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FocalTech Systems Co., Ltd.

2024 Annual Report

Prepared by FocalTech Systems Co., Ltd.

Published on April 30, 2025

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FocalTech Systems Co., Ltd.

2024 Annual Report

Contents

I. Letter to Shareholders	1
II. Corporate Governance Report	3
1. Profiles of Directors, Supervisors, President, Vice President, Deputy Vice President, Division Heads, and Branch Heads	3
2. Implementation of Corporate Governance.....	20
3. Disclosure of the CPAs' fee.....	61
4. Changes of CPA.....	61
5. The chairman, president, chief financial or accounting manager of the Company who holds position in the business under the commissioned CPA firm or its affiliates in 1 year	63
6. In the most recent year to the date this report was printed, directors, supervisors, managerial officers and the shareholders holding more than 10% of the shares in the transfer of shares and pledge of shares under lien, and any change thereof.....	64
7. Information on shareholders among the top 10 by proportion of shareholding who are related parties to one another or spouse, kindred within the 2nd degree of kinship	65
8. Quantity of shareholdings of the same investee by the Company and Directors, Supervisors, Managial Officer, and direct or indirect subsidiaries in proportion to the combined holdings of all, and combined to calculate the proportion of overall shareholding.	67
III. Capital Overview	68
1. Capital and Shares.....	68
2. Status of Corporate bond	74
3. Status of preferred share	74
4. Status of overseas depository receipt.....	74
5. Status of employee stock options.....	75
6. Description of new restricted employee share status shall include the following	77
7. Status regarding issuance of new shares in connection with mergers or acquisitions of other companies' shares.	82
8. Status regarding implementation of the Company's capital allocation plans.....	82
IV. Operation Overview	83
1. Scope of business	83
2. Overview of Market, Production and Sales	100

3. Information of employees	107
4. Information on environmental protection expenditures.....	107
5. Labor relations	107
6. Information security management	109
7. Material Contracts.....	113
V. Review of Financial Position, Financial Conditions, and Risk Matters.....	114
1. Financial Position.....	114
2. Financial Conditions	115
3. Cash Flow	115
4. Impact of Major Capital Expenditures on Financial Operations in the Most Recent Year:	116
5. Policy for the Most Recent Fiscal Year on Investment in Other Companies, Main Reasons for Profits/Losses Resulting Therefrom, Plans for Improvement, and Investment Plans for the Coming Fiscal Year	116
6. Risk Analysis for the Most Recent Fiscal Year as well as the Current Fiscal Year up to the Date of Publication of the Annual Report.....	116
7. Other Important Matters	120
VI. Special Disclosure	121
1. Information regarding the Company's Affiliates.....	121
2. Private placement of securities in the most recent year and up to the date of publication of the annual report: Not applicable	124
3. Other necessary supplementary notes	124
VII. Any matter in the most recent year and up to the date of publication of the annual report which has a significant impact on shareholders' equity or securities prices as stipulated in subparagraph 2 of paragraph 2 of Article 36 of the Securities and Exchange Act.....	125

I. Letter to Shareholders

Dear shareholders:

Following the challenges brought by the pandemic, the Russo–Ukrainian war, inflationary pressure, and aggressive interest rate hikes by central banks worldwide. The global economy gradually stabilized and end-market consumer demand steadily recovered 2024. Faced with a rapidly changing and highly competitive environment, FocalTech, through continuous innovation and concerted team efforts, not only maintained its market share in the mobile phone market but also achieved notable growth in other fields such as tablets, notebooks, and automotive electronics, which contributed to improve the Company’s overall operating performance.

According to market research, global shipments of mobile phones and tablets increased by approximately 5% in 2024. However, FocalTech outpaced the market with a 26% year-over-year growth in shipment volume. Although revenue was affected by a decline in prices for LCD IDC (TDDI) mobile phone products, it still grew by 7% to reach NT\$14.54 billion. Benefiting from the growth in AMOLED Touch IC shipments, the annual gross margin increased to 22.4%, with gross profit reaching NT\$3.26 billion, representing a 20.3% increase compared to the previous year. Net income after tax in 2024 amounted to NT\$568 million, and earnings per share (EPS) reached NT\$2.71, reflecting an increase of more than 60% compared to the previous year and demonstrating the Company’s sound and steady business performance.

Technological innovation remains the core of FocalTech’s business growth. As a leading global provider of human–machine interface solutions for mobile devices, the Company has continued to deepen its presence in the mobile phone market while actively expanding into tablets, notebooks, and automotive electronics—building a more comprehensive and diversified product portfolio to enhance market competitiveness. In 2024, research and development (R&D) expenses totaled NT\$2.133 billion, representing a 19% increase over the previous year and accounting for 14.67% of total annual revenue, which reflects the Company’s proactive R&D strategy. The Company filed 50 new patent applications, and 40 patents were granted, laying a solid foundation for FocalTech to present its technical capabilities.

In the LCD market, FocalTech continues to leverage its advanced design capabilities to develop high value-added and innovative products while closely monitoring market trends to drive stable business growth. In the area of display driver ICs for mobile phones, FocalTech applies innovative design approaches to optimize cost structures. Amidst intense price competition and market saturation, such efforts have not only mitigated pricing pressure but also helped maintain the Company’s market share. As tablet devices shift toward higher refresh rates and higher resolution, demand for active stylus support is also on the rise. FocalTech offers corresponding high-end solutions to meet the diverse technical requirements of customers across various application scenarios. In the automotive electronics segment, FocalTech, as a pioneer in LCD IDC solutions, continues to advance along with the development of in-vehicle display technologies. The Company’s high-performance, high-quality chips support customers’ steady growth during the transformation of the automotive market. As of now, cumulative shipments have exceeded 24 million units. FocalTech was selected one of the Top 10 Brands in China's Intelligent Cockpit Industry in 2024 and was awarded the title of "Top 10 Automotive Display Brands of the Year", demonstrating the market's strong recognition of FocalTech.

In the AMOLED display market, FocalTech has maintained a leading position in the touch controller segment, particularly excelling in high-barrier, technology-intensive domains. As the

penetration rate of AMOLED panel in the mobile phone market continues to increase, FocalTech's annual touch product shipment hit a new high, making the Company become the leading manufacturer in mainland China's touch product market share, ranking third and aiming for second place.

In the notebook application segment, FocalTech made notable breakthroughs with the launch of its module products. Both shipment volume and revenue achieved exceptional growth, contributing significantly to overall business performance. Furthermore, the Company successfully integrated touch and fingerprint recognition technologies and put them into mass production, fully demonstrating FocalTech's advantages in the integration of multiple technologies. In the future, FocalTech will actively expand the application of its products and seize different high value-added markets.

While striving to enhance operational performance, FocalTech also actively implements corporate sustainability practices and consistently ranks among the top tiers in corporate governance evaluations. The Company was honored with several prestigious awards in 2024, including the Silver Award at the Taiwan Corporate Sustainability Awards (TCSA), the GoPro USA Corporate Social Responsibility Award, and the IC Top Award – Corporate Social Responsibility Reward of the China Semiconductor Investment Alliance. In response to global carbon reduction trends, FocalTech has adopted the ISO 14064-1 standard for greenhouse gas inventory and promoted energy-saving and carbon-reduction initiatives, demonstrating a firm commitment to the goal of net-zero emissions. Upholding the belief that “what is taken from society should be used for the benefit of society”, FocalTech actively engages in public welfare, cares for the underprivileged, and participates in public affairs to fulfill its corporate social responsibility.

Looking ahead to 2025, emerging applications such as AI, high-performance computing, and electric vehicles continue to show long-term growth potential. However, the global economic outlook remains cautious due to rising geopolitical risks, uncertainties surrounding tariff policies, and intensifying market competition. In the face of such challenges, FocalTech will leverage its solid technological foundation and market presence to continuously strengthen operational resilience, focusing on product diversification and expansion into overseas markets. At the same time, the Company will optimize its product mix and focus on high value-added applications to increase long-term gross margins. Finally, we would like to thank our shareholders for their long-term trust and support. Moving forward, FocalTech will advance steadily and prudently, working with our partners to meet challenges, embrace opportunities, and deliver greater value for shareholders.

Chairman and President: Genda James Hu



II. Corporate Governance Report

1. Profiles of Directors, Supervisors, President, Vice President, Deputy Vice President, Division Heads, and Branch Heads

(1) Directors and Supervisors

1. Profiles of Directors and Supervisors

March 31, 2025; Unit: share; %

Title	Nationality or place of registration	Name	Gender Age	Election (Appointment) Date (note 1)	Term of Office	Initial Election Date	Shares at Election		Current shareholding		Current shareholding held by spouse & minor children		Shareholding held through nominees		Principal work experience and academic qualifications	Position(s) held concurrently in the company and/or in any other company	Other officer, directors or supervisors with a spousal or other 2nd degree of kinship			Remark (Note 3)
							Number of shares	Rate of shareholding	Number of shares	Rate of shareholding	Number of shares	Rate of shareholding	Number of shares	Rate of shareholding			Title	Name	Relation	
Chairman	U.S.A.	Genda Hu	Male 71~80	May 30, 2023	3 years	Jan. 5, 2015	1,308,192	0.61	1,695,120	0.77	455,072	0.21	4,158,691	1.90	Ph.D. in Electrical Engineering, Princeton University, USA/ IEEE Fellow, USA/ Served in American IBM, PMC-Sierra, Cypress/ Vice President of R & D and Marketing Department of TSMC/ Head of ERSO in ITRI/ Secretariat of Taiwan Semiconductor Industry Association	President, CEO of FocalTech Systems Co., Ltd. / CEO, Director, President, Secretary, Chairman, Chairman, President of FocalTech Corporation, Ltd./ CEO, Director, President, Secretary of FocalTech Systems, Inc./ CEO, Director, President, Secretary, Chairman of FocalTech Systems, Ltd./ Director of FocalTech Electronics, Ltd./ Chairman of FocalTech Electronics Co., Ltd./ Executive Director, President, CEO of FocalTech Systems (Shenzhen) Co., Ltd./ Executive Director, President of FocalTech Electronics (Shenzhen) Co., Ltd./ Executive Director, President of FocalTech Electronics (Shanghai) Co., Ltd./ Executive Director, President of FocalTech Electronics (Shanghai) Co., Ltd. Beijing Branch Director of FocalTech Smart Sensors, Ltd./ Manager of GWAA LLC:	—	—	—	An appropriate candidate has not yet been designated for the position of President, however the Company has designated several vice presidents to assist in management. Additionally, the Board of Directors is composed of four independent directors, which accounts for half of the current number of directors. Only two of the directors serves as an employee or manager, which accounts for less than half of the directors. Therefore, the Chairman and the President are served by the same person, which does not affect the operation and decision making of the Company.
Director	U.S.A.	GWAA LLC		May 30, 2023	3 years	June 10, 2015	4,158,691	1.93	4,158,691	1.90	—	—	—	—	—	FocalTech Smart Sensors, Ltd. : Director	—	—	—	
	Taiwan	GWAA LLC Representative: Han-Ping Shieh	Male 61~70				—	—	—	—	—	—	—	—	Ph.D., Department of Electrical and Computer Engineering, Carnegie Mellon University, USA/ IEEE/OSA/SID fellow/ Vice-President of University System of Taiwan / Vice President of National Chiao Tung University/ Dean of College of Electrical and Electrical Engineering, National Chiao Tung University/ Chairman of Society for Information Display/ Professor of DI+DOP, National Chiao Tung University/ Researcher of Research Center, American IBM T J Watson	Lifetime Chair Professor of National Chiao Tung University/ Outside Director of Silicon Motion Technology Corporation/ Independent Director of Key Ware Electronics Co., Ltd./ Independent Director of Dynapack International Technology Corporation/ Director of Coretronic Corp.	—	—	—	
Director	U.S.A.	GWAA LLC		May 30, 2023	3 years	May 30, 2023	4,158,691	1.93	4,158,691	1.89	—	—	—	—	—	FocalTech Smart Sensors, Ltd. : Director	—	—	—	
	Taiwan.	GWAA LLC Representative: Jason Lin (note 4)	Male 61~70				—	—	—	—	—	—	—	—	Master of Electronic Science, University of California, Santa Barbara (UCSB) Bachelor of Department of Electrical Engineering, National Taiwan University / President of IC MEDIA TECHNOLOGY CORPORATION (USA) President of Philips Semiconductors (the Netherlands)	FocalTech Systems Co., Ltd.: Senior Executive Vice President	—	—	—	
	Taiwan	GWAA LLC Representative:	Male 51~60				—	—	—	—	—	—	—	—	Master of Business Administration, Baruch College, The City University of New York/	FocalTech Systems Co., Ltd.:Executive Vice President, CFO, Spokesperson and Corporate governance officer	—	—	—	

Title	Nationality or place of registration	Name	Gender Age	Election (Appointment) Date (note 1)	Term of Office	Initial Election Date	Shares at Election		Current shareholding		Current shareholding held by spouse & minor children		Shareholding held through nominees		Principal work experience and academic qualifications	Position(s) held concurrently in the company and/or in any other company	Other officer, directors or supervisors with a spousal or other 2nd degree of kinship			Remark (Note 3)
							Number of shares	Rate of shareholding	Number of shares	Rate of shareholding	Number of shares	Rate of shareholding	Number of shares	Rate of shareholding			Title	Name	Relation	
		Wei-Chieh Chang (note 4)													Chief Financial Officer, Good Way Technology Co., Ltd./					
Director	Taiwan	Acer Inc.		May 30, 2023	3 year	June 9, 2022	8,732,688	4.04	8,732,688	3.98	—	—	—	—	—	—	—	—	—	
	Taiwan	Acer Inc. Representative: Chun-Sheng Chen	Male 61~70				—	—	—	—	—	—	—	—	MBA, University of Missouri at Columbia(MU), U.S.A. / Global CEO of Executive Officer of Acer Inc./ Senior Vice President of Global Business and Marketing, TSMC/ Vice President of Corporate Development, TSMC/ Global Vice CEO of Business and Marketing, Intel Corporation	President and CEO of Acer Inc. Other company: (note 5)				
Independent Director	Taiwan	Chintay Shih	Male 71~80	May 30, 2023	3 years	Jan. 5, 2015	—	—	—	—	—	—	—	—	Ph.D. in Electrical Engineering, Princeton University, USA/ Chairman of the III/ Dean of the Industrial Technology Research Institute/ Dean, School of Science and Technology Management, National Tsinghua University/ Chairman of Asia Pacific Intellectual Property Association/ Chairman of Monte Jade science & Technology Association of Taiwan/ Chairman of Chinese Institute of Engineers/ Chairman of Taiwan Semiconductor Industry Association/ Managing Director of Taiwan Electrical and Electronic Manufacturers' Association/ Chairman of Chinese Society for Management of Technology/ Chairman of Service Science Society of Taiwan/ CEO of Sun Yun-Suan Foundation/ Professor, School of Science and Technology Management, National Tsinghua University	Independent Director of Vanguard International Semiconductor Corporation/ Independent Director of Sercomm Corporation/ Independent Director of Taiwan Powder Technologies Co., Ltd./ Supervisor of TEN Incubation Corporation Director of Qualife System Technology Corp.				
Independent Director	Taiwan	Chan-Jane Lin	Female 61~70	May 30, 2023	3 years	Jan. 5, 2015	—	—	—	—	—	—	—	—	PhD in Accounting, University of Maryland/ Acting Dean and Deputy Dean, School of Management, National Taiwan University/ Director of Department of Accounting, National Taiwan University/ Director of School of Professional Education and Continuing Studies, National Taiwan University	Professor, Department of Accounting, National Taiwan University/ Independent Director of Vanguard International Semiconductor Corporation Independent Director of Advantech Co., Ltd./ Independent Director of CHIEF TELECOM INC. Director of Accounting Research and Development Foundation				
Independent Director	Taiwan	Hsing-Chien Tuan	Male 71-80	May 30, 2023	3 years	May 30, 2023	—	—	—	—	—	—	—	—	PhD in Electrical Engineering, Stanford University, USA/ Chairman of Innolux Corporation/ President of AUO Corporation/ President of UniPac Optoelectronics Corporation	Honorary Chairman and Consultant of Innolux Corporation				
Independent Director	Taiwan	Chun-Hao Lai	Male 61~70	May 30, 2023	3 years	May 30, 2023	—	—	—	—	—	—	—	—	Master of Electrical Engineering, University of California, Santa Barbara/ Graduated from Department of Electrical Engineering, National Taiwan University/ Co-founder of ASICtrons Solutions(San Jose, CA)/ Manager of ASIC Business Unit / Director of Design Service Division of TSMC North America/ Director of New Customer Business Division of TSMC North America / President of Global Unichip Corp.	President of SKYMIZER TAIWAN INC./ Independent Director of Silicon Optronics, Inc./ Independent Director of Andes Technology Corporation/ Director of GIGA SOLUTION TECH. CO., LTD./ Director of Wolley, Inc.(CA Inc.)/ Director of M31 Technology Corporation/ Consultant of Xconn Technologies (State of California, USA)				

Note 1: The Company approved Re-election of the 8th Directors at the shareholders' regular meeting held on May 30, 2023. The term of office of the directors is from May 30, 2023 to May 30, 2026.

Note 2: Since June 21, 2012, the Audit Committee has been responsible for the supervisory duties stipulated in the relevant laws and regulations.

Note 3: Where the chairman and the president or the person of an equivalent post (the highest-level managerial officer) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness of, necessity of, and the measures adopted in response thereto (e.g., increasing the number of independent directors in addition to having more than half of the directors who are not employed as the Company's employees or managerial officers).

Note 4: GWAA LLC reassigned its representative from Jason Lin to Wei-Chieh Chang on March 28, 2025,.

Note 5: Those who also hold a position at other companies are listed as follows:

No.	Company Name	Title	No.	Company Name	Title
1	Mu-Jin Investment Co., Ltd.	Chairman	21	Acer Computer (Shanghai) Ltd.	Director
2	Mu-Shi Investment Co., Ltd.	Chairman	22	Acer Cloud Technology (Chongqing) Ltd.	Director
3	Powerchip Semiconductor Manufacturing Corporation	Independent Director	23	PECER BIO-MEDICAL TECHNOLOGY INCORPORATED	Director
4	ACER BEING COMMUNICATION INC.	Chairman	24	AOPEN INC.	Director
5	Acer ITS Inc.	Chairman	25	MPS Energy Inc.	Director
6	Acer BeingWare Holding Inc.	Chairman	26	Acer Gadget Inc.	Director
7	Acer e-Enabling Service Business Inc.	Chairman	27	Acer Gaming Inc.	Director
8	Weblink International Inc.	Chairman	28	Protrade Applied Materials Corp.	Director
9	Acer Incorporated	Chairman	29	Acer America Corporation	Director
10	Acer Digital Service Co.	Chairman	30	Acer American Holdings Corp.	Director
11	Acer SoftCapital Incorporated	Chairman	31	Acer Asia Pacific Sdn Bhd	Director
12	Acer Asset Management Incorporated	Chairman	32	Acer Cloud Technology Inc.	Director
13	Acer Healthcare Inc.	Chairman	33	Acer Computer (Far East) Limited	Director
14	Beijing Altos Computing Ltd	Director	34	Acer Europe SA	Director
15	Altos Computing Inc.	Director	35	Acer European Holdings SA	Director
16	Acer (Chongqing) Ltd.	Director	36	Acer Holdings International, Incorporated	Director
17	Acer Being Signage Inc.	Director	37	Boardwalk Capital Holdings Limited	Director
18	Acer Medical Inc.	Director	38	DropZone Holding Limited	Director
19	Acer Cloud Technology (Taiwan) Inc.	Director	39	Taiwan Climate Partnership	Director
20	ACER TECHNOLOGY AND BUSINESS DEVELOPMENT PTE. LTD.	Director	40	Institute for Biotechnology and Medicine Industry	Director

(1) Major Shareholders of Corporate Shareholders

March 31, 2025

Corporate shareholder Name	Major Shareholders of Corporate Shareholders	
	Name	Rate of shareholding
GWAA LLC	Genda J. Hu	100%
Acer Inc.	Yuanta/P-shares Taiwan Dividend Plus ETF	5.23%
	Fuh Hwa Taiwan Technology Dividend Highlight ETF	3.65%
	Hung Rouan Investment Corp.	2.42%
	United Taiwan High Dividend Recovery 30 ETF	1.85%
	Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.33%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.21%
	Stan Shih	1.15%
	Taiwan Cooperative Bank	1.15%
	Acer GDR	0.90%
	Rongxin Management Consulting Co., Ltd.	0.75%
	Rongan Management Consultants Co., Ltd.	0.75%

Where the major shareholder of the corporate shareholder is a juristic person, the major shareholder thereof

March 31, 2025

Corporate shareholder Name	Major Shareholders of Corporate Shareholders	
	Name	Rate of shareholding
Hung Rouan Investment Corp.	Carolyn Yeh	20.13%
	StanShih Foundation	1.60%
	Shih Hsuen Rouan	17.25%
	Shih Hsuen Huei	26.09%
	Shih Hsuen Lin	17.16%
	Shih Fang Cheng	8.93%
	Yeh Ting Yu	8.84%
Corporate shareholder Name	Major Shareholders of Corporate Shareholders	
	Name	Rate of

		shareholding
Taiwan Cooperative Bank (As of the reference date: August 20, 2024)	Taiwan Cooperative Financial Holding Co.,Ltd.	100%
Rongxin Management Consulting Co., Ltd. (As of the reference date: March 31, 2025)	Shih Fang Cheng	22.71%
	Shih Yi Jia	22.71%
	Shih Hsuen Lin	54.57%
Rongan Management Consultants Co., Ltd. (As of the reference date: March 31, 2025)	Shih Hsuen Rouan	43.58%
	Shih Hsuen Lin	0.00%
	Yeh Ting Yu	18.81%
	Yeh Jia Xuan	18.81%
	Yeh Bing Xue	18.81%
Taiwan Cooperative Financial Holding Co.,Ltd. (As of the reference date: August 20, 2024)	Ministry of Finance, R.O.C.	26.06%
	Chunghwa Post Co., Ltd.	3.78%
	Taiwan Tobacco & Liquor Corporation	2.13%
	National Farmers' Association, R.O.C.	1.55%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a Series of Vanguard Star Funds	1.00%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	0.94%
	Citibank Taiwan in custody for Norges Bank	0.88%
	New Labor Pension Fund	0.73%
	Yuanta/P-shares Taiwan Top 50 ETF	0.69%
	Taiwan Life Insurance Co., Ltd.	0.64%

2. Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors

March 31, 2025

Name		Conditions	Professional qualification and experience		Independency										Number of public companies where the person holds the title as independent director	
		Principal majors and work experience(note 1)	Does not have the circumstances stipulated in Article 30 of the Company Act	Is not a spouse or a relative within the second degree of kinship as stipulated in Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act	Does not have the following circumstances stipulated in Article 3, paragraph 1, subparagraphs 1 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies (Note 2)								The amount of remuneration received for services rendered to the Company or its affiliates in the past two years	Number and proportion of shares held in own name, spouse's name, or names of relatives within the second degree of kinship (or through nominees)		Does not have the circumstances stipulated in Article 27 of the Company Act
					1	2	3	4	5	6	7	8				
Chairman	Genda Hu	【Professional expertise】 Experiences in operation and management of business and leadership decision-making; board of directors leadership; crisis handling and risk management; and semiconductor industry technology and market. 【Qualification and work experience】 Ph.D. in Electrical Engineering, Princeton University, USA/ IEEE Fellow, USA / America IBM, PMC-Sierra, Cypress / Vice President of R & D and Marketing Department of TSMC/ Head of ERSO in ITRI, Secretariat of Taiwan Semiconductor Industry Association	Yes	Yes	No	No	No	Yes	No	Yes	No	Yes	0	6,308,883 2.88%	Yes	0
Director	GWAA LLC Representative: Han-Ping Shieh	【Professional expertise】 Experiences in display technology and micro-optical systems; operating decision-making for the board of directors and functional committees; semiconductor-related industry and academia; and risk management. 【Qualification and work experience】 Ph.D., Department of Electrical and Computer Engineering, Carnegie Mellon University, USA/ Lifetime Chair Professor of National Chiao Tung University/ IEEE/OSA/SID Fellow Former Vice-President of University System of Taiwan / Vice President of National Chiao Tung University/ Dean of College of Electrical and Electrical Engineering, National Chiao Tung University/ Chairman of Society for Information Display/ Professor of DI+DOP, National Chiao Tung University/ Researcher of Research Center, American IBM T J Watson	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	0	0	No	2	
Director	GWAA LLC Representative: Jason Lin (note 3)	【Professional expertise】 Experiences in electric engineering; business operation leadership; crisis handling and risk management; leading the board of directors in operating decision-making;and semiconductor industry technology and market. 【Qualification and work experience】 Master of Electronic Science, University of California, Santa Barbara (UCSB) Bachelor of Department of Electrical Engineering, National Taiwan University / President of IC MEDIA TECHNOLOGY CORPORATION (USA) President of Philips Semiconductors (the Netherlands)	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes	0	0	No	0

Director	GWAA LLC Representative: Wei-Chieh Chang (note 3)	【Professional expertise】 Experiences in information financial services. 【Qualification and work experience】 Master of Business Administration, Baruch College, The City University of New York/ Chief Financial Officer, Good Way Technology Co., Ltd./	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes	0	0	No	0
Director	Acer Inc. Representative: Chun-Sheng Chen	【Professional expertise】 Experiences in information technology and financial services. 【Qualification and work experience】 MBA, University of Missouri at Columbia(MU), U.S.A. President and CEO of Acer Inc. Global CEO and Executive Officer of Acer Inc./ Former Senior Vice President of Global Business and Marketing, TSMC/ Vice President of Corporate Development, TSMC/ Global Vice CEO of Business and Marketing, Intel Corporation	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	0	0	No	1
Independent Director	Chintay Shih	【Professional expertise】 Experiences in electrical engineering and industrial technology; operating decision-making for the board of directors and functional committees; semiconductor-related industry and academia; and risk management. 【Qualification and work experience】 Ph.D. in Electrical Engineering, Princeton University, USA, Former Chairman of the III/ Dean of the Industrial Technology Research Institute/ Dean, School of Science and Technology Management, National Tsinghua University/ Chairman of Asia Pacific Intellectual Property Association/ Chairman of Monte Jade science & Technology Association of Taiwan/ Chairman of Chinese Institute of Engineers/ Chairman of Taiwan Semiconductor Industry Association/ Managing Director of Taiwan Electrical and Electronic Manufacturers' Association/ Chairman of Chinese Society for Management of Technology/ Chairman of Service Science Society of Taiwan/ CEO of Sun Yun-Suan Foundation/	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	0	Yes	3

Independent Director	Chan-Jane Lin	<p>【Professional expertise】 Convener of the Company's Audit Committee. Expertise in accounting and financial management, operating decision-making management for the board of directors and functional committees, and financial industry, with experiences in computer and peripheral equipment industry and semiconductor related industry, and risk management. Extensive academic and industry experience, and is committed to promoting corporate governance in Taiwan.</p> <p>【Qualification and work experience】 PhD in Accounting and Master in MBA, University of Maryland, USA/ Bachelor, Accounting Section, Department of Business Administration, National Taiwan University/ Qualification of Senior Professional and Technical Examinations Regulations of CPA, R.O.C./ Currently a professor at the Department of Accounting, National Taiwan University/ Independent Director of Vanguard International Semiconductor Corporation/ Independent Director of Advantech Co., Ltd./ Independent Director of CHIEF TELECOM INC./ Director of Accounting Research and Development Foundation/ Convener, Managing Supervisor, Taiwan Corporate Governance Association/ Former independent director of Fubon Financial Holdings/ Independent Director of Fubon Life Insurance Co., Ltd./ Independent Director of Fubon Securities Co., Ltd./ Supervisor of Taiwan Financial Holdings Co., Ltd./ Director of Department of Accounting, National Taiwan University/ Director of School of Professional Education and Continuing Studies, National Taiwan University Acting Dean and Deputy Dean of School of Management; Director and Dean of Department of Accounting, National Taiwan University/ Assistant Professor, Department of Accounting, George Washington University Supervisor of Securities and Futures Investors Protection Center/</p>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	0	Yes	3
Independent Director	Hsing-Chien Tuan	<p>【Professional expertise】 Experiences in business operation management and leadership decision-making; crisis handling and risk management; operating decision-making for the board of directors and functional committees, and flat-panel display industry technology and market.</p> <p>【Qualification and work experience】 PhD in Electrical Engineering, Stanford University, USA/ Honorary Chairman and Consultant of Innolux Corporation/ Former Chairman of Innolux Corporation/ President of AUO Corporation/ President of UniPac Optoelectronics Corporation</p>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	0	Yes	0
Independent Director	Chun-Hao Lai	<p>【Professional expertise】 Experiences in business operation management and leadership decision-making; crisis handling and risk management; operating decision-making for the board of directors and functional committees and semiconductor industry technology and market.</p> <p>【Qualification and work experience】 Master of Electrical Engineering, University of California, Santa Barbara/ Graduated from Department of Electrical Engineering, National Taiwan University/ Currently President of SKYMIZER TAIWAN INC./ Independent Director of Silicon Optonics, Inc./ Independent Director of Andes Technology Corporation/ Director of GIGA SOLUTION TECH. CO., LTD./ Director of Wolley, Inc.(CA Inc.)/ Director of M31 Technology Corporation/ Xconn Technologies(State of California, USA) Former co-founder of ASICtronic Solutions(San Jose, CA)/ Manager of ASIC Business Unit / Director of Design Service Division of TSMC North America/ Director of New Customer Business Division of TSMC North America /</p>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	0	Yes	3

[illegible]

Note 1: Please refer to 2. Profiles of Directors, Supervisors, President, Executive Vice President, Deputy Executive Vice President, Division Heads, and Branch Heads, (1) Directors and Supervisors, 1. Profiles of Directors and Supervisors

Note 2: Whether the directors meet the independence requirements without any of the circumstances stipulated in Article 3, Paragraph 1, Subparagraphs 1–8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies:

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or through nominees, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or designates its representative to serve as a director or supervisor of the company under Article 27(1) or (2) of the Company Act. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (6) Not a director, supervisor or employee of other company such that a majority of the company's director seats or voting shares are controlled by the same person. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (7) The chairman, president, or a person holding an equivalent position of the Company is not a director (or governor), supervisor, or employee of other company or institution, or are spouses. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (8) Not a director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specified company or institution holds at least twenty percent but not exceeding fifty percent of the total number of issued shares of the Company, and the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

Note 3: GWAA LLC reassigned its representative from Jason Lin to Wei-Chieh Chang on March 28, 2025.

