. | 346,174 | 0.90 | - | - | - | - | - | - | |
| Rep: (Samoan) Pao Wang Investment Development Limited. | - | - | - | - | - | - | - | - | |
| Yu Hung-Chen | 340,000 | 0.88 | - | - | - | - | - | - | |
| Hsiao Hsi-Mao | 316,000 | 0.82 | - | - | - | - | - | - | |
| HSBC manages Goldman Sachs International's investment account | 310,151 | 0.81 | - | - | - | - | - | - | |
| Chang Chin-Chang | 300,000 | 0.78 | - | - | - | - | - | - | |

＊All of the top ten shareholders should be listed, and the names of corporate shareholders and the names of their representatives should be listed separately if they are corporate shareholders.

＊The calculation of the percentage of shareholding refers to the calculation of the percentage of shareholding in the name of oneself, one's spouse, minor children, or the use of others.

＊The shareholders listed in the preceding paragraph shall disclose their relationship with each other in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

9. The number of shares held in the same investee enterprise by the Company, its directors, managerial officers, and businesses directly or indirectly controlled by the Company, along with the combined shareholding ratio: None.

## Ⅲ. Capital Rising

### 1.Capital and Shares

#### (1)Source of Capital

A.Capital formation

April 28, 2026 Unit: 1,000 Shares; NT$1,000

| Year/Month | Par Value (NT$) | Authorized Capital | | Paid-in Capital | | Remark | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares | Amount | Shares | Amount | Sources of Capital | Capital Increased by Assets Other than Cash | Other |
| 2003.08 | 10 | 8,000 | 80,000 | 2,000 | 20,000 | Cash capitalization | None | Note 1 |
| 2005.05 | 10 | 8,000 | 80,000 | 8,000 | 80,000 | Cash capital increase of NT$60,000 | None | Note 2 |
| 2007.09 | 10 | 48,000 | 480,000 | 6,404 | 64,040 | Consolidated capital increase of NT$64,000 Consolidated capital decrease of NT$79,960 | None | Note 3 |
| 2007.12 | 10 | 48,000 | 480,000 | 12,404 | 124,040 | Cash capital increase of NT$50,000 | Debt Rights Contribution to Share of NT$10,000 | Note 4 |
| 2009.08 | 10 | 48,000 | 480,000 | 10,800 | 108,000 | Loss recovery of NT$76,040 Capital increase in cash NT$60,000 | None | Note 5 |
| 2012.08 | 10 | 48,000 | 480,000 | 18,000 | 180,000 | Capital increase of NT$72,000 from earnings | None | Note 6 |
| 2012.08 | 15 | 48,000 | 480,000 | 18,700 | 187,000 | Capital increase by cash NT$7,000 | None | Note 7 |
| 2013.06 | 18.5 | 48,000 | 480,000 | 19,700 | 197,000 | Employee stock options | None | Note 8 |
| 2013.09 | 10 | 48,000 | 480,000 | 28,700 | 287,000 | Capital increased from earnings | None | Note 9 |
| 2014.12 | 32 | 48,000 | 480,000 | 32,290 | 322,900 | Capital increased by NT$35,900 in cash | None | Note 10 |
| 2017.11 | 80 | 48,000 | 480,000 | 33,509 | 335,090 | Increased cash capital by NT$12,190 | None | Note 11 |
| 2019.12 | 100 | 60,000 | 600,000 | 38,509 | 385,090 | Capital increased by NT$50,000 in cash | None | Note 12 |

Note1：Approval of Southern Commerce Letter No. 0920012535 by the Southern Science Industrial Park Administration Bureau on August 1, 1992.

Note2：Approval of Southern Commerce Letter No. 0940009530 by the Southern Science Industrial Park Administration Bureau on May 18, 1994.

Note3：Approval of Southern Commerce Letter No. 0960022194 by the Southern Science Industrial Park Administration Bureau on September 27, 1996.

Note4：Approval of Southern Commerce Letter No. 0960028237 by the Southern Science Industrial Park Administration Bureau on December 10, 1996.

Note5：Approval of Southern Commerce Letter No. 0980019374 by the Southern Science Industrial Park Administration Bureau on August 25, 1998.

Note6：Approval of Southern Commerce Letter No. 1010020071 by the Southern Science Industrial Park Administration Bureau on August 17, 2012.

Note7：Approval of Southern Commerce Letter No. 1010021398 by the Southern Science Industrial Park Administration Bureau on August 31, 2012.

Note8：Approval of Southern Commerce Letter No. 1020013033 by the Southern Science Industrial Park Administration Bureau on June 5, 2013.

Note9：Approval of Southern Commerce Letter No. 1020023085 by the Southern Science Industrial Park Administration Bureau on September 17, 2013.

Note10：Approval of Southern Commerce Letter No. 1030034103 by the Southern Science Industrial Park Administration Bureau on December 31, 2014.

Note11：Approval of Southern Commerce Letter No. 1060028200 by the Southern Science Industrial Park Administration Bureau on November 2, 2017.

Note12：Approval of Southern Commerce Letter No. 1080035904 by the Southern Science Industrial Park Administration Bureau on December 31, 2019.

B.Type of Shares (include Treasury shares)

April 28, 2026; Unit: Share

| Share Type | Authorized Capital | | | Remarks |
|---|---|---|---|---|
| | Issued Shares | Un-issued Shares | Total Shares | |
| Common Shares | 38,509,000 | 21,491,000 | 60,000,000 | Outstanding shares are Listed shares |

C.Information on the general reporting system: None.

(2) List of major shareholders (shareholders holding more than 5% of the shares or shareholders holding the top ten shares, the number and proportion of shares held)

April 28, 2026

| Shares / Name of major shareholders | Shareholding (Shares) | Percentage (%) |
|---|---|---|
| World Top Investment Holding LTD. | 6,344,472 | 16.48 |
| Sheng Lin Investment LTD. | 5,489,146 | 14.25 |
| China Trust manages the investment account of Brocade Development Ltd. | 1,619,930 | 4.21 |
| Sun Jin-Chuan | 713,674 | 1.85 |
| Chase-managed investment account of JP Morgan Securities Limited | 370,748 | 0.96 |
| Pao Wang Investment Co. | 346,174 | 0.90 |
| Yu Hung-Chen | 340,000 | 0.88 |
| Hsiao Hsi-Mao | 316,000 | 0.82 |
| HSBC manages Goldman Sachs International's investment account | 310,151 | 0.81 |
| Chang Chin-Chang | 300,000 | 0.78 |

(3) The company's dividend policy and its implementation status

1. Dividend Policy as Stipulated in the Company's Articles of Incorporation

If the company has profits in its annual financial statements, it shall, according to law, pay taxes and use the remainder to offset accumulated losses. Then, 10% of the remaining profits shall be allocated as the statutory surplus reserve. However, if the statutory surplus reserve has reached the company's paid-in capital, no further allocation is required. Other special surplus reserves shall be allocated or reversed in accordance with relevant laws and regulations. If there is still a remaining balance, together with accumulated undistributed earnings, the Board of Directors shall draft a profit distribution proposal and submit it to the shareholders' meeting for approval and distribution of dividends to shareholders.

**The company's dividend policy evaluates future capital budgets, plans for future funding needs, financial structure, and earnings. Therefore, the dividend payout ratio follows a balanced policy between cash and stock dividends, with cash dividends not less than 10%.**

2. Proposed Dividend Distribution for This Shareholders' Meeting

On March 6, 2026, the Board of Directors resolved to distribute cash dividends of NT$0.5 per share from the capital surplus. The distribution will be carried out following the approval of the shareholders' meeting and according to the established procedures.

3. If the dividend policy is expected to change significantly, it should be explained: As of the date of publication of the annual report, the Company does not expect any significant change in its dividend policy.

(4) The impact of the proposed free allotment of shares at this shareholders' meeting on the company's operating performance and earnings per share: None.

(5)Employee Compensation and Director Compensation

A.Remuneration Rates and Scope for Employees and Directors as Stipulated in the Company's Articles of Incorporation:

If the company generates profits in a given year, 1% to 5% of the profits shall be allocated as employee remuneration employee remuneration, and at least 20% of it is allocated to the compensation of frontline employees. The Board of Directors will decide whether to distribute this remuneration in the form of stock or cash. The recipients include employees of subsidiaries who meet certain conditions. From the aforementioned profit amount, the Board may also allocate up to 5% as directors' remuneration. The distribution plan for employee and directors' remuneration shall be reported to the shareholders' meeting. However, if the company still has accumulated losses, the amount needed to cover those losses shall be reserved first before allocating remuneration according to the above percentages.

B.Accrued Amounts of Employee and Director Remuneration for the Current Period:

(a)Basis for Estimating Employee and Director Remuneration for the Current Period:

The estimated amount of employee and director remuneration is calculated based on the current period's net profit as of the end of the reporting period, in accordance with the percentage range specified in the Articles of Incorporation and with reference to historical payout percentages.

(b) Basis for Calculating the Number of Shares for Stock-Based Remuneration: Not applicable.

(c)Treatment of Differences between Actual and Estimated Amounts:

Any differences between the actual amount distributed and the estimated amount will be recognized in the profit or loss of the following fiscal year.

C.The Board of Directors approved the proposed allotment of employee bonuses and other information:

1. Amounts of employee and director remuneration distributed in cash or stock:

(a) Employee cash remuneration: NT$0 thousand.

(b) Employee stock remuneration: NT$0 thousand.

(c) Director remuneration: NT$0 thousand.

(d)There is no difference between the resolved distribution amounts of employee and director remuneration and the previously accrued amounts.

2. Amount of employee remuneration distributed in stock and its proportion to the total of current period's after-tax net income and total employee remuneration in the individual financial statements: Not applicable.

D. Actual Distribution of Employee and Director Remuneration for the Previous Fiscal Year:

The Company's deficit compensation plan for the year 2024 was approved by the Board of Directors on March 11, 2025. As the Company did not generate any profit in 2024, it was proposed, in accordance with the Articles of Incorporation, not to distribute director or employee remuneration. There was no difference between the proposed distribution amount and the actual distribution amount.

(6) Buy-back of Treasury Stock

A.Repurchases already completed

| Treasury stocks: Batch Order | The 1st Batch | The 2nd Batch |
|---|---|---|
| Purpose of buy-back | Shares Transferred to Employees | Shares Transferred to Employees |
| Timeframe of buy-back | 2015/06/17~2015/08/16 | 2018/10/22~2018/12/22 |
| Price range | 25.00~45.00 | 30.00~65.00 |
| Type and number of shares bought back | Common shares 251,000 | Common shares 248,000 |
| Amount of shares repurchased | NT$8,909,191 | NT$11,466,145 |

| | | |
|---|---|---|
| Number of shares cancelled and transferred | 251,000 Share | 248,000 Share |
| Cumulative number of shares held by the Company | 0 share | 0 share |
| Ratio of cumulative number of shares of the Company to total number of shares in issue (%) | 0.00% | 0.00% |

B.Any repurchase still in progress: None.

2. Corporate bonds: None.
3. Issuance of preferred stocks: None.
4. Issuance of GDRs: None.
5. Issuance of employee stock warrants: None.
6. Issuance of new restricted employee shares: None.
7. Issuance of New Shares upon any Merger and Acquisition with Other Companies: None.
8. Implementation of Capital Allocation Plans: None.

## Ⅳ. Business Overview

### 1. Business Description

#### (1) Business Scope

A. Main business items

The Company's main business items are filter design, production and sales services, and revenue from the processing of optical coating components.

B. Operating weight

Unit: NT$1,000；%

| Products | 2025 | | 2024 | |
|---|---|---|---|---|
| | Sales Amount | Sales % | Sales Amount | Sales % |
| Optical Coating Components | 487,205 | 99.98 | 329,275 | 99.83 |
| Other | 105 | 0.02 | 577 | 0.17 |
| Total | 487,310 | 100.00 | 329,852 | 100.00 |

Note: The other product category includes spectrometers and their components.

C.Main Products and Services Item

(a) Thin-film filters for active optical communication components (E-PON, G-PON...).

(b) Thin-film filters for passive optical communication components (CWDM, DWDM...).

(c) Optical and functional thin film processing.

D.New products planned for development

(a) Short-term development plans

(i) Optical filter for 1.6T Gbps optical communication module.

(ii) Co-packaged optics (CPO) coating applications.

(iii) Bandpass filters for mid-infrared (MIR) sensors.

(b) Long-term development plan

(i) Integrated optics (PIC) optical component coating process.

(ii) Low Earth Orbit (LEO) satellite solar cell packaging.

(iii)Ultrafast laser optical components.