3. Diversity and independence of the Board of Directors:

- (1) Diversity of the Board of Directors: The Company's diversity policy on the professions of board members is stipulated in the Corporate Governance Best Practice Principles. In the selection process, the Board of Directors consults various talented individuals and evaluates the diversity requirements of basic composition, professional qualifications, and industrial experience before nominating them to the shareholders meeting for election, in order to enhance the competency of the Board of Directors and achieve the objectives of corporate governance.

The current Board of Directors’ basic composition in terms of gender, age, nationality, education and personal experience is detailed in the “Profiles of Directors and Supervisors” list. The current Board of Directors consists of one woman, and one U.S. national, whereas the rest are with R.O.C. nationality. All directors are over 60 years old and three are over 70 years old. The directors’ professional expertise includes finance and accounting, electrical engineering, semiconductors, optoelectronics, information, etc. In terms of competency, they are experienced in business operation and management, industry knowledge, international markets, operational judgment, finance and accounting analysis, etc. The Company’s goal of increasing the board’s diversity by including at least one female director as well as one director with accounting expertise has been achieved.

- (2) **Board Gender Diversity:** In response to the international trend toward gender equality and appeals to increase Board representation of either gender to at least one-third of the total seats, the Company is currently seeking suitable candidates. Moving forward, the Company will adhere to its corporate philosophy and adopt relevant measures to achieve the goal of gender diversity among the Board.

I. Corporate Philosophy

The Company values Board diversity and believes that a diverse composition in terms of expertise, background, and gender enhances the effectiveness of corporate governance and promotes sustainable development. Upholding the principle of “professionalism first and the right person for the right position”, the Company selects candidates based on their industry experience, professional competence, and potential to contribute to the Company’s long-term development.

The Company recognizes the importance of gender diversity and remains committed to increasing the proportion of female directors, aiming to gradually build a diverse and inclusive Board structure that fosters innovation and sustainable value.

II. Future Measures

1. Recruitment of Female Professionals

The Company will actively seek female professionals with expertise in semiconductors, technology, finance, legal compliance, or international management as Board candidates to expand the diversity of Board member backgrounds.

2. Information Disclosure and Progress Review

The Company will continue to disclose its progress and action plans for promoting female Board representation in the Annual Report and the corporate governance section of the Company’s website. These strategic goals will be regularly reviewed and updated.

3. Enhancing External Engagement and Corporate Image

The Company will encourage relevant personnel to participate in external activities promoting gender equality and diverse governance while actively strengthening its commitment to and implementation of diversity and inclusion.

- (3) Independence of the Board of Directors: Currently, there are four general directors, two of whom serve as managerial officers; additionally, there are four independent directors, who account for 50% of the eight total board members. Details of independence are listed in the “Independency” column in the table above. Half of the independent directors have not served more than three terms. None of the directors are in violation of the independence requirements under Article 26-3, Paragraphs 3–4 of the Securities and Exchange Act. Furthermore, the independent directors are also in compliance with the independence requirements stipulated in Articles 27 and 30 of the Company Act as well as the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

(2) Profiles of President, Vice President, Deputy Vice President, Division Heads, and Branch Heads

March 31, 2025; Unit: share; %

Title (note 1)	Nationality	Name	Gender	Election (Appointment) Date	Shareholding		Shareholding held by spouse & minor children		Shareholding held through nominees		Principal work experience and academic qualifications (note 2)	Position(s) held concurrently in the company and/or in any other company	Managerial officer with a spousal or other 2nd degree of kinship			Remark (note 3)
					Number of Shares	Rate of share- holding	Number of Shares	Rate of share- holding	Number of Shares	Rate of share- holding			Position	Name	Relation- ship	
CEO and President	U.S.A.	Genda Hu	Male	Jan. 5, 2015	1,695,120	0.77	455,072	0.21	4,158,691	1.90	Ph.D. in Electrical Engineering, Princeton University, USA, IEEE Fellow American IBM, PMC-Sierra, Cypress/ Vice President of R & D and Marketing Department of TSMC, Head of ERSO in ITRI, Secretariat of Taiwan Semiconductor Industry Association	CEO, Director, President, Secretary, Chairman, Chairman, President of FocalTech Corporation, Ltd./ CEO, Director, President, Secretary of FocalTech Systems, Inc./ CEO, Director, President, Secretary, Chairman of FocalTech Systems, Ltd./ Director of FocalTech Electronics, Ltd./ Chairman of FocalTech Electronics Co., Ltd./ Executive Director, President, CEO of FocalTech Systems (Shenzhen) Co., Ltd./ Executive Director, President of FocalTech Electronics (Shenzhen) Co., Ltd./ Executive Director, President of FocalTech Electronics (Shanghai) Co., Ltd./ Executive Director, President of FocalTech Electronics (Shanghai) Co., Ltd. Beijing Branch Director of FocalTech Smart Sensors, Ltd./ Manager of GWAA LLC/	—	—	—	No suitable candidate has been appointed to the position of president of the Company. The Company has assigned a number of executive vice presidents to assist in the management of the Company. The Board of Directors includes four independent directors, who constitute half of the Board. Two of the director are employees or managerial officers, no more than 1 / 2 of the number of directors. Therefore, the Chairman and the President are the same person, which does not affect the operations or decision making of the Company.
Senior Executive Vice President	Taiwan	Jason Lin (note 4)	Male	Nov. 1, 2022	160,666	0.07	—	—	—	—	Master of University of California, Santa Barbara (UCSB)/ Bachelor of Department of Electrical Engineering, National Taiwan University / President of ICMEDIA TECHNOLOGY CORPORATION/ President of Philips Semiconductors	None	—	—	—	
Senior Executive Vice President	Taiwan	Chester.Hwang	Male	Dec. 7, 2023	30,000	0.01	—	—	—	—	Ph.D. in Electrical Engineering, University of Florida Bachelor of Department of Electrical Engineering, National Taiwan University / Senior Manager of Motorola Vice President of R&D of Altek Corporation General Manager (Israel) of Winbond Electronics / Nuvoton Technology	None	—	—	—	
Executive Vice President	Taiwan	Jui-Cheng Hsu	Male	Feb. 1, 2021	70,730	0.03	—	—	—	—	Master of Electrical Engineering, National Tsing Hua University/ Manager of Sunplus Technology Co., Ltd./ Deputy Executive Vice President of Sunshine Sports Tech Co., Ltd.	Director of FocalTech Smart Sensors, Ltd.(Designated representative of FocalTech Systems Co., Ltd.)	—	—	—	
Executive Vice President	Taiwan	Pei-Tzu Wu	Male	Aug. 1, 2018	38,699	0.02	—	—	—	—	Master of Institute of Mining, Metallurgy and Materials Science, National Cheng Kung University/ EMBA of National Chiao Tung University/ Deputy Executive Vice President of Cheertek Inc./ Deputy Executive Vice President of ILITEK/ Senior Manager of TSMC/ Executive vice presidents of Generalplus Technology Inc.	President of Ou Sheng Technology Company/ Executive Director of Pei Feng Management and Consulting Company/ President of Chengxin Care Association/ President of Chengxin Lohas Enterprise Co., Ltd. Director of FocalTech Smart Sensors, Ltd. (Designated representative of GWAA LLC) Chairman of FocalTech Smart Sensors Co., Ltd.	—	—	—	
Senior Deputy Executive Vice President	Taiwan	Chen Kuo	Male	Feb. 14, 2022	8,333	—	—	—	—	—	Master of Materials Engineering, Auburn University/ Bachelor of Department of Metallurgy & Materials Engineering, National Cheng Kung University/ Director of Wafer Foundry NXP Semiconductors	None	—	—	—	

Title (note 1)	Nationality	Name	Gender	Election (Appointment) Date	Shareholding		Shareholding held by spouse & minor children		Shareholding held through nominees		Principal work experience and academic qualifications (note 2)	Position(s) held concurrently in the company and/or in any other company	Managerial officer with a spousal or other 2nd degree of kinship			Remark (note 3)
					Number of Shares	Rate of share- holding	Number of Shares	Rate of share- holding	Number of Shares	Rate of share- holding			Position	Name	Relation- ship	
											Taiwan Ltd./ Director of Wafer Testing, Micron Technology, Inc./ Director of Wafer Plant 5, Macronix International Co., Ltd.					
Deputy Executive Vice President	Taiwan	Po-Sheng Shih	Male	Jan. 16, 2021	3,937	—	—	—	—	—	Ph. D. in Electronics Engineering, National Chiao Tung University/ Director of HannStar® Display Corporation/ Director of Innolux Corporation/ Executive vice president of CNTouch Inc.	None	—	—	—	
Deputy Executive Vice President	Taiwan	Hung-Jen Chien	Male	Sep. 8, 2021	4,100	—	—	—	—	—	Master of Dept. of Electronic and Computer Engineering, National Taiwan University of Science and Technology/ R&D Engineer of Sunplus Technology Co., Ltd./ Manager of Sunshine Sports Tech Co., Ltd.	None	—	—	—	
Deputy Executive Vice President	Taiwan	Hao-Chin Chao	Male	May 16, 2022	10,333	—	—	—	—	—	Master, Graduate Institute of Human Resource Management, National Central University/ Special Assistant of Human Resources Department, ELITE MATERIAL CO., LTD./ Director of LITEON (Shanghai) Director of AUO	None	—	—	—	
Executive Vice President, CFO, Spokesperson and Corporate governance officer	Taiwan	Wei-Chieh Chang	Male	July 26, 2021	26,000	0.01	—	—	—	—	Master of Business Administration, Baruch College, The City University of New York/ Chief Financial Officer, Good Way Technology Co., Ltd./	None	—	—	—	
Accountant Officer	Taiwan	Susnana Wang	Female	Mar. 25, 2025	—	—	—	—	—	—	Department of Accounting, Feng Chia University Accounting Manager, Sinda Technology Co., Ltd. Manager of Management Accounting Department, Nanya Technology Corporation Accounting and Finance Manager, Tainlink Technology Co., Ltd. Audit Supervisor, Taiwan Mask Corporation	None	—	—	—	

Note 1: Information on the president, executive vice president, deputy executive vice president, department and branch heads, and anyone whose position is equivalent to that of a president, executive vice president, or deputy executive vice president shall also be disclosed regardless of titles.

Note 2: As for experience relevant to the current position, the title and responsibilities for work experience at a certified public accounting firm or an affiliated company preceding the current position shall be specified.

Note 3: Where the chairman and the president or person of an equivalent post (the highest-level manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness of, necessity of, and the measures adopted in response thereto

Note 4: Jason Lin resigned on March 28, 2025.

(3) Remuneration paid during the most recent year to directors, supervisors, president and vice presidents

1. Remuneration to general directors and independent directors

2024; Unit: NT\$ thousand; thousand shares; %

Title	Name	Remuneration to Directors								The sum of A, B, C and D and proportion to net profit after tax		Remuneration to the capacity as employees								The sum of A, B, C, D, E, F and G and proportion to net profit after tax		Remuneration received from an invested company other than the company's subsidiary or parent company		
		Remuneration (A)		Pension(B)		Remuneration to directors (C) (Note 1)		Business execution expenses (D)				Salaries, bonus and special disbursement(E)		Pension (F)		Remuneration to employees (G) (note 2)								
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements			
																		Cash	Stock	Cash	Stock			
Chairman	Genda Hu	—	—	—	—	—	—	50	50	50 0.01%	50 0.01%	14,905	23,132	—	—	216	—	216	—	15,171 2.64%	23,398 4.08%	None		
General Director	GWAA LLC	960	960	—	—	269	269	40	40	1,269 0.22%	1,269 0.22%	—	—	—	—	—	—	—	—	1,269 0.22%	1,269 0.22%	None		
	Designated Representative: Han-Ping Shieh																							
General Director	GWAA LLC	—	—	—	—	—	—	50	50	50 0.01%	50 0.01%	10,764	10,764	108	108	—	—	—	—	10,922 1.90%	10,922 1.90%	None		
	Designated Representative: Jason Lin																							
General Director	Acer Inc.	960	960	—	—	255	255	40	40	1,255 0.22%	1,255 0.22%	—	—	—	—	—	—	—	—	1,255 0.22%	1,255 0.22%	None		
	Designated Representative: Chun-Sheng Chen																							
Independent Director	Chintay Shih	960	960	—	—	384	384	110	110	1,454 0.25%	1,454 0.25%	—	—	—	—	—	—	—	—	1,454 0.25%	1,454 0.25%	None		
Independent Director	Chan-Jane Lin	960	960	—	—	384	384	110	110	1,454 0.25%	1,454 0.25%	—	—	—	—	—	—	—	—	1,454 0.25%	1,454 0.25%	None		
Independent Director	Jim Lai	960	960	—	—	384	384	110	110	1,454 0.25%	1,454 0.25%	—	—	—	—	—	—	—	—	1,454 0.25%	1,454 0.25%	None		
Independent Director	Hsing-Chien Tuan	960	960	—	—	326	326	80	80	1,366 0.24%	1,366 0.24%	—	—	—	—	—	—	—	—	1,366 0.24%	1,366 0.24%	None		

1. Specify the policy, system, standard and structure for remuneration of independent directors, and the relationship between the remuneration amount and their responsibilities, risks, and time commitments:
The remuneration of the Company's independent directors is determined in accordance with the Rules for Setting Director Remuneration, as approved by the Board of Directors. The remuneration is divided into three parts: Remuneration, business execution expenses, and compensation. Remuneration and business execution expenses are paid in accordance with the Rules formulated; compensation is paid in accordance with the Articles of Incorporation, and is based on the evaluation results of each director's performance.
The duties of independent directors are to assist the Board of Directors in performing and supervising the quality and integrity of the Company's accounting, auditing, financial reporting processes, and internal control systems. The Company's independent directors discuss Company proposals appropriately based on the virtue of their duties and expertise. Their remuneration is directly related to their meeting attendance status, training status, and performance evaluation.

2. Except as disclosed in the table above, remuneration received by the Company's directors for services rendered to all companies included in the financial statements (e.g., as non-employee consultants of the parent company/either company listed in the financial statement/invested companies) in the last year: None.

1. Specify the policy, system, standard and structure for remuneration of independent directors, and the relationship between the remuneration amount and their responsibilities, risks, and time commitments:
The remuneration of the Company's independent directors is determined in accordance with the Rules for Setting Director Remuneration, as approved by the Board of Directors. The remuneration is divided into three parts: Remuneration, business execution expenses, and compensation. Remuneration and business execution expenses are paid in accordance with the Rules formulated; compensation is paid in accordance with the Articles of Incorporation, and is based on the evaluation results of each director's performance.
The duties of independent directors are to assist the Board of Directors in performing and supervising the quality and integrity of the Company's accounting, auditing, financial reporting processes, and internal control systems. The Company's independent directors discuss Company proposals appropriately based on the virtue of their duties and expertise. Their remuneration is directly related to their meeting attendance status, training status, and performance evaluation.

2. Except as disclosed in the table above, remuneration received by the Company's directors for services rendered to all companies included in the financial statements (e.g., as non-employee consultants of the parent company/other company listed in the financial statement/invested companies) in the last year: None.

Note 1 and 2: On February 21, 2025, the Board of Directors approved that the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2024 to be NT\$83,948 thousand and NT\$2,015 thousand, respectively. All in cash.

2. Supervisor remuneration: Since June 21, 2012, the Audit Committee has been responsible for the supervisory duties stipulated in the relevant laws and regulations

3. President's and Executive Vice Presidents' Remuneration

2024; Unit: NT\$ thousand; thousand shares; %

Title	Name	Salaries (A)		Pension(B)		Bonus and special disbursement (C)		Remuneration to the employees (D) (Note 1)				The sum of A, B, C and D and proportion to net profit after tax (%)		Remuneration received from an invested company other than the company's subsidiary or parent company
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
								Cash	Stock	Cash	Stock			
CEO and President	Genda Hu	23,648	25,168	612	612	40,739	47,445	766	-	766	-	65,765 11.46%	73,991 12.89%	-
Senior Executive Vice President	Jason Lin													
Senior Executive Vice President	Chester.Hwang													
Executive Vice President	Pei-Tzu Wu													
Executive Vice President	Jui-Cheng Hsu													
Executive Vice President, CFO, Spokesperson and Corporate governance officer	Wei-Chieh Chang													

Note 1: On February 21, 2025, the Board of Directors approved that the amounts of the employees' compensation for the year ended December 31, 2024 to be NT\$83,948 thousand. All in cash.

Classification of remuneration

Classification of Remuneration paid to presidents and Executive Vice Presidents	Name of Presidents and Executive Vice Presidents	
	The Company	All companies mentioned in the financial statements E
Less than NT\$1,000,000	-	-
NT\$1,000,000(inclusive) ~NT\$2,000,000(exclusive)	-	-
NT\$2,000,000(inclusive) ~NT\$3,500,000(exclusive)	-	-
NT\$3,500,000(inclusive) ~NT\$5,000,000(exclusive)	-	-
NT\$5,000,000(inclusive) ~NT\$10,000,000(exclusive)	Jui-Cheng Hsu; Pei-Tzu Wu; Chester.Hwang	Jui-Cheng Hsu; Pei-Tzu Wu; Chester.Hwang
NT\$10,000,000(inclusive) ~NT\$15,000,000(exclusive)	Jason Lin; Wei-Chieh Chang	Jason Lin; Wei-Chieh Chang
NT\$15,000,000(inclusive) ~NT\$30,000,000(exclusive)	Genda Hu	Genda Hu
NT\$30,000,000(inclusive) ~NT\$50,000,000(exclusive)	-	-
NT\$50,000,000(inclusive) ~NT\$100,000,000(exclusive)	-	-
Over NT\$100,000,000	-	-
Total	6 persons	6 persons

4. Remuneration paid to each of its top five management personnel for the company listed on the TWSE or the TPEx

2024; Unit: NT\$ thousand; thousand shares; %

2021, Unit: RMB thousand, thousand shares, %

Title	Name	Salaries (A)		Pension(B)		Bonus and special disbursement (C)		Remuneration to the employees (D) (Note 1)				The sum of A, B, C and D and proportion to net profit after tax (%)		Remuneration received from an invested company other than the company's subsidiary or parent company
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
								Cash	Stock	Cash	Stock			
CEO	Genda Hu	5,146	6,667	-	-	9,809	16,515	216	-	216	-	15,171 2.64%	23,398 4.08%	None
President	Genda Hu	5,146	6,667	-	-	9,809	16,515	216	-	216	-	15,171 2.64%	23,398 4.08%	None
Executive Vice President	Wei-Chieh Chang	3,356	3,356	108	108	7,858	7,858	140	-	140	-	11,462 2%	11,462 2%	None
CFO	Wei-Chieh Chang	3,356	3,356	108	108	7,858	7,858	140	-	140	-	11,462 2%	11,462 2%	None
Spokesperson	Wei-Chieh Chang	3,356	3,356	108	108	7,858	7,858	140	-	140	-	11,462 2%	11,462 2%	None

Note 1: On February 21, 2025, the Board of Directors approved that the amounts of the employees' compensation for the year ended December 31, 2024 to be NT\$83,948 thousand. All in cash.

4. Names of and distribution to managerial officers distributing employee compensation
On February 21, 2025, the Board of Directors approved that the amounts of the employees' compensation for the year ended December 31, 2024 to be NT\$83,948 thousand. All in cash

December 31, 2024; Unit: NT\$ thousand; %

	Title	Name	Stock	Cash	Total	Proportion of total to net profit after tax (%)
Managerial officers	CEO and President	Genda Hu	-	1,286	1,286	0.22%
	Senior Executive Vice President	Jason Lin				
	Executive Vice President	Jui-Cheng Hsu				
	Executive Vice President	Pei-Tzu Wu				
	Deputy Executive Vice President	Po-Sheng Shih				
	Deputy Executive Vice President	Hung-Jen Chien				
	Senior Deputy Executive Vice President	Cheng Kuo				
	Deputy Executive Vice President	Hao-Chin Chao				
	Senior Executive Vice President	Chester. Hwang				
	Accountant Officer	Pei-Chun Chen				
	Executive Vice President, CFO, Spokesperson and Corporate governance officer	Wei-Chieh Chang				

(4) Separate comparison and description of total remuneration, as a proportion of net profit stated in the parent company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, presidents, and vice presidents, and analysis and description of remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. The proportion of net profit stated in the parent company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, presidents, and vice presidents:

Item	2024		2023	
	Individual remuneration %	Consolidated remuneration %	Individual remuneration %	Consolidated remuneration %
Director remuneration (Note 1)	5.99%	7.42%	12.26%	12.60%
Supervisor remuneration (Note 2)	—	—	—	—
Presidents/ vice presidents remuneration (Note 3)	11.46%	12.89%	26.45%	29.47%

Note 1: Includes remuneration received by directors who are also Company employees.

Note 2: Since June 21, 2012, the Audit Committee has been responsible for the supervisory duties stipulated in the relevant laws and regulations.

Note 3: Includes remuneration received by presidents/executive vice presidents who are also Company directors

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure
 - (1) The policy and standard for director remuneration distribution are in accordance with the Company's Articles of Incorporation and the Rules for Setting Director Remuneration, and are evaluated by the Remuneration Committee and recommended to the Board of Directors for approval. Director remuneration includes remuneration, business execution expenses and compensation, of which no more than 1.5% of the total amount of compensation is distributed based on the Articles of Incorporation and is related to the operating profit. The individual compensation of directors is adjusted and positively correlated with the results of their performance evaluations, including the attendance rate for the "Participation in Company Operations" and the number of training hours required for "Election and Continuing Education of Directors".
 - (2) The evaluation system and the amount of managerial officer remuneration are formulated by the Remuneration Committee, where the Committee sets the standard for the following year by evaluating their performance in the previous year. In addition to industry standards, both short-term (65%) and long-term (35%) indicators are taken into consideration while setting the standards. The short-term indicators evaluate the achievement rate of profitability targets, whereas the long-term indicators evaluate the establishment of long-term development capabilities, such as (1) new product and technology R&D results, (2) employee training and team building, and (3) corporate strategy and corporate governance performance. These indicators are evaluated by the Remuneration Committee and both the results and the following year's standards are subsequently submitted to the Board of

Directors for approval. The values of the equity and remuneration are positively correlated to the future stock price, which means that managerial officers take on the same responsibility as the Company in operational performance and share in the risks together.

- (3) Therefore, the remuneration of directors and managerial officers is related to their operational performance. The business objectives and risk management are combined; when formulating strategies/goals and budgets each year, the Company takes into account the short-, medium- and long-term risks. All of these are adjusted and tracked every year and included in the Remuneration Committee's evaluation.

2. Implementation of Corporate Governance

(1) The function of the Board

A total of 4 (A) board meetings were held in the past year. Director attendance is as follows:
2024

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (B/A)(%)	Remarks
Chairman	Genda Hu	4	0	100%	Re-election Date re-elected: May 30, 2023
Director	GWAA LLC Designated Representative: Han-Ping Shieh	4	0	100%	
Director	GWAA LLC Designated Representative: Jason Lin	3	1	75%	Date newly assumed: May 30, 2023
Director	Acer Inc. Designated Representative: Chun-Sheng Chen	3	1	75%	Re-election Date re-elected: May 30, 2023
Independent Director	Chintay Shih	4	0	100%	Re-election Date re-elected: May 30, 2023
Independent Director	Chan-Jane Lin	4	0	100%	
Independent Director	Hsing-Chien Tuan	4	0	100%	Date newly assumed: May 30, 2023
Independent Director	Chun-Hao Lai	4	0	100%	
Other matters to be noted:					
1. If any of the following is applied to the operation of the Board, specify the date and the session, the content of the motions, the opinions of all Independent Directors, and how the Company handled the opinions of the Independent Directors: (1) Items listed in Article 14-3 of the Securities and Exchange Act: The Company has set up an Audit Committee; refer to the Securities and Exchange Act Article 14-5 matters listed in Audit Committee Operations (1). (2) Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the independent directors documented or declared in writing: None					
2. Situations where the directors have personal interest conflicts to the proposal and are required to recuse themselves: Chairman recused themselves from participating in the discussion and voting on their remuneration, bonuse.					
3. Implementation status of Evaluation of the Board of Directors: Refer to table (1)-1 for details.					
4. The objective for fortifying the function of the Board in the current period and the most recent period and the evaluation of the state of accomplishment: In the fiscal year of 2023, the board of directors' term came to an end, and four independent directors were appointed, accounting for half of the board, with the recruitment of new independent directors with					

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendanc e rate (B/A)(%)	Remarks
specialized expertise to enhance the independence and diversity of the board. Continuous supervision was conducted regarding energy conservation, carbon reduction, and sustainability reporting to ensure the functional implementation of the board.					

(1)-1 Implementation status of Evaluation of the Board of Directors

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation items
Annually	Jan. 1, 2024 - Dec. 31, 2024	Members of the Board of Directors, functional committees, and individual directors	Internal self-evaluation by the Board of Directors and functional committees; self-evaluation by directors	<p>(1) Board of Directors performance evaluations:</p> <p>Participation in the Company's operations; improvement of the quality of board decisions, board composition, and structure; election and continuing education of directors; and internal controls.</p> <p>(2) Board members' performance self-evaluations:</p> <p>Alignment with the Company's goals and missions; awareness of the duties of a director; participation in the Company's operations; management of internal relationships and communications; directors' professionalism and continuing education; and internal controls.</p> <p>(3) Audit Committee performance evaluations:</p> <p>Participation in the Company's operations; awareness of audit committee duties; improvement of quality in audit committee decisions; makeup of the audit committee and election of its members; and internal controls.</p> <p>(4) Remuneration Committee performance evaluations:</p> <p>Participation in the Company's operations; awareness of Remuneration Committee duties; improvement of quality in Remuneration Committee decisions; makeup of the Remuneration Committee and election of its members; and internal controls.</p>

Every three years	Jul. 1, 2023 ~ Jun. 30, 2024	Board of Directors	Appointed Taiwan Corporate Governance Association for an evaluation	1. Composition of the Board of Directors 2. Guidance of the Board of Directors 3. Authorization of the Board of Directors 4. Supervision of the Board of Directors 5. Communication of the Board of Directors 6. Internal control and risk management 7. Self-discipline of the Board of Directors 8. Other matters such as board meetings and support systems
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(2) The function of Audit Committee

A total of 4 (A) Audit Committee meetings were held in the past year. The attendance of independent directors is as follows:

2024

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (%) (B/A)(Note)	Remarks
Independent Director	Chintay Shih	4	0	100%	Re-election Date of Re-election: May 30, 2023
Independent Director	Chan-Jane Lin	4	0	100%	
Independent Director	Hsing-Chien Tuan	4	0	100%	Date newly assumed: May 30, 2023
Independent Director	Chun-Hao Lai	4	0	100%	

Other matters to be noted:

1. Annual highlights of the Company's Audit Committee:

(1) The purpose of the Audit Committee is to assist the Board of Directors in upholding quality and integrity in overseeing the Company's implementation of accounting, auditing, financial reporting processes, and financial controls. The Committee's primary purpose is to oversee the following matters:

- (1) The Company's financial statements is presented properly.
- (2) The hiring (dismissal), independence, and performance of the CPAs (certified public accountants).
- (3) Effective implementation of the Company's internal controls.
- (4) The Company's compliance with relevant laws and regulations.
- (5) Management of the Company's existing and potential risks.