#### (2) Industry Overview

A. Industry Overview

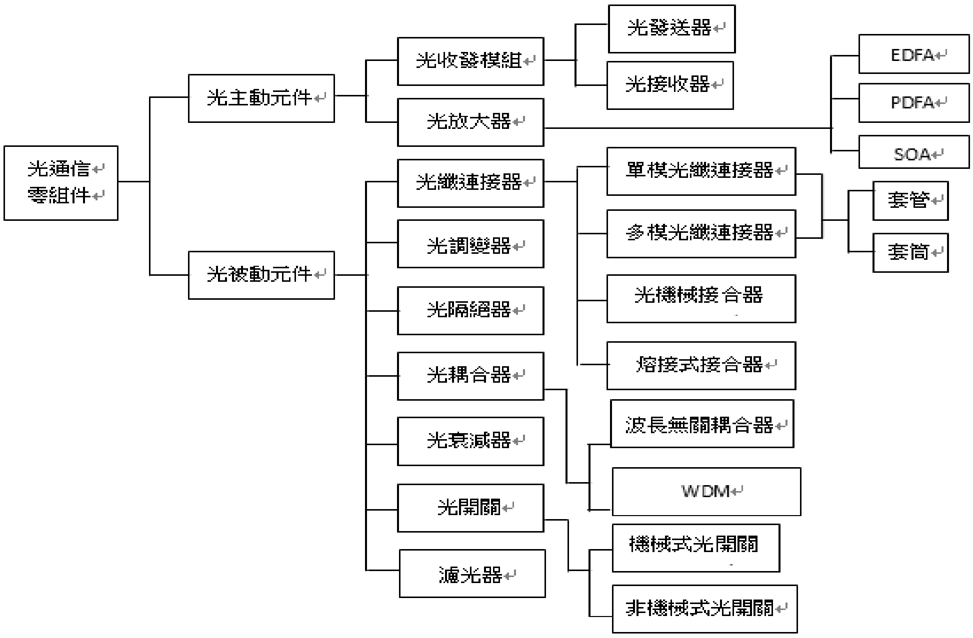
(a)Current status and development of the optical communications industry

(i)Overview of Optical Communication Components

According to the PIDA study, there are many different types of optical communication products, which can be divided into two main categories: optical communication components and devices, among which optical communication components can be divided into active, passive, functional and institutional components.

An active component is defined as a component that converts energy, such as electricity to light, light to electricity or light amplification, and includes an Attenuator, Modulator, Transceiver and Optical Amplifier. Passive components are those components in optical communication systems that do not have an external source of energy to modify the original optical signal. Passive components are components in an optical fiber communication system that do not involve the conversion of optical energy to electrical energy and are transparent to the telecommunications signal carried in the optical signal, e.g. Optical Fiber, Optical Cable, Optical Grating, Optical Waveguide, Collimator, Optical Coupler, and Optical Amplifier. (Coupler, Isolator, Circulator), etc. Functional components are components that are used only to generate electrical and optical signals and to switch between them, such as light transmitters and light receivers; mechanical components are auxiliary components that can perform the characteristics of active, passive and functional components, such as Connectors and Switches, of which active and passive components are the main ones **.**

**Classification of optical communication components**




Source: PIDA; compiled by Taishin Securities

Optical Communication Components by Category

Optical amplifiers (e.g. EDFA-ErbiumDop-edFiberAmplifier) are used to increase the transmission distance and compensate for the additional light loss during transmission.

Optical passive components are mainly used for the connection between optical line terminals (OLTs) and optical network units (ONUs) for cable television (CATV), data networks (Datacom) and telecommunications networks (Telecom), the connection between the optical splitter equipment and the chassis in front of the FTTx client, and the connection between the main network equipment and the optical cables of telecommunications operators and the connection element between the main network equipment and the optical cable of the telecom operator. The characteristics of optical passive components generally require small size, low loss, resistance to environmental changes and high reliability. In recent years, with the growing maturity of the mobile broadband environment, the popularity of mobile broadband applications and the introduction of mobile devices and applications such as smartphones and tablet PCs, mobile broadband networks have become an essential element of people's lives. The new 400G/800G market, the rise of cloud computing technology and the Internet of Things industry will drive the demand for more optical communication components.

(ii) Optical Communications Market Overvie

Fiber optic network construction is a key infrastructure influencing the development of the optical communications industry. In recent years, with the rapid development of AI (Artificial Intelligence), cloud computing, high-speed data centers, and large-scale language models (LLM), global data transmission traffic and bandwidth demand have continued to increase rapidly, driving the sustained growth of the high-speed optical communications market.

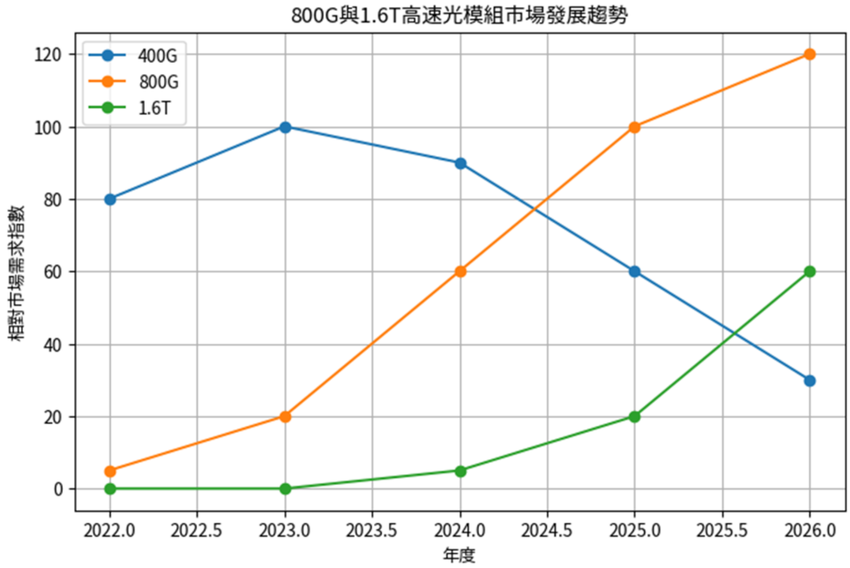
According to the latest report from LightCounting (LC) and related industry research institutions, the global optical communications market demand structure will continue to shift between 2024 and 2025. The traditional telecommunications market, including DWDM, FTTx, and 5G fronthaul applications, is still in an adjustment phase; however, the demand for AI data centers is growing rapidly, becoming the main driving force for industry growth.

Driven by AI applications, major global cloud service providers (CSPs) such as Google, Microsoft, Meta, and Amazon AWS continue to significantly increase their data center capital expenditures, driving rapid growth in demand for high-speed switches and high-speed optical modules. The demand for NVIDIA GPU cluster deployments is also driving growth in the 800G and 1.6T optical transceiver module markets.

According to research data from LightCounting and Cignal AI, 800G Ethernet optical transceiver modules became the mainstream specification for data centers in 2024 and began to gradually replace 400G products; meanwhile, 1.6T high-speed optical modules have entered the initial adoption phase. Furthermore, the increasing demand for low power consumption, high bandwidth, and low latency in AI data centers is also driving the rapid development of next-generation technologies such as silicon photonics and co-packaged optics (CPO).

Overall, the growth momentum of the global optical communications industry has shifted from the traditional telecommunications market to AI data center applications. The market structure is rapidly restructuring, with the demand for high-speed optical modules and related passive optical communication components continuing to rise, becoming the main driver of industry growth.

**Market Development Trends of 800G and 1.6T High-Speed Optical Modules**




Data source: Compiled from LightCounting, Cignal AI and related industry research data

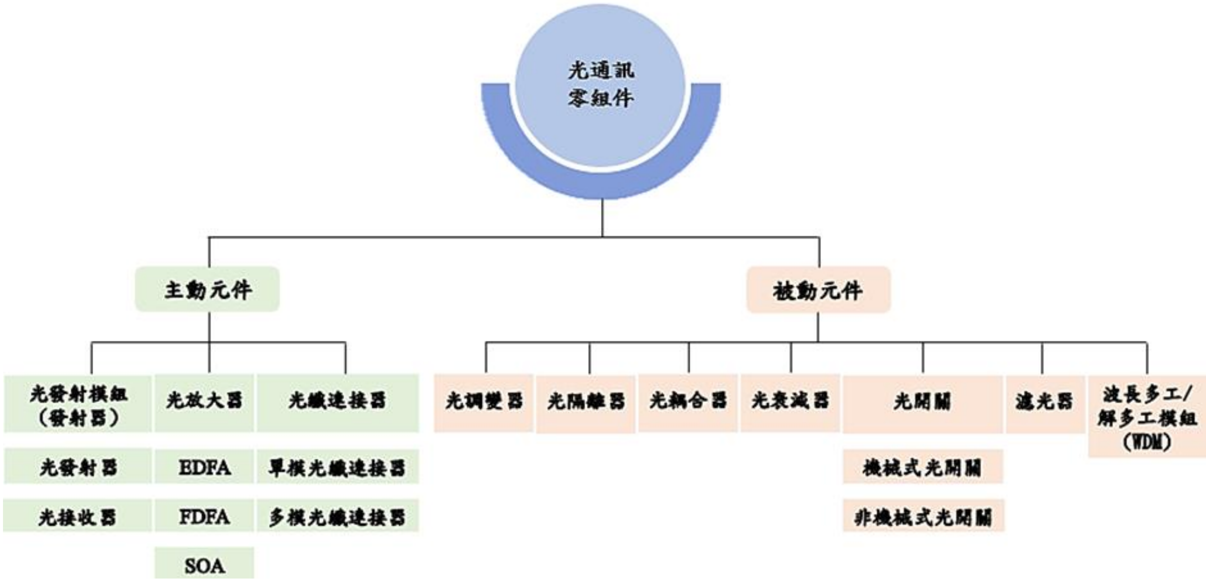
(iii)The era of self-driving IoT AI is coming

With the explosive growth of generative AI and cloud computing, the optical communication industry is reaching a critical turning point. Facing the challenges of massive data flows, optical communication technology has become a core cornerstone supporting the global digital nervous system.

According to a PIDA research report, the optical communication industry consists of two main pillars: "components" and "equipment." The component field is further subdivided into active, passive, functional, and mechanical components. These sophisticated technologies are indispensable infrastructures for achieving high-speed data transmission:

- Active Optical Components: Centered on optical transceiver modules, they are responsible for the efficient conversion of optoelectronic signals and are widely deployed in advanced network architectures such as DWDM, PON, and SONET/SDH. Coupled with optical amplifier technology, they effectively offset transmission losses, extending the boundaries of information transmission.
- Passive Optical Components: Including optical fibers, couplers, and splitters, they ensure the stability of signal guidance and distribution without the need for external power.
- Functional and Mechanical Components: Providing critical integration support and signal conversion, these components are essential behind-the-scenes contributors to stable system operation.

Refer to the diagram below for illustration. Our company will continue to deepen its expertise in core optical communication technologies to ensure long-term value creation for shareholders in the competitive high-speed data era.



Source: APOGEE Optocom Co.,Ltd

① Industry Turning Point: From "Data Connectivity" to "Compute Fabric"

In 2025, the narrative focus of the AI industry has shifted from simply "buying GPUs" to "reconstructing system architecture." Optical communication is no longer just a connection between devices, but has evolved into an indispensable "computation fabric" in AI computing racks. As the transmission distance of telecommunications signals over copper wires shrinks, optical technology is being forced to move from data center connectivity to "chip-level packaging," triggering a structural increase in the value of the industry chain.

② Technological Iteration: 800G Enters its Golden Age, 1.6T Officially Launches

According to the latest data from LightCounting and Cignal AI for 2025:

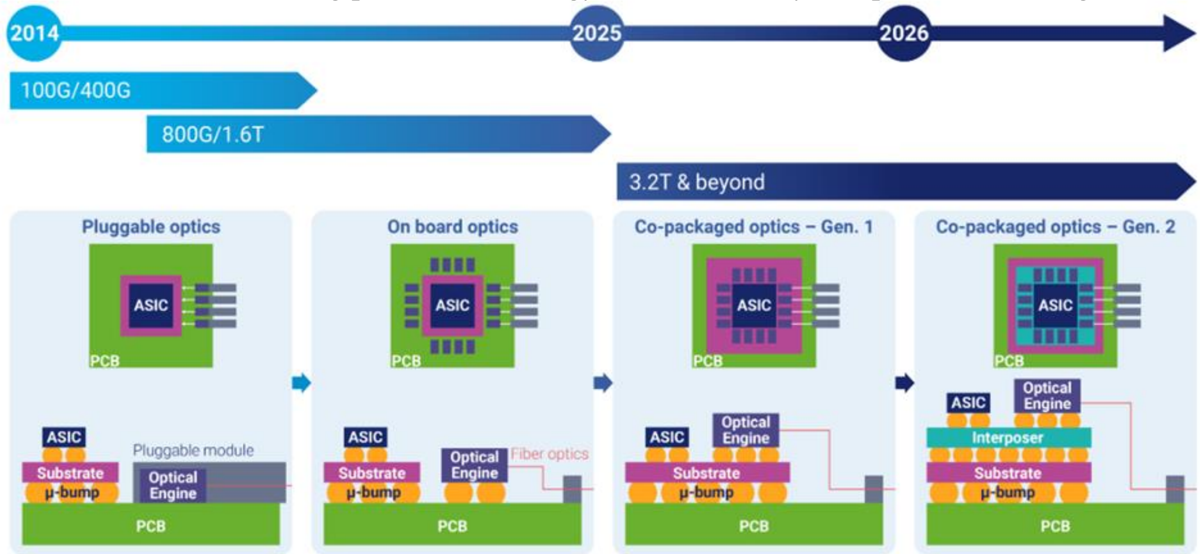
- Peak Mass Production of 800G Modules: In 2025, 800G transceiver modules have become the mainstream configuration for data centers, with shipments expected to grow by more than 60% compared to last year, demonstrating strong demand .
- The Year of 1.6T Begins: With the large-scale deployment of NVIDIA's Blackwell architecture, 1.6T (OSFP-XD) modules entered the initial commercial stage in 2025, and are expected to experience explosive growth in 2026.
- Different Technology Roadmaps: * LPO (Linear Drive Optics): Leveraging its low power consumption (reduced by 30-50%) and low latency advantages, it has already captured over 40% of the short-range AI interconnect market.
- CPO (Common Packaging Optics): 2025 marks a crucial turning point for CPO, moving it from the laboratory to commercial applications. With increasing demand for 1.6T and above specifications, the CPO market is projected to grow at a CAGR of 40%.

③ Market Landscape: The Mainstream Development of Silicon Photonics

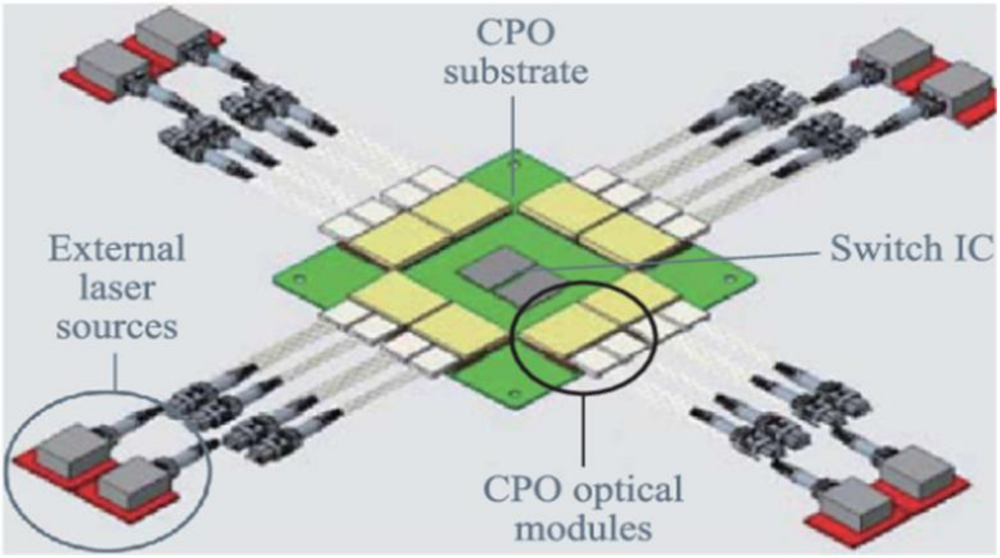
By 2025, silicon photonics technology had overcome significant technological hurdles and become the mainstream solution for high-end optical modules. Market research indicates that silicon photonics' market share in the data communication market will exceed 30% this year and is moving towards the goal of 60% by 2030. This not only optimizes production costs but also solves the physical limitations of heat dissipation and bandwidth density .

2025 is a year of dramatic technological change. Our company is riding the dual wave of 1.6T upgrades and silicon photonics integration. We are not only focused on improving product specifications, but also committed to securing a strategic position in key architectures such as CPO and LPO to meet the pursuit of ultimate performance in AI data center .

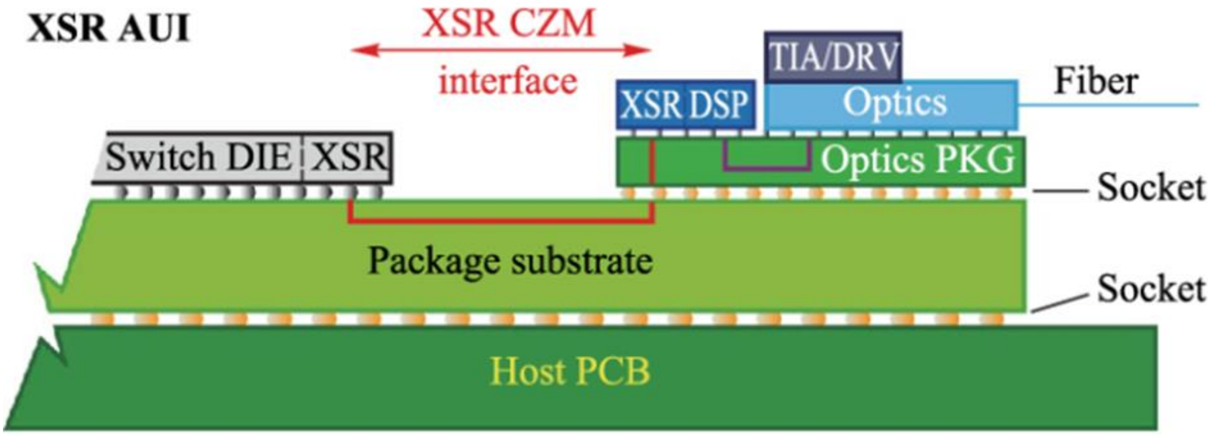
The key to CPO technology is to integrate the optical communication module directly with the switch chip and install it in the same slot, effectively reducing energy consumption and latency. Its architecture and plug-in module configuration can be seen in the figure below. If filters are used as a splitting solution, Apogee, which has coating process technology, will have a key competitive advantage.




Source：Key trends in high-end data center optical modules, source: IDTechEx




CPO structure, source: ResearchGate



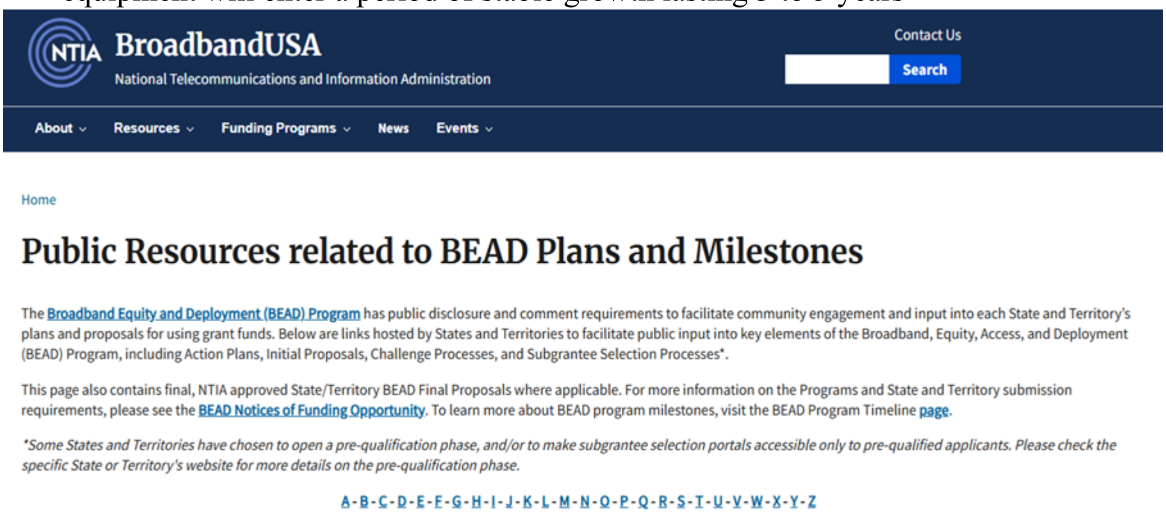

CPO structure, source: ResearchGate

(2) BEAD Infrastructure Plan 2026 Progress Outlook

(1) Funding Disbursement Enters Substantive Construction Phase: As of Q1 2026, all 56 states and territories have submitted "Final Proposals," with over 95% receiving formal approval from the NTIA (National Telecommunications and Information Administration). This signifies the completion of the administrative appropriation process for the $42.45 billion budget, and the first batch of approximately $65 billion (including local self-raised funds and matching funds) in infrastructure contracts are being signed and disbursed.

(2) Construction Peak in the Second Half of 2026: With states completing subgrantee selection in the first quarter of 2026, the market anticipates large-scale network deployment and civil engineering projects to commence in the second half of 2026. Currently, states are intensively conducting pre-construction preparations such as New Environmental Impact Assessments (NEPAs) and pole attachment agreements .

(3) Fiber-driven specifications: Latest statistics show that approximately 65%–80% of approved coverage areas adopt the "Fiber to the Home (FTTP)" technology route. For the optical communications industry, this means that from 2026 onwards, the demand for fiber optic cables, filters, transceiver modules, and LEO (low Earth Orbit) backup equipment will enter a period of stable growth lasting 3 to 5 years。



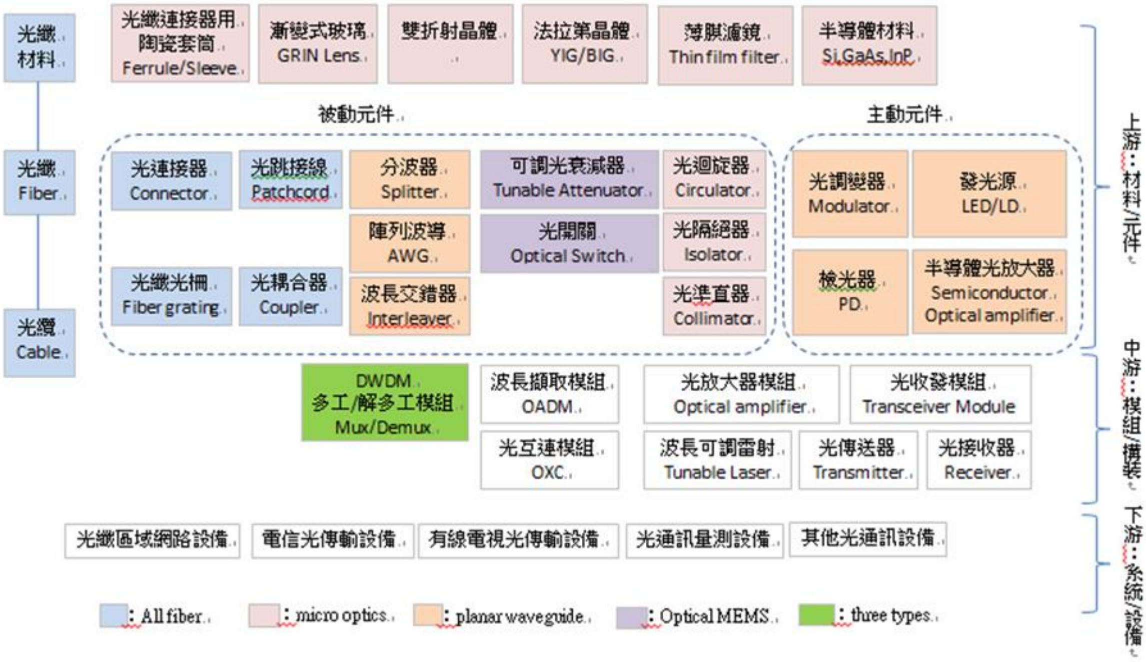
Sorce: https://broadbandusa.ntia.gov/public-resources-related-bead-plans-and-milestones#D

(2) The correlation between the upstream, midstream and downstream industries

Optical communication is to convert the electrical signal from the sending end into a light source with a signal through a light-emitting module, then couple the optical signal into the optical fiber network, and transmit it to the optical receiving module to convert the optical signal into an electrical signal and send it to the receiving end user's equipment.

From the perspective of industrial structure, optical communications can be divided into raw materials, components, equipment and other links (as shown below). APOGEE focuses on the design and manufacture of thin-film filters in optical fiber communication components, modules and subsystems, and supplies them to transceiver modules and terminal equipment manufacturers to establish a complete supply chain connection capability.

**Product Structure of the Optical Communication Industry**




Source：Taiwan Optical Communication Industry Alliance

(3)Industry Development Trends

(a) Development Trends

(i)AI Cloud technology will drive new opportunities in the optical communications industry

Under the concept of cloud computing technology, the most important thing is to rely on a stable and high-bandwidth network for data transmission. It is expected that many Data Centers will be built, and the demand for bandwidth will grow significantly. Therefore, cloud technology is expected to bring a wave of business opportunities for the optical communication industry.

(b) The demand for high bandwidth in the Internet has increased.