(2) The Company's Audit Committee consists of all independent directors, and at least one meeting is

held every quarter.

- (3) The CPAs explain the impact of the audit status, revision of Statement of Financial Accounting Standards (SFAS), and internal control issues on the Company to independent directors on a no less than quarterly basis at the Audit Committee meeting.
- (4) In addition to sending audit reports to independent directors for review on a regular basis, the audit unit communicates with independent directors and provides explanation to them on a no less than quarterly basis at the Audit Committee meeting.

2. For the operation of the Audit Committee in any of the following circumstances, specify the Audit Committee meeting date, the session, the content of the motions, the content of the dissenting or qualified opinion, or material recommendations made by independent directors, the resolutions of the Audit Committee and how the Company handled the opinions of the Audit Committee:

(1) The content of the particulars inscribed in Article 14-5 of the Securities and Exchange Act:

Board of Directors	Proposal and Subsequent Handling	Matters Outlined in the Securities and Exchange Act, Article 14-5	Resolutions Not Approved by the Audit Committee but Approved by at Least 2/3 of All Directors
5 th session of 8 th term of the Board February 23, 2024	1. 2023 Financial Statement.	V	
	2. Proposal for the allotment of new restricted stock for employees.	V	
	3. Fund lending continuation between subsidiaries and the parent company.	V	
	4. Evaluation of CPAs' reappointment and independence.	V	
	5. 2024 Audit Fee.	V	
	6. Amendment to some provisions of the Procedures for Endorsement and Guarantees.	V	
	7. 2023 Statement of Internal Control.	V	
	Audit Committee resolution: Approved (as proposed) by all committee members who attended the meeting.		
	Company handling of Audit Committee opinion: Approved (as proposed) by all directors who attended the meeting.		
6 th session of 8 th term of the Board May 10, 2024	1. 2024 Q1 Financial Statement.	V	
	2. Reappointment of the Company's internal Chief Audit Executive.	V	
	Audit Committee resolution: Approved (as proposed) by all committee members who attended the meeting.		
	Company handling of Audit Committee opinion: Approved (as proposed) by all directors who attended the meeting.		
7 th session of 8 th term of the Board August 9, 2024	1. 2024 Q2 Financial Statement.	V	
	2. Proposal for the allotment of new restricted stock for employees.	V	
	3. Application for fund lending between subsidiaries.	V	
	4. The Company's endorsement and guarantee of procurement for subsidiaries.	V	
	5. Amendment to some provisions of the Audit Committee Charter.	V	
	6. Establishment of the Rules Governing Financial and Business Matters Between Related Parties.	V	
	Audit Committee resolution: Approved (as proposed) by all committee members who attended the meeting.		

	Company handling of Audit Committee opinion: Approved (as proposed) by all directors who attended the meeting.		
8 th session of 8 th term of the Board November 13, 2024	1. 2024 Q3 Financial Statement.	V	
	2. Evaluation of CPAs' reappointment, independence, and suitability.	V	
	3. Establishment of the Procedures for the Preparation and Verification of ESG Reports.	V	
	4. Establishment of the Rules Governing Sustainability Information Management.	V	
	5. Formulation of 2025 Audit Plan.	V	
	Audit Committee resolution: Approved (as proposed) by all committee members who attended the meeting.		
	Company handling of Audit Committee opinion: Approved (as proposed) by all directors who attended the meeting.		
9 th session of 8 th term of the Board February 21, 2025	1. 2024 Financial Statement.	V	
	2. Application of annual loan disbursement authorization for approved fund lending to subsidiaries.	V	
	3. Proposal for the allotment, conditions, and name list for new restricted stock for employees.	V	
	4. Drafting of the employee treasury stock subscription operation procedures, conditions, and name list.	V	
	5. Allotment of new restricted stock for employees.	V	
	6. Evaluation of 2025 CPAs' appointment, independence, and suitability; AQIs (Audit Quality Indicators) Report.	V	
	7. 2025 Audit Fee.	V	
	8. 2024 Statement of Internal Control.	V	
	9. The Company's plan for the issuance of common stock by private placement.	V	
	Audit Committee resolution: Approved (as proposed) by all committee members who attended the meeting.		
	Company handling of Audit Committee opinion: Approved (as proposed) by all directors who attended the meeting.		

(2) In addition to the aforementioned motions, other motions without approval by the Auditing Committee but passed by the Board with 2/3 of the Directors: None

3. The avoidance of the conflict of interest by the Independent Directors on related motions, specify the names of the Independent Directors, the content of the motions, the principle of the avoidance of the conflict of interest, and the participation in casting the ballots: None

4. Communications between independent directors, the Company's Chief Internal Auditor and CPAs (which shall include events, methods, and results of communications with regard to the Company's financial and business conditions):

(1) The Company's Chief Internal Auditor liaises with the Audit Committee members on the audit findings regularly, presents audit reports in the quarterly meeting of the Audit Committee, and communicates with the Audit Committee members individually every time at the end of the debate on the motions after the management team has left. In case of special situation, the Chief Internal Auditor reports to the Audit Committee members.

Date of meeting	Communication item	Opinion of independent director
Feb. 23, 2024	1. Report on 2023 Q4 internal control deficiencies	Agree and no objection
	2. Report on 2023 Statement of Internal Control	Agree and no objection
May. 10,	Report on 2024 Q1 internal	Agree and no objection

	2024	control deficiencies	
		Change in Chief Internal Auditor	Agree and no objection
	Aug. 9, 2024	Report on 2024 Q2 internal control deficiencies	Agree and no objection
	Nov. 13, 2024	1. Report on 2024 Q3 internal control deficiencies	Agree and no objection
		2. 2025 Audit Plan	Agree and no objection

(2) CPAs attend the Audit Committee meeting on a quarterly basis to report on auditing status and legally-mandated matters of note. Audit Committee members liaise with the CPAs at any time when they have any questions about financial and business conditions, and communicate with the CPAs individually every time at the end of the debate on the motions after the management team has left.

Date of meeting	Communication item	Opinion of independent director
Feb. 23, 2024	Significant risks and key audit matters	Agree and no objection
May. 10, 2024	Financial reporting-related matters	Agree and no objection
Aug 9, 2024	Financial reporting-related matters	Agree and no objection
Nov. 13, 2024	Discussion on key audit matters	Agree and no objection

(3) Status of Corporate Governance as required for company, and any nonconformity to the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
1. Has the Company established and disclosed its corporate governance practices based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has set up Corporate Governance Best Practice Principles, which are disclosed on both the Company's website and the Market Observation Post System (MOPS) in accordance with the requirements.	None
2. Equity structure and shareholders' equity (1) Has the Company instituted an internal procedure for handling suggestions, questions, disputes of the shareholders and legal actions, and comply with the procedure properly?		✓	(1) The Company has assigned dedicated staff and set up an e-mail address to properly handle shareholders' suggestions, questions, and disputes. But there is no expressly stipulated detailed operating procedures.	Multiple channels have been established and are handled by dedicated personnel.

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(2) Has the Company kept track on the major shareholders roster of the Company and the parties controlling these shareholders?	✓		(2) The Company keeps track of the shareholding status of directors, managerial officers and major shareholders holding 10% or more of the shares.	None
(3) Has the Company established and implemented the risk control mechanism and firewall between the corporate headquarters and the affiliates?	✓		(3) The Company has established a risk control mechanism by formulating various management rules and regulations for transactions with affiliated companies.	None
(4) Has the company adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	✓		(4) To maintain the fairness of transactions in the security exchange market, the Company has established the Operation Procedures for Internal Material Information Disclosure and Prevention of Insider Trading in accordance with the competent authority's regulations. Additionally, the Company has disclosed an internal policy on the prohibition of insider trading, which includes, but is not limited to, prohibiting directors from trading their shares during the closed periods 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports. Moreover, on November 11, 2022, the Board of Directors approved the addition of a trading blackout period for directors, employees, and insiders. In accordance with the Procedures, directors were notified of the trading blackout period and the prohibition on insider trading on January 22, April 23, July 19, and October 25, 2024—15 or 30 days prior to the publication of financial reports.	None

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons																																																																																
	Yes	No	Summary																																																																																	
3. Composition and Responsibilities of the Board of Directors (1) Has the Board established a diversity policy, specific management goals and implemented it accordingly?	✓		<p>(1) The Company’s diversity policy is set forth in Article 20 of the Corporate Governance Best Practice Principles, and the diversity status of directors is evaluated at the time of election. In order to achieve the ideal goals of corporate governance, the Board of Directors as a whole should have the following competencies:</p> <p>(1) Ability to make operational judgments.</p> <p>(2) Ability to perform accounting and financial analysis.</p> <p>(3) Ability to conduct management administration.</p> <p>(4) Ability to conduct crisis management.</p> <p>(5) Knowledge of the industry.</p> <p>(6) An international market perspective.</p> <p>(7) Ability to lead.</p> <p>(8) Ability to make policy decisions.</p> <p>Current diversified composition of directors:</p> <p>1.The detailed backgrounds and experiences in diversity are provided in the "Disclosure of Professional Qualifications and Independence Information for Directors and Supervisors" table.</p> <p>1. The detailed backgrounds and experiences in diversity are provided in the "Disclosure of Professional Qualifications and Independence Information for Directors and Supervisors" table.</p> <p>2. The diversity policy of the Board of Directors is summarized below and is disclosed on the Company’s website:</p> <table><tr><th>Core for diversification</th><th>Gender</th><th>Business management</th><th>Leadership and Decision-making</th><th>Industrial knowledge</th><th>International market view</th><th>Crisis management</th><th>Financial Accounting</th></tr><tr><td>Name of Director</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Genda Hu</td><td>Male</td><td>v</td><td>v</td><td>v</td><td>v</td><td>v</td><td></td></tr><tr><td>Designated representative of GWAALLC: Han-Ping Shieh</td><td>Male</td><td>v</td><td>v</td><td>v</td><td>v</td><td>v</td><td></td></tr><tr><td>Designated Representative of GWAALLC: Jason Lin</td><td>Male</td><td>v</td><td>v</td><td>v</td><td>v</td><td>v</td><td></td></tr><tr><td>Designated representative of Acer Inc.: Chun-Sheng Chen</td><td>Male</td><td>v</td><td>v</td><td>v</td><td>v</td><td>v</td><td>v</td></tr><tr><td>Chintay Shih</td><td>Male</td><td>v</td><td>v</td><td>v</td><td>v</td><td>v</td><td></td></tr><tr><td>Chan-Jane Lin</td><td>Female</td><td>v</td><td>v</td><td>v</td><td>v</td><td>v</td><td>v</td></tr><tr><td>Hsiang-Chien Tuan</td><td>Male</td><td>v</td><td>v</td><td>v</td><td>v</td><td>v</td><td></td></tr><tr><td>Chun-Hao Lai</td><td>Male</td><td>v</td><td>v</td><td>v</td><td>v</td><td>v</td><td></td></tr></table> <p>3. The Company’s goal of increasing the Board’s diversity is to include at least one female director as well as one director with accounting expertise.</p>	Core for diversification	Gender	Business management	Leadership and Decision-making	Industrial knowledge	International market view	Crisis management	Financial Accounting	Name of Director								Genda Hu	Male	v	v	v	v	v		Designated representative of GWAALLC: Han-Ping Shieh	Male	v	v	v	v	v		Designated Representative of GWAALLC: Jason Lin	Male	v	v	v	v	v		Designated representative of Acer Inc.: Chun-Sheng Chen	Male	v	v	v	v	v	v	Chintay Shih	Male	v	v	v	v	v		Chan-Jane Lin	Female	v	v	v	v	v	v	Hsiang-Chien Tuan	Male	v	v	v	v	v		Chun-Hao Lai	Male	v	v	v	v	v		None
Core for diversification	Gender	Business management	Leadership and Decision-making	Industrial knowledge	International market view	Crisis management	Financial Accounting																																																																													
Name of Director																																																																																				
Genda Hu	Male	v	v	v	v	v																																																																														
Designated representative of GWAALLC: Han-Ping Shieh	Male	v	v	v	v	v																																																																														
Designated Representative of GWAALLC: Jason Lin	Male	v	v	v	v	v																																																																														
Designated representative of Acer Inc.: Chun-Sheng Chen	Male	v	v	v	v	v	v																																																																													
Chintay Shih	Male	v	v	v	v	v																																																																														
Chan-Jane Lin	Female	v	v	v	v	v	v																																																																													
Hsiang-Chien Tuan	Male	v	v	v	v	v																																																																														
Chun-Hao Lai	Male	v	v	v	v	v																																																																														
(2) Further to the establishment of the Remuneration Committee and the Auditing Committee, has the Company voluntarily established other functional	✓		(2) Other than the Remuneration Committee and the Audit Committee, the Company has not established any other functional committees.	No other functional committees have currently been																																																																																

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
committees?				established
(3) Has the Company established a methodology for evaluating the performance of its Board of Directors, performed evaluations on an annual basis, submitted the results of the performance evaluation to the Board, and used such as a reference for individual director remuneration and renomination?	✓		<p>(3) The Company conducts annual self-evaluation of the Board's performance in accordance with the Board of Directors Rules for Self-evaluation and Peer Evaluation. In addition, performance self-evaluation questionnaires are given to all members of the Board of Directors each year. Refer to (1)-1 Board of Directors' Evaluation under III. Corporate Governance Operations for the sections evaluated:</p> <p>The 2024 Annual Self-evaluation Questionnaire consisted of 40 questions in five major sections. Each director evaluated the Board's overall operational performance on a scale of 5 to 1, based on the 40 questions in the questionnaire. The evaluation results were all excellent (grade 4.9) or above. The performance evaluation results from the "Participation in Company Operations", "Meeting Attendance Rate", "Election and Continuing Education of Directors", and "Fulfilling the Required Number of Training Hours" indicators are positively correlated with director compensation, which is subject to reduction if they fail to meet the requirements. An external organization is commissioned to evaluate the Company's Board of Directors once every 3 years. The evaluation of the Company's Board of Directors was conducted in 2024 by the Taiwan Corporate Governance Association, which assessed the Board's performance and issued a report on September 13, 2024.</p>	None
(4) Has the Company evaluated the independence of the commissioned certified public accountants regularly?	✓		<p>(4) The Company evaluates the independence of the appointed CPAs on an annual basis, in accordance with Article 29 of the Corporate Governance Best Practice Principles. Additionally, the Board of Directors formulated and completed the Report on Independence and Suitability Evaluation for Certified Public Accountants (as listed in the table below), Yu-Hong Kuo and Chih-Ming Shao, the Deloitte & Touche CPAs appointed by the Company, with reference to Article 47 of the Certified Public Accountant Act and the evaluations stated in No. 10, "Integrity, Objectivity, and Independence", from the Bulletin on Norms for Certified Public Accountant Professional Ethics in the Republic of China. "The Statement of Certified Public Accountant Independence" and "Audit Quality Indicators (AQIs)" were issued by the CPAs, and reported to the Audit Committee and the Board of Directors on February 21,</p>	None

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons																																				
	Yes	No	Summary																																					
			<p>2025.</p> <p>Standards for Evaluating CPAs' Independence and Competence</p> <table><tr><th>Point of evaluation</th><th>Result</th><th>Compliance with CPA Independence</th></tr><tr><td>1. CPA is employed by the Company to perform regular work receives a fixed salary or serves as a director or supervisor.</td><td>No</td><td>Yes</td></tr><tr><td>2. CPA who once served as a director, supervisor, managerial officer, or officer of the Company has significant influence on the certification of documents/statements and has been dismissed for less than 2 years.</td><td>No</td><td>Yes</td></tr><tr><td>3. The accounting firm and the Company are affiliates.</td><td>No</td><td>Yes</td></tr><tr><td>4. CPA and Company responsible person/managerial officer are spouses, or relatives within the second degree of kinship.</td><td>No</td><td>Yes</td></tr><tr><td>5. CPA, their spouse, or minor children has/have an investment or benefit-sharing relationship with the Company.</td><td>No</td><td>Yes</td></tr><tr><td>6. CPA, their spouse, or minor child has/have fund lending with the Company.</td><td>No</td><td>Yes</td></tr><tr><td>7. CPA has been continuously appointed to provide certification services for 7 years.</td><td>No</td><td>Yes</td></tr><tr><td>8. The Company does not acquire the Statement of Independence issued by the CPA annually.</td><td>No</td><td>Yes</td></tr><tr><td>9. The quality and timeliness of audit and tax services do not meet the requirements.</td><td>No</td><td>Yes</td></tr><tr><td>10. The Company has been subject to litigation or correction by the competent authorities for financial reporting in the year under review.</td><td>No</td><td>Yes</td></tr><tr><td>11. The accounting firm's size and reputation were significantly damaged in the year under review.</td><td>No</td><td>Yes</td></tr></table>	Point of evaluation	Result	Compliance with CPA Independence	1. CPA is employed by the Company to perform regular work receives a fixed salary or serves as a director or supervisor.	No	Yes	2. CPA who once served as a director, supervisor, managerial officer, or officer of the Company has significant influence on the certification of documents/statements and has been dismissed for less than 2 years.	No	Yes	3. The accounting firm and the Company are affiliates.	No	Yes	4. CPA and Company responsible person/managerial officer are spouses, or relatives within the second degree of kinship.	No	Yes	5. CPA, their spouse, or minor children has/have an investment or benefit-sharing relationship with the Company.	No	Yes	6. CPA, their spouse, or minor child has/have fund lending with the Company.	No	Yes	7. CPA has been continuously appointed to provide certification services for 7 years.	No	Yes	8. The Company does not acquire the Statement of Independence issued by the CPA annually.	No	Yes	9. The quality and timeliness of audit and tax services do not meet the requirements.	No	Yes	10. The Company has been subject to litigation or correction by the competent authorities for financial reporting in the year under review.	No	Yes	11. The accounting firm's size and reputation were significantly damaged in the year under review.	No	Yes	
Point of evaluation	Result	Compliance with CPA Independence																																						
1. CPA is employed by the Company to perform regular work receives a fixed salary or serves as a director or supervisor.	No	Yes																																						
2. CPA who once served as a director, supervisor, managerial officer, or officer of the Company has significant influence on the certification of documents/statements and has been dismissed for less than 2 years.	No	Yes																																						
3. The accounting firm and the Company are affiliates.	No	Yes																																						
4. CPA and Company responsible person/managerial officer are spouses, or relatives within the second degree of kinship.	No	Yes																																						
5. CPA, their spouse, or minor children has/have an investment or benefit-sharing relationship with the Company.	No	Yes																																						
6. CPA, their spouse, or minor child has/have fund lending with the Company.	No	Yes																																						
7. CPA has been continuously appointed to provide certification services for 7 years.	No	Yes																																						
8. The Company does not acquire the Statement of Independence issued by the CPA annually.	No	Yes																																						
9. The quality and timeliness of audit and tax services do not meet the requirements.	No	Yes																																						
10. The Company has been subject to litigation or correction by the competent authorities for financial reporting in the year under review.	No	Yes																																						
11. The accounting firm's size and reputation were significantly damaged in the year under review.	No	Yes																																						

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<div> <div>12. Poor interaction between the CPA, management level, governance units, and the Chief Internal Auditor.</div> <div>NoYes</div> </div> <p>AQIs evaluate five dimensions with 13 indicators</p> <p>Dimension 1: Professionalism CPAs' experience in auditing, training hours, turnover rate, and professional support</p> <p>Dimension 2: Quality Control CPAs' load, engagement in the audit, engagement quality control review (EQCR), and quality control support capability</p> <p>Dimension 3: Independence Non-audit service, customer familiarity</p> <p>Dimension 4: Supervision Deficiencies discovered by external inspection and disciplinary actions, and improvement instructed by letter from the competent authority</p> <p>Dimension 5: Innovation Capability Innovation planning or initiative</p>	

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
4. Does the TWSE/TPEX Listed Company have an appropriate and appropriate number of corporate governance personnel, and has the Company designated a Corporate Governance Senior Officer to deal with corporate governance related affairs (including, but not limited to, providing directors and supervisors with information required for the execution of their duties; assisting directors and supervisors in complying with the laws and regulations; conducting board meeting and shareholders' meeting related matters; and preparing the minutes for board meetings and shareholders' meeting in accordance with the law, etc.)?	✓		<p>(1) On November 6, 2020, the Company appointed a Corporate Governance Senior Office with the approval of the Board of Directors, and the Company's CFO, was appointed on October 28, 2021. He meets the eligibility criteria of the Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE/TPEX Listed Companies and the Board's Exercise of Powers in that he has more than three years of relevant work experience; The Company has also established a Sustainability Development Task Force to assist directors and independent directors in complying with applicable laws and regulations. The Board Secretary is responsible for related matters. The main duties include, but are not limited to:</p> <ol style="list-style-type: none"> 1. Proposing and implementing CSR policies, systems, and related management guidelines and specific promotion plans, and for reporting on such to the Board of Directors annually. 2. Implementing, coordinating, and planning ethical corporate policy promotion and relevant trainings, to ensure the effectiveness of implementation. 3. Assisting the Board of Directors and management in examining and evaluating the effectiveness of ethical corporate management practices, regularly assessing compliance with business processes, and reporting annually to the Board of Directors. 4. Providing directors, independent directors, and functional committees with information required for the execution of their duties; amending corporate governance regulations; and assisting directors in complying with laws and regulations. 5. Conducting board meetings and shareholders' meetings in accordance with the Corporate Governance Best Practice Principles and corporate governance regulations. 6. Pre-registering the date of shareholders' meetings; preparing notices, manuals, and minutes of meetings within the statutory period; and registering changes in the Articles of Incorporation and re-election of directors in accordance with laws and regulations. 	None

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>(2) The number of hours for continuing education for the Corporate Governance Senior Officer is shown in the table below.</p> <p>(3) The plans and implementation status of the Sustainable Development Group under the purview of the Board of Directors are reported every year. On February 21, 2025, the Board of Directors reported on the framework, goals and plans for sustainable development in 2024.</p>	

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
5. Has the Company established a communications channel and established a designated zone on its website for stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers), and has the Company properly responded to all CSR issues such stakeholders are concerned with?	✓		<p>(1) In pursuit of sustainable development, the Company has appointed a spokesman and an acting spokesman, and has established a designated stakeholder zone on its website. Stakeholders may contact the Company at any time by phone, letter, fax, or email with the information listed on the Company's website, in order to meet their needs and concerns, as well as to serve as a reference and basis for the Company's CSR and operations & development plans in the future.</p> <p>(2) Stakeholders include investors, employees, customers, and suppliers, with each having dedicated communication channels in addition to phone, postal mail, and email.</p> <p>(3) After receiving information, internal staff transfer it to the responsible departments for coordination as circumstances require. Together with relevant departments, they communicate, discuss, settle, and respond accordingly to solve the risks and opportunities of the Company's situation, and further enhance its competitiveness. All of the above are regulated in the Consultation and Communication Management Procedures.</p>	None
6. Has the Company appointed a professional shareholder services agent to deal with shareholder affairs?	✓		The Company has appointed a professional shareholder services agent (the Transfer Agency Department of CTBC Bank Co., Ltd.) to deal with shareholder affairs.	None
7. Disclosures				
(1) Has the Company established a website for the disclosure of Company's financial and business, and corporate governance?	✓		(1) The Company has established a website (http:// www.focaltech-electronics.com/zh-TW) that is maintained by a dedicated unit. In addition to the collation and disclosure of corporate information, the Unit also regularly discloses the Company's financial- and business-related information.	None
(2) Has the Company adopted other means of disclosures (e.g., the installation of a website in English language, appointment of designated persons for the gathering and disclosure of information, the proper implementation of the spokesman system, and the minutes of the investor conference on record posted on the website)?	✓		(2) The Company has established a website in both English and Chinese, and has appointed a spokesman and an acting spokesman in accordance with their duties, who are responsible for disclosing the Company's information to the public and on the Company's website.	None
(3) Does the Company announce and report the annual financial report within two months after the end of the fiscal year? Does the Company announce and report the first, second, and third quarter financial reports and the monthly operating conditions well in advance of the required deadlines?	✓		(3) The Annual Financial Report 2024 was announced within two months after February 27, 2025. Financial reports for the first, second, and third quarters of 2024, as well as monthly operating conditions, were all announced and reported within the statutory period.	None

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including, but not limited to, employee rights and benefits, employee care, investor relations, supplier relations, stakeholder rights, status of directors' and supervisors' continuing education, implementation of risk management policies and risk assessment criteria, implementation of customer related policies, and purchase of liability insurance for directors and supervisors by the Company)?	✓		<p>(1) Implementation of employee rights and benefits, and employee care: Refer to "V. Labor Relations" within Chapter 4. Operations Overview of this annual report.</p> <p>(2) Investor relations, supplier relations, and stakeholder rights: The Company discloses its financial, business, and corporate governance information on its website at all times, providing open and transparent information for free access by general employees, investors, suppliers, and stakeholders. Additionally, a dedicated channel has been set out on the corporate website for stakeholders to ask questions or express their needs.</p> <p>(3) Status of directors' continuing education: As shown in the table below.</p> <p>(4) Implementation of risk management policies and risk assessment criteria: Refer to "VI. Analysis and Evaluation of Risk Matters for the Most Recent Fiscal Year and Up to the Publication Date of the Annual Report" within Chapter 5. Review and Analysis of Financial Conditions, Performance, and Risk Matters of this annual report; and the second paragraph of the "Status of Sustainable Development, and Any Nonconformity to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof".</p> <p>(5) Implementation of customer policy: We have established a dedicated customer service unit and an application engineering unit, to provide timely and optimal service to our customers.</p> <p>(6) Directors and Officers Liability Insurance: Liability insurance has been taken out for directors and managerial officers, and is disclosed on the Market Observation Post System (MOPS).</p>	None
<p>9. State of corrective action taken for responding to the results of the corporate governance assessment announced by Taiwan Stock Exchange Corporation in the Corporate Governance Center the most recent fiscal year, and the priority for improvement on issues pending further corrective action and related measures.</p> <p>(1) Improvements made: The Company was ranked 6%–20% among others in the annual evaluation for 2023.</p> <p>(2) Future enhancements: The presentation of CSR Report will be optimized, and the disclosure of the Company's compliance with the TCFD and SASB will be evaluated.</p>				

Further Studying Status of Directors in 2024:

Title	Name	Date of Advanced Study	Organizer	Course Name	Number of Hours
Director	Genda Hu	September 11, 2024	Securities and Futures Institute	Series Program for Directors, Supervisors, and Corporate Governance Officers: Shareholders' Meetings, Management Rights, and Equity Strategies	3
		September 19, 2024	Securities and Futures Institute	Series Program for Directors, Supervisors, and Corporate Governance Officers: Sustainable Supply Strategies amidst Rising Global Risks	3
Corporate Director Representative	Han-Ping Shieh	May 17, 2024	Taiwan Corporate Governance Association	Board of Directors Information Security Governance Oversight Strategy	3
		August 16, 2024	Taiwan Corporate Governance Association	Re-evolution of Data Centers: Development Trends of Silicon Photonics and Artificial Intelligence Servers	3
Corporate Director Representative	Jason Lin	October 18, 2024	Securities and Futures Institute	Insider Trading Prevention Seminar 2024	3
		November 15, 2024	Taiwan Corporate Governance Association	Comprehensive Intellectual Property Protection Strategy: A New Perspective on Intellectual Property Compliance Management with AI Assistance	3
Corporate Director Representative	Chun-Sheng Chen	March 29, 2024	Taiwan Corporate Governance Association	U.S.–China–Taiwan Relations and Future International Situation: Political Risks of Investing in Mainland China	3
		May 9, 2024	Taiwan Corporate Governance Association	Information Security and Risk Management	1.5
		August 8, 2024	Taiwan Corporate Governance Association	Tax Governance and Securities Regulatory Updates in the New Taxation Environment	1.5
		August 22, 2024	Taiwan Corporate Governance Association	Securities Regulations and Corporate Governance	3
		August 23, 2024	Taiwan Corporate Governance Association	The Opportunities and Risks in Digital & AI	2
		August 23, 2024	Taiwan Corporate Governance Association	Labor Standards Act Compliance: Prevention Measures, Complaints, and Disciplinary Actions for Workplace Sexual Harassment (Saying No to Harassers and Creating a Friendly Workplace)	1
		August 23, 2024	Taiwan Corporate Governance Association	Introduction to the IFRS Sustainability Disclosure Standards and Net-zero Emissions Trends in Taiwan	3

				and Other Countries	
Independent Director	Chan-Jane Lin	March 6, 2024	Taiwan Corporate Governance Association	Global Economic Outlook in 2024	1
		March 20, 2024	Taiwan Corporate Governance Association	Seminar on Strengthening Resilience and Sustainability Governance	2
		May 13, 2024	Industrial Technology Research Institute	The Opportunities and Challenges of Generative AI	3
		May 22, 2024	Taiwan Corporate Governance Association	Co-Creating the Green Ecosystem: Megatrend and Vision – TCX Operations and Prospects	1
		June 26, 2024	Taiwan Corporate Governance Association	Board Performance Evaluation Practices Sharing Seminar (2024)	3
		August 6, 2024	Taiwan Corporate Governance Association	AI Application, Regulations, and Auditing	3
		October 16, 2024	Taiwan Corporate Governance Association	20th International Corporate Governance Forum (2024): Thriving for Talent Edge via Focusing on Governance	6
		November 25, 2024	Taiwan Corporate Governance Association	Information Security Risk Management for High Tech Industry	3
		December 19, 2024	Taiwan Corporate Governance Association	Activating Asia: Key Trends in Corporate Governance across Asia	1
Independent Director	Chin-Tay Shih	November 25, 2024	Taiwan Corporate Governance Association	Information Security Risk Management for High Tech Industry	3
		December 10, 2024	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and Artificial Intelligence	3
		December 10, 2024	Taiwan Corporate Governance Association	Overseas Investment and M&A Practices Analysis and Key Issues	3
Independent Director	Jim Lai	August 6, 2024	Taiwan Corporate Governance Association	Corporate Actions on ESG and Energy Trend & Opportunities	3
		August 6, 2024	Taiwan Corporate Governance Association	International Taxation Trends and Brief Analysis of the U.S.–Taiwan Tax Relief Bill	3
Independent Director	Hsing-Chien Tuan	December 14, 2024	Accounting Research and Development Foundation	Regulations on the Preparation of Corporate Financial Information and Internal Control	3
		December 20, 2024	Taiwan Corporate Governance Association	Essential Knowledge for Directors and Supervisors to Protect Themselves: Understanding How Perpetrators Exploit Irregular Transactions and Related-Party Transactions	3

Advanced Study Status of Corporate Governance Senior Officer in 2024:

Title	Name	Date of Advanced Study	Organizer	Course Name	Number of Hours
Corporate Governance Officer	Wei-Chieh Chang	May 28, 2024	Taiwan Project Management Association	Advanced Study Courses for Directors of TWSE/TPEX Listed Companies: Application of Generative AI and ChatGPT	3
		September 12, 2024	Taiwan Investor Relations Institute	Four Tips You Must Learn When Facing Shareholder Activism	3
		October 30, 2024	Taiwan Corporate Governance Association	Directors and Supervisors Need to Know the Latest Trends in Corporate Governance Evaluation: Intellectual Property Management	3
		December 10, 2024	Taiwan Corporate Governance Association	Hostile Takeover Strategies and Corporate Governance Issues	3

(4) The operation of the Remuneration Committee

1. Information on the members of the Remuneration Committee

April 30, 2025

By identity	Conditions Name	Professional qualification and experience		Independency								Number of public companies where the members of the Remuneration Committee are also the members of the remuneration committees of these companies		
		Years of service in the company	Principal majors and experience (note 1)	Does not have the circumstances stipulated in Article 6, paragraph 1, items 1 to 8 of 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 (Note 2)									The amount of remuneration received for services rendered to the Company or its affiliates in the past two years	Number and proportion of shares held in own name, spouse's name, or names of relatives within the second degree of kinship (or names of third party)
				1	2	3	4	5	6	7	8			
Independent Director (Convener)	Chintay Shih	9	【Professional expertise】 Experiences in electrical engineering and industrial technology; operating decision-making for the board of directors and functional committees; semiconductor-related industry and academia; and risk management. 【Qualification and work experience】 Ph.D. in Electrical Engineering, Princeton University, Former Chairman of the III/ Dean of the Industrial Technology Research Institute/ Dean, School of Science and Technology Management, National Tsinghua University/ Chairman of Asia Pacific Intellectual Property Association/ Chairman of Monte Jade science & Technology Association of Taiwan/ Chairman of Chinese Institute of Engineers/ Chairman of Taiwan Semiconductor Industry Association/ Managing Director of Taiwan Electrical and Electronic Manufacturers' Association/ Chairman of Chinese Society for Management of Technology/ Chairman of Service Science Society of Taiwan/ CEO of Sun Yun-Suan Foundation/ 	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	0	3
Independent Director	Chan-Jane Lin	9	【Professional expertise】 Convener of the Company's Audit Committee. Expertise in accounting and financial management, operating decision-making management for the board of directors and functional committees, and financial industry, with experiences in computer and peripheral equipment industry and semiconductor related industry, and risk management. Extensive academic and industry experience, and is committed to promoting corporate governance in Taiwan. 【Qualification and work experience】 PhD in Accounting and Master in MBA, University of Maryland, USA/ Bachelor, Accounting Section, Department of Business Administration, National Taiwan University/ Qualification of Senior Professional and Technical Examinations Regulations of CPA, R.O.C./ Currently a professor at the Department of Accounting, National Taiwan University/ Independent Director of Vanguard International Semiconductor Corporation/ Independent Director of Advantech Co., Ltd./ Independent Director of CHIEF TELECOM INC./ Director of Accounting Research and Development Foundation/ Convenor, Managing Supervisor, Taiwan Corporate Governance Association/ Former independent director of Fubon Financial Holdings/ Independent Director of Fubon Life Insurance Co., Ltd./ Independent Director of Fubon Securities Co., Ltd./ Supervisor of Taiwan Financial Holdings Co., Ltd./ Director of Department of Accounting, National Taiwan University/ Director of School of Professional Education and Continuing Studies, National Taiwan University Acting Dean and Deputy Dean of School of Management; Director and Dean of Department of Accounting, National Taiwan University/ Assistant Professor, Department of Accounting, George Washington University	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	0	2

			Supervisor of Securities and Futures Investors Protection Center/														
Independent member	Chun-Hao Lai	3	【Professional expertise】 Experiences in operation and management of business and leadership decision-making; board of directors leadership; crisis handling and risk management; and semiconductor industry technology and market. 【Qualification and work experience】 Master of Electrical Engineering, University of California, Santa Barbara/ Graduated from Department of Electrical Engineering, National Taiwan University/ Currently Chairman of SKYMIZER TAIWAN INC./ Independent Director of Silicon Optonics, Inc./ Independent Director of Andes Technology Corporation/ Director of GIGA SOLUTION TECH. CO., LTD./ Director of Wolley, Inc.(CA Inc.)/ Director of M31 Technology Corporation/ Xconn Technologies(State of California, USA) Former co-founder of ASICtronics Solutions(San Jose, CA)/ Manager of ASIC Business Unit / Director of Design Service Division of TSMC North America/ Director of New Customer Business Division of TSMC North America / President of Global Unichip Corp.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	0	3			

Note 1: Please refer to 2. Profiles of Directors, Supervisors, President, Executive Vice President, Deputy Executive Vice President, Division Heads, and Branch Heads, (1) Directors and Supervisors, 1. Profiles of Directors and Supervisors for more details on the education and personal experience of Independent directors.

Note 2: Whether the Company's Remuneration Committee members meet the independence requirements without any of the circumstances stipulated in Article 6, Paragraph 1, Subparagraphs 1–8 of 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 is described as follows:

- (1) Not an employee of the Company or its affiliated companies.
- (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or through nominees, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top ten in holdings.
- (4) Not a manager in preceding subparagraph (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding subparagraph (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or designates its representative to serve as a director or supervisor of the Company under Article 27(1) or (2) of the Company Act. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (6) Not a director, supervisor or employee of other company such that a majority of the Company's director seats or voting shares are controlled by the same person. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (7) The chairman, president, or a person holding an equivalent position of the Company is not a director (or governor), supervisor, or employee of other company or institution, or are spouses. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (8) Not a director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specified company or institution holds at least twenty percent but not exceeding fifty percent of the total number of issued shares of the Company, and the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

2. Information on Operations of Remuneration Committee

(1) The Remuneration Committee of the Company is consisted of 3 members.

(2) Term of office of the current members: The Company's Remuneration Committee was re-elected on May 30, 2023 for the period from May 30, 2023 to May 30, 2026. A total of 2 (A) Remuneration Committee meetings were held in the past year. The qualifications of the committee members and the attendance are as follows:

2023

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (B/A) (%)	Remarks
Convener	Chintay Shih	2	0	100%	Re-election
Committee	Chan-Jane Lin	2	0	100%	Date re-elected:
Committee	Chun-Hao Lai	2	0	100%	May 30, 2023

Other matters to be noted:

- Where the Board may not take or revise the advice of the Remuneration Committee, specify the date and the session of the Board, the content of the motion, the resolution of the Board, and the response to the opinions of the Company towards the advice of the Remuneration Committee (if the resolution of the Board suggested better position of remuneration than the advice of the Remuneration Committee, specify the reasons and the variations): None
- Where members of the Remuneration Committee may have adverse opinions or qualified opinions in their resolutions on record or in written declaration: None

Remuneration Committee	Proposal and Subsequent Handling
2nd session of 6 th term of the Committee February 23, 2024	1. Proposal for distribution of 2023 employee compensation and director remuneration.
	2. Allotment conditions and the name list for new restricted stock for employees.
	Remuneration Committee resolution: Approved (as proposed) by all committee members who attended the meeting. Company handling of Remuneration Committee opinion: Approved (as proposed) by all directors who attended the meeting.
3rd session of 6 th term of the Committee April 17, 2024	1. Evaluation of 2023 Managerial Officer Remuneration.
	2. 2024 Managerial Officer Remuneration System.
	Remuneration Committee resolution: Approved (as proposed) by all committee members who attended the meeting. Company handling of Remuneration Committee opinion: Approved (as proposed) by all directors who attended the meeting.

(5) Member information and operation of the nomination committee: None

(6) Implementation status of the promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for such variance

Items for advocacy	Operation Status			Deviations from Corporate sustainable development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
1. Has the Company established a governance framework to advocate sustainable development and set up a dedicated (part-time) unit, which is headed by a senior executive at the authorization of the Board and is supervised by the Board, to advocate sustainable development?	✓		<p>1. The Company's Board of Directors approved the establishment of the Corporate Governance Team on April 24, 2018. In a report issued February 23, 2022, the Board of Directors changed the name of the Corporate Governance Team to the Sustainable Development Team. The Sustainable Development Team is under the direct purview of the Board of Directors. Additionally, the Board has authorized the Executive Secretary of the Board to serve as the Team leader to assist in promoting ESG-related matters as well as the execution and reporting of relevant matters by various units. The implementation of relevant work is supervised by the Board of Directors.</p> <p>2. The Company's Board of Directors also approved the appointment of the Corporate Governance Officer on November 6, 2020, with the Chief Financial Officer serving in the position starting October 28, 2021.</p> <p>3. The Sustainable Development Group reports the annual work plan and the results of the plan implementation to the Board of Directors every year. Different units, including finance and accounting, center for quality management, production and manufacturing, human resources and administration, audit office, are called upon based on the respective work program to discuss and complete the work.</p> <p>4. The 2024 annual plan includes: (1) continuous improvement of carbon inventory and energy conservation, (2) maintaining the Company's performance in corporate governance evaluation, (3) completion of the annual operating plan for ethical corporate management, (4) completion of the annual plan for information security, and (5) holding at least one investor conference every quarter.</p> <p>5. The aforementioned plan was successfully completed and reported to the Board of Directors on February 21, 2025.</p> <p>6. The Board of Directors reviews the development direction and appropriateness of the goals based on the quarterly report on carbon inventory progress, the annual sustainability plan, and the implementation status reported by the Sustainable Development Group, and it provides advice and guidance accordingly. The Board of Directors has agreed and issued a directive to speed up the carbon inventory and verification progress and complete it as early as 2024.</p>	None
2. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to the Company's operations, and has the Company established the relevant risk management policies or strategies based on the materiality principle?	✓		<p>1. The Company has implemented risk assessment every year and reported to the Board of Directors since 2018; the Risk Management Policy and Procedures was established on July 29, 2021 with the approval of the Board of Directors.</p> <p>2. In accordance with the Risk Management Policy and Procedures, the Risk Management Group gathers representatives from functional units every year to evaluate and make preliminary screenings based on the magnitude of risk factors affecting the Company directly or indirectly. Subsequently, the group judges and selects the major risks, compiles and analyzes the statistical results, and reports them to the operation and management meeting. Then, the risk-related responsible unit reports on the countermeasures and</p>	None

Items for advocacy	Operation Status			Deviations from Corporate sustainable development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>submits them to the operation and management meeting for discussion and approval. Finally, the results are reported to the Board of Directors by the Chairman's Office.</p> <p>3. The risk assessment covers all companies in the Group, which are primarily based in Taiwan and Mainland China. Risk assessment factors include social, environmental, and corporate governance issues, such as talent, capital, products, markets, and the environment.</p> <p>4. The Company reported its operations for FY2024 to the Audit Committee and the Board of Directors on February 23, 2024. The four members of the Audit Committee are all independent directors, and the Audit Committee and the Board of Directors are tasked with overseeing risk management. Risk assessments are carried out in accordance with procedures: supervisors identify major risk factors, discuss response measures, then submit their reports to the Audit Committee and the Board of Directors. Directors mainly oversee the ongoing implementation of carbon reduction measures and the optimization of information security.</p> <p>5. In 2024, through internal and external training sessions and operational meetings organized by the Company for mid- to senior-level management. After holding discussions and going through the procedures mentioned above, participants reached a consensus on the major risks concerning the Company, which are described as follows:</p> <p>(1). Social Concern: Talent Retention and Nurturing Risks As an IC design company, we see our employees as an important asset. Therefore, we set up a talent training program every year, with appropriate development plans for personnel at different positions and levels. In 2024, a total of 2,508 participants attended training sessions.</p> <p>(2). Environmental Sustainability: The Impact of Corporate Transformation</p> <p>A. The Company requires suppliers to comply with RoHS and REACH regulations so as to fulfill their social responsibility for environmental protection. New suppliers are required to conduct annual audits and reviews to meet the requirements of quality, cost, delivery time, and CSR. The audit items include: quality system, environmental screening standards (including green product management and ISO 14001 Environmental Safety and Health Management System Verification), and social screening standards (ISO 45001 Occupational Safety and Health Management System verification). These criteria are included in the annual evaluation of suppliers. Those who fail to meet these requirements are provided with guidance for improvement.</p>	

Items for advocacy	Operation Status			Deviations from Corporate sustainable development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>B. Continue to increase the volume of localized (Taiwan or Mainland China) production to reduce carbon emissions from transportation.</p> <p>C. Continue to perform carbon emissions self-inventory and promote electricity reduction measures, and complete ISO14064-1 counseling and verification in 2024.</p> <p>(3). Operational Governance: Geopolitics, Market Changes, End-product Concentration Risks Operational Governance: Geopolitics, Market Changes, End-product Concentration Risks The responsible unit developed a plan and measures to counter these risks and reported them to the Board of Directors. The Company attaches importance to corporate governance regulations and continuously strengthens the functions of the Board of Directors. In 2023, the Company continued to rank among the top 6–20% in the annual corporate governance evaluation results. The remaining information of the corporate governance performance is described in the “Status of Corporate Governance as Required for Company, and Any Nonconformity to the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof”.</p> <p>(4). Other risk assessment: Refer to “VI. Analysis and Evaluation of Risk Matters for the Most Recent Fiscal Year and Up to the Publication Date of the Annual Report” within Chapter 5. Review and Analysis of Financial Conditions, Performance, and Risk Matters of this annual report for details.</p>	
3. Environmental Issues (1) Has the Company established an appropriate environmental management system in accordance with its industrial characteristics?	✓		<p>As an IC design company, the Company’s business operations have low impact on the surrounding environment. In accordance with the law and the premise of sustainable development, the Company has established environmental management systems and policies. Additionally, the Company has dedicated environmental safety personnel to plan, supervise, and implement environmental systems, and has been granted the ISO 14001 International Certification.</p> <p>The external suppliers are selected from those who have been granted the ISO 14001 International Certification and have environmental responsibility. By complying with the environmental regulations of RoHS/REACH, these suppliers reduce pollutant emissions, establish proper disposal methods for waste materials, thereby providing customers with products that are free of toxic substances.</p> <p>In addition to the above, we have been granted the ISO 9001 and ISO 45001 certifications, and additionally introduce the ISO 14064-1 system in 2024.</p>	None
(2) Has the Company made effort to enhance the efficient use of energy and	✓		As an IC design company with no manufacturing plants, the Company’s business operations have low impact on the	None

Items for advocacy	Operation Status			Deviations from Corporate sustainable development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
used regenerated materials that have a low impact on the environment?			<p>environment. Every year, the Company formulates energy conservation solutions so as to save energy and reduce carbon emissions. The achievements in 2024 are described as follows:</p> <ol style="list-style-type: none"> 1. In the IT machine room, additional hot/cold aisles have been built and the air outlet has been modified to contain cool air within the server rack for energy conservation. 2. The IT server room vents are being replaced with grille-type vents to enhance airflow efficiency. Additionally, heat extraction equipment is being installed to achieve energy-saving circulation.. 3. The outdoor units are being changed from shared to individual exhaust vents to enhance heat dissipation efficiency. 4. Indoor air conditioning units are being equipped with PLC programmable control, allowing for automatic adjustment back to the set temperature within 5 seconds. They will also automatically start and stop to introduce outside air circulation during commuting hours. 5. The water dispenser will automatically start and stop operation during commuting hours. 6. Printer, photocopier consumables, and electrical supplies are being procured towards low-carbon equipment. 	
(3) Has the Company assessed the potential current and future risks and opportunities from climate change for the Company, and has the Company taken countermeasures to address the issues?	✓		<p>Every year, the Company's Risk Management Group gathers relevant units to evaluate the risk factors and countermeasures in accordance with the Risk Management Policy and Procedures. These items include the risks and opportunities brought by climate change and their countermeasures as follows, which are disclosed in the ESG Report:</p> <p>https://www.focaltech-electronics.com/zh-TW/download/index</p> <p>They identified two risks that require further attention, namely policy and legal risks and market risk</p> <p>The first issue, the policy and legal risk, is the increase in carbon pricing. The Climate Change Response Act stipulates that in 2024, a carbon fee will be imposed on products that directly or indirectly contribute to high levels of carbon emissions. This risk may potentially cause a financial impact with an increase in operating costs, but the Company will not experience any significant impacts on overall operations and finances as it is not considered a high-carbon emission enterprise at this stage. In addition to the GHG emissions inventory conducted, the Company will also begin to assess the purchase of green energy, biomass energy, and carbon credits, and set carbon reduction targets.</p> <p>The second issue, the market risk, is the increase in raw material costs for wafers. Due to climate change, in 2023 the European Union launched a trial phase of carbon tax, resulting in an increase in wafer raw material production costs, processing costs, and transportation costs, which impacted business operations. To counter this issue, a new product R&D and design optimization process was adopted that reduced the use of raw materials and increased the proportion of local procurement for the supply chain, in order to reduce the risks of rising raw material and transportation costs.</p> <p>The identified opportunities have lower impacts for a shorter period of time.</p> <p>FocalTech has further set its own goals based on the climate-</p>	None

Items for advocacy	Operation Status			Deviations from Corporate sustainable development Best Practice Principles for TWSE/TPEX Listed Companies and reasons																												
	Yes	No	Summary																													
			related risk and opportunity indicators developed by TCFD: 1. Having established the goal of achieving net-zero emissions by 2050, FocalTech plans to conduct its initial ISO 14064-1:2018 greenhouse gas inventory in 2024 and will continue to conduct greenhouse gas inventories along with third-party verification every year thereafter. 2. Continue to reduce GHG emissions on an annual basis.																													
(4) Has the Company compiled statistics on greenhouse gas emissions, water consumption, and total volume of waste materials for the past 2 years, and has the Company formulated policies for greenhouse gas reduction, water use reduction, and other waste management?	✓		<p>The Company’s statistics on greenhouse gas emissions, water consumption, and total volume of waste materials over the past 2 years are as follows (Taiwan):</p> <table><tr><th rowspan="2">Statistical Item</th><th rowspan="2">Unit</th><th colspan="2">2023</th><th colspan="2">2024</th></tr><tr><th>Total Volume</th><th>Total Volume/he adcount</th><th>Total Volume</th><th>Total Volume/he adcount</th></tr><tr><td>Water Consumption</td><td>m3</td><td>Note 2</td><td>--</td><td>Note 2</td><td>--</td></tr><tr><td>Waste</td><td>Metric Tons</td><td>0.498</td><td>0.001</td><td>0.498</td><td>0.001</td></tr><tr><td>Other Waste</td><td>Metric Tons</td><td>0.690</td><td>0.002</td><td>0.710</td><td>0.001</td></tr></table> <p>Note 1: The above table pertains to the main region in Taiwan. Note 2: Offices in Taiwan have been relocated to within industrial parks, where water usage is managed and billed by the park management. Individual water meters for each unit are not installed. Therefore, there has been no data available since the second half of 2022.</p> <p>The Company’s primary primary energy consumption is external electricity procurement. The energy-saving and carbon reduction plan for the year 2024 includes measures as described in Table 3, item (2).</p> <p>Proposed target and result: In 2024, electricity consumption at the Hsinchu data center decreased by 21.66% compared to 2023. The target for 2025 is to reduce the Group’s total annual electricity consumption by 1% compared to 2024.</p>	Statistical Item	Unit	2023		2024		Total Volume	Total Volume/he adcount	Total Volume	Total Volume/he adcount	Water Consumption	m3	Note 2	--	Note 2	--	Waste	Metric Tons	0.498	0.001	0.498	0.001	Other Waste	Metric Tons	0.690	0.002	0.710	0.001	None
Statistical Item	Unit	2023				2024																										
		Total Volume	Total Volume/he adcount	Total Volume	Total Volume/he adcount																											
Water Consumption	m3	Note 2	--	Note 2	--																											
Waste	Metric Tons	0.498	0.001	0.498	0.001																											
Other Waste	Metric Tons	0.690	0.002	0.710	0.001																											
4. Social issues (1) Has the Company established related management policy and procedure in accordance with applicable legal rules and international conventions on human rights?	✓		<p>With reference to international conventions such as the International Labor Organization (ILO) conventions and the UN Global Compact, the Company has established a Code of Human Rights, which is disclosed on the corporate website. The Company complies with labor-related laws and regulations, incorporates them in the relevant work rules and systems to protect employees’ rights and benefits, and introduces them during the new employee training course every year. https://www.focaltech-electronics.com/zh-TW/asxzcv/index/tab1#tab-anchor</p> <p>1. Held physical and online training for new hires in 2024, with a total of 92 participants (Taiwan). 2. Obtained ISO 45001 certification (valid from 2023–2026). 3. Group health insurance and annual regular health examination for employees: In 2024, a total of 423 employees completed their health examinations, an achievement rate of 98.1%. 4. Suppliers management is evaluated using the RBA questionnaire and suppliers are required to comply with human</p>	None																												

Items for advocacy	Operation Status			Deviations from Corporate sustainable development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			rights regulations, with a completion rate of 100% for key suppliers.	
(2) Has the Company established and implemented reasonable employee benefit measures (including compensation, leave, and other benefits), and are operational performance and results appropriately reflected in employee compensation?	✓		<p>Employee compensation: Compensation for the Company's new employees is certified in accordance with the Employee Compensation Criteria Guidelines, and employee promotion is handled annually in accordance with the Employee Promotion Management Guidelines. In addition to leave granted in accordance with the Labor Standards Act, the Company's leave policy allows an additional 7 days of flexible leave per year for employees. Apart from allocating more than 1% of the Company's profits to employees in accordance with the Articles of Incorporation, the Company also grants employees various types of bonuses and pay raises based on their rank, years of service, and contributions.</p> <p>Employee welfare measures: The Company has set up an Employee Welfare Committee, which allocates welfare funds every year according to the Articles of Incorporation, and plans and provides various benefits for employees, such as festive vouchers, festive activities, various subsidies, travel trips, and fun activities. Total benefit amount in 2024 is 60,564,527.</p> <p>Diversity and equality: The Company is an IC design technology company, thus most employees are male and possess a background in science, both industry and academia. The women accounting for 18% of all employees. Among them, female supervisors account for about 18% of all female employees. Nevertheless, all employees receive equal pay for equal work and have fair and equal opportunities for promotion and compensation assessment, regardless of their gender or age.</p> <p>Operational performance reflected in employee compensation: The "Employee Benefits (Salary) Information Disclosed in the Notes to the Financial Statements" disclosed on the Market Observation Post System (MOPS) indicates that the employee compensation is directly correlated to the Company's operational performance. In 2023, the Company's earnings per share (EPS) increased from NTD 1.74 to NTD 2.71 in 2024. The average salary of full-time employees not holding managerial positions rose by 22% compared to 2023, while the median salary increased by 26%.</p>	None
(3) Has the Company provided a safe and healthy work environment for employees, and provided education on labor safety and health regularly?	✓		<p>1. The Company is an IC design company and employees work in an office environment. The Company employs full-time occupational health specialists who are stationed at the facility as well as a resident physician who provides regular psychological, medical, and health consultation services. The Company also provides annual employee health examinations, which exceeds regulatory requirements. A dedicated environmental safety and health management unit with dedicated personnel has also been established in accordance with the law to carry out tasks related to environmental safety and health management.</p> <p>2. The Company has achieved the ISO 45001 Certification – an international standard for environmental and occupational health and safety management.</p> <p>3. Environmental safety operations:</p>	None

Items for advocacy	Operation Status			Deviations from Corporate sustainable development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>(1) Perform operational environment monitoring semi-annually.</p> <p>(2) Perform self-defense fire organization drill semi-annually.</p> <p>(3) Perform fire safety equipment inspection and repair annually.</p> <p>(4) Perform periodic safety inspection on building fire safety and evacuation facilities and equipment every 2 years.</p> <p>(5) Offer health counseling services with onsite physicians once every two months for 3 hours.</p> <p>4. Courses held in 2024 (Taiwan area)</p> <p>(1) Occupational Safety and Health Training for New Hires (3 hours), with a total of 61 participants and 183 training hours.</p> <p>(2) Fire Safety Training and Self-defense Fire Organization Drill for New Hires (4 hours), with a total of 54 participants and 216 training hours.</p> <p>(3) Pandemic Preparedness and Response Simulation Exercise (1 hour), with a total of 6 participants and 6 training hours.</p> <p>(4) Occupational Safety and Health Personnel Retraining, with a total of 8 participants and 41.5 training hours</p> <p>5. In 2024, no fires, casualties, injuries, or other occupational accidents (excluding traffic accidents) were reported by the Company, including its subsidiaries.</p>	