In recent years, the rapid growth of mobile data traffic has driven a significant increase in demand for next-generation ultra-broadband networks. With the continuous expansion of applications such as smart homes, Internet of Things (IoT), high-definition 8K video services, and the ongoing growth of enterprise cloud services, both consumer and enterprise markets are expected to experience significant growth. The flourishing development of network-based video services will be the most important driving force for the consumer market, while the growth in the enterprise market will mainly be driven by the increasing demand for enterprise cloud services. The infrastructure and investment needs arising from the ultra-broadband network environment gradually stimulate the overall growth of the communication equipment market, serving as an important source of momentum .

(ii) Product Development Trends

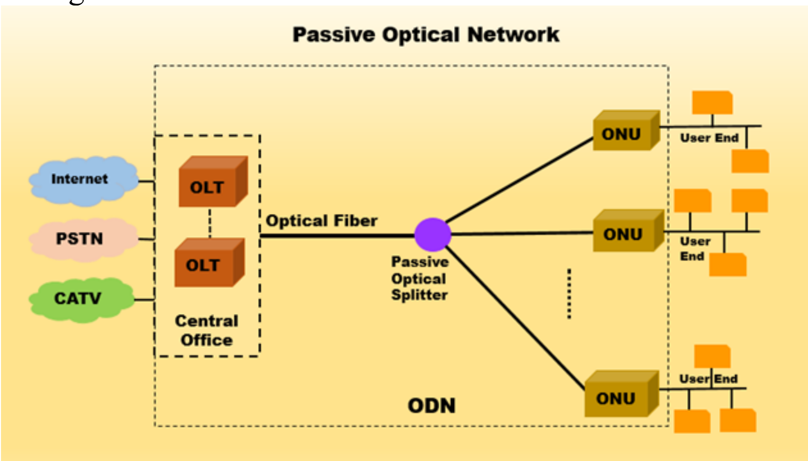
The basic architecture of fiber optic communication mainly consists of three components: an optical transmitter, a repeater amplifier, and an optical receiver. The overall operation of fiber optic communication involves digitizing the data to be transmitted, encoding it appropriately, and then transmitting it from the optical transmitter. The signal is then conducted through the optical fiber to the repeater amplifier for signal amplification before being transmitted to the optical receiver. The receiver then decodes the digital signal back into an electrical signal, which is finally presented to the user. Furthermore, transmitting only a single frequency signal becomes increasingly difficult due to rapidly increasing network traffic and the need for improved management efficiency; therefore, multiplexing technology becomes essential.

Basically, multiplexing refers to the transmission of two or more signals on the same channel at the same time. (FDM), and Wavelength Division Multiplexing (WDM), which are four types. The most commonly used optical communication systems are TDM and FDM, of which FDM and the later developed high-density FDM are the main multiplexing methods used in optical systems.

However, unlike the backbone one-to-one transmission and management fiber optic network architecture, the access network architecture is facing a group of end-receiving customers, and a single customer often cannot fully utilize the high bandwidth of a single fiber optic, so to achieve easy management and effective use of fiber optic bandwidth, combining fiber optic and Ethernet technology is an inevitable trend. However, in the past, SONET/SDH was the main standard architecture for fiber optic communication, which required active components (e.g., repeater amplifiers), making it more costly and uneconomical for access networks and local area networks with shorter transmission distances. Therefore, Passive Optical Network (PON) has started to combine with Ethernet for local area networks, access networks and even metropolitan networks

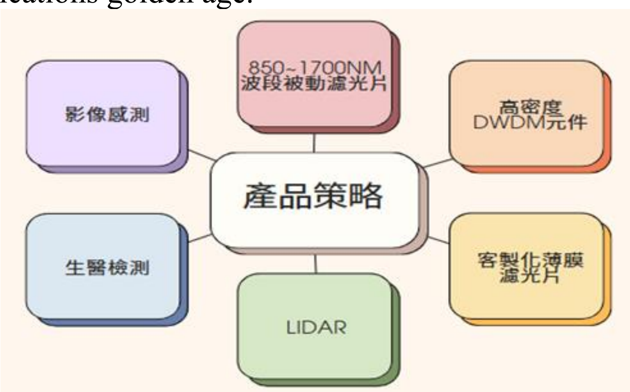
The PON operates by broadcasting the signal from the local equipment to the customer, and when the number of subscribers exceeds one, the signal is split by a splitter, so that if more subscribers are added, only the splitter needs to be added. When a single splitter can split more frequency bands, the number of users supported can be multiplied, and since the splitter is a passive component, it is easy to maintain and simplify the design of the network circuit. In the application part, since long-haul networks or backbone networks have already used fiber as the transmission channel, and with the continuous development of DWDM and other splitting technologies, the transmission capacity of backbone networks and metropolitan networks is rapidly increasing, and general users are gradually upgrading to Gigabit-class local networks, Access Network, which still uses high-capacity copper cables as the transmission medium, will become the overall network transmission medium. Therefore, the Access Network, which still uses high-capacity copper cables as the transmission medium, will become a bottleneck in the overall network transmission, so it is expected that telecom operators will significantly upgrade the Access Network in the next few years, especially by combining PON technology to replace copper cables with optical fiber, such as FTTH/FTT.

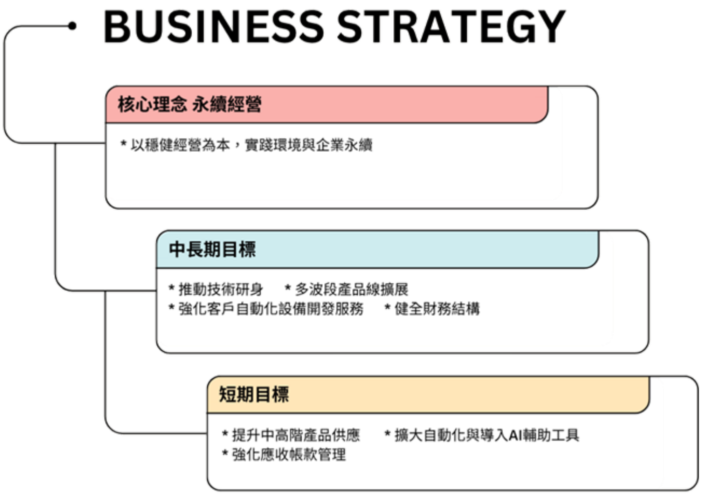
In terms of future trends, optical communication technology is moving towards higher bandwidth and multiplexing. From wavelength division multiplexing (WDM), density wavelength division multiplexing (DWDM) to spatial division multiplexing (SDM), all are aimed at maximizing the efficiency of limited optical fiber resources. At the access network level, passive optical network (PON) is gradually replacing the high-cost SONET/SDH architecture. With the Splitter splitter design, the construction cost and maintenance difficulty are greatly reduced. The configuration and operation method can be seen in the figure below.




PON Structure, Source: ResearchGate

Apogee's Product strategies are also adjusted in response to the trend: including support for 850~1700nm band passive filters, high-density DWDM components, customized thin-film filters, and continued expansion to LiDAR, biomedical testing, image sensing and other diversified applications. In the short term, Apogee focuses on improving the supply of mid-to-high-end products, expanding automation and introducing AI-assisted tools, and strengthening accounts receivable management; in the medium and long term, it focuses on sustainable operations, promoting technology extension and multi-band product line expansion, strengthening customer automation equipment development services, and improving financial structure to meet the next wave of optical communications golden age.






Source: Apogee

(4) Product Competition

Our main products are DWDM, CWDM, Band Separators Filters, Broad Band Pass Filters, Narrow Band Pass Filters and Edge Filters. The main competitors in China are the Broad Band Pass Filter, Narrow Band Pass Filter and Edge Filter. Currently, East Tender Optoelectronics Corporation is the main competitor in China, while II-VI Incorporated (USA) and Altra Tech. Incorporated (Canada) are foreign companies engaged in R&D and production of related products .

In the current competitive landscape, the company deepens its core advantages through three strategic dimensions:

①Technological Advancement: Leading the Way in 1.6T High-End Specifications, Consolidating Core Competitiveness

As global AI data center specifications accelerate their upgrade, our company has successfully overcome technological hurdles, becoming a core supply chain partner for the 1.6T next-generation transmission specification.

a. Advanced Coating Technology: Addressing the stringent requirements of the 1.6T specification for thin-film filters (TFF), our company leverages high-precision processes and leading yield rates to ensure a supply advantage for high-margin products during the critical stages of 800G adoption and 1.6T commercialization.
b. Optimized Profit Structure: With the completion of market destocking and the increased shipment proportion of high-end products, our business momentum has strongly recovered, demonstrating robust operational resilience.

②Architectural Innovation: Entering Key Links in Silicon Photonics (SiPh) and CPO

In response to the revolutionary shift in computing architecture from "electrical" to "optical," our company has proactively positioned itself for next-generation technologies:

a. Silicon Photonics Integration Applications: Developing specialized filters and optical coatings to address high-density packaging needs, effectively solving the signal quality integration challenges of high-end modules.
b. CPO Strategic Positioning: As "Common Packaging Optics (CPO)" technology moves from the laboratory to large-scale commercial use, the high-precision optical components provided by our company are indispensable for achieving high-speed chip-level interconnects.

③Diverse Momentum: Capitalizing on Broadband Infrastructure Benefits and the

New Landscape of Space Communications

Regional infrastructure boom: The Broadband Internet of America (BEAD) project officially enters its peak construction phase in 2026. The company, with its long-standing supply track record, will benefit from the strong and sustained demand for optical communication passive components driven by infrastructure development.

Breakthrough in Aerospace Communications: Our products have successfully passed extreme environment reliability certification, enabling us to successfully enter the low Earth orbit (LEO) satellite supply chain. With the introduction of inter-satellite laser communication technology, Apogee's filter technology has leaped from the ground to space, opening up a second growth curve with high barriers to entry..

3. Technology and R&D Overview

**A.Technology level and research development of the busines**s

As Taiwan benefited from the global AI wave in 2025, related manufacturing industries such as semiconductors and optical communications experienced explosive growth. Apogee, leveraging its years of expertise in optical communication filters, provided essential components for computing centers and long-distance transmission in this wave. Among these, 800G high-speed transmission became necessary, and the company timely provided 800G filters for cloud optical transmission.The surge in mobile and residential applications driven by digitalization has significantly increased the demand for Passive Optical Network (PON) equipment. The company continues to develop high-quality 10G, 25G, and 50G PON filter products. With the growing demand for FTTX network solutions, the global PON equipment market is expected to continue expanding.

The company also continues to apply its optical coating products to biological detection and medical treatment, such as spectroscopic flow cytometry, blood glucose concentration detection, surface imaging, internal imaging, transillumination imaging, optical microscopy, spectral molecular analysis, biosensors, and medical lasers. Through advancements in various high-end filter manufacturing processes, including innovative coating designs and precise optical monitoring technologies and equipment, the company has improved the resolution of filter wavelength division, increasing batch production. It has successively launched low-loss, high-isolation, multi-channel wide-bandwidth, and large-angle wavelength division multiplexers, aiming to provide the industry's highest quality optical filters.

To meet market demands, the company continuously refines its manufacturing capabilities, including faster and more stable advanced processes, more advanced optical monitoring algorithms, and the increased use of composite materials, satisfying customers' needs for precise and high-volume manufacturing.

Deeply rooted in end-market sectors such as optical communications, automotive, energy, consumer electronics, industrial, and medical, driving diversified growth in semiconductor optical processing is a powerful pillar for achieving future goals. Possessing unique, successful, and professional optical coating technology, the company provides solutions for customers' optical processing needs. Since 2010, significant advancements have been made in coating equipment and technology, strengthening overall capabilities and enhancing value. Apogee Optoelectronics aims to become a provider of long-term value-creating optical coating application solutions.

B.Research and development expenses for the most recent year and up to the date of printing of the annual report

Unit: NT$1,000

| Year | 2025 | April 30, 2026 |
|---|---|---|
| R&D expense | 84,085 | 21,722 |

C.Technology or products developed successfully

The following items are the products we have successfully developed in the last five years :

| Year | Specific R&D results |
|---|---|
| 2021 | 1. Ultra-thin filter with no substrate support developed.<br>2. Mass production of far-infrared wafer coating for automotive environmental sensing.<br>3. Mass production of filters for biomedical applications such as ophthalmic examinations and PCR fluorescence. |
| 2022 | 1. The spectrometric flow cytometer and the cell detection application filters have been successfully mass-produced.<br>2. Co-packaging of optical component wafers with coating has been successfully mass-produced.<br>3. Successful development of 8&12-inch low particle optical component wafer coating.<br>4. Mass production of optical coatings for multi-junction photovoltaic wafers for artificial satellites. |
| 2023 | 1. Optical filters for 800 Gbps optical modules were successfully mass-produced.<br>2. 25G and 50G Passive Optical Network (PON) filters were successfully developed.<br>3. Thermal imaging optical wafer coating was successfully developed. |
| 2024 | 1. Visible light extremely narrow band filter has been successfully mass-produced<br>2. 1.6T 16-channel filter was successfully developed<br>3. CPO filter was successfully developed.<br>4. 50G dual peak filter was successfully developed |
| 2025 | 1.Improved yield of 1.6T products<br>2. Successful development of FAU product coating<br>3. Successful development of high-difficulty CL splitter filter |

(4) Long-term and short-term business development plans

A.Short-term Development Plan

(a) Marketing: Provide high, medium, and low end products for sale, so that customers can buy them all at once.

(b) Production: Increase the degree of automatic production and Reduced product tolerances make quality more stable and precise .

(c) R&D: Strengthen the development of non-optical products and increase the application of non-optical products.

(d) Human resources and automation: The automation department will develop production equipment to enhance competitiveness .

(e) Finance: Through business management and system monitoring, we reduce the risk of accounts receivable and reversal, and actively increase the turnover rate of accounts receivable to improve the efficiency of capital utilization .

B.Medium and Long-term Development Plan

(a) To build up a good corporate culture with the concept of sustainable management, in addition to recruiting relevant talents and continuously upgrading technology, coupled with rational market analysis, forecasting and continuous revision of reinvestment, to create room for sustainable growth in the future.

(b) To enhance the training of professional knowledge of employees and the collection and analysis of market information, and to strengthen internal management in order to improve operational performance and facilitate the re-expansion of sales business.

(c) Utilize our core coating technology, conduct research and development of coating materials, expand into different wavelength coating fields, and expand product lines and product applications.

(d) To expand the programming of the automation department, in addition to the development of production equipment required by the plant, we also develop the automation equipment required by customers to help customers effectively reduce costs and enhance their product competitiveness.

(e) Long-term financial planning is to establish a fundraising pipeline as a backing for operational development and to strengthen the financial structure.

2. Market and Sales Overview

(I) Market Analysis

A.ajor product (service) sales (supply) regions

Unit: NT$1,000；%

| Sales regions \ Year | | 2025 Sales Amount | 2025 % | 2024 Sales Amount | 2024 % |
|---|---|---|---|---|---|
| Domestic Sales | | 35,705 | 7.33 | 46,976 | 14.58 |
| Export | Asia | 426,842 | 87.59 | 267,087 | 81.88 |
| | Europe | 1,595 | 0.33 | 284 | 0.12 |
| | America | 23,168 | 4.75 | 15,505 | 3.42 |
| | Subtotal | 451,605 | 92.67 | 282,876 | 85.42 |
| Total | | 487,310 | 100.00 | 329,852 | 100.00 |

B.Industry Overview

The company primarily designs, manufactures, and sells thin-film filters for fiber optic communication components. The products are mainly used in the field of passive optical communication components, including DWDM, CWDM, and LANWDM wavelength division multiplexers, and are widely applied in high-speed optical communication applications such as data centers, high-speed switches, 5G communication networks, and AI servers.

In recent years, with the continued growth in demand for AI data centers, high-performance computing (HPC), 800G optical modules, and cloud networks, the global optical communication industry has maintained steady development. According to data from the Photonics Industry Association (PIDA) and related industry research institutions, the market size of Taiwan's high-speed optical communication industry continues to expand, and the demand for optical communication components is also increasing accordingly.

Due to the diverse product range in the fiber optic communication industry, encompassing active components, passive components, optical modules, and system equipment, and the varying statistical methods employed by different research institutions, there is currently no consistent and credible single market share statistic that can fully reflect the actual market share of individual manufacturers. Therefore, our company uses relevant industry research data and our product sales performance as the basis for assessing our market position.

According to industry data from the Photonics Industry & Technology Development Association (PIDA), the market size of Taiwan's high-speed optical communication industry is estimated at NT$144 billion in 2024, representing a growth of approximately 12% over the previous year. This growth is primarily driven by the construction of AI data centers, upgrades to high-speed Ethernet networks, and increased global demand for cloud services.

The company has been deeply involved in the field of optical communication thin-film filters for many years, possessing capabilities in thin-film coating, precision optical design, and mass production processes. The products are widely used in the high-speed optical communication passive component market, and we maintain long-term cooperative relationships with major domestic and international optical communication customers. In recent years, with the continued growth in demand for high-speed optical modules and WDM-related applications, the company has maintained a certain competitive position in the optical communication thin-film filter market.

According to data from international optical communication industry research institutions, the global optical communication market is driven by the demand for AI servers, high-speed data transmission, and cloud infrastructure. The penetration rate of 800G and 1.6T high-speed optical modules continues to increase, simultaneously driving up demand for WDM-related passive components and filters. Our company will continue to strengthen its R&D and manufacturing capabilities for high-end thin-film filters to enhance market competitiveness and expand market share.

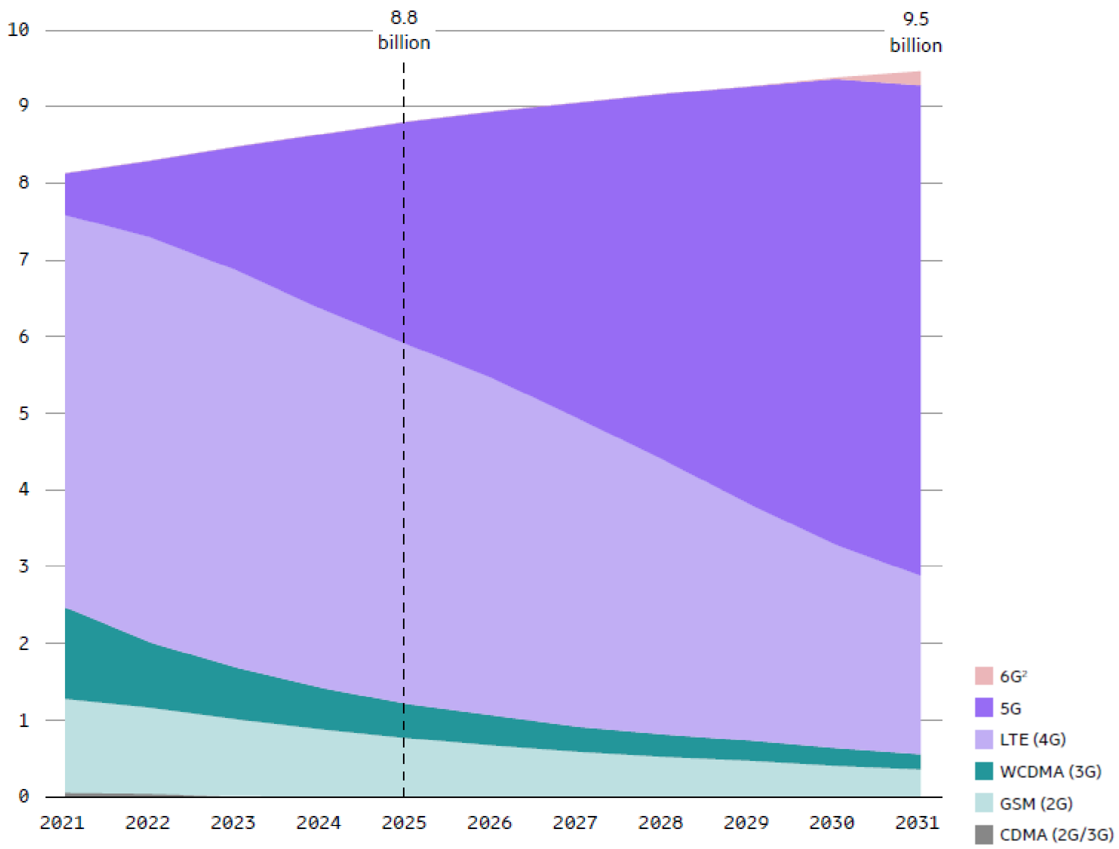
Source: Photonics Industry & Technology Development Association (PIDA)、MOPs and related industry research data

C.Future Supply and Demand and Growth of the Market

(a)Global mobile broadband subscriber base is gradually growing

The rapid growth of mobile data traffic in recent years has also led to a surge in demand for new-generation ultra-broadband networks.According to Ericsson's Mobility Report released in the fourth quarter of 2025, the total number of mobile broadband subscribers worldwide reached 8.9 billion.Global telecom operators will focus on 5G infrastructure construction and popularization of related terminal equipment in 2031 to accelerate the change of industry value chain.The growth rate of 5G users will significantly surpass that of 4G LTE, indicating that both mobile subscribers and connected devices will continue to grow in the coming year s.

**Estimated number of subscribers to telecommunication services by technology in 2031**




Source: Ericsson，Compiled by the Telecommunications Technology Center (November 2025)

(b)Cloud Data Center Industry

In recent years, with the rapid development of Artificial Intelligence (AI), High-Performance Computing (HPC), cloud services, and Large Language

Modeling (LLM), the global cloud data center deployment has continued to expand, driving rapid growth in demand for high-speed optical communications. Major cloud service providers (CSPs), including Google, Amazon AWS, Microsoft Azure, and Meta, are continuously increasing capital expenditures on AI data centers to meet the demands of generative AI, high-speed data transmission, and cloud computing.

According to data from international industry research institutions, the continued demand for AI servers and high-speed data centers is driving the growth of the high-speed optical transceiver (OTT) market. 800G optical modules have become the mainstream specification for data centers since 2024 and are gradually replacing 400G products. Furthermore, 1.6T optical modules have begun to enter the market adoption phase to meet the high-speed transmission and low-latency requirements of AI GPU clusters and large data centers.

Due to the massive data transmission volume within data centers, with most traffic concentrated in internal Data Center Interconnect (DCI) and high-speed connections between server racks, the demand for high-speed, low-power, and high-bandwidth optical communication technologies continues to increase. Compared to traditional copper cable transmission, optical communication offers advantages such as high-speed transmission, low latency, low power consumption, and long-distance transmission, making it a core transmission technology for large-scale AI data centers and high-speed network architectures.

Furthermore, with the rapid growth in AI computing demands, high-speed switches are gradually upgrading from 100G and 200G to 400G, 800G, and the future 1.6T architecture, simultaneously driving increased demand for high-speed optical modules and related WDM passive components. The market is also gradually moving towards next-generation optical communication technologies such as silicon photonics and co-packaged optics (CPO) to improve transmission efficiency and reduce overall power consumption.

The company’s main products are optical communication thin-film filters, which can be used in high-speed optical communication passive components such as DWDM, CWDM, and LANWDM, and are applied in high-speed optical modules, data centers, and AI high-speed transmission applications. The continued growth in demand for AI data centers, high-speed switches, and 800G/1.6T optical modules will help drive increased market demand for related optical communication passive components and thin-film filters.

(c)Internet of Things

In recent years, with the rapid development of AI (Artificial Intelligence), cloud computing, 5G/6G communication technologies, and the Internet of Things (IoT), global network traffic and data transmission demand has continued to increase significantly. Emerging applications such as smartphones, smart homes, smart factories, autonomous driving, smart healthcare, industrial automation, edge computing, and generative AI continue to drive the demand for high-speed networks and low-latency transmission, making high-speed optical communication infrastructure a crucial core of global digital transformation.

As major global cloud service providers (CSPs) and telecom operators continue to expand their AI data center and high-speed network infrastructure, the demand for high-speed fiber optic networks, data center interconnects (DCIs), and high-speed optical modules is growing rapidly. The increasing demands for data transmission bandwidth and low power consumption from AI servers, high-speed switches, and large GPU clusters are driving the upgrade of high-speed optical communication from 400G to 800G, and towards 1.6T high-speed optical modules.

Furthermore, 5G has gradually entered a mature commercial deployment stage, and global research and development of 6G-related technologies has begun. To meet the demands for high bandwidth, low latency, and massive connectivity, telecom operators are continuously strengthening the deployment of macro cells and small cells, while simultaneously increasing the demand for fiber optic transmission infrastructure. The continued increase in the number of IoT devices is further driving the development of application markets such as smart cities, smart transportation, smart manufacturing, and the Industrial Internet of Things (IIoT).

Compared to traditional copper cable transmission technology, optical communication boasts advantages such as high-speed transmission, low latency, low power consumption, and long-distance transmission, making it a core transmission technology for AI data centers, cloud computing, and the Internet of Things (IoT) era. With the continuous upgrading of high-speed optical communication technology, the demand for WDM (Wavelength Division Multiplexing) related passive components and thin-film filters is also increasing.

Our main products are optical communication thin-film filters, which can be used in high-speed optical communication passive components such as DWDM, CWDM, and LANWDM, and are widely used in AI data centers, high-speed switches, 5G/6G communications, cloud computing, and the Internet of Things. With the continued growth of AI, high-speed networks, and smart connectivity applications, we expect this to help drive sustained growth in market demand for high-speed optical communication and optical communication thin-film filters, thereby adding momentum to our company's operational growth.

D. Competitive Advantages

(a) Investment in R&D Capabilities

The Company continuously invests in the development of optical thin film technologies. As the optical coating process requires the integration of coating equipment, optical thin film design, and the characteristics of coating materials, the Company focuses on independently developing proprietary technologies. It continually engages in R&D across coating materials, process technologies, and product output, aiming to improve coating yield and usable area. These efforts are key to maintaining a strong competitive edge in the optical communication market.