Items for advocacy	Operation Status			Deviations from Corporate sustainable development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(4) Has the Company established the training program for the effective planning of career development for employees?	✓		<p>1. The Company provides a variety of educational and training programs, and internal and external professional education and training, to enhance employees' career skills. Additionally, the Company also encourages employees to assess their own interests, skills, values and goals, and communicate their career intentions to their managerial officers, in order to formulate their future career plans.</p> <p>2. In 2024, the Company, including its subsidiaries, provided training courses based on four main categories for employees: (Note: Taiwan area)</p> <p>(1) Business Operation and Management: These courses, targeted at mid- and senior-level management, aimed to cultivate both the participants' organizational and executive abilities.</p> <p>(2) Professional Training: These courses targeted the R&D, marketing, and production and manufacturing staff whose positions are related to product research and development, design and manufacturing. These training courses were planned according to the professional knowledge and skills of each unit, and were divided into professional skills and common abilities categories to enhance employees' competitiveness in the workplace.</p> <p>(3) General Education Course: These courses, targeted at all employees of the Company, included information security education, industrial safety and environmental protection training, and fire safety drills.</p> <p>(4) New Employee Training: This course, targeted at new employees of the year, is required for employee onboarding. The course includes introductions to corporate culture, corporate products, ethical corporate management, and the personnel system.</p> <p>3. Refer to (2) Education and Training of Employees within 5. Labor Relations in this annual report for details on the number of participants, hours and expenses of training courses throughout the year.</p>	None
(5) Does the Company comply with laws, regulations, and international standards when handling issues such as customer health and safety, customer privacy, and marketing and labeling of products and services? Has the Company established a policy and complaint procedure to protect consumer and customer rights and interests?	✓		<p>The Company serves corporate customers and thus customer service and data management are all considered trade secrets of the Company. Such information (including transaction prices and conditions) is protected using computer information security authorization management, whereas confidentiality agreements are signed according to the level of technological and commercial confidentiality discussed during the product development process. The Company also complies with relevant regulations and international guidelines regarding marketing labels for the Company's products.</p> <p>In brief, the Company is in compliance with ISO 9001, ISO 14001, ISO 45001, ISO 14064-1, and ISO 27001 standards and international guidelines.</p> <p>The corporate website features a dedicated helpline for stakeholder communication and complaint submission, which is handled by designated personnel.</p>	None
(6) Has the Company established a supplier management policy that requires suppliers to comply with regulations on	✓		<p>1. The Company has established various regulations for suppliers to comply with in accordance with manufacturing processes, such as the Production Control Regulations, the Outsourcing Factory Management Regulations for the selection of new suppliers and regular audits; the Management</p>	None

Items for advocacy	Operation Status			Deviations from Corporate sustainable development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
environmental protection, occupational safety and health, and labor rights issues? Has the Company established an implementation method for such?			<p>Regulations for Hazardous Substances to the Environment, QSA and QPA questionnaires, and on-site examinations. All of these regulations help the Company to ascertain the supplier's compliance with environmental protection, occupational safety and health, and labor rights. The Company selects qualified suppliers after a comprehensive evaluation is conducted.</p> <p>2. In 2024, the Company worked with 27 suppliers, and 24 of them had achieved ISO 14001 Certification for environmental management system, accounting for 92% of the overall suppliers. Among them, the all 9 key suppliers had all achieved the Certification (100%). Additionally, 100% of raw materials used were sourced from smelters that are approved by the global sustainability initiative organization; 100% of suppliers complied with RoHS and REACH regulations; and 100% of manufacturing suppliers completed supplier system audits via QSA.</p> <p>3. Achievements in 2024: All new suppliers signed the Supplier Code of Conduct Commitment and the Corporate Social Responsibility Commitment — 100% completion rate. Please refer to the Company's ESG Report for more details.</p>	
5. Does the Company refer to international standards or guidelines in the preparation of its reports, such as Sustainability Report/ESG Report, that disclose non-financial information? Has the Company obtained a third-party verification or assurance opinion on previously-disclosed reports?	✓		<p>The Company's 2023 ESG Report was completed and disclosed on the Company's website in 2024.</p> <p>https://www.focaltech-electronics.com/zh-TW/download/index</p> <p>The 2023 ESG Report was prepared in accordance with GRI Standards and has been verified and assured by a third-party institution..</p>	Prepared in accordance with the GRI Standards and verified and assured by an independent third party.
<p>6. If the Company has formulated its own Sustainable Development Best Practice Principles in accordance with the Sustainable Development Best Practice Principles for TWSR/GTSM Listed Companies, specify the differences between its implementation and the Principles formulated:</p> <p>The Company has not formulated its own Sustainable Development Best Practice Principles, but executed the affairs in accordance with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reported the Sustainable Development Plan implementation status to the Board of Directors on a regular basis. Other related issues, such as corporate governance, environmental protection, and employee rights and interests, have been implemented in accordance with the Company's internal systems and regulations. The Sustainable Development Plan and its implementation status are disclosed on the corporate website under the ESG-related information, as well as in the ESG Report.</p> <p>https://www.focaltech-electronics.com/zh-TW/esg_overview/index</p>				
<p>7. Other important information for understanding the Company's advocacy of sustainable development implementation:</p> <ol style="list-style-type: none"> The achievements in 2023 are included in the Company's corporate governance performance, and the Company has been ranked in the top 6–20 among other companies for 7 years. The Company cooperated with various colleges and universities, including National Tsing Hua University and National Yang Ming Chiao Tung University, to jointly nurture semiconductor professionals in Taiwan and lead them to work in the semiconductor field, with NT\$6.65 million invested in 2024. FocalTech's senior officials gave lectures at these universities and our colleagues also worked with students on research projects. Additionally, we provided students with scholarship and internship opportunities. 				

(7) Climate-Related Information For Listed And OTC Companies

1 Climate-related information and implementation status

Item	Implementation Status
1. Please specify the supervision and governance duties of the Board of Directors and management levels on climate-related risks and opportunities.	1. The Sustainable Development Team is under the purview of the Board of Directors, and the Executive Secretary of the Board reports to the Board on the implementation of sustainable development work every year. The energy saving and carbon emission issues are handled by the Group's executive unit, who reports quarterly to the Board of Directors on carbon inventory and performance results, based on which the Board will provide advice and guidance accordingly.
2. Please specify how the Company's business, strategy, and finances are affected (in short-, medium-, and long-term) by the climate risks and opportunities identified by the Company.	2. The short-, medium- and long-term high-risk issues were identified and shown in the table under "(6) Implementation status of the promotion of sustainable development", "3. Environmental Issues", and "(3) Has the Company assessed the potential current and future risks and opportunities from climate change for the Company, and has the Company taken countermeasures to address the issues?"
3. Please specify the financial impacts due to extreme climate events and transitional actions.	3. Extreme weather causes high temperatures, thereby increasing electricity consumption and carbon emission costs, the requirements for low power consumption technologies, the raw material costs, etc. The main financial impacts are higher operating and R&D costs and lower profits. If the carbon reduction plan and technology enhancement are successfully implemented, it will bring profits to the Company and improve

Item	Implementation Status
<p>4. Please specify how the identification, evaluation, and management processes of climate risks are integrated into the overall risk management system.</p> <p>5. If the Company has adopted scenario analysis to assess its resilience to climate change risks, describe the scenarios, parameters, assumptions, factors analyzed, and major financial impacts.</p> <p>6. If the Company has formulated a transition plan for the management of climate-related risks, describe the content and the indicators and goals for the identification and management of physical risks and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, describe the basis for setting the price.</p> <p>8. If the Company has set climate-related goals, describe the activities covered, the scope of GHG emissions, the scheduled duration, and the target annual progress. If carbon offsetting or Renewable Energy Certificates (RECs) are used to achieve the relevant goals, describe the sources and quantities of carbon credits or Renewable Energy Certificates (RECs) used for carbon offsetting.</p> <p>9. GHG inventory and verification and assurance, and reduction targets, strategies, and specific action plans (to be filled in on Tables 1-1 and 1-2 separately).</p>	<p>sustainable development in the long run.</p> <p>4. In accordance with the Risk Management Policy and Procedures, the Risk Management Group gathers relevant units to evaluate the risk items. The executive management unit is responsible for the evaluation of climate and carbon emissions risks as well as the formulation of appropriate countermeasures, which are all disclosed in the ESG Report, with the carbon emissions issue reported to the Board of Directors as well.</p> <p>5. The Company assesses the financial impact based on the possible risk factors and their impacts as identified and listed by the Company.</p> <p>6. The Company does not have any manufacturing equipment and the manufacturing of products is fully outsourced. Since the climate issue mainly affects our suppliers, the Company will set mutual targets together with suppliers and urge them to gradually achieve the transition to a low-carbon enterprises.</p> <p>7. The Company has not yet adopted internal carbon pricing as a planning tool.</p> <p>8. The target for 2025 is to reduce the Group's total annual electricity consumption by 1% compared to 2024.</p> <p>9. In accordance with the FSC's Sustainable Development Roadmap, the Company needs to complete its carbon</p>

Item	Implementation Status
	inventory by 2026 and have the data verified for GHG assurance by 2028. A full disclosure on the information, including Tables 1-1 and 1-2, will be made by then.

1-1 GHG inventory and verification and assurance for the past two years.

Item	Total Emissions		GHG Intensity		Assurance agency	Assurance status explanation
	(tCO2eq/yr)		((tCO2eq/yr) /Million)			
Year	2023	2024	2023	2023	There was no assurance provider in 2023; TUV NORD Taiwan Co., Ltd. was appointed as the Company’s assurance institution for 2024.	There was no assurance in 2023; Assurance has been completed in 2024.
Scope 1	1,194.10	42.1	0.09	0.00		
Scope 2	801.57	799.96	0.06	0.06		
Total	1,995.67	842.07	0.15	0.06		

Note : The above table is for the Taiwan parent company. Scope 3 has not been inventoried yet.

1-2 GHG reduction targets, strategies, and specific action plans:

- (1) Short-term: a 5% carbon emissions reduction in the data processing room in 2024 as compared to 2023.
- (2) Long-term: net-zero emissions by 2050 is the ultimate goal.
- (3) Conducting climate change risk and opportunity analysis and implementing response measures in accordance with TCFD and Financial Supervisory Commission (FSC) requirements, and obtaining ISO 14064-1 third-party verification every year.
- (4) Compiling a list of green electricity suppliers, keeping abreast of the green electricity market, making plans to procure green electricity in order to replace the existing primary electricity source by 2040, and reducing Scope 2 GHG emissions.
- (5) Keeping abreast of the carbon credit market.

(8) Differences Between Implementation of Ethical Corporate Management and Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, Including Reasons For Such

Items for evaluation	Implementation Status			Deviations from "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summary	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Has the Company established an ethical corporate management policy that has been approved by the Board of Directors, and clearly stated the ethical corporate management policy and practices, as well as the commitment of the Board of Directors and the top management to actively implementing the management in the Articles of Incorporation and external documents?</p>	✓		(1) The Company's Board of Directors approved the Code of Business Conduct and Ethics on October 26, 2018. The Company's policies and practices on ethical corporate management are clearly stated on the Company's website and in external customer and supplier documents. Internally, the Company provides training to new employees annually, holds meetings from time to time to promote integrity and ethical conduct, and has adopted a whistleblowing system to demonstrate the commitment of the Board of Directors and management to actively implementing the ethical corporate management policy.	None
<p>(2) Has the Company established a mechanism to assess unethical conduct risks? Does that Company regularly analyze and evaluate the business activities within its scope of business that have a higher risk of unethical conduct? Has the Company accordingly formulated a plan to prevent unethical conduct, covering at a minimum the preventive measures for the acts mentioned in Article 7-2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p>	✓		<p>(2) The Company has established an Internal Control System, Internal Audit System, Whistleblowing System, Employee Grievance System, and Code of Business Conduct and Ethics to prevent unethical conduct. Items completed in 2024 (Taiwan):</p> <p>1.The spirit of the Code of Business Conduct and Ethics was explained in the education and training programs for new hires, with a total of 63 participants.</p> <p>2.New employees signed a pledge to abide by industrial business conduct and ethics, totaling 63 people.</p> <p>3.Held an awareness-raising course on the Code of Business Conduct and Ethics among current employees, using questionnaire and end-of-course examination, with an achievement rate of 100%.</p>	
<p>(3) Whether the Company has stipulated the operating procedures, conduct guidelines, disciplinary actions against violations as well as grievance system in the plan to prevent unethical conducts, implemented the execution thereof, and regularly reviewed and revised the aforementioned plan?</p>	✓		(3) The Company has established the Code of Business Conduct and Ethics and the Whistleblowing System to provide clear guidelines and operation procedures for the conduct of directors, managerial officers, employees, appointees, and persons having substantial control over the Company, and to help Company customers, suppliers, external parties, and other stakeholders be more aware of the Company's ethical standards. As for confirmed cases of unethical conduct, disciplinary measures are taken against the violators; if necessary, legal action is also taken. Also, relevant departments are then instructed to review the Internal Control System and operation procedures.	

Items for evaluation	Implementation Status			Deviations from "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summary	
<p>2. The Materialization of Ethical Management</p> <p>(1) Has the Company evaluated the record on ethical practices of its counterparties, and has specified the clause of business ethic in the agreements binding the Company and its counterparties?</p> <p>(2) Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management, and to report to the Board of Directors on a regular basis (at least once a year) regarding ethical corporate management policies and plans, in order to prevent unethical conduct and to monitor their implementation?</p> <p>(3) Has the Company mapped out the policy for the avoidance of the conflict of interest and has provided suitable channels for such purpose, and properly pursued the policy?</p> <p>(4) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management? Has the internal auditing unit prepared an audit plan based on the assessment results for unethical conduct risks, and checked compliance with the unethical conduct prevention plan accordingly, or appointed a CPA to conduct the audit?</p> <p>(5) Has the Company organized internal and external training on ethical management?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company conducts credit evaluations before entering into transactions with important customers and credit trading, in order to avoid dealing with those who have a history of unethical conduct. Moreover, the Company requests the signing of the Integrity Pledge and the Corporate Social Responsibility Pledge by suppliers. In 2024, the number of suppliers signing such pledges reached 100%.</p> <p>(2) The Company's Board of Directors approved the Code of Business Conduct and Ethics on October 26, 2018. The executive management unit of the Sustainable Development Group, which is under the purview of the Board of Directors, is responsible for the formulation and promotion of the ethical corporate management policy. The Group's duties are as described above for the corporate governance operations, and the operation plan and implementation status are reported to the Board of Directors on an annual basis. The operation work for 2024 was reported to the Board of Directors on February 21, 2025.</p> <p>(3) The Company has established the Operation Procedures for Internet Material Information Disclosure and Prevention of Insider Trading, the Whistleblowing System and employee grievance procedures to provide appropriate channels for those who have the need to file a complaint and with specific reasons for any illegal, abusive, or improper conduct related to official duties. The grievance channels are listed on the corporate website for access by both employees and outsiders.</p> <p>(4) The Company has established an accounting system for accounting personnel to follow in the execution of their duties. Additionally, the Company has established an internal control system in accordance with laws and regulations along with actual operating circumstances. The Company also conducts audit-related work, and reports the audit results to Audit Committee and the Board of Directors on a regular basis.</p> <p>(5) The training of new employees regularly includes the promotion of ethical corporate management as well as industrial business conduct and ethics. Occasional training sessions are held for specific employees to enable them to clearly understand the Company's ethical</p>	None

Items for evaluation	Implementation Status			Deviations from "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summary	
			corporate management philosophy and standards. The 2024 implementation status is as described above in Paragraph 1-2.	
<p>3. The reporting system of the Company in action</p> <p>(1) Has the Company established a reporting and reward system and the channels for facilitating the report on unethical practices, and has appointed designated personnel to handle the subject of reporting?</p> <p>(2) Has the Company created a standard operating procedure (SOP) for the investigation of reported matters, follow-up measures to be taken after the completion of the investigation, and relevant confidentiality mechanisms?</p> <p>(3) Has the Company taken protection measures to protect the informant from improper treatment after reporting on unethical practices?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has established a Whistleblowing System with a dedicated mailbox, in addition to a complaint filing channel on the Company's website. All reported matters are managed by the Audit Committee convener and the audit supervisor shall jointly receive and manage the reported matters, and handle them as confidential cases to protect the informant. Whistleblowing Mailbox: whistleblower@focaltech-electronics.com</p> <p>(2) The Company has established a Whistleblowing System to manage reported matters, and all related documents and information are considered confidential; all employees involved in the handling of these matters are responsible for maintaining complete confidentiality.</p> <p>(1) The informant may submit relevant evidence along with their contact information via e-mail or in writing.</p> <p>(2) Upon receipt of a case, an investigation will be launched. Meetings will be convened with relevant units based on the reported matter, which will be treated as a confidential internal matter.</p> <p>(3) If the reported matter is deemed a violation of laws and regulations or the Company's rules and regulations after the investigation, based on the case circumstances, it will either be reported to the competent authority for further investigation or be handled in accordance with the Company's internal regulations. If there is found to be no concrete evidence, the case will be closed and kept on file.</p> <p>(4) For the reported matter that is deemed a violation of laws and regulations or the Company's rules and regulations, a report on the investigation results and handling suggestions will be submitted to the superior officer. If the person accused is a general employee, the report will be submitted to the supervisor or the president overseeing the department to which the accused belongs; if the person accused is a senior management officer or at a higher rank at the Company, and the reported matter is a serious violation of the laws and regulations, the report will be submitted to the Chairman or independent directors.</p> <p>(3) The Company has a Whistleblowing System in place and is responsible for ensuring the confidentiality of informants' data and the protection of their rights and interests, in order to prevent them from receiving</p>	None

Items for evaluation	Implementation Status		Summary	Deviations from "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No		
			improper treatment as a result of whistleblowing. There were no cases reported in 2024.	
4. Enhancing Information Disclosure Has the Company disclosed the content of Ethical Corporate Management Best Practice Principles and the result at its official website and MOPS?	✓		The Company has disclosed the Code of Business Conduct and Ethics on the Company website, where implementation plans and results are regularly disclosed.	None
5. If the Company has established performance of good-faith management best practice principles based on "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the principles and their implementation: None				
6. Other vital information that helps to understand the practice of ethical management of the Company (e.g., the review and amendment to the Ethical Corporate Management Best Practice Principles of the Company): None				

(9) Other important information sufficient to improve understanding of how corporate governance works: none

(10) Implementation Status of Internal Control System

1. Internal Control System Statement

FocalTech Systems Co., Ltd.
Internal Control System Statement



Date: February 21, 2025

With regard to the 2024 internal control system, the Company declares the following based on the self-evaluation findings:

1. The Company is fully aware that establishing, implementing, and maintaining an internal control system are the responsibility of its Board of Directors and managerial officers. The Company has established such a system to provide reasonable assurance for attaining the aims of the effectiveness and efficiency of business operations (including profits, performance, safeguarding of asset security, etc.); reliability, timeliness, transparency of reporting; and compliance with the governing laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system provides assurance to the aforementioned aims only to a reasonable extent. Moreover, due to changes of environments and circumstances, the effectiveness of an internal control system may change accordingly. Nevertheless, the internal control system of the Company is equipped with a self-monitoring mechanism, and the Company takes corrective actions as soon as any fault is identified.
3. The Company determines the design and operating effectiveness of its internal control system in accordance with the determining factors provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the “Regulations”). The internal control system determining factors specified in the Regulations divide an internal control system into five elements based on its management: 1. Control Environment, 2. Risk Assessment, 3. Control Operations, 4. Information and Communications, and 5. Monitoring. Each element further contains several items. Refer to the Regulations for the aforementioned items.
4. The Company has adopted the aforementioned internal control system determining factors to examine the design and operating effectiveness of its internal control system.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company deems that the internal control system as of December 31, 2024 (including supervision and management of subsidiaries), which encompass internal controls for knowledge of the accomplishment degree of operating effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with the governing laws and regulations, are effectively designed and implemented, and reasonably assure accomplishment of the abovementioned aims.
6. This Statement constitutes the main content of the Company’s annual report and prospectus, and will be made public. Any wrongful act pertaining to falsification or concealment involving the above public declaration will be subjected to legal liabilities under Articles 20, 32, 171, and 174 of, and other regulations relating to, the Securities and Exchange Act.
7. This Statement was approved by the Board Meeting of the Company held on February 21, 2025, where none of the eight attending directors expressed dissenting opinions, and all consented to the content of this Statement.

FocalTech Systems Co., Ltd

Chairman: Genda Hu



Signature/Stamp

President: Genda Hu



Signature/Stamp

2. If a CPA is appointed to review the internal control system, the review report shall be disclosed: N/A.

(11) Major resolutions of the Shareholders' Meeting and the Board in the most recent year to the date this report was printed

1. Important Resolutions of the Board of Directors

Date	Important Resolutions
Feb. 23, 2024	Approved the 2023 Business Report and Financial Statement.
	Approved the 2023 earnings distribution proposal.
	Approved the amounts of employee and director compensation for 2023, and the distribution method and recipients for such.
	Approved the 2024 annual operating budget.
	Approved the conditions and name list for the allotment of new restricted employee shares.
	Approved the annual authorization of appropriations for fund lending to a subsidiary.
	Approved renewal of the bank line of credit for the Company.
	Approved the addition and renewal of the bank line of credit for a subsidiary.
	Approved the proposal for redemption and cancellation of new restricted shares for employees.
	Approved the appointment of CPAs for 2024, the evaluation of CPAs' independence and competence, and the AQIs (Audit Quality Indicators) Report.
	Approved the 2024 Audit Fee.
	Approved matters related to the Company's 2024 Annual General Shareholders' Meeting.
	Approved the amendment to some provisions of the Procedures for Endorsement and Guarantees.
	Approved amendments to portions of the Rules of Procedure for Board of Directors Meetings.
May 10, 2024	Approved the 2023 Statement of Internal Control.
	Approved the 2024 Q1 Financial Statement.
	Approved renewal of the bank line of credit for the Company.
	Approved the addition and renewal of the line of credit by bank for a subsidiary.
	Approved the proposal for redemption and cancellation of new restricted shares for employees.
	Approved the change of the Company's Chief Internal Auditor.
	Approved the 2023 compensation evaluation for CEO and President.
Aug. 9, 2024	Approved the 2024 compensation evaluation for CEO and President.
	Approved the 2024 Q2 Financial Statement.
	Approved renewal of the bank line of credit for the Company.
	Approved renewal of the bank line of credit for a subsidiary.
	Approved withdrawal of the proposal for redemption of new restricted employee shares.
	Approved the allotment of new restricted employee shares.
	Approved the fund lending between subsidiaries.
	Approved the Company's endorsement of procurement for a subsidiary.
	Approved amendment to the Audit Committee Charter.
	Approved adoption of the Rules Governing Financial and Business Matters Between Related Parties.

Date	Important Resolutions
	Approved the 2023 ESG Report.
Nov. 13, 2024	Approved the 2024 Q3 Financial Statement.
	Approved renewal of the bank line of credit for the Company.
	Approved withdrawal of the proposal for redemption of new restricted employee shares.
	Approved the Company's reappointment of CPAs and the evaluation of CPAs' independence and competence.
	Adoption of the Procedures for the Preparation and Verification of ESG Reports.
	Adoption of the Rules Governing Sustainability Information Management.
	Approved the 2025 Audit Plan.
Feb. 21, 2025	Approved the 2024 Business Report and Financial Statement.
	Approved the proposal for 2024 earnings distribution.
	Approved the amounts of employee and director compensation for 2024, and the distribution method and recipients for such.
	Approved the annual operating budget for 2025.
	Approved renewal of the bank line of credit for the Company.
	Approved renewal of the bank line of credit for a subsidiary.
	Approved the annual authorization of appropriations for fund lending to a subsidiary.
	Approved the allotment, conditions, and name list of new restricted employee shares.
	Approved the treasury stock employee subscription operation procedures, and the conditions and name list for treasury stock subscription.
	Approved the repurchase of common stock (treasury stock).
	Approved the issuance of new restricted employee shares.
	Approved withdrawal of the proposal for redemption of new restricted employee shares.
	Approved amendment to the Articles of Incorporation.
	Approved amendment to the Rules of Procedure for Shareholders' Meetings.
	Approved the Company's private placements of common stock.
	Approved matters related to the Company's 2025 Annual General Shareholders' Meeting.
	Approved the appointment of CPAs for 2025, the evaluation of CPAs' independence and competence, and the AQIs (Audit Quality Indicators) Report.
	Approved the 2025 Audit Fee.
	Approved the 2024 Statement of Internal Control.

2. Important Resolutions of Shareholders' Meeting and Implementation Status

Date	Important Resolutions and Implementation Status Thereof
June 7, 2024	1. Recognition of 2023 Business Report and Financial Statement. Implementation status: Resolution was adopted.
	2. Recognition of 2023 Earnings Distribution Proposal. Implementation status: Resolution was adopted.
	3. Approval of the amendment to the Procedures for Endorsement and Guarantees. Implementation status: Resolution was adopted.

(12) Adverse opinion from directors or supervisor over important resolution of the Board in the most recent year until the day the Annual Report was printed with records or written declaration, and the contents of such opinion: None

3. Disclosure of the CPAs' fee

(1) Fee information

Unit: NT\$ thousand

Accounting Firm	Names of CPAs	Duration of Audit	Auditing fee	Non-Auditing fee	Total	Note
Deloitte & Touche	Yu-Hong Kuo, Chih-Ming Shao	Jan. 1, 2024 to Sep. 30, 2024	4,380	868	5,248	Non-Audit fee: 1. The amount paid on behalf of the Company during the audit period: 788. 2. Obsolete-inventory review fee: 30. 3. Payroll information checklist: 50.
	Huei-Min Huang, Chih-Ming Shao	Oct. 1, 2024 to Dec. 31, 2024				

(2) If there is a change in the accounting firm, and the audit fees paid for the fiscal year in which the change took place are lower than those paid for the fiscal year immediately preceding the change, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: N/A.

(3) When the audit fees paid for the current fiscal year are lower than those paid for the immediately preceding fiscal year by 10% or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: N/A.

4. Changes of CPA:

(1) Information on Predecessor CPA

Date of Replacement	November 13, 2024		
Reason for replacement and explanation	Accounting firm's internal adjustment		
Whether the Company terminated or discontinued the engagement, or the CPA voluntarily ended the engagement or declined further engagement	The person involved		
	Situation	CPA	The Company
	Voluntarily ended the engagement	N/A	N/A
The opinion and reason for the audit report issued by the CPA during the two most recent years containing expressions other than an unqualified opinion	Declined (Discontinued) further engagement	N/A	N/A
	None		
Any disagreement	Yes		Accounting principles or practices
			Financial report disclosure
			Auditing scope or procedure
			Others

between the CPA and the Company			
	No	✓	
	Explanation		
Other disclosures (Matters related to Article 10, paragraph 6, items 1 (4) to (7) of the Regulations that shall be disclosed)	None		

(2) Information on the successor CPA

Name of the accounting firm	Deloitte & Touche
Name of the CPA	Changed to CPA Huei-Min Huang, CPA Chih-Ming Shao on November 13, 2024.
Date of engagement	November 13, 2024
The subjects discussed during the consultations as well as their results regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the Company's financial report prior to the formal engagement of the successor CPA	None
Written views obtained from the successor CPA regarding the matters on which the Company did not agree with the former CPA	None

(3) The content of the reply letter from the previous CPA regarding Article 10, paragraph 6, items 1 and 2 (3) of the Regulations: N/A

5. The chairman, president, chief financial or accounting manager of the Company who holds position in the business under the commissioned CPA firm or its affiliates in 1 year: None

6. In the most recent year to the date this report was printed, directors, supervisors, managerial officers and the shareholders holding more than 10% of the shares in the transfer of shares and pledge of shares under lien, and any change thereof.

(1) Changes in shareholdings:

Unit: Share

Title	Name	2024		As of March 28, 2025	
		Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares	Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares
Director and President	Genda Hu	250,928 (51,000)	0	17,000	0
Director	GWAALLC Representative: Han-Ping Shieh	0	0	0	0
Director	GWAALLC Representative: Wei-Chieh Chang				
Director	Acer Incorporated Representative: Chun-Sheng Chen	0	0	0	0
Independent Director	Chintay Shih	0	0	0	0
Independent Director	Chan-Jane Lin	0	0	0	0
Independent Director	Hsing-Chien Tuan	0	0	0	0
Independent Director	Jim Lai	0	0	0	0
Senior Vice President	Jason Lin (Date discharged: March 28, 2025)	133,333 (40,000)	0	48,333	0
Senior Vice President	Chester.Hwang	100,000 (100,000)	0	30,000	0
Vice President	Jui-Cheng Hsu	88,003 (30,000)	0	42,000 (32,000)	0
Vice President	Pei-Tzu Wu	92,170 (63,000)	0	39,000 (30,000)	0
Vice President, CFO, Spokesperson and Corporate Governance Officer	Wei-Chieh Chang	113,500 (163,500)	0	61,000 (35,000)	0

Senior Deputy Vice President	Chen Kuo	52,333 (52,000)	0	38,000 (30,000)	0
Deputy Vice President	Po-Sheng Shih	43,602 (43,500)	0	13,833 (10,000)	0
Deputy Vice President	Hung-Jen Chien	55,802 (70,802)	0	16,100 (12,000)	0
Deputy Vice President	Hao-Chin Chao	49,333 (46,000)	0	29,000 (22,000)	0
Accountant Officer	Pei-Chun Chen (Date discharged: February 21, 2025)	6,000 (4,000)	0	0	0
Accountant Officer	Susanna Wang ((Date assumed:March 25, 2025)	0	0	0	0

Note 1: Since June 21, 2012, the Audit Committee has been responsible for the duties of a supervisor as stipulated in the laws and regulations.