(b) Mastery of Key Technologies

End customers are primarily telecom operators or equipment manufacturers. Their system designs often use multi-channel and modular configurations to allow future expansion. As demand for bandwidth and data capacity continues to grow, the selected wavelengths become increasingly closer together. This requires thicker film stacks in filter design, raising the technical difficulty of coating processes. High-end thin-film filters are part of an oligopolistic market, showcasing the Company's advanced coating capabilities. For instance, in WDM (Wavelength Division Multiplexing) products, our thin-film filters can achieve spectral filtering as narrow as 0.2 nm, allowing increased spacing between channels and better resistance to thermal drift and environmental influences. These advantages—more channels, higher transmission capacity, and scalability—have earned strong recognition from customers.

(c) Comprehensive Range of Coating Equipment

The Company possesses a full range of coating equipment, enabling the production of a complete product line across the visible to invisible light spectrum. Optical coatings are one of the Company's core strengths. Given that most optical communication thin-film filters are non-standard and require customized specifications, the Company leverages the flexibility of its coating equipment to efficiently meet diverse customer requirements for customized optical communication filters.

E.Favorable and unfavorable factors for the future development prospect and measures to deal with them

(a) Favorable factors

(i)Optical Communication Industry Embraces New Wave of 5G Construction

With the continuous growth of smart home and other Internet of Things applications, wearable devices, 4K quality audio and video services, and cloud services, mobile data traffic is growing rapidly. The growth of the consumer home application market will be driven by the booming development of Internet audio and video services, while the growth of the enterprise user market will be driven by the increasing demand for large data centers and cloud services from North American OTT audio and video vendors. The demand for infrastructure and investment arising from the 5G broadband network environment is gradually driving the growth of the overall communications equipment market.

(ii)High technology threshold

China has been actively promoting the fiber-optic coverage of broadband access networks, making it the country with the largest number of fixed broadband users and FTTx market users in the world. With the advantages of low cost and high labor intensity, China has become an important production base for optical communication modules globally. The self-sufficiency rate of optical modules below 10Gb/s in China has reached 90% due to the domestic production capabilities. However, for high-end (high-speed) optical modules, China still relies on foreign suppliers, as the self-sufficiency rate for 25Gb/s and above optical modules is only 10%. A similar situation exists for optical communication filters, as China lacks core optical communication technologies and talent and relies on manufacturers in Taiwan and the United States. Our company, with over a decade of experience in the field of optical communication filters, continuously invests in research and development talent and capital expenditures, as well as improvements in production technology and innovative research. By leveraging continuous technological improvements and innovative advantages, we strive to maintain competitiveness in the market.

(iii)Our main products are thin film filters for optical communication active components (E-PON, G-PON...) and thin film filters for optical communication passive components (CWDM, DWDM), and we have a complete product line that can satisfy customers' needs in a single purchase, and we can customize our products according to the specifications provided by customers. We can customize our products according to the specifications provided by our customers, and we can meet the requirements of our customers in terms of product specifications, quality, and delivery time with high quality and low cost.

(iv)Long history of operation, most of the customers are stable cooperation with well-known manufacturers The company has been deeply engaged in the field of optical communication coating for more than 10 years, with its quality, precision, after-sales service and accurate control of delivery, has a stable customer base, has established a reputation in the industry, so that its business expansion smoothly, and most of the customers are well-known domestic and foreign manufacturers. Most of the customers are domestic and foreign well-known manufacturers, and the quality is well recognized by the international, and the business has maintained stable growth for a long time .

(b)Unfavorable factors and countermeasures

(i)It is difficult to standardize the production of customized products, which affects the production efficiency of the production line

In the early stage of 5G construction, base station deployment and specification revision are carried out simultaneously, and operators and system vendors continuously adopt various solutions to continuously improve the quality of reception to meet the market demand, and therefore adjust and modify the specifications many times. In order to quickly meet customers' requirements in terms of product types, specifications and delivery time, the company intends to adopt the following two countermeasures to meet both customers' needs and production line performance.

Countermeasures:

(A) Continuously invest in R&D and process optimization to reduce process loss and improve yield, and work with customers to reduce the time spent on process design.

(B) Conduct regular and irregular production and sales meetings to discuss how to proceed for products that can be standardized, and how to deploy production capacity for products that cannot be standardized, so that efficiency can be improved to meet customer needs .

(ii)Taiwan dollar exchange rate fluctuation risk

From 2018 to 2025, the ratio of foreign currency-denominated sales to revenue will be over 80%, and the ratio of foreign currency-denominated purchases to imports will be around 50%, and most transactions are denominated in U.S. dollars and Japanese yen. This may increase the Company's operational risk. ◦

<u>Responses:</u>

The finance and accounting department usually liaises closely with the foreign exchange department of the bank to fully grasp the trend of exchange rates through the analysis and consultation services provided by the bank. In addition, our sales staff assesses the trend of exchange rate changes when quoting prices and evaluates product price adjustments to protect the Company's profitability.

(iii). Professional technical personnel and labor are not easily recruited

The optical industry is a star industry with great development in Taiwan. In the long run, it may affect the effectiveness of R&D and further increase the overall cost of R&D.

Responses:

In addition to investing a large amount of money in R&D every year to cultivate talents, we also implement policies such as humanized management and transfer of treasury shares to employees to recruit outstanding talents. In addition, we have also implemented the employee stock ownership trust program in 2022 to start outstanding talents. In terms of professional on-the-job training, the Company encourages R&D staff to study on their own initiative and regularly participates in regular lectures and technical exchanges with industry and academia. In the future, we will enhance the company's environment and benefits to recruit more talents to join our R&D team to meet the R&D capacity required by the highly competitive overseas market.

(2) Important uses and production processes of main products

1. Important Applications of Optical Communication Filters

Our main products are thin film filters, and the main applications of these products are briefly described below:

① High density multiplexer is a high efficiency optical transmission method that can provide more than four channels of capacity under the existing optical fiber equipment Criteria, i.e., the capacity of the same fiber can be increased by more than four times, thus increasing the bandwidth of the network transmission; and the system uses a number of different wavelengths to share a single fiber, and can carry different wavelengths of signals at the same time, thus significantly increasing the bandwidth efficiency; it is mainly used in backbone networks .

②It is mainly used in the backbone network low-density multiplexing oscilloscope is a kind of optical transmission method, which uses thin-film filter technology of optical fiber transmission module, because it only has two channels and the wavelength spacing is larger, so the technical difficulty is lower, also because the data transmission volume is smaller. The cost of transceiver at both ends is lower because the data transmission volume is smaller; it is mainly used in local area networks. In addition, the new generation of optical transceiver modules designed directly on the user side will be used much more than LAN. The cloud base station also uses the large angle design principle, and its usage will explode.

③The gain flat filter (GFF) provides compensated and stable signal, Raman amplifier, and doping amplifier. The GFF is used to extend the transmission distance and is currently used in three networks in one system.

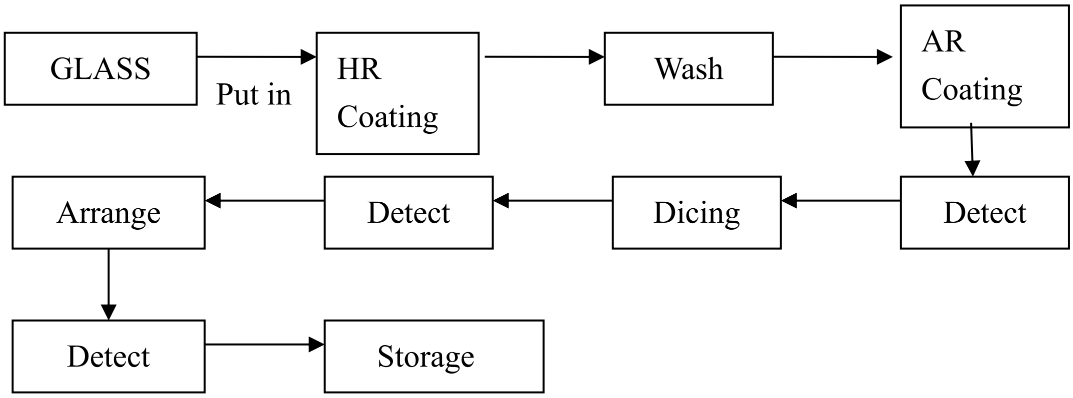
④Band Separators Filters, broad band pass filter) , narrow band pass filter with a band width of less than 10nm,with various uses, can improve the system quality and bandwidth.

⑤Anti-reflective film is one of the optical filters and optical components used in digital cameras, projectors, cameras, medical instruments, astronomical telescopes and other lenses, that is, various optical components must be equipped with optical films.

⑥ The cutoff filter is a multi-wavelength filter, which is required for optical fiber to user, optical transceiver module, and passive optical fiber network.

⑦ Consumer electronics: Handheld consumer electronics, laptops, backlights, etc.

2. Optical communication filter production process




(3) Supply of major raw materials

| Main raw materials | Suppliers | Supply Status |
|---|---|---|
| Glass substrate | B1 | Good, stable |
| $TA_2O_5$ | B2、B3 | Good, stable |

(4) List of major import and export customers

**(1) The list of companies that have accounted for more than 10% of total shipments in any of the last two years, the amount and proportion of shipments, and the reasons for the increase or decrease**

Unit: NT$1,000

| Item | 2024 | | | | 2025 | | | | 2026 Q1 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Name | Amount | Percentage of net imports (%) | Relationship with the issuer | Name | Amount | Percentage of net imports (%) | Relationship with the issuer | Name | Amount | Percentage of net imports (%) | Relationship with the issuer |
| 1 | B1 | 6,002 | 16.09 | N | B2 | 13,290 | 17.83 | N | B2 | 3,134 | 20.21 | N |
| 2 | B2 | 6,777 | 18.18 | N | B1 | 11,349 | 15.23 | N | B4 | 2,043 | 13.17 | N |
| 3 | B3 | 2,760 | 7.40 | N | B3 | 10,392 | 13.95 | N | B5 | 1,924 | 12.40 | N |
| 4 | B4 | 3,464 | 9.29 | N | B4 | 1,746 | 2.34 | N | B6 | 1,792 | 11.56 | N |
| Other | | 18,286 | 49.04 | - | Other | 37,740 | 50.65 | - | - | 6,616 | 24.57 | - |
| Total | | 37,289 | 100.00 | - | Total | 74,517 | 100.00 | - | - | 15,509 | 100.00 | - |

<u>Change Description:</u>

In the past two fiscal years, the Company’s primary raw materials have mainly included glass substrates and TA2O5. B2, B3 and B6 are suppliers of TA2O5; B1 is a Japanese supplier of glass substrates, and B4 and B5 are suppliers of Grid components.The increase in procurement amount and proportion for B1 in 2025 was primarily due to he Company’s decision to raise safety stock levels of glass substrates in Q1 2020 in response to the COVID-19 pandemic. For B4, the procurement amount increased in 2025 in anticipation of longer delivery lead times and expected price increases and procurement decreases in following years. The changes in B2, B3, B5, and B6 are due to adjustments in the share of different suppliers based on unit price and delivery time, in accordance with the company's procurement policy.

2. The list of customers who have accounted for more than 10% of the sales amount in any of the last two years, their sales amount and proportion, and the reasons for their increase or decrease

Unit: NT$1,000: %

| Item | 2024 | | | | 2025 | | | | 2026 Q1 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Name | Amount | Percentage of net imports (%) | Relationship with the issuer | Name | Amount | Percentage of net imports (%) | Relationship with the issuer | Name | Amount | Percentage of net imports (%) | Relationship with the issuer |
| 1 | A | 51,346 | 15.57 | N | A | 69,658 | 14.29 | N | A | 25,646 | 16.62 | N |
| 2 | B | 36,661 | 11.11 | N | C | 66,647 | 13.68 | N | D | 18,764 | 12.16 | N |
| 3 | C | 24,648 | 7.48 | N | B | 40,353 | 8.28 | N | B | 13,871 | 8.99 | N |
| 4 | D | 18,763 | 5.69 | N | D | 35,727 | 7.33 | N | C | 11.141 | 7.22 | N |
| | Other | 198,434 | 60.15 | - | Other | 274,925 | 56.42 | - | Other | 84,84 | 55.01 | - |
| | Total | 329,852 | 100.00 | | Total | 487,310 | 100.00 | | Total | 154,269 | 100.00 | |

Change Description:

Our sales to customers A, B, C, and D primarily consist of thin-film filters, including filters related to the Internet of Things (IoT), server market, and 5G. Customers A and B mainly have orders for 5G fiber optic backbone networks in China and South Korea. Customer A's increased demand was due to early stockpiling in Q1 of 2024. Customer B's orders are mainly from local telecom operators in Central China and are relatively stable. Customer C is a professional manufacturer of passive components for fiber optic communications. Customer D mainly supplies and trades precision electronic components and communication materials, with business scope covering the supporting supply chain for 5G communications, precision industrial, and consumer electronics.

To increase market share and maintain stable growth, the Company, while fulfilling orders from existing customers, is also actively developing new markets and customer bases. The Company continues close cooperation with major optoelectronic manufacturers to gradually diversify sales risks.

3. The number of workers, average years of service, average age and education distribution ratio of employees in the industry for the last two years and as of the printing date of the annual report.

Unit: person

| Year | | 2024 | 2025 | As of April 30, 2026 |
|---|---|---|---|---|
| Number of employees | Indirect Staff | 55 | 58 | 54 |
| | Direct personnel | 160 | 155 | 154 |
| | Total | 215 | 213 | 208 |
| Average age | | 39.10 | 38.43 | 39.03 |
| Average years of service | | 8.13 | 7.22 | 7.55 |
| Educational background distribution ratio | Master (including above) | 11.63% | 10.33% | 10.10% |
| | College | 55.35% | 55.87% | 55.77% |
| | High school (including below) | 33.02% | 33.80% | 34.13% |

4. Environmental Expenditure Information

Losses Incurred Due to Environmental Pollution in the Most Recent Fiscal Year and up to the Date of the Annual Report Publication (This includes compensation and violations of environmental protection regulations identified during inspections. The disclosure should specify the date of the penalty, reference number, violated regulation provisions, nature of the violation, and the details of the penalty. In addition, it should disclose the estimated amount of current and potential future losses and the corresponding countermeasures. If a reasonable estimate cannot be made, the fact that it cannot be reasonably estimated should be explained:None.

5. Labor relations

(1) Various employee welfare measures, advanced education, training, retirement system and its implementation, as well as the agreement between labor and management and the protection measures of various employee rights and interests:

A.The Company has established an employee welfare committee to handle the following welfare measures:

(a) Monthly birthday celebrations will give birthday gift certificates to birthday stars.

(b) Subsidies are paid every month when there are marriage, maternity and funeral leaves.

(c) New Year's Day coupons or gifts are issued every year.

(d) Regularly hold employee tours every year.

B. In addition to joining labor insurance and health insurance, each employee is covered by group welfare insurance. The insurance premium is paid by the company. Employees who are hospitalized due to injuries or accidents can apply for a subsidy NT$1,000 for one day.

C. Handle employee health checks every certain period.

D. Profit sharing: Year-end bonuses, employee bonuses and performance bonuses are distributed to employees according to the operating conditions.

E. Employee stock trusts: They provide employees with an additional channel to participate in sharing the company's operating results through regular and fixed contributions. By subsidizing the trust with public funds, it enhances employee benefits and assists employees in achieving long-term financial planning and retirement plans.

F. Implementation of Employee Training and Development:

In addition to providing employees with comprehensive training programs and a supportive learning environment, our company places strong emphasis on career development. We offer diverse learning resources, including on-the-job training, job delegation, task assignments, project participation, job rotation, and external training opportunities. These efforts are further integrated with talent development management and performance evaluation systems to unlock employee potential, enhance organizational performance, and foster individual growth.

G. The pension system and its implementation:

The Employees' Retirement Fund Supervisory Committee was formally established on December 17, 2003 in accordance with the provisions of the Labor Standards Act.

The Committee was established on December 17, 2003, in accordance with the Labor Standards Act, and the Science Park Administration approved the rules for employee retirement on December 29, 2003. Since its establishment, the committee has been making monthly contributions at the rate of total salary, and the criteria and methods of pension application are in accordance with the Labor Standards Law. In addition, since July 1, 2005, the Company has established a defined contribution pension plan in accordance with the Labor Pension Act, which is applicable to employees of the Company's nationality. The Company makes monthly contributions of 6% of salary to the Labor Pension Fund for employees who choose to be covered by the Labor Pension Act. The Company contributes 6% of salaries and wages to the employees' personal accounts at the Labor Insurance Bureau each month, and the employees' pensions are paid in the form of monthly pensions or lump-sum pensions, depending on the amount of the employees' individual pension accounts and accumulated earnings. The employees' pensions are paid in the form of monthly pensions or lump-sum pensions, depending on the number of their individual pension accounts and accumulated earnings.

H. Implementation Status of the Labor Agreement

The company enjoys harmonious and positive labor relations. To maintain workplace order, we have established work rules for employees to follow. Furthermore, employees can communicate with the company regarding various policies and work environment issues through the following channels, which serve as important references for administrative management and maintain positive interaction between labor and management.

| Communication Channels for Employees | Target | Content | Frequency |
|---|---|---|---|
| Chairman's Mailbox | All Employees | Reporting Fraud and Workplace Misconduct | Anytime |
| HR Complaint Hotline | All Employees | Reporting Workplace Misconduct | Anytime |
| Physical Mailboxes on Each Floor | All Employees | Any Topic | Anytime |

9. Employee Rights Protection Measures

(1) In accordance with the Personal Data Protection Act, our company protects the personal data of job seekers and will not use it for purposes other than recruitment and selection without the job seeker's consent. Our hiring practices and systems comply with labor laws and our company policies, ensuring fairness and non-discrimination, prohibiting child labor, and prohibiting forced and compulsory labor.

(2) To appreciate the hard work of our employees, we offer work allowances based on the specific nature of different jobs; to motivate our colleagues, we also have sales bonuses, production bonuses, and shipping bonuses to encourage their hard work.

The company has established a whistleblower mailbox and hotline for employees, external parties, and suppliers to directly report any unfair practices related to finance, law, and integrity. We also have a clearly defined whistleblower protection mechanism to protect whistleblowers, investigators, and the content of their reports. We strictly prohibit any form of unfair treatment or retaliation against those who provide innocent whistleblowing or assist in investigations.

(2) The losses suffered from labor disputes in the latest Year and up to the date of printing of the annual report (including the labor inspection results in violation of the Labor Standards Act, the date of the sanction, the sanction number, the provisions of the law violated, the content of the law violated, the content of the sanction) should be listed, and the estimated amount of current and possible future losses and the measures to be taken should be disclosed. The Company shall disclose the estimated amount of current and potential future losses and the measures to be taken, and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated:

Details of possible losses suffered by the Company as a result of labor disputes are set out in V, VI, (12) Description of litigation or non-litigation events.

6. Information security management:

(1) Describing the framework for managing information and communication security risks, information and communication security policies, specific management plans, and resources invested in information and communication security management:

A.The Company has established its own internal control system and internal control self-inspection operation with reference to the COSO framework, measuring the control environment, risk assessment, control activities, information and communication, supervision and other elements, which is an overview of risk management and internal control functions.The internal control system and the internal control self-inspection operation of the Company's operation management mechanism shall outline the functions of risk management and internal control, and only describe the risk management mechanism of Ares is as follows:

B.The Company shall establish an internal control information cycle and personal data protection management practices in accordance with relevant laws and regulations and the Company's business needs to ensure the achievement of reliability targets and continuous improvement. The Company shall continue to implement innovative information security technologies, integrate information security control mechanisms into its regular workflow, systematically monitor information security, maintain the confidentiality, integrity and availability of important assets, and ensure the safe maintenance of information systems and equipment networks to achieve sustainable business objectives.

C.Specific Management Plan: The Company's information security risks are identified through the results of risk identification and risk assessment to determine the extent to which such information security risks may have an adverse impact on business operations and to take corresponding management measures. After evaluating and assessing the information security risks, we plan the information security control plan:

(a)Network firewall setup.

(b)Anti-virus software settings.

(c)System program data access control.

(d)E-mail management control.

(e)Information system disaster recovery plan. The management of the Company carries out internal control implementation and risk supervision management in accordance with its business areas and operational management mechanism and processes.

The Company has included the information security check controls in the Year Audit Item, and the audit unit conducts an audit at least once every Year; and the Company implements self-inspection of the risk internal control system every Year. The Company implements a risk-based internal control system self-inspection exercise every Year, including the information cycle internal control self-inspection exercise, which also includes the information security inspection control. The Company will summaries the effectiveness of the implementation of risk-based internal controls and submit it to the

Board of Directors for review and confirmation, and disclose the internal control self-assessment in the annual report.

D.Investment in Information Security Management

Our company is committed to continuously implementing information security management. In 2021, we strengthened our investment in information and communication security environment, including firewall, VPN, etc., with related costs amounting to NT$565,000. In 2022, we further expanded our investment, including hardware servers, virtual telephone systems, and the establishment of comprehensive backup and restoration plans, resulting in costs related to information and communication security amounting to NT$1,847,000.In 2023, an amount of NT$350,000 was invested to enhance the backup capabilities of hardware servers in response to ransomware threats.The investment cost in 2024 for upgrading the mainframe to improve the speed and stability of the switchboard was NT$528,000.In 2025, the SOC information security protection upgrade was implemented, which can prevent information security risks in advance and effectively reduce the information security disaster loss. The investment cost is NT$ 270,000 yuan per year.

(2)Disclosure of losses, potential impacts, and response measures arising from major information security incidents in the most recent fiscal year and up to the date of publication of the annual report:None.

7. Major Contracts

| Contract nature | The Party | Contract start and end date | Main Content | Restrictions |
|---|---|---|---|---|
| Lease contract | South Science Part Admin. Bureau | 2025.01.01~2025.12.31 | Lease of factory：<br>1st floor of building no.5, 2nd, 3rd, and 4th floors of building no.5&7, 2nd floor of building no.13, 2nd floor of building no.11, 2nd floor of building no.9, and 4th floor of building no.3. | No subletting |

V Review and Analysis of Financial Risk Issues

## I. Financial Position

(Ⅰ) Financial Condition Analysis

Unit: NT$1,000

| Year / Acct. Item | 2025 | 2024 | Variance | |
|---|---|---|---|---|
| | | | Amount | % |
| Current Assets | 810,570 | 733,070 | 77,500 | 10.57% |
| Property, plant and equipment | 137,986 | 236,448 | (98,462) | -41.64% |
| Intangible Assets | 498 | 365 | 133 | 36.44% |
| Other Assets | 71,168 | 92,770 | (21,602) | -23.29% |
| Total Assets | 1,020,222 | 1,062,653 | (42,431) | -3.99% |
| Current Liabilities | 113,076 | 90,259 | 22,817 | 25.28% |
| Non-current liabilities | 3,109 | 14,832 | (11,723) | -79.04% |
| Total liabilities | 116,185 | 105,091 | 11,094 | 10.56% |
| Share capital | 385,090 | 385,090 | - | - |
| Capital surplus | 556,542 | 673,187 | (116,645) | -17.33% |
| Retained earnings | (4,583) | (71,988) | 67,405 | -93.63% |
| Other equities | (33,012) | (28,727) | (4,285) | 14.92% |
| Total shareholders' equity | 904,037 | 957,562 | (53,525) | -5.59% |

Description of significant changes: (The change in the amount of funds reaches more than 10%, and the amount of funds reaches more than 1% of the total output of the current year)

1. The increase in current assets compared to 2024 was due to a 47% year-on-year increase in operations in 2025, as well as an increase in receivables and cash at the end of the period.

2.Property, plant and equipment, as well as other assets, decreased compared to 2024 due to continued depreciation expenses and amortization of land use rights.

3. The increase in current liabilities and total liabilities was due to an increase of RMB10 million in bank borrowings at the end of the period and an increase in purchasing volume in response to operating conditions.

4. The decrease in non-current liabilities was primarily due to the reduction of lease liabilities associated with the amortization of land use rights. 。

(Ⅱ)The changes in financial condition over the past two years have had no significant impact on the overall financial position.

(Ⅲ)Future response plan: None

2. Financial Performance

**(1)Comparative financial performance analysis table**

Unit: NT$1,000

| Year / Accounting Items | 2025 | 2024 | Discrepancy | |
|---|---|---|---|---|
| | | | Amount | % |
| Net Operating Revenue | 487,310 | 329,852 | 157,458 | 47.74% |
| Operating cost | 341,565 | 327,144 | 14,421 | 4.41% |
| Operating profit | 145,745 | 2,708 | 143,037 | 5282.02% |
| Operating expenses | 170,240 | 174,199 | (3,959) | -2.27% |
| Operating profit | (24,495) | (171,491) | 146,996 | -85.72% |
| Non-operating income and expenses | 1,245 | 31,479 | (30,234) | -96.04% |
| Net profit before tax | (23,250) | (140,012) | 116,762 | -83.39% |
| Income tax benefit (fee) | (6,736) | 2,069 | (8,805) | -425.57% |
| Net profit for the period | (29,986) | (137,943) | 107,957 | -78.26% |

Significant changes: (Change in amount of 10% or more, and amount of more than 1% of total Assets for the year)

1. The increase in operating revenue, gross profit, net operating profit, net profit before tax, and net profit for the period compared to 2024 is due to a 47% year-on-year increase in operations in 2025, resulting in a reduction in loss per share to NT$0.78.
2. The increase in income tax expense compared to 2024 is due to a decrease in the allowance for inventory write-downs, leading to the recognition of deferred income tax expense in 2025.
3. The decrease in non-operating income and expenses compared to 2024 is due to a relative increase in exchange losses recognized due to fluctuations in the USD/TWD exchange rate.