Note 2: The shareholding changes are disclosed from the date of assumption of duty until the date of discharge.

(2) Information on any transfer of equity interests by a director, supervisor, managerial officer, shareholder related party with a stake of more than 10 percent (where the counterparty in any such transfer of equity interests is a related party): None.

(3) Information on any pledge of equity interests by a director, supervisor, managerial officer, shareholder related party with a stake of more than 10 percent (where the counterparty in any such pledge of equity interests is a related party): None.

7. Information on shareholders among the top 10 by proportion of shareholding who are related parties to one another or spouse, kindred within the 2nd degree of kinship

March 28, 2025; Unit: share; %

Name	Own shareholdings		Shares held by spouse & minor children		Shareholdings under the title of a third party		If there are related parties, spouses, or relatives within two degrees of kinship among the top 10 shareholders, give the names and affiliations of such shareholders		Note
	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Name	Relation	
Acer Incorporated Responsible Person: Chun-Sheng Chen	8,732,688	3.98	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
GWAALLC Responsible Person: Genda Hu	4,158,691	1.90	-	-	-	-	-	-	-
	1,695,120	0.77	455,072	0.21	-	-	-	-	-
CTBC Bank Trust Account in its Capacity as Trustee for Restricted Shares of FocalTech Systems Co., Ltd. Employees with Voting Rights and with Rights to Dividends	2,970,933	1.35	-	-	-	-	-	-	-

Name	Own shareholdings		Shares held by spouse & minor children		Shareholdings under the title of a third party		If there are related parties, spouses, or relatives within two degrees of kinship among the top 10 shareholders, give the names and affiliations of such shareholders		Note
	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Number of shares	Ratio of shareholding	Name	Relation	
JPMorgan Chase Bank Hosting Vanguard STAR Developed Markets Index Fund	2,696,403	1.23	-	-	-	-	-	-	-
JPMorgan Chase Bank N.A., Taipei Branch in Custody of Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	2,471,482	1.13	-	-	-	-	-	-	-
CTBC Bank has been entrusted with the custody of a collective investment account for the transfer, subscription, and allotment of marketable securities for FocalTech Electronics, Ltd.'s Mainland China employees issued by FocalTech Systems Co., Ltd.	2,373,750	1.08	-	-	-	-	-	-	-
Japan Securities Finance Co., Ltd.	2,039,000	0.93	-	-	-	-	-	-	-
Genda Hu	1,695,120	0.77	455,072	0.21	4,158,691	1.89	GWAA LLC	GWAALLC Responsible Person	-
Citi (Taiwan) Commercial Bank has been entrusted in custody of the special investment account of Poluning Emerging Markets Fund Company	1,686,000	0.77	-	-	-	-	-	-	-
Zhi-yuan Huang	1,550,000	0.71	480,000	0.22	-	-	-	-	-

Note: Calculation of shareholding ratio refers to calculation of the ratio of shares held in own name, spouse's name, minor children's name(s), or names of third party.

8. Quantity of shareholdings of the same investee by the Company and Directors, Supervisors, Managial Officer, and direct or indirect subsidiaries in proportion to the combined holdings of all, and combined to calculate the proportion of overall shareholding.

Dec. 31, 2024; Unit: Share ; %

Investee	Investment made by the Company		Investment made by directors, supervisors, managerial official and direct or indirect subsidiaries		Combined investment	
	Number of Shares	Ratio of share-holding	Number of Shares	Ratio of share-holding	Number of Shares	Ratio of share-holding
FocalTech Corporation, Ltd.	5,491,200	100	—	—	5,491,200	100
FocalTech Electronics, Ltd.	2	100	—	—	2	100
FocalTech Systems, Inc.	—	—	100	100	100	100
FocalTech Systems, Ltd.	—	—	2	100	2	100
FocalTech Electronics Co., Ltd.	—	—	2,000,000	100	2,000,000	100
FocalTech Electronics (Shanghai) Co., Ltd.	—	—	Note	100	Note	100
FocalTech Electronics (Shenzhen) Co., Ltd.	—	—	Note	100	Note	100
FocalTech Systems (Shenzhen) Co., Ltd.	—	—	Note	100	Note	100
FocalTech Smart Sensors Co., Ltd.	1,591,914	9.14	10,180,237	58.45	11,772,151	67.59
Hefei PineTech Electronics Co., Ltd.	—	—	Note	100	Note	100
Chengdu FocalTech Systems Co., Ltd.	—	—	Note	100	Note	100
FocalTech Smart Sensors, Ltd.	3,000,000	9.14	19,188,050	58.45	22,188,050	67.59

Note: The Company is a limited liability company, so there are no numbers for issued shares.

III. Capital Overview

1. Capital and Shares

(1) Sources of Capital Stock

1. Formation process of Capital Stock

April 30, 2025; Unit: Thousand share; NT\$ thousand

Period	Price at issuance	Authorized shares capital		Paid in capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital Stock	Property other than cash is paid by subscribers	Other
Mar. 2019	12.2~17.24	500,000	5,000,000	298,743	2,987,432	Common share transfer from employee stock options: 1,025,000	—	Mar. 15, 2019- Zhu-shang-tzu No.1080007161
May 2019	12.2~17.24	500,000	5,000,000	298,792	2,987,924	Common share transfer from employee stock options: 492,000	—	May 22, 2019- Zhu-shang-tzu No.1080014570
Aug. 2019	12.2~13.68	500,000	5,000,000	299,439	2,994,394	Common share transfer from employee stock options: 6,470,000	—	Aug. 23, 2019- Zhu-shang-tzu No.1080024643
Dec. 2019	12.2	500,000	5,000,000	299,486	2,994,857	Common share transfer from employee stock options: 463,000	—	Dec. 2, 2019- Zhu-shang-tzu No.1080034877
Feb. 2020	12.2~17.24	500,000	5,000,000	299,676	2,996,759	Common share transfer from employee stock options: 1,903,000	—	Feb. 25, 2020- Zhu-shang-tzu No.1090005750
May 2020	4.2~28.3	500,000	5,000,000	299,907	2,999,069	Common share transfer from employee stock options: 2,310,000	—	May 27, 2020- Zhu-shang-tzu No.1090014602
Aug. 2020	12.2~24.51	500,000	5,000,000	299,995	2,999,949	Common share transfer from employee stock options: 880,000	—	Aug. 19, 2020- Zhu-shang-tzu No.1090023661
Sep. 2020	10	500,000	5,000,000	210,023	2,100,228	Cash reduction common share : 899,721,000	—	Sep. 14, 2020- Zhu-shang-tzu No.1090026694
Nov. 2020	12.2~24.51	500,000	5,000,000	210,046	2,100,456	Common share transfer from employee stock options: 228,000	—	Nov. 24, 2020- Zhu-shang-tzu No.1090033305
Mar. 2021	15.9~36.8	500,000	5,000,000	210,353	2,103,532	Common share transfer from employee stock options: 3,076,000	—	Mar. 3, 2021- Zhu-shang-tzu No.1100005620
Apr. 2021	10	500,000	5,000,000	216,102	2,161,022	Common share from issuing of new restricted employee shares:57,490,000	—	May 3, 2021- Zhu-shang-tzu No. 1100012259
May 2021	15.9~36.8	500,000	5,000,000	216,277	2,162,769	Common share transfer from employee stock options: 1,747,000	—	May 20, 2021- Zhu-shang-tzu No. 1100014308
Aug. 2021	10	500,000	5,000,000	216,513	2,165,129	Common share from issuing of new restricted employee shares:2,360,000	—	Aug. 4, 2021- Zhu-shang-tzu No. 1100021939
Aug. 2021	15.9~36.8	500,000	5,000,000	216,592	2,165,921	Common share transfer from employee stock options: 792,000	—	Aug. 18, 2021- Zhu-shang-tzu No. 1100023341
Nov. 2021	15.9~36.8	500,000	5,000,000	216,510	2,165,097	Common share transfer from employee stock options: 694,000 Common share from cancellation of new restricted employee shares:1,400,000	—	Nov. 18, 2021- Zhu-shang-tzu No. 1100034139

Period	Price at issuance	Authorized shares capital		Paid in capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital Stock	Property other than cash is paid by subscribers	Other
						Common share from cancellation of treasury shares: 119,000		
Mar. 2022	15.9~36.8	500,000	5,000,000	216,237	2,162,367	Common share transfer from employee stock options: 530,000 Common share from cancellation of new restricted employee shares: 326,000	—	Mar. 18, 2022- Zhu-shang-tzu No. 1110009309
May 2022	15.9~36.8	500,000	5,000,000	216,435	2,164,347	Common share transfer from employee stock options: 2,140,000 Common share from cancellation of new restricted employee shares: 160,000	—	May 19, 2022-Zhu-shang-tzu No. 1110015567
Oct. 2022	36.17	500,000	5,000,000	216,362	2,163,617	Common share transfer from employee stock options: 90,000 Common share from cancellation of new restricted employee shares: 820,000	—	Oct. 4, 2022-Ching-shou-shang-tzu No. 11101161400
Dec. 2022	36.17	500,000	5,000,000	216,238	2,162,377	Common share transfer from employee stock options: 200,000 Common share from cancellation of new restricted employee shares: 1,440,000	—	Dec. 23, 2022- Ching-shou-shang-tzu No. 11101228830
Mar. 2023	12.8	500,000	5,000,000	216,111	2,161,107	Common share transfer from employee stock options: 190,000 Common share from cancellation of new restricted employee shares: 1,460,000	—	Mar. 27, 2023- Ching-shou-shang-tzu No. 11230044310
Jul. 2023	12.8~29.68	500,000	5,000,000	215,977	2,159,770	Common share transfer from employee stock options: 464,000 Common share from cancellation of new restricted employee shares: 1,800,000	—	Jul. 6, 2023- Ching-shou-shang-tzu No. 11230100090
Sep. 2023	10	500,000	5,000,000	215,930	2,159,300	Common share from cancellation of new restricted employee shares: 470,000	—	Sep. 18, 2023- Ching-shou-shang-tzu No. 11230171210
Nov. 2023	10	500,000	5,000,000	217,963	2,179,630	Common share from issuing of new restricted employee	—	Nov. 28, 2023- Ching-shou-shang-tzu No. 11230204780

Period	Price at issuance	Authorized shares capital		Paid in capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital Stock	Property other than cash is paid by subscribers	Other
						shares:20,330,000		
Jan. 2024	10	500,000	5,000,000	217,905	2,179,050	Common share from cancellation of new restricted employee shares:580,000	—	Jan. 5, 2024- Ching-shou-shang- tzu No. 11230246380
Mar. 2024	10	500,000	5,000,000	217,890	2,178,900	Common share from cancellation of new restricted employee shares:150,000	—	Mar. 19, 2024- Ching-shou-shang- tzu No. 11330040850
Apr. 2024	10	500,000	5,000,000	219,487	2,194,870	Common share from issuing of new restricted employee shares:15,970,000	—	Apr. 19, 2024- Ching-shou-shang- tzu No. 11330058180
Jun. 2024	10	500,000	5,000,000	219,436	2,194,360	Common share from cancellation of new restricted employee shares:510,000	—	Jun. 20, 2024- Ching-shou-shang- tzu No. 11330104730
Sep. 2024	10	500,000	5,000,000	219,387	2,193,874	Common share from cancellation of new restricted employee shares:486,000	—	Sep. 3, 2024- Ching-shou-shang- tzu No. 11330157200
Oct. 2024	10	500,000	5,000,000	219,570	2,195,704	Common share from issuing of new restricted employee shares:1,830,000	—	Oct. 11, 2024- Ching-shou-shang- tzu No. 11330181170
Dec. 2024	10	500,000	5,000,000	219,271	2,192,709	Common share from cancellation of new restricted employee shares:299,000	—	Dec. 10, 2024- Ching-shou-shang- tzu No. 11330210170
Mar. 2025	10	500,000	5,000,000	219,217	2,192,168	Common share from cancellation of new restricted employee shares:542,000	—	Mar. 17, 2025- Ching-shou-shang- tzu No. 11430034730
Apr. 2025	10	500,000	5,000,000	221,355	2,213,549	Common share from issuing of new restricted employee shares:21,381,000	—	The registration change is still in progress and is expected to be completed by May 2025.
May. 2025	10	500,000	5,000,000	221,277	2,212,765	Common share transfer from employee stock options: 63,000 Common share from cancellation of new restricted employee shares:1,413,000	—	The registration change is still in progress and is expected to be completed by May 2025.

2. Type of Stock

Apr. 30, 2025; Unit: share

Type of Stock	Authorized Capital Stock			Remarks
	Outstanding shares	Unissued stock	Total	
common shares	221,276,548	278,723,452	500,000,000	Listed shares

(2) List of Major Shareholders

If there are fewer than ten shareholders with a stake of five percent or greater, the names of shareholders, their numbers of shares, and the stake held by each shareholder ranking in the top ten in terms of shareholding percentage shall be listed:

March 28, 2025 ; Unit: Share

Name of major shareholder	Shares	Shareholding	Ratio of shareholding
Acer Incorporated		8,732,688	3.98
GWAALLC		4,158,691	1.90
CTBC Bank Trust Account in its Capacity as Trustee for Restricted Shares of FocalTech Systems Co., Ltd. Employees with Voting Rights and with Rights to Dividends		2,970,933	1.35
JPMorgan Chase Bank Hosting Vanguard STAR Developed Markets Index Fund		2,696,403	1.23
JPMorgan Chase Bank N.A., Taipei Branch in Custody of Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds		2,471,482	1.13
CTBC Bank has been entrusted with the custody of a collective investment account for the transfer, subscription, and allotment of marketable securities for FocalTech Electronics, Ltd.'s Mainland China employees issued by FocalTech Systems Co., Ltd.		2,373,750	1.08
Japan Securities Finance Co., Ltd.		2,039,000	0.93
Genda Hu		1,695,120	0.77
Citi (Taiwan) Commercial Bank has been entrusted in custody of the special investment account of Poluning Emerging Markets Fund Company		1,686,000	0.77
Zhi-yuan Huang		1,550,000	0.71

(3) Dividend Policy and Implementation Status

1. Dividend policy as regulated in the Articles of Incorporation

If the Company reports a profit at the end of the fiscal year, after paying taxes in accordance with the law, the Company shall make up for the accumulated deficit from previous years, then set aside 10% of such earnings as legal reserve. However, when the

legal reserve has amounted to the Company's paid-in capital, the Company needs not set aside the legal reserve, and instead set aside or reverse the remaining special reserve as required by laws and regulations. If there is any remaining balance, the Board of Directors shall prepare a proposal for earnings distribution together with the unappropriated retained earnings. The proposal shall be submitted to the shareholders' meeting for resolution, and the dividends shall then be distributed to shareholders.

The Company's dividend policy is to distribute not less than 10% of the annual earnings as dividends to shareholders in accordance with the Company's current and future development plans, taking into account the investment environment, capital requirements, domestic and international competition, and the interests of shareholders. Dividends may be distributed to shareholders in cash or in shares, with cash dividends of not less than 10% of the total dividends. However, cash dividends of less than NT\$0.50 per share may not be distributed.

2. Status of the proposed dividend distribution at this shareholders' meeting

The Company's proposal for 2024 annual earnings distribution was resolved by the Board of Directors on February 21, 2025. The Board of Directors proposed the distribution of 2024 annual earnings in the amount of NT\$378,000 thousand in cash dividends to shareholders, with each share to be distributed in the amount of approximately NT\$1.72 based on the outstanding shares on December 31, 2024. After the resolution of the shareholders' regular meeting this year. The Chairman is authorized to set the cash distribution Record Date, Ex-Dividend Date and subsequent related matters upon the approval of shareholders regular meeting.

- (4) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders meeting: There was no stock dividend distribution proposed at this shareholders meeting, and thus this is not applicable.

(5) Employee, director and supervisor compensation

1. The percentage or scope of employee, director, and supervisor compensation in the Articles of Incorporation
2. Basis for estimating the employee, director, and supervisor compensation amount, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy (if any) between the actual distributed amount and the estimated figure, for the current period:

Based on profit of current year, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2024 to be NT\$83,947,847 and NT\$2,014,748, respectively, recognized as salary expenses in the current period. If the estimated amounts differ from the actual distribution resolved by the board of directors, the Company will recognize the change as an adjustment to income of next year.

3. Differences between the proposal for 2022 approved by the Board of Directors and actual distribution of employee bonus, director and supervisor compensation for the previous fiscal year, and the recognized employee bonus and director and supervisor compensation, reasons and the handling thereof:

Unit: NT\$

Item	Earning distribution of 2023	Earning distribution of 2024
	Proposed distribution approved by the board of directors	Proposed distribution approved by the board of directors
Remuneration of Directors and Supervisors	1,042,431	2,014,748
Remuneration of employee – cash	82,352,036	83,947,847
Remuneration of employee – shares	—	—
Percentage of Employee Compensation Distributed in Shares as Proportion of the Total Individual or Individual Financial Reports' After-tax Net Income and the Total Employee Compensation for the Period	—	—
Discrepancy between recognized and estimated figures, and reasons and handling thereof	None	None

(6) Repurchase of Company shares

1 Repurchase of the shares by the Company (exercised)

April 30, 2025

Term of Repurchase	First	Second	Third	Fourth	Fifth	Sixth	Seventh
Purpose of Repurchase	Transfer shares to employees	Transfer shares to employees	Transfer shares to employees	Transfer shares to employees	Transfer shares to employees	Transfer shares to employees	Transfer shares to employees
Period of Repurchase	Sep. 3, 2015 to Nov. 2, 2015	Apr. 29, 2016 to June 28, 2016	May 15, 2017 to July 14, 2017	July 27, 2018 to Sep. 26, 2018	Aug. 24, 2018 to Oct. 23, 2018	Feb. 24, 2022 to Apr. 23, 2022	Feb. 24, 2025 to Apr. 20, 2025
Price Range of the Shares to Be Repurchased	NT\$17.01 to NT\$35.13 per share. However, the Company will continue to execute share repurchases when the Company's share price falls below the price range lower limit in place for share repurchases.	NT\$19.67 to NT\$42.94 per share. However, the Company will continue to execute share repurchases when the Company's share price falls below the price range lower limit in place for share repurchases.	NT\$21.98 to NT\$56.79 per share. However, the Company will continue to execute share repurchases when the Company's share price falls below the price range lower limit in place for share repurchases.	NT\$17.68 to NT\$39.65 per share. However, the Company will continue to execute share repurchases when the Company's share price falls below the price range lower limit in place for share repurchases.	NT\$17.22 to NT\$37.26 per share. However, the Company will continue to execute share repurchases when the Company's share price falls below the price range lower limit in place for share repurchases.	NT\$103 to NT\$231 per share. However, the Company will continue to execute share repurchases when the Company's share price falls below the price range lower limit in place for share repurchases.	NT\$54.3 to NT\$114.6 per share. However, the Company will continue to execute share repurchases when the Company's share price falls below the price range lower limit in place for share repurchases.
Type(s) and Numbers of Shares Repurchased	Common share: 0 share	Common share: 5,000,000 shares	Common share: 6,808,000 shares	Common share: 8,000,000 shares	Common share: 7,689,000 shares	Common share: 4,000,000 shares	Common share: 3,000,000 shares

Monetary Amount of Shares Repurchased	NT\$0	NT\$132,625,675	NT\$245,812,665	NT\$192,810,452	NT\$192,095,557	NT\$507,620,748	NT\$193,998,164
Ratio of Shares Repurchased to Shares Planned to be Repurchased (%)	0.00%	100.00%	85.10%	100.00%	96.11%	100%	100%
Number of Shares Canceled and Transferred	Common share: 0 share	Common share: 5,000,000 shares	Common share: 6,808,000 shares	Common share: 8,000,000 shares	Common share: 7,689,000 shares	Common share: 3,303,000 shares	Common share: 0 shares
Cumulative Number of Shares Held by the Company	Common share: 0 shares	Common share: 0 shares	Common share: 0 shares	Common share: 0 shares	Common share: 0 shares	Common share: 697,000 shares	Common share: 3,697,000 shares
Proportion of Company's Cumulative Number of Shares Held to Total Shares Issued (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.32%	1.69%

2 Repurchase of the shares by the Company (still under execution):None

2. Status of Corporate bond: None

3. Status of preferred share: None

4. Status of overseas depository receipt: None

5. Status of employee stock options

(1) Status of employee stock options issued by the Company that have not yet matured

March 28, 2025

Type of employee stock options Issued	Fourth (Period) employee stock options Issuance	
Date of Effective Registration from the Competent Authority and total Number of Units	July 6, 2015 2,800,000	
Issue (Execution) Date	Sep. 2, 2015	
Number of Units Issued	2,800,000	
Number of Units Still available	0	
Proportion of Subscribable Shares to Total Issued Shares	1.28%	
Subscription Period	September 2, 2015 to September 2, 2025	
Exercise Method	New Common Share	
Duration and Percentage in which Subscription is Restricted (%)	Duration	Percentage of Exercisable Shareholding
	2 years	50%
	3 years	75%
	4 years	100%
Number of Shares that Have Been Obtained Through Exercise of Subscription Rights	1,839,750	
Amount of Shares Subscribed	24,006 thousand	
Number of Unsubscribed Shares	0	
Subscription Price Per Share of Unsubscribed Shares	NT\$12.8	
Proportion of Unsubscribed Shares to Total Issued Shares (%)	0%	
Effect on Shareholders' Equity	There is no significant effect on share dilution for existing common shareholders.	

- (2) Names and subscription status of managerial officers who have obtained employee share warrants and of the top ten employees in terms of the number of shares to which they have subscription rights through employee share warrants acquired, cumulative as of annual report publication date

1. Managerial officers who have obtained employee share warrants: None

2. Names of the ten employees holding employee subscription warrants authorizing purchase of the most shares

March 28, 2025; Unit: NT\$, share

Title	Name	Number of Subscribable Shares Acquired	Proportion of Subscribable Shares Acquired to Total Issued Shares	Exercised				Not exercised			
				Number of Subscribable Shares	Price of Subscribable Shares	Amount of Subscribable Shares	Proportion of Subscribable Shares to Total Issued Shares	Number of Subscribable Shares	Price of Subscribable Shares	Amount of Subscribable Shares	Proportion of Subscribable Shares to Total Issued Shares
Senior Vice President of the Subsidiary	Hsiao-Hsu Tu	456,000	0.21%	456,000	NT\$12.2~ NT\$15.9	6,109,000	0.21%	0	NT\$0	0	0.00%
Executive Vice President of the Subsidiary	Wei-Ching Hou										
Executive Vice President of the Subsidiary	Ching-Kai Chang										
Executive Vice President of the Subsidiary	Lien-Kuo Wang										
Senior General Supervisor	Hsin-Hsi Chiang										
Senior General Supervisor	Ta-Chun Wu										
Senior Director	Chen-Pang Kung										
Vice General Supervisor	Chien-Chung Lu										
Deputy Director	Jian-Yong Zheng										
Senior Manager	Hua Lee										

6. Description of new restricted employee share status shall include the following:

(1) Status of new restricted employee shares issued by the Company that are not yet mature:

March 28, 2025

Type of New Restricted Employee Shares Issued	Third (period) issuance new restricted employee shares	Fourth (period) issuance new restricted employee shares
Date of Effective Registration from the Competent Authority and Total Number of Shares	August 12, 2020 6,000,000 shares	July 25, 2023 6,000,000 shares
Issue Date	April 20, 2021 and July 29, 2021	October 13 2023 , April 1, 2024 and September 27, 2024
Number of New Restricted Employee Shares Issued	5,985,000 shares	3,813,000 shares
Number of New Restricted Employee Shares Issued still available	0 shares	2,187,000 shares
Issue Price	NT\$10 per share	NT\$10 per share
Proportion of New Restricted Employee Shares Issued to Total Issued Shares	2.73%	1.74%
Vesting Conditions of New Restricted Employee Shares	<p>The proportion of shares subject to the vesting conditions (namely, that employees are still in service, have served in good faith, and have not violated the Company's labor contract, work regulations, or the Company's employee management regulations), after the end of each of the following vesting periods from the date of new restricted employee share allotment, are as follows:</p> <p>2 years of service after share allotment: 50% of the number of allotted shares.</p> <p>3 years of service after share</p>	<p>From the date when employees are granted restricted stocks, they have to fulfill the service code, and should not violate the company's labor contract, work rules or the company's employee management measures, etc. One third of granted shares can be vested after every one year of employment, total for three years.</p>

	allotment: 25% of the number of allotted shares. 4 years of service after share allotment: 25% of the number of allotted shares.	
Restricted Rights of New Restricted Employee Shares	<ol style="list-style-type: none"> 1. Prior to the fulfillment of the vesting conditions set forth in the preceding Article, employees shall not sell, pledge, transfer, give to others, create, or otherwise dispose of the new restricted employee shares allotted under this Regulation. 2. The rights to attend, propose, speak, vote, and elect at shareholders' meetings of new restricted employee shares issued under this Regulation shall be the same as those of the Company's issued common shares until the vesting conditions set forth in the preceding Article are met, and shall be exercised in accordance with the Trust Deed or other custodian methods as otherwise determined by the Company. 3. Before the new restricted employee shares issued under this Regulation meet the vesting conditions set forth in the preceding Article, the allotment of shares (including dividends of common shares and reserve transferred to capital increase) and dividends (including cash dividends and cash allotment of capital reserves) derived from such new shares will not be subject to the same restrictions as the new 	<ol style="list-style-type: none"> 1. Prior to the fulfillment of the vesting conditions set forth in the preceding Article, employees shall not sell, pledge, transfer, give to others, create, or otherwise dispose of the new restricted employee shares allotted under this Regulation. 2. The rights to attend, propose, speak, vote, and elect at shareholders' meetings of new restricted employee shares issued under this Regulation shall be the same as those of the Company's issued common shares until the vesting conditions set forth in the preceding Article are met, and shall be exercised in accordance with the Trust Deed or other custodian methods as otherwise determined by the Company. 3. Before the new restricted employee shares issued under this Regulation meet the vesting conditions set forth in the preceding Article, the allotment of shares (including dividends of common shares and reserve transferred to capital increase) and dividends (including cash dividends and cash allotment of capital reserves) derived from such new shares will not be subject to the same restrictions as the new restricted employee shares issued in the year. 4. If the new restricted employee shares are issued to an employee who is an ROC

	<p>restricted employee shares issued in the year.</p> <p>4. If the new restricted employee shares are issued to an employee who is an ROC national, the employee shall deliver the shares to a trustee institution designated by the Company for safekeeping immediately after being granted, and shall continue to deliver the shares to the trustee institution for safekeeping until the fulfillment of the vesting conditions, unless otherwise specified in this Regulation. If the granted employee is a national of another country, the granted shares shall be held in trust of the Company appointed for that purpose.</p>	<p>national, the employee shall deliver the shares to a trustee institution designated by the Company for safekeeping immediately after being granted, and shall continue to deliver the shares to the trustee institution for safekeeping until the fulfillment of the vesting conditions, unless otherwise specified in this Regulation. If the granted employee is a national of another country, the granted shares shall be held in trust of the Company appointed for that purpose.</p>
Custody Status of New Restricted Employee Shares	All shares are held in trust	All shares are held in trust
Measures to be Taken when Employees Have Not Met the Vesting Conditions After Being Granted or Subscribing New Shares	The shares allotted were bought back by the Company at the original issue price and were canceled.	The shares allotted were bought back by the Company at the original issue price and were canceled.
Number of New Restricted Employee Shares that Have Been Redeemed or Bought Back	1,264,000 shares	481,268 shares
Number of New Restricted Employee Shares Regarding Which the Restrictions on Rights Have Been Released	3,644,750share	1,094,800 share
Number of New Restricted Employee Shares Regarding Which the	1,076,250 shares	2,236,932 shares

Restrictions on Rights Have Not Been Released		
Proportion of New Restricted Employee Shares Regarding Which the Restrictions on Rights Have Not Been Released to the Total Issued Shares (%)	0.49%	1.02%
Effect on Shareholders' Equity	There is no significant effect on share dilution for existing common shareholders.	There is no significant effect on share dilution for existing common shareholders.

(2) Names and acquisition status of managerial officers who have acquired new restricted employee shares, and of the top ten employees in terms of the number of new restricted employee shares acquired, cumulative as of the publication date of the annual report:

1. Names and acquisition status of managerial officers who have acquired new restricted employee shares

March 28, 2025

Title	Name	Number of New Restricted Employee Shares Acquired	Proportion of New Restricted Employee Shares Acquired to Total Issued Shares	Restrictions on Rights Released				Restrictions on Rights Not Released			
				Number of Shares in which the Restrictions on Rights Have Been Released	Issue Price	Issue Amount	Proportion of Shares in which the Restrictions on Rights Have Been Released to the Total Issued Shares	Number of Shares in which the Restrictions on Rights Have Not Been Released	Issue Price	Issue Amount	Proportion of Shares in which the Restrictions on Rights Have Not Been Released to the Total Issued Shares
CEO and President	Genda Hu	1,477,800	0.67%	751,432	NT\$10	7,514,000	0.34%	575,367	NT\$10	5,754,000	0.26%
Senior Vice President	Jason Lin (Note 1)										
Senior Vice President	Chester.Hwang										
Executive Vice President, CFO, Spokesperson and Corporate governance officer	Wei-Chieh Chang										
Executive Vice President	Jui-Cheng Hsu										
Executive Vice President	Pei-Tzu Wu										
Senior Deputy Executive Vice President	Ching-Hsing Chang (Note 2)										
Senior Deputy Executive Vice President	Chen Kuo										
Deputy Executive Vice President	Hao-Chin Chao										
Deputy Executive Vice President	Hung-Jen Chien										
Deputy Executive Vice President	Po-Sheng Shih										
Accountant Officer	Pei-Chun Chen (Note 3)										

Note 1: Jason Lin resigned on March 28, 2025.

Note 2: Ching-Hsing Chang resigned on July 18, 2024.

Note 3: Pei-Chun Chen resigned on February 21, 2025.

2. Names and acquisition status of the top ten employees in terms of the number of new restricted employee shares acquired

March 28, 2025

Title	Name	Number of New Restricted Employee Shares Acquired	Proportion of New Restricted Employee Shares Acquired to Total Issued Shares	Restrictions on Rights Released				Restrictions on Rights Not Released			
				Number of Shares in which the Restrictions on Rights Have Been Released	Issue Price	Issue Amount	Proportion of Shares in which the Restrictions on Rights Have Been Released to the Total Issued Shares	Number of Shares in which the Restrictions on Rights Have Not Been Released	Issue Price	Issue Amount	Proportion of Shares in which the Restrictions on Rights Have Not Been Released to the Total Issued Shares (note 4)
Senior Vice President of the Subsidiary	Hsiao-Hsu Tu										
Executive Vice President of the Subsidiary	Wei-Ching Hou	976,000	0.45%	516,500	NT\$10	5,165,000	0.24%	393,500	NT\$10	3,935,000	0.18%
Senior Director	Chen-Pang Kung										
Senior Director	Wei-Chih Chang										
Director	Shi-Wei Wang										
Director	Shi-Quan Huang										
Director	Pei-Kai Huang										
Director	Jun-Jie Liu (Note 1)										
Director	Pei-Hung Hsiao										
Vice Director	Jin-Zhi Tu										

Note 1: Jun-Jie Liu resigned on August 9, 2024.

7. Status regarding issuance of new shares in connection with mergers or acquisitions of other companies' shares: None.

8. Status regarding implementation of the Company's capital allocation plans: N/A.

IV. Operation Overview

1. Scope of business

1. Major businesses

The development and sales of display driver, touch, and fingerprint recognition human-machine interface solutions, including the design, manufacturing, consulting and services of the software and hardware required by the aforementioned solutions.

2. Proportion of operation (2024) : 100% for human-machine interface application IC

3. Current products (services) of the company

- (1) Integrated driver controller (IDC)
- (2) TFT-LCD panel driver IC
- (3) Capacitive touch IC
- (4) Fingerprint recognition IC and module
- (5) AMOLED panel driver IC
- (6) Automotive and industrial control IC
- (7) NB touch pad

4. New products or technologies to be developed by the company

(1) Integrated driver controller (IDC)

- A. IDC products that support FHD (900RGB x 2100) resolution.
- B. Develop Die-size Shrink and Cost-optimized a-SI HD Narrow Bezel Products (sunken on the bottom).
- C. High frame rate applies IDC technology
- D. Develop IDC IC with multi-channel active stylus
- E. IDC product development for notebook computer panel applications

(2) TFT-LCD panel driver IC

- A. Development of IC for special-purpose panels (such as digital cameras and other special-purpose electronic products)
- B. Special driver IC for transparent display

(3) Capacitive touch IC

- A. Development of TFT panel capacitive active stylus technology
- B. Development of TFT panel ultra-fine tip passive stylus IC development
- C. Development of AMOLED panel touch technology with multi-finger high touch reporting rate
- D. Development of the finger and pen touch integration technology for flexible panel.
- E. Medium and large-sized AMOLED panel touch technology.

(4) Fingerprint recognition IC and module

- A. Development of high-security capacitive fingerprint recognition IC (Match on Chip, MOC).
- B. Development of lightweight high-recognition capacitive algorithm.
- C. 2.5D and 3D fake fingerprint anti-counterfeiting algorithm for capacitive and optical fingerprint recognition IC.
- D. Development of Lightweight Multi-User Secure Encryption Lock Chip System and Algorithm.
- E. Development of the ultra-narrow high precision recognition algorithm.

(5) AMOLED panel driver IC

- A. Support single RAM solutions for mobile display driver ICs.
- B. Support IDC/TDDI solutions on wearables.
- C. Support the development of processing technologies for IDC/TDDI solutions on mobile displays.

(6) Automotive and industrial control ICs

- A. Development and promotion of IDC ICs for cars
- B. Highly reliable circuit architecture
- C. Development of ICs that support the cascaded architecture for large-size automotive panel applications

(7) Human-machine interface module for notebook computer

- A. Development of touchpad technology that integrates touch and fingerprint recognition

2. Industry Overview

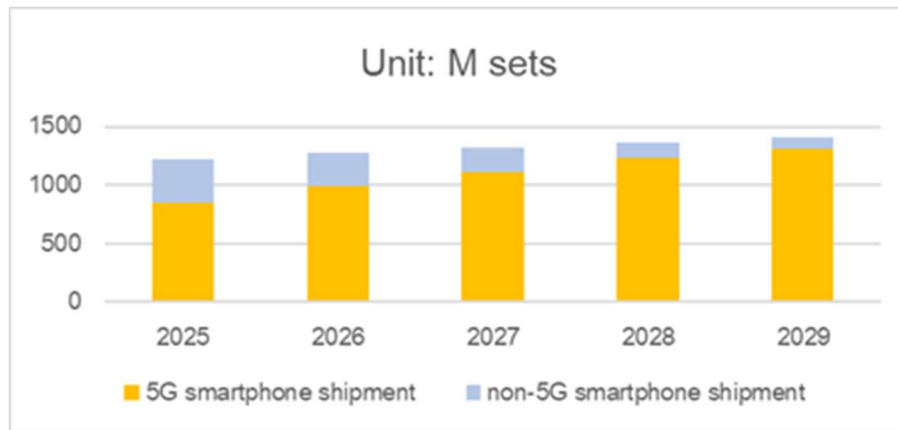
1. Current status and development of human-machine interface related industries

With the advancement of communication technology, human-machine interface technology and applications will continue to expand, which bring more added value. Currently, 5G technology is ready and getting popular, which will generate substantial growth for applications such as portable mobile devices, automobiles, and industrial controls.

According to a Digitimes research report, due to the penetration rate of 5G technology in mobile phones exceeding 60% in 2024, the annual shipment growth of 5G smartphones from 2025 to 2028 is expected to be between 800 million and 1.3 billion units. It is projected that the 5G market will continue to grow year by year, with shipments potentially exceeding 1 billion units by 2026, and 5G smartphones are expected to account for 90% of all smartphone shipments by 2027. After the widespread adoption of 5G technology, it will provide greater and faster communication bandwidth for portable mobile devices and Internet of Things (IoT) applications, thus creating more industry opportunities.

Figure 5-1: The five-year forecast for the global 5G smartphone market size

Unit: million units



Source: Digitimes, March 2025

From the perspective of the demand for Internet of Things (IoT), currently, the development of the Internet of Vehicles is relatively fast. Since IoV services are provided by mobile communication access modules, the faster the transmission of data, the greater the demand of consumers in in-vehicle display and human-machine interface.

- (1) Current status of the portable mobile device panel driver IC and touch IC industries:

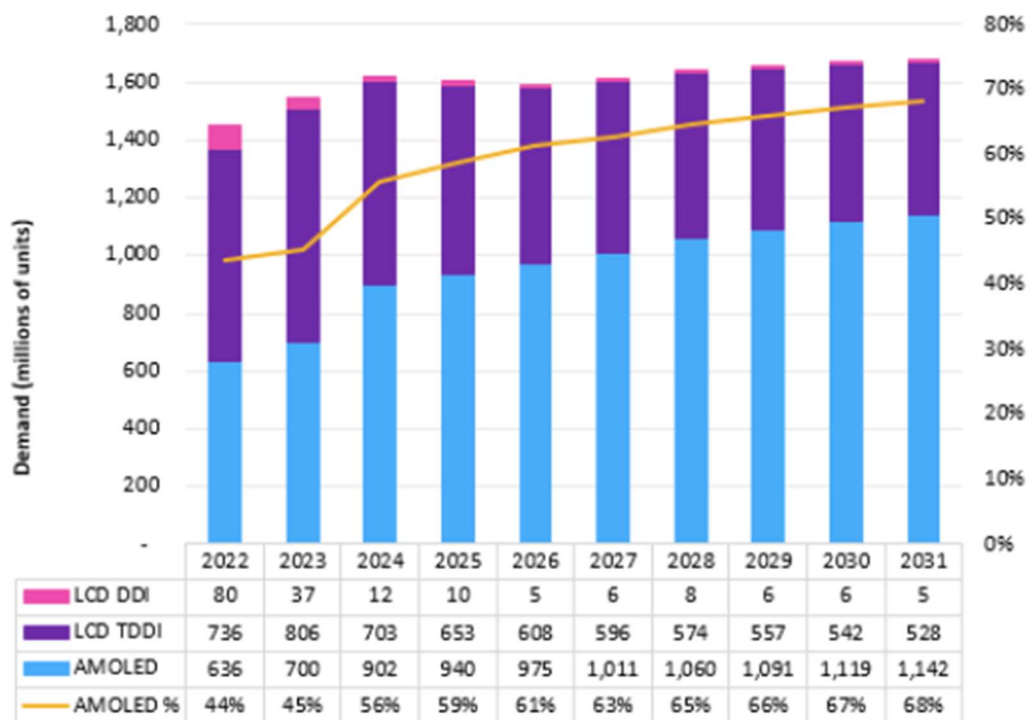
Portable mobile devices include mobile phones, notebook computers, tablets, among which smartphones are the majority. Due to the advancement of the aforementioned industry, the growth in the demand of smartphone panels has been significantly promoted. Furthermore, the requirements for panels are different from those in the past, they are incorporated not just for making call, but bringing new functions for multimedia. In addition, the development of mobile phone displays has been directed towards large screen size and high resolution. To enhance user experience for consumers, the technical specifications of products are improved continuously. In 2021, the development of mobile phones has started to direct towards high frame rate, AR/VR, AI, foldable and Active Pen etc with an aim to add fuel to the supply chain to open up new business opportunities.

Consumers continue to expect mobile phones display to be larger, thinner, and bezel-free. Therefore, full-screen mobile phones have become the current trend. However, the requirement for full-screen display has reduced the frame design space for mobile phones, allowing integrated IC to become the mainstream. The integration of in-cell panels can enhance the added value of products, provide complete product solutions to brand customers, and help simplify the complex supply chain of traditional mobile phone assembly. Therefore, improvements in TFT panel yield rate and production capacity also increase the adoption of IDC solutions. Currently, IDC solutions have been fully adopted for smartphone TFT LCDs.

In terms of smartphones, in addition to TFT in-cell panel display technology, AMOLED panels have overtaken the market. According to the 2024 Q2 Display Driver IC Market Tracker, an analysis conducted by the market research institution Omdia, the use of LCD drivers in mobile phones

is forecast to decrease significantly from 2024 onwards, whereas the proportion of AMOLED drivers will continue to increase. With the increasing production capacity of POLED, the cost is gradually decreasing, thus the number of mobile phones adopting flexible AMOLED panels has exceeded those adopting rigid AMOLED. In addition, with the improvement of technology, more and more brand manufacturers have begun to promote foldable AMOLED mobile phones. Therefore, the technology of touch-function-adopting AMOLED panels must evolve to meet the needs of higher report rate, foldable devices and active Pen.

Figure 5-2: Driver IC demand forecast for different types of display technologies in mobile phones

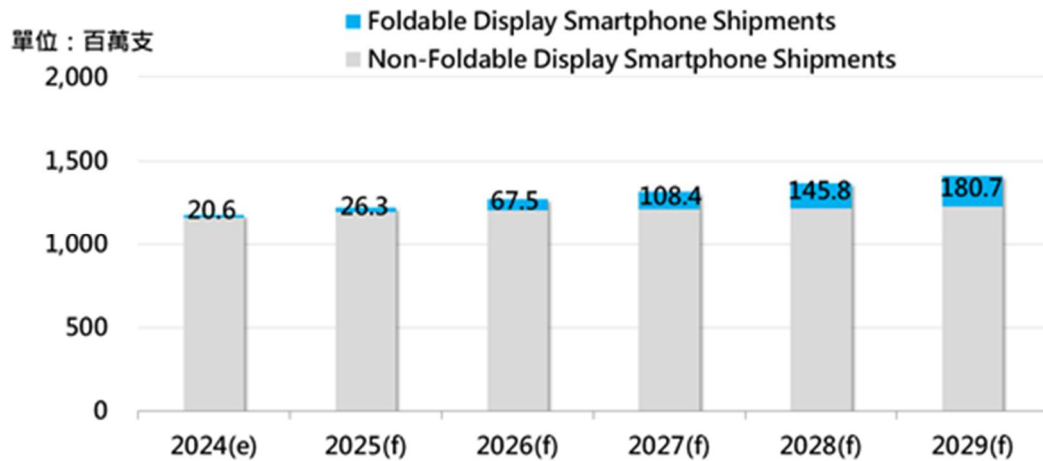


Source: Omdia

© 2024 Omdia

Source: Omdia Display Driver IC Market Demand Forecast, Q2 of 2024

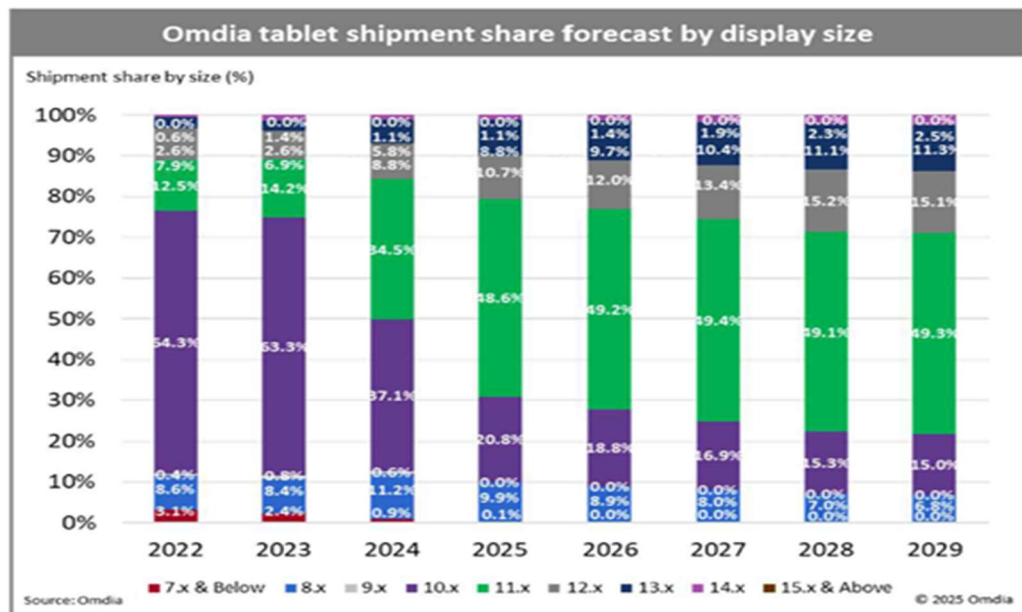
Figure 5-3: Mobile phone shipment forecast using foldable AMOLED display



Source: Digitimes, Q4 of 2024

Market demand and technological innovation led the high-end tablet screen market to transition to AMOLED technology, which could possibly further develop into MicroLED technology in the future. Although foldable and rollable screen technologies are still under development, they could potentially transform the future market structure. In terms of touch control, the high refresh rate of high-end tablets has reached or exceeded 120 HZ, delivering smoother scrolling and a better gaming experience. To meet professional drawing and note-taking needs and support active stylus pens (e.g., Apple Pencil Pro and Samsung S Pen) with lower latency, improved touch response time has emerged as a key area for future technological development. As for tablet sizes, 10–12” tablets still dominate the market; however, 14” tablets (e.g., the 14” iPad Pro) have started to emerge.

Figure 5-4: Tablet shipment share forecast by display size

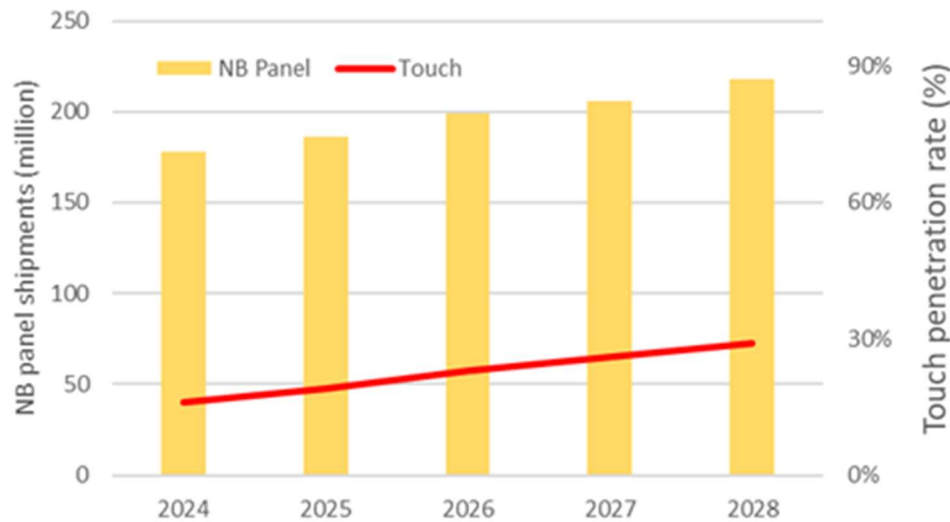


Source: Omdia, Q1 of 2025

In terms of laptop applications, influenced by the trend of AI PCs, touch technology will no longer serve an auxiliary role but become the foundation for interaction between laptops and AI PCs. It is forecast that in

2028, touch screen laptops will reach 30% of total shipments, and laptop applications will evolve in multiple ways. Foldable OLED laptops will begin to appear on the market, transforming laptops into tablet or book-like models; dual-screen laptops will provide a more flexible multitasking experience to meet the needs of professional creators and business users.

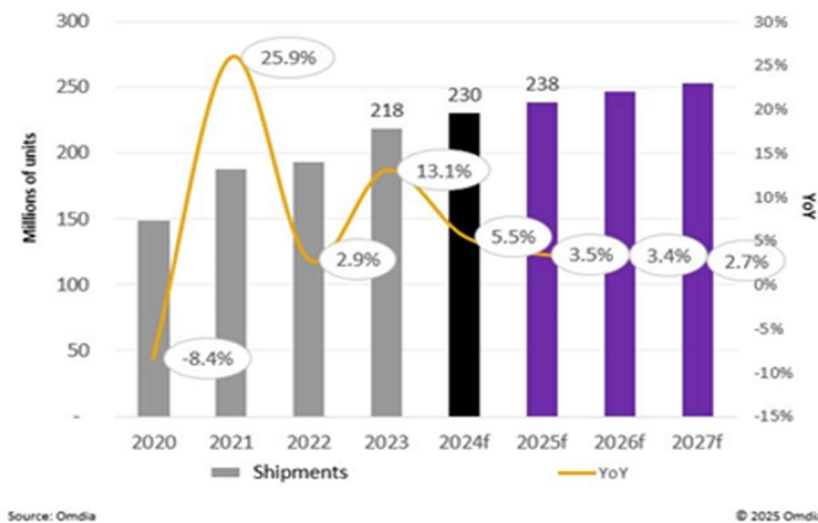
Figure 5-5: The Shipment Share of Touchscreen Displays in Laptop Screens



Source: FocalTech Marketing, Q1 of 2025

Touch and display-related technologies have gradually expanded to the automotive industry. The shipment status of the automotive market is based on two main factors, the first being the number of automobiles sold for the year, and the second being the number of panels used in automobile cabin, with the shipment volume being the result of multiplying these two main factors. With the increasing trend of panel usage in automotive cabins, the shipment of panels in the automotive industry exceeded 230 million units in 2024, continuing to grow compared to 2023.

Figure 5-6: Automotive display panel shipment forecast

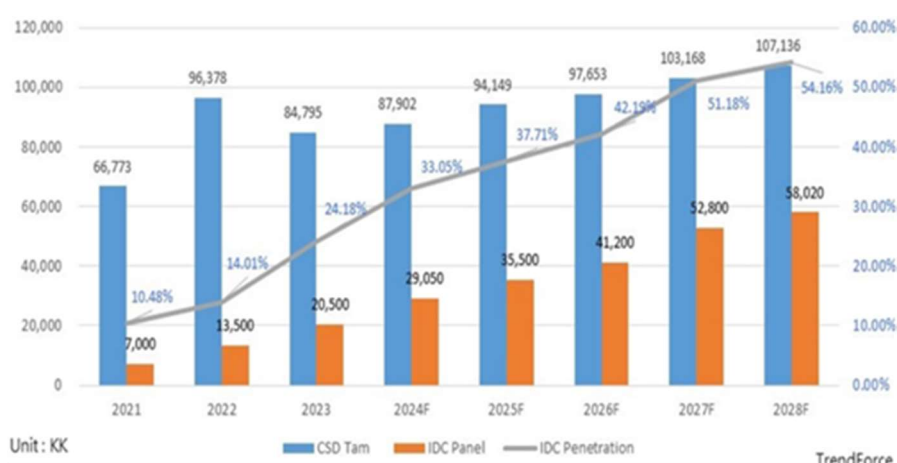


Source: Source: Omdia, Q1 of 2025

With the advent of the era of electric vehicles (EVs), the current development trend in smart cockpits is to equip the automobile with multiple display screens while also enlarging the screen size. Development is trending toward a 20–30” horizontal wide screen for the dashboard and center console or expanding the single center console by 12.3–18”. After 2025, the single screen will be enlarged to 50–55”, and LTDI solutions will be developed in the future to facilitate pillar-to-pillar display applications.

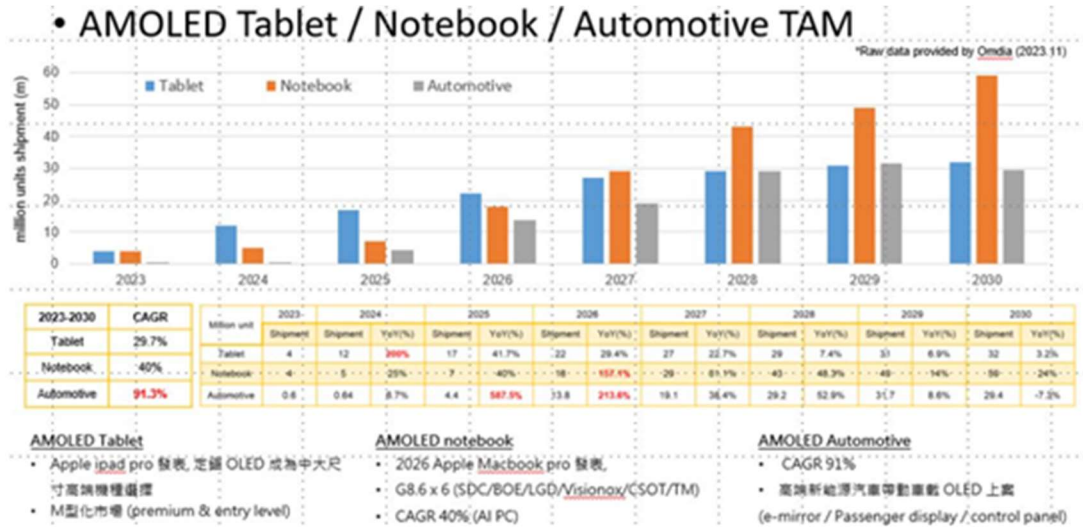
Because in-cell technology has obvious advantages in terms of its fully integrated black display and cost-effectiveness, the proportion of center console display screens adopting this technology solution has been rapidly increasing year by year. In-cell technology was used in 33.05% of applications in 2024, and this ratio is expected to continue to grow in the future. It is expected to exceed 50% in 2027, reflecting the strong market demand for this high-quality and cost-effective technology.

Figure 5-7: In-Cell touch share in center stack display



Regarding panel technology, AMOLED is ubiquitous in small and medium-sized applications, and manufacturers are continuously expanding production capacity. AMOLED will continue to overtake LCD in various high-end applications while also facilitating the design of thinner, lighter, energy-efficient, high-definition devices.

Figure 5-8: Forecast of AMOLED Mid-Size Product Application Shipments



Source: Omdia, Q1 of 2024 and FocalTech Marketing

(2) Fingerprint recognition IC industry:

The fingerprint sensor market is experiencing rapid growth due to increasingly stringent requirements for safety certification by government agencies as well as the consumer electronics, banking, and finance sectors. The market is forecast to grow from US\$9.54 billion in 2024 to US\$16.78 billion in 2029, with a compound annual growth rate of 11.96% during that period. Smartphone, tablet, and laptop applications will continue to dominate the consumer electronics sector. Meanwhile, in response to continuously heightened information security demands, the banking and finance sector will focus on integrating fingerprint sensors into smart cards to enhance security of electronic payments, thereby driving the adoption rate of fingerprint sensors. As the smart home market grows, fingerprint recognition technology will also be widely adopted in smart locks and home security systems to enhance home security and convenience, further expanding the range of market applications. Major market players, including FocalTech, Goodix, Elan, and Egis Technology, are constantly driving technological innovation and new product development to meet increasingly diverse market demands.

Next-gen biometric identification technology is not limited to fingerprint recognition; technologies such as facial, iris, and voice recognition have also rapidly emerged and gradually permeated the fields of healthcare, retail, and IoT devices. As user demand for safer, faster, and more convenient authentication continues to rise—especially in the Asia-Pacific region—the adoption rate of next-gen biometric identification technology is expected to increase significantly, driven by technological advances and government policy. This will promote further innovation in the authentication service market.

Overall, fingerprint recognition and its extended biometric technologies are increasingly becoming indispensable for safety

certification applications in the digital age, ranging from smartphone unlocking, electronic payments, and smart locks to secure access control. These technologies have changed and improved the way people work and live.

2. Correlation between upstream, middle-stream and downstream of the industry

IC industry chain can be divided into:

A : Upstream: IC design (design house)

B : Middle-stream: Mask and foundry/IDM

C : Downstream: Bumping, wire bonding, testing and package

The IC industrial structure is consisted of designing, masking, wafer fabrication (foundry/IDM), gold bumping, and packaging and testing. IC design companies do not have their own production equipment. Therefore, their wafer fabrication is conducted by professional wafer foundries and followed by processes including gold bumping, wire bonding, packaging, and complete IC functional tests after preliminary inspection based on the types of products. The package of driver ICs is different from regular ICs. In the past, most of the driver ICs for small- and medium-sized panels were carried out based on the COG approach. In recent years, due to the increasing popularity of the full-screen display, the driver ICs for some panels have been carried out based on the COF approach.