(2)Expected sales volume for the next year and the underlying assumptions: Please refer to "Section I – Letter to Shareholders."

(3)The changes in financial performance over the past two years have had no significant impact on overall financial results.

(4)Future response plan: None.

3. Cash flows

(1) Analysis of changes in cash flows

Unit: NT$1,000

| Item | 2025 | 2024 | Increase (decrease) change |
|---|---|---|---|
| Net cash inflow from operating activities | 83,865 | 56,219 | 27,646 |
| Net cash outflow from investing activities | (13,468) | (12,654) | (814) |
| Net cash flow (outflow) from financing activities | (20,865) | (31,175) | 10,310 |
| Analysis of changes: (Amount changed by 10% or more and amounted to more than 1% of total Assets for the year)<br>(1) The increase in net cash inflow from operating activities was due to a 47% year-on-year increase in revenue in 2025.<br>(2) The decrease in cash outflow from financing activities was due to an increase of NT$10 million in short-term borrowings at the end of the period. | | | |

(2) Plan to address liquidity shortfall: There is no indication of a cash liquidity shortage.

**(3) Cash flow liquidity analysis for the next year: flow analysis for the coming year: None** .

4. Impact of recent significant capital expenditure on financial operations: None.

5. Recent year' s transfer policy, main reasons for profit or loss, improvement plan and investment plan for the coming year

(1) The Company' s reinvestment policy.

The Company' s current reinvestment policy is carried out by the relevant executive departments and follows the internal control system "Investment Cycle" and "Regulations Governing the Acquisition and Disposal of Assets" . The Company follows the internal control system "Investment Cycle" and "Regulations Governing the Acquisition and Disposal of Assets" to evaluate the past and prospective outlook of the investee companies, market conditions and the quality of operations in order to form the basis for investment conclusions by the decision-making authority.

(2) **Main reasons for loss on reinvestments.**

Statement of Analysis of Reinvestment － Equity Method:

Unit: NT$1,000

| Reinvestment | Major business item | Recognize the most recent year (2025) investment gain or loss of the investee company | The main reasons for the profit or loss | Improvement Plan | Investment plan for the coming year |
|---|---|---|---|---|---|
| Ferrule Precision Co. Ltd. | Optical Communication Components － Ceramic Inserts, Optical modulator | 882 | Optical modulator products continue to be developed and shipped. | Activate assets | Future expansion of optical communication-related products subject to operational needs |

(3) Investment plans for the coming year: None.

6.Risk factors should be analyzed and assessed for the most recent year and up to the date of printing of the annual report as follows.

The following items for the latest fiscal year and as of the date of printing of the annual report:

(1)The Company's interest expenses for the years 2025 and 2024 were NT$499 thousand and NT$668 thousand, respectively, accounting for 0.10% and 0.20% of operating revenue for each period； respectively , accounting for 2.15% and 0.48% of net profit (loss) before tax, which are still relatively small proportions of the company's operating revenue and net profit (loss) before tax. When interest rates increase/decrease by 10 basis points, the profit or loss for the year 2025 and 2024 would increase/decrease by NT$170 thousand and NT$146 thousand, respectively. Based on a prudent and conservative financial management approach, the finance department maintains close communication with correspondent banks on a regular basis and closely monitors interest rate fluctuations to assess future interest rate trends and make appropriate adjustments to fund utilization.

(2)Effect of exchange rate changes

The Company's foreign exchange gains (losses) for the years 2025 and 2024 were (NT$7,644) thousand and NT$19,535 thousand, respectively, accounting for (1.57%) and 5.92% of operating revenue for each period, and 32.88% and (13.95%) of profit (loss) before tax. When the New Taiwan Dollar appreciates or depreciates by 1% against the US Dollar, the profit or loss for 2025 and 2024 would increase or decrease by NT$2,315 thousand and NT$1,876 thousand, respectively. The Company uses hedging derivative financial instruments to manage foreign currency exposure for certain accounts, supplemented by natural hedging. Additionally, the finance department maintains close communication with correspondent banks and closely monitors exchange rate fluctuations to assess future exchange rate trends, aiming to minimize the impact of exchange rate volatility on the Company's operating profit.

(3)Inflation

To date, there has been no inflation that has had a material impact on the Company's profit or loss. In Addition to closely monitoring market price fluctuations and actively developing sources of raw material supply to reduce production costs, the Company has been able to maintain good customer relationships and reflect production costs in product prices in a timely manner, thus effectively reducing the impact of inflation on the Company's profitability.

(2)The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement of guarantees and derivative transactions, the main reasons for profit or loss, and future measures to deal with them:

A.The Company operates its business in a practical and dedicated manner and its financial policy is consistent with the principles of prudence and conservatism, and it does not engage in high-risk, highly leveraged investments.

B.In the most recent year and up to the date of the annual report, the Company has endorsed guarantees and loaned funds to others for its subsidiary Ferrule Precision Co. The Company follows the Company's endorsement and lending procedures and makes public the relevant information.

C.To hedge the risk of exchange rate fluctuations and engage in transactions of derivative financial instruments, the transactions are governed by the "Regulations Governing the

Acquisition and Disposal of Assets" established by the Company. As of the printing date of the annual report for the fiscal year 2026 and fiscal year 2025, the relevant transactions were carried out in accordance with the Regulations Governing the Acquisition and Disposal of Assets, and the transactions were processed and announced in accordance with the provisions of the Act.

(3) Future research and development plans and estimated investment in research and development:

A.Future R&D plans

We will focus on the design, production and sales of optical passive components. In the future, we will vertically integrate key upstream materials and devices, develop multi-functional hybrid components, and design basic passive components to be miniaturized, hybrid and meet the demand for high power and high capacity transmission in order to enhance our competitive edge.

B.Estimated R&D expenditure:

The research and development (R&D) expenses for the fiscal years 2025 and 2024 were **84,085** thousand NT dollars and 96,294 thousand NT dollars, respectively, accounting for **17.25%** and 29.19% of the respective annual operating revenues. As technological innovation and R&D are fundamental to the company's continuous growth and sustainable operations, R&D expenses are allocated each year. For the year 2026, it is projected that **71,107** thousand NT dollars will be invested in R&D, based on new products, technologies, and development progress. As the company's revenue grows in the future, R&D expenses will gradually increase to support future R&D initiatives and enhance the company's market competitiveness.

(4) Impact of significant domestic and international policy and legal changes on the Company's financial operations and measures to deal with them. The Company has always operated in good faith and in compliance with the laws and regulations promulgated by relevant governments and institutions both domestically and internationally. In addition to carrying out its business in accordance with existing laws and regulations, the Company closely monitors the direction, policy formation, legislative process and details of important domestic and international policies related to its operations and propose timely and proactive measures in response. As of the date of publication of the annual report, the Company has not been affected by any significant domestic or international policy and legal changes that may have an impact on its finances and operations.

(5) Impact of technological changes and industry changes on the Company's financial business and measures to deal with them: As applications such as smart phones, cloud computing and online games continue to drive the demand for network bandwidth, coupled with the development of new technologies such as audio-visual interaction, government entities and private organizations are more active than ever in promoting broadband construction projects. This has created opportunities for the growth of the optical communications industry. We will continue to capture the growth momentum of the optical-to-home market and maintain our competitiveness by continuing to develop our technology development capabilities while maintaining sound and flexible financial management to meet the challenges of technological and industry changes.

(6)The impact of the change in the corporate image on corporate crisis management and the actions are taken in response: Since its establishment, the Company has complied with the relevant laws and regulations, actively strengthened its internal management, and improved its management quality and performance, while maintaining harmonious labor relations in order to continuously maintain a good corporate image.

(7)Expected benefits, possible risks, and responses to mergers and acquisitions: In the recent year and as of the date of the annual report, there were no plans to merge and acquire other companies. If there are any future mergers and acquisitions, we will conduct various benefit assessments and risk management in a prudent manner in accordance with all operational requirements to ensure the protection of the Company's interests and shareholders' rights.

(8)Expected benefits of plant expansion, potential risks and contingency measures: The expansion of production capacity will mainly be based on the purchase of additional equipment, and if there is a lack of use of the plant, we intend to lease additional standard plants of South Science Park to cope with it.

(9)Risks associated with the concentration of imports or sales and measures to deal with them:

A.Concentrated supply

As a professional optical coating component manufacturer, the main raw materials are glass substrates and metal targets, which are sourced from a number of domestic and overseas suppliers, and more than two suppliers are maintained to diversify the risk. The Company has accumulated many years of coating technology and experience, in addition to close communication and cooperation with major suppliers and maintain a good cooperative relationship, and at the same time with the development of new products to actively seek new sources of supply to ensure a stable supply of goods without the risk of shortage.

B.Concentrated Sales

In the fiscal years 2025 and 2024, the sales to any single customer did not exceed 20% of the respective period's net revenue. In addition to maintaining long-term partnerships with existing customers, the company actively seeks to develop new customers and products, and expand its business sources to improve customer diversification. Therefore, the company does not face significant risks related to sales concentration.

(10)Impact of substantial transfer or replacement of shareholdings of Directors or major shareholders holding more than 10% of the shares on the Company, risks and countermeasures:

There was no significant transfer of shareholdings of Directors and substantial shareholders during the last year and up to the date of printing of the annual report. The reasons for the transfer were mostly due to the shareholders' own financial management and did not affect the actual operating conditions of the Company.

(11) Impact of changes in operating rights on the Company, risks and contingency measures:

There has been no change in operating rights in the latest Year and as at the date of printing of the annual report .

(12) Litigation or non-litigation cases:

A.If there is a litigation, non-litigation or administrative dispute that has been determined or is currently pending in the Company's latest Year and as at the date of printing of the annual report, the outcome of which may have a material impact on shareholders' equity or the price of securities, the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the principal parties involved and the current status of the case should be disclosed. The parties involved in the litigation and the current status:

In 2020, due to an employee named Liu OO requesting the Taiwan Tainan District Court to confirm the existence of an employment relationship with our company, a civil lawsuit was filed. The Taiwan Tainan District Court issued a first-instance judgment on August 26, 2022, stating that our company should pay NT$50,000 per month from August 22, 2020, until the day before the plaintiff resumes work. Additionally, interest should be calculated at an annual rate of 5% from the day after the due date until the date of settlement, and a retirement pension of NT$3,036 should be paid monthly. After the company’s appeal, a settlement was reached on March 12, 2025, at the Tainan Branch of the Taiwan High Court. The company has paid NT$1,400 thousand in accordance with the settlement record on April 1, 2025, and recognized it as other losses under non-operating income and expenses in the first quarter financial report of 2025.

B. The Company's Directors, General Managers, Substantial Person-in-charge, substantial shareholders and subsidiaries with more than 10% shareholding, litigation that has been determined or is currently pending as at the date of printing of the Annual Report. Non-contentious or administrative disputes, the outcome of which may have a material impact on the Company's shareholders' equity or securities prices: None

(13) Other significant risks and contingency measures: None.

7. Other important matters: None.

# VI. Special Disclosure

## 1. Information on Affiliate Companies

**(1) Consolidated Operating Statement of Affiliated Enterprises**

The Company's 2025 Consolidated Business Report of Affiliated Enterprises, prepared in accordance with the "Regulations Governing the Preparation of Consolidated Business Reports, Consolidated Financial Statements, and Affiliation Reports of Affiliated Enterprises" issued by the Financial Supervisory Commission (FSC), have been filed and disclosed on the information reporting website designated by the Financial Supervisory Commission (FSC), and are available on the Market Observation Post System (MOPS). Please visit MOPS > Listed Company Info > Electronic Books > Affiliated Enterprises' Three Reports Area.

Website:https://mops.twse.com.tw.

(2)Consolidated Financial Statements of Affiliates:

For the year 2025, the companies required to be included in the preparation of the Consolidated Financial Report of Affiliated Enterprises in accordance with the "Regulations Governing the Preparation of Consolidated Business Reports, Consolidated Financial Statements, and Affiliation Reports of Affiliated Enterprises" issued by the Financial Supervisory Commission (FSC) are the same as those required to be included in the preparation of the parent-subsidiary consolidated financial statements under International Financial Reporting Standard (IFRS) 10. Furthermore, the relevant information that should be disclosed in the Consolidated Financial Report of Affiliated Enterprises has already been disclosed in the aforementioned parent-subsidiary consolidated financial statements. Therefore, no separate consolidated financial reports of related enterprices will be prepared. Please visit MOPS > Listed Company Info > Electronic Books > Financial Statements.

Website: https://mops.twse.com.tw.

2. In the most recent year and as of the publication date of the annual report, the status of private placement of securities: None.

3. In the most recent year and up to the publication date of the annual report, the holding or disposal of the company's stocks by subsidiaries: None.

4. Other Necessary supplementary notes: None

Ⅶ. In the most recent year and as of the date of publication of the annual report, matters have occurred that have a significant impact on shareholders' equity or the price of securities: None .