3. Market trend of the Company's products

(1) Driver IC and touch IC for portable mobile device panels:

AMOLED displays have already become mainstream in the market. The highly cost-effective Single RAM IC has been launched and is in high demand. On the other hand, to maintain the competitiveness of LCD products, cost reductions are necessary.

Figure 5-9: Shipment Forecasts for Different Types of Mobile Phone Panel Technologies



Source: Omdia, Q1 of 2024

With the increased AMOLED production capacity and the improved yield rate of panel manufacturers in Mainland China, AMOLED has taken over the market share of TFT LCD. AMOLED has several advantages including compact, lightweight, self-emitting display (without the need of backlight), high color saturation, wide viewing angle, high contrast, fast response time, low energy consumption, and the possibility to realize flexible display, many of which are difficult to achieve with TFT LCD panels. As a result, the development of AMOLED driver and touch related technologies as well as products will become particularly important and urgent.

The trends of using AMOLED DDIC or future integration IC in the aforementioned handheld mobile devices is clear, and the demand for their power saving and display specifications is gradually increasing. For this reason, advanced process miniaturization will be adopted to reduce IC dimension and power consumption. Additionally, this has driven IC suppliers to direct towards more advanced processes for wafer fabrication (i.e., 40-nm and 28-nm processes).

AMOLED driver ICs are used in smart wearable devices, such as high-end smart watches and smart bracelets. These products require low power consumption, and due to their limited internal space, reducing the number and size of peripheral components is also crucial. Hence, reducing the size of display panel peripheral ICs has become a new technology requirement, and the IDC IC, which integrates a display driver IC and touch IC, has become a new driving force in the display driver IC market.

The Company's AMOLED wearable IDC solution features power saving technology, high ESD resistance, supports AMOLED LTPO, and has few peripheral components. Compared with the two-IC solution, this IC integrates the driver display and touch functions to eliminate one FPC layer. This in turn reduces the overall number of components, thus lowering the price and making it very popular in the market. The Company also plans to expand these technological benefits to mobile phone applications. Currently, the Company is actively investing resources to develop IDC solutions for AMOLED mobile phones.

In terms of medium and large-sized applications, tablet screens and laptops are both moving toward higher definition and smoother movement effects. The Company also offers integrated IDC solutions for tablets, providing a comprehensive high resolution, low power consumption, and smooth touch control experience for tablet manufacturers.

In the field of automotive and industrial control applications, the Company has obtained ISO 26262 certification and ASIL-D product certification to meet industry requirements. In addition to LCD products, the Company will also gradually expand into medium to large-size OLED technology to generate revenue and maintain competitiveness.

(2) Fingerprint recognition IC:

With the continual increase in digital security requirements and the prevalence of smart devices, the need to bind personal information such as personal fingerprints and personal accounts is becoming increasingly common. This practice allows users to perform authentication easily using their fingerprints instead of having to memorize dozens of account names and passwords. Future development trends emphasize the following aspects:

1. Emergence of multi-factor authentication (MFA):

The combination of various biometric technologies such as fingerprints, facial recognition, iris scanning, voice analysis, and even gait recognition makes multi-factor authentication possible, thereby further enhancing security and identification accuracy.

2. Enhancement of AI edge computing:

With the rapid development of AI edge computing technology, AI models are introduced into fingerprint recognition systems to assist in making judgements, thus facilitating real-time fingerprint data processing on end devices. This technology not only significantly shortens response time but also effectively repairs and recognizes fingerprints—even prints taken from wet fingers and small sections of the fingers or damaged fingerprints—while minimizing data transmission risks and strengthening user privacy protection.

3. In-depth integration with the Internet of Things (IoT):

Biometric technology has been integrated into IoT devices such as smart appliances, smart locks, wearable devices, and in-vehicle systems to provide safer and more convenient access control and personalized services, thereby changing the way people live and work.

4. Development of advanced anti-counterfeiting technology:

To reduce the risk of counterfeiting, modern fingerprint scanners support liveness detection, high-resolution sensing, multi-frequency scanning technology, and continuously evolving recognition algorithms, all of which further strengthen systems' tamper resistance and counterfeit identification capabilities.

These trends will not only improve the security and convenience of authentication but also actively facilitate digital and intelligent transformations in various industries, which will aid in developing more efficient and safer user authentication models.

4. Product Competition

(1) Driver IC and touch IC for portable mobile device panels:

For smartphone application, there are two types of TFT panels, namely a-Si and LTPS. Currently, both of them have adopted the in-cell solution of IDC. HD (1280x720) a-Si and FHD (1920x1080) LTPS are the two major panel specifications. The Company is one of the earliest to develop the IDC technology, with its products covering various resolutions including HD, FHD and QHD for both a-Si and LTPS panels. The major competitors in this field include Synopsys, Novatek, Himax Technologies, and Ilitek.

In addition to smartphone application, the FocalTech's IDC solution for TFT in-cell tablets has exclusive technologies and substantial production

capacity as well as experience, it becomes one of the major suppliers for the market. Moreover, the Company has also incorporated the active stylus function into tablets. It is expected that the shipments will continue to grow in the future.

With regard to AMOLED panels, the increase in production capacity by panel manufacturers in mainland China has altered the supply chain originally dominated by Samsung. With the increase in shipments from panel manufacturers in Mainland China, the Company will be more proactive in cooperating with these manufacturers to develop AMOLED driver ICs. For touch IC, FocalTech is one of the world's few manufacturers capable of mass-producing on-cell touch ICs. The continued increases in product competitiveness and China's AMOLED panel production capacity will further increase the Company's revenue and profitability with respect to touch IC.

Besides smartphones and tablets, the Company also applied the display driver IC, touch IC and other human-machine interface solutions to wearable and automotive devices. In addition to achieving compact and light-weight structure demanded by the market, it also helps to control the overall panel module costs, meeting the expected prices of the market.

(2) Fingerprint recognition IC:

In recent years, the increasingly competitive market has led to the formation of fixed main suppliers for various application scenarios in the fingerprint recognition technology sector. Currently, the main suppliers of capacitive fingerprint recognition sensors include FocalTech, Goodix, and EgisTec; suppliers of under-display ultrasonic fingerprint technology include Qualcomm and Goodix; and suppliers of under-display optical fingerprint technology include Goodix, EgisTec, Silead and Jiiov.

Among these companies, FocalTech is focused on the R&D of capacitive fingerprint technology for a wide range of applications including mobile phones, laptops, tablets, smart locks, automotive systems, smart appliances, and many other fields. In recent years, in addition to the continuous launch of high resolution, high signal-to-noise ratio (SNR) capacitive fingerprint sensor chips, FocalTech has been actively developing lightweight AI-assisted recognition models. The success of Deepseek demonstrated that the lightweight criteria of algorithm models, along with the demand for high performance computing hardware, are the keys to future development in the AI field, especially for consumer products and portable devices. In response, FocalTech has built a lightweight AI model for fingerprint recognition based on its years of R&D experience in fingerprint recognition algorithms. The Company plans to apply this technology to more of its products to comprehensively improve product security and user experience.

(3) Technology and R&D status

1. Most-recent-year R&D expenses calculated up to the date of release of this annual report

Unit: NT\$ thousand

Item	2023	2024
R&D expenses (A)	1,789,672	2,133,128
Net operating revenue (B)	13,568,371	14,538,987
(A)/(B)	13.19%	14.67%

2. Successfully developed technologies or products

After years of effort in R&D and the idea to deliver innovative and leading technological services to customers, FocalTech has gradually established a number of technological achievements that lead in the industry. These achievements are summarized in the following table:

(1).TFT-LCD driver IC:

R&D items or products	Applications
Dynamic Contrast Ratio (DCR)	TV, Monitor, Mobile phone
Dynamic Gamma Control (DGC)	TV, Monitor, Mobile phone
Black Frame Insertion (BFI)	TV, Monitor, Mobile phone
Generation III Overdriving (OD)	TV, Monitor, Mobile phone
Color Tracking	TV, Monitor, Mobile phone
Tcon supporting 120Hz FHD	TV
170MHz LVDS interface	TV, Monitor
MIPI-DSI interface	Mobile phone, Tablet
MDDI interface	Mobile phone
eDP interface	Tablet, NB
C-PHY interface	Mobile phone
Dynamic backlight control	Mobile phone
12-bit color depth processing	Mobile phone
Ambient light sensor control	Mobile phone
Automatic adaptive power system	Mobile phone, NB
Multi-channel source driver	Monitor, NB
Cascade source driver	UMPC, Digital Photo Frame, Tablet, NB
Adaptive Image Enhancement(AIE)	NB, Tablet , Mobile Phone
CleverColor	Mobile Phone, NB, Tablet
White Adjustment (WA)	Mobile Phone, Tablet

(2) Capacitive touch IC:

R&D items or products	Applications
Double area Trangle Pattern	Mobile phone
Single Layer Sensor for Mutual-cap (SLM)	Mobile phone, Tablet
Single Chip for 15.6 inch panel	Mobile phone, Tablet, NB
One Glass solution (OGS)	Mobile phone, Tablet, NB
Oncell touch	Mobile phone, Tablet
Wake-up Gesture (WG)	Mobile phone, Tablet

R&D items or products	Applications
Single Layer Sensor on cell	Mobile phone, Tablet
Integrated Driver Control (IDC)	Mobile phone
Auto-Celebration	Mobile phone, Tablet, NB
Full-Screen Common-mode Scanning	Mobile phone, Tablet, NB
Frame Touch	Mobile phone
Proximity Sensing	Mobile phone
Narrow Board Sensor	Mobile phone, Tablet
All ITO Sensor Pattern	Mobile phone
Force Engine	Mobile phone
Two Pressure Touch Detect	Mobile phone
Water proof system	Mobile phone, Tablet, NB
High Reporting Rate Detection	AMOLED mobile phone
Touch technology for high loading & high display noise	AMOLED for Tablet , NB , Automobile

(3) Integrated touch and display driver IC:

R&D items or products	Applications
A-Si Dual Gate COG IC solution	Tablet
A-Si Single Gate COG HD IC solution	Mobile phone
LTPS MUX 1:6 FHD COG/COF IDC IC solution	Mobile phone
LTPS MUX 1:4 COG IDC IC solution	Automotive
A-Si Cascade IDC IC solution	Tablet
A-Si Automotive IDC IC solution	Automotive
LTPS Automotive IDC IC solution	Automotive
IGZO Automotive IDC IC solution	Automotive
A-Si NB IDC IC solution	NB
AMOLED LTPO Wearable IDC IC solution	Wearable
High Frame Rate Solution	Mobile phone , Tablet
A-Si HD Sinking narrow frame COG IC solution	Mobile phone
LTPS FHD CPHY/DPHY IDC IC solution	Mobile phone
Local dimming Bridge IC	Automotive
4 Cascade IDC IC solution	Automotive
TP mux on panel	Automotive
Chromebook IDC IC solution	NB
Active stylus IDC IC solution	Tablet
Multipal Frame Rate Dynamic (MFD)	Mobile Phone, Tablet
Ambient Light Sensor (ALS)	Mobile Phone

(4)Fingerprint recognition IC:

R&D items or products	Applications
Ceramic cover, glass cover capacitive fingerprint recognition IC	Mobile phone 、NB
Active narrow side-mounted capacitive (including flat and curved surface)	Mobile phone

R&D items or products	Applications
fingerprint recognition IC	
Active capacitive fingerprint recognition IC (MOC)	NB、Smart Door Lock
Development of AI model algorithm for wet fingerprint recognition and repair	Mobile phone
MCU for fingerprint security	NB、Smart Door Lock
Lightweight AI fingerprint recognition model	NB、Smart Door Lock

(5) AMOLED driver IC:

R&D items or products	Applications
AMOLED LTPO Phone SingleRAM DDIC	Mobile Phone
Global and Local Auto current limit (ACL)	Mobile phone, Wearable
Always on Display (AOD)	Mobile phone, Wearable
Dynamic ELVSS	Mobile phone, Wearable
SPR Compensation	Mobile phone, Wearable
Dynamic Gamma Control	Mobile phone, Wearable
Demura	Mobile phone, Wearable
IR Drop	Mobile phone, Wearable
Partial Area Gamma	Mobile phone, Wearable
DeBurnIn	Mobile phone
Camera Under Panel (CUP)	Mobile phone

(4). Long, short-term business development plans

FocalTech pursues sustainable development, regularly monitor and evaluate the risk and opportunities of the organization's internal and external issues (such as future industrial development as well as the overall economic environment and trends) proposed by stakeholders, serving as the reference and basis for the company's social responsibility and future operation plan. Through the formulation of long-term and short-term plans, the company's future management direction will be determined. The quality as well as the environment, health and safety management system will be improved continuously to ensure that the expected results and effectiveness can be achieved. Potential emergency and impact will be identified to prevent or reduce unexpected effect, better understanding the involved risks and opportunities to solve the company's problems, which in turn improves the company's competitiveness. The short-term and long-term plans of the company are explained as follows :

1. Short-term development plan

(1). Marketing strategy

- A. Strengthen services and businesses of the existing customers and play the role of long-term strategic partner.
- B. Develop new markets and customers, establish partnerships with marketing channels and new customers.

(2). Production strategy

- A. Strengthen the strategic partnership with major wafer fabrication, package, and testing plants to obtain stable and adequate production capacity and technical services.
- B. Strengthen the development of new wafer foundry around the world and signed a cooperative contract to increase the source and flexibility of wafer supply, providing customers with more choices of production sites.
- C. Establish and strengthen the information network connection with the supply chain partners to grasp the progress and quantity of production at any time.

(3). Product strategy

- A. Cooperate with customers to develop competitive products and solutions that lead in the industry.
- B. Assist in enhancing customer's value and innovation.
- C. Reduce the operating risks of products, highlight the development principle of product line balance, and improve the value of products.
- D. Support customers to develop highly flexible application development platform to meet the needs of fast and diversified market development.
- E. Continue to develop highly integrated ICs, reduce the number of external components, and assist customers in lowering the overall material costs.
- F. Launch new IC products that are small in sizes to effectively reduce costs.
- G. Develop ultra-narrow bezel touch and display integrated IC technology.
- H. Develop touch solution that can be used in rigid on-cell and flexible on-cell AMOLED panels.
- I. Wearable touch solution with low power, small packages, and low cost.
- J. Develop active stylus sensing technology.
- K. Development of medium to large-sized touch solutions for AMOLED displays.

- (4). Operation strategy
 - A. Actively improve the market share and profitability of each product.
 - B. Spread risk and manage the conditions of each product line.
 - C. Expand the effectiveness of innovative research and development.
 - D. Strengthen talent cultivation and recruitment.
 - E. Make good use of strategic alliance to create mutually-benefit environment.
- (5). Operation management and financial adjustment
 - A. In response to the development of the company's future operation, resources of the company will be distributed appropriately through sound financial planning and operational management, hoping to maximizing the company's resources.
 - B. Establish sound and diversified funding channels, and build a close relationship with financial institutions in case operational funds are required for business growth and development.
- 2. Long-term development plan
 - (1). Marketing strategy
 - A. Strengthen international market capabilities and enhance strategic collaboration with international customers.
 - B. Innovate market demand; create new consumer demand
 - C. Integrate industrial supply chain, strengthen the communication and cooperation between brand owners and panel manufacturers.
 - (2). Production strategy
 - A. Share jointly the risks involved in new process and technology development with the supply chain partners.
 - B. Expand economic scale and reduce production costs.
 - C. Prepare our own test and production equipment to reduce costs and meet the production capacity expansion needs.
 - (3). Product strategy
 - A. Increase technology lead, and strengthen the R&D of products.
 - B. Integrate related technologies, expand the scope of product lines and deepen the level of technologies.
 - C. Strengthen the technology for high-speed analog and mixed signals.
 - D. Develop high-efficiency image processing technology.
 - E. Develop bio-sensing technologies.
 - F. Develop touch technology with strong penetration, high signal-to-noise ratio, and good interference-resistance, as well as expand the application of touch IC in the area of industrial control and medical care.
 - (4). R&D strategy
 - A. Expand business operation teams, plan core products, establish the company's key technologies and patents, and continue to invest in the development of new generation products to pursue leading technologies.
 - B. Enhance product design capacity, improve R&D processes, and establish the techniques for standardization and modulization to shorten development time and reduce development costs, increasing the competitiveness of new products.
 - (5). Operation management and financial planning
 - A. Establish a sound management system, implement the company's business

philosophy, create an excellent corporate culture, and realize the vision of sustainable operation.

- B. Utilize the diversified funding channels of capital market to strengthen the financial structure of the company as well as the capability for long-term development. In coordination with the growth of the company, reinforce the business operation teams and improve the company's popularity as well as image.

2. Overview of Market, Production and Sales

(1) Market analysis

1. Regions for selling (offering) major products (services)

Unit: NT\$ thousand

Region \ Year	2023		2024	
	Sales amount	Percentage	Sales amount	Percentage
Mainland China	11,924,098	87.88%	11,911,265	81.93%
Taiwan	1,448,668	10.68%	2,328,160	16.01%
Other	195,605	1.44%	299,562	2.06%
Total	13,568,371	100%	14,538,987	100%

2. Market share

The Company's current sales are based mainly on products such as Touch with Display Driver Integration (TDDI) or Integrated Driver Controller (IDC), out-cell capacitive touch IC, TFT LCD driver IC, and fingerprint recognition IC.

(1) Integrated Driver Controller (IDC):

In recent years, the Company continued to devote itself to the launch of Integrated Driver Controller (IDC). These chips are widely used in smartphones featuring A-Si and LTPS panels with HD+ and FHD+ resolutions. In addition, several tablet manufacturers have largely adopted IDC into their new models and automotive display screens. The shipments of Integrated Driver Controller (IDC) in 2024 exceeded 200 million. Looking ahead, by developing new products with the advanced technologies required by our brand clients, we expect our IDC shipment volume and market share to continue growing in 2025, maintaining our leading position in the market.

(2) Out-cell capacitive touch IC:

As the Integrated Driver Controller (IDC) is gradually accepted by the market, the market share of out-cell touch ICs in TFT panels has dropped sharply. However, with the increase production capacity of AMOLED panels, and the fact that the Company's out-cell touch ICs for AMOLED panels have successfully entered the supply chain of Korea and China, the Company's capacitive touch solution still maintains its leading position in terms of market share in the global smartphone market, and continues to expand the application of medium to large-sized touch screen products.

(3) TFT LCD driver IC:

Since Integrated Driver Controller (IDC) is widely accepted by the market, the number of smartphones adopting TFT LCD driver ICs has declined rapidly. For this reason, the Company has shifted its business focus to applications related to medium- and large-size panels, such as smart

speakers, notebook computers, digital cameras, and automotives, continuously directing the product structure towards high-tech requirements and high integration. In addition to the mainstream specifications, high-resolution and high-PPI products such as WXGA+, FHD, and QHD were also launched. Due to the long lifecycle of medium- and large-size products, the Company's shipments and revenue were still maintained a certain market share in 2024.

(4) Fingerprint recognition IC:

In recent years, despite fierce competition in the consumer electronics market, FocalTech has continued to increase its market share in the mobile phone and laptop markets thanks to its leading capacitive fingerprint recognition technology. In particular, the Company has entered the top-five list for brand customers in the high-margin laptop market and has been certified by Microsoft as one of the world's only vendors of the Match On Chip (MOC) biometric solution. Furthermore, FocalTech has combined this solution with its mature touch technology to mass produce products with integrated touch control and fingerprint recognition. These combination products not only help improve gross profit margins but also fully demonstrate FocalTech's advantages in cross-technology integration and elevate FocalTech above suppliers that provide only fingerprint solutions.

As the AI craze swept the market in 2024, FocalTech actively integrated AI technology into fingerprint recognition algorithms, which not only significantly improved recognition accuracy and processing speed but also further enhanced anti-counterfeiting capabilities. Looking ahead, FocalTech plans to deeply integrate its technologies into other AI application fields in an effort to provide stronger privacy protection and a more intelligent identity verification experience for users.

Additionally, FocalTech successfully ventured into the smart lock industry this year. This industry requires the simultaneous capture of multiple fingerprints (up to 100 people) in restricted memory capacity, with stringent criteria of high accuracy and fast recognition. Leveraging the Company's mature technologies and lightweight fingerprint recognition algorithms developed for mobile phones and laptop products over the years, FocalTech entered the smart lock market and rapidly delivered impressive results.

3. Supply, demand and growth of the future market

(1) Driver IC and touch IC for portable mobile device panels:

In terms of supplying small and medium-sized LCD driver ICs, in recent years, mainland China driver IC manufacturers have devoted their efforts to the development of LCD driver ICs; this has yielded significant results, as well as localization advantages, and allowed them to secure the low-end device market. Conversely, Taiwanese manufacturers have the advantages of comparatively advanced technical capabilities and better control of chip probing and final testing before packaging; these advantages cover most market demands, including those for high-, medium-, and low-end mobile phones, and have enabled Taiwanese manufacturers to secure leading positions in the field of small and medium-sized LCD driver ICs.

IDC products and technologies are now well developed. They have been mass-produced for both mobile phone and tablet brand customers, providing

them with a lighter, more compact and better-performing device structure and an outstanding touch performance. Therefore, IDC products have maintained its high competitiveness for the future market. With IDC, the Company can expand its market share for intermediate-level products. In 2024, the Company shipped exceeded 200 million units of Integrated Driver Controller (IDC), and was the first to launch the new-generation IDC products for new applications, such as tablets, smart wearables, and automobiles. It is expected that the Company will continue to maintain its leading position in the market and lead the advancement of in-cell technologies in the future.

The Company's AMOLED driver ICs, whether for wearable applications or mobile phone applications, have been produced in small quantities. The Company will continue to carry out IC advancement for different applications. The advancement will be focused on three areas:

A. In response to the extreme demand for high performance and highly cost-effective AMOLED displays for mobile phones, the Company will develop products in the Single RAM Driver and Dual RAM Driver specifications to meet the market trend.

B. In response to the demands of the high-end smart wearable market, the Company will continue to develop AMOLED IDCs that are thin, lightweight, and economical, and the AMOLED Incell, Hybrid and POLED On-cell fabrication process will be upgraded to 40-nm.

C. Applying AMOLED IDCs to mobile phones can effectively reduce the thickness of foldable devices; therefore, both panel and mobile phone manufacturers are working to develop such products. The Company has experienced great success in developing mobile Touch and wearable IDC products, and it will seize business opportunities by cooperating with mobile phone and panel manufacturers on the development of mobile phone AMOLED IDCs.

In the application of out-cell capacitive touch IC, the Company has successfully developed an AMOLED on-cell solution and promoted it to international mobile phone brands along with various AMOLED panel manufacturers. With the increase of AMOLED's market share in the mobile phone panels, the growth of AMOLED on-cell touch IC will be promoted as well.

Furthermore, the Company's touch products have been successfully applied to smart watches, bracelets, earphones and Notebook. The shipment of touch ICs in the wearable device market and NB will continue to increase, producing more revenue and profitability for the Company.

(2) Fingerprint recognition IC:

Future applications of technologies integrating fingerprint recognition and other biometrics with personal data are projected to continuously expand along with the surging demand for smartphones, smart appliances, financial services, and linkages between corporate accounts and personal accounts. Technological advances and cost reductions will also facilitate wider application of fingerprint recognition technology in various products and services. Additionally, increasing awareness of data privacy among consumers will further drive demand for high-security authentication technologies.

Among these technologies, Microsoft's Match On Chip (MOC) concept is gradually gaining market attention. MOC technology requires that fingerprint data processing and matching be performed directly within the fingerprint sensor module using a microprocessor; this design greatly improves system security because no cross-system transmission of sensitive data is required, effectively reducing the risk of data leakage. However, the implementation of MOC technology still faces various challenges such as ensuring processing speed and efficiency within the module, enhancing computing capability to address complicated fingerprint matching algorithms, and tightly controlling costs while maintaining high security standards.

FocalTech has recently devoted its efforts to the R&D of MOC technology, and the technology has been certified by Microsoft, which demonstrates FocalTech's competitive advantage in the high-security authentication field. In the future, FocalTech will further integrate lightweight AI model technology and continuously optimize fingerprint recognition algorithms with the aim of expanding its influence in the fingerprint market and providing users with a more convenient and secure authentication experience.

4. Competitiveness: In response to the fierce competition at home and abroad, the Company has the following competitive advantages.

- (1) Professional operations and management team: The Company's operations and management team is well trained and has rich experiences in product market strategy and positioning.
 - (2) Strong R&D capability:
 - A. The Company continues to demonstrate strong capability in technological innovation and new product development, and has taken the leading position in several areas of the market.
 - B. The technical support service bases established at home and abroad can promptly solve customers' product application and production problems, which enhances customer's efficiency in mass production.
 - (3) Reliable and close customer relationship: The Company has an excellent corporate culture, and maintains a long-term close relationship with upstream, midstream and downstream customers as well as the supply chain. When facing problems, the Company always adhere to the idea of integrity and spares no effort to help customers solve all their problems. Therefore, the Company is able to maintain long-term, close and reliable partnerships with both customers and suppliers.
 - (4) Deep understanding of various display platforms and products: In addition to solid R&D capability, the Company has a deep understanding of various display platforms, such as mobile phones, tablets, notebooks, digital cameras, and printers, with an aim to create more added value for customers.
 - (5) Good strategic partners: In addition to deep-rooted customer relationships, the Company actively forms strategic alliances with brand customers and platform solution providers.
5. Advantages and disadvantages of the Company's future development and corresponding countermeasures

(1) Advantages

- A. The display industry and its application market are changing rapidly; therefore, operating efficiency and rapid response capabilities are particularly important. In the fast-changing environment, the operating efficiency of professional IC design companies has surpassed the group operation model of traditional Integrated Device Manufacturer (IDM). Additionally, the performance of domestic professional wafer fabrication, testing and package plants have reached world-class standards, thus the long-term competitiveness of professional IC design companies is promising.
- B. Integrated Driver Controller (IDC) has dominated the market, especially in the application of small-size panels, which is also the Company's current focus area. The successful experience accumulated for LCD IDC will be beneficial for the Company to expand the market of AMOLED IDC.
- C. The brand owners of flat-panel attach great importance to the development of related display technologies and standards. The demand for collaboration with related domestic flat-panel display manufacturers is increasing. Therefore, it is beneficial to FocalTech, who has a solid R&D capability. Regardless of technology development or innovation, the Company is in the leading position.
- D. With IC design and software development capabilities, FocalTech-owned ITO touch patented patterns will be able to effectively provide customers with solutions in the shortest time and avoid being accused.
- E. Stay close to the market so as to grasp the market trend, and meet customer order requirements at any time. The Company is one of the few IC design companies who meet the rapidly changing market in Mainland China, which enhances the Company's position in the market.

(2) Disadvantages and corresponding countermeasures

A. Product prices are facing downward pressure

The display driver industry faces intense competition, and starting in 2024, wafer suppliers have gradually matured and stabilized their production capacity. As a result, competitors have engaged in price-cutting strategies, putting downward pressure on product prices and significantly impacting profit margins.

Countermeasures:

The Company continues to enhance its capabilities in product manufacturing and R&D design. Moreover, the Company also seeks lower cost wafer and packaging technologies, and it optimizes and reduces testing procedures and platforms in order to reduce manufacturing costs and increase product margins. In response to market development trends, the Company will accelerate the development of new technologies and products to widen the technological gap with competitors in the industry. Furthermore, new markets of applications, such as wearable, smart home device, POS device, security device, and automotive, will be explored to increase product competitiveness.

B. R&D personnel resign risk

The IC design industry is a knowledge-intensive industry. The development and training of R&D and design personnel requires long-term cultivation. Hence, having recruited high-quality R&D personnel will be the core competitiveness of IC design companies. However, due to the large number of competitors in the IC industry, recruitment of outstanding professional talents is becoming increasingly difficult, and high costs are often required to recruit excellent talents. In addition, enhancing the loyalty of talents will require the Company to pay higher labor costs.

Countermeasures:

The Company takes specific measures, such as adopting various equity retention tools, setting rules for earnings distribution to employees, implementing the product line profit-sharing system, conducting performance assessment and promotion, and offering internal/external education and training, to improve the adhesion and loyalty of employees.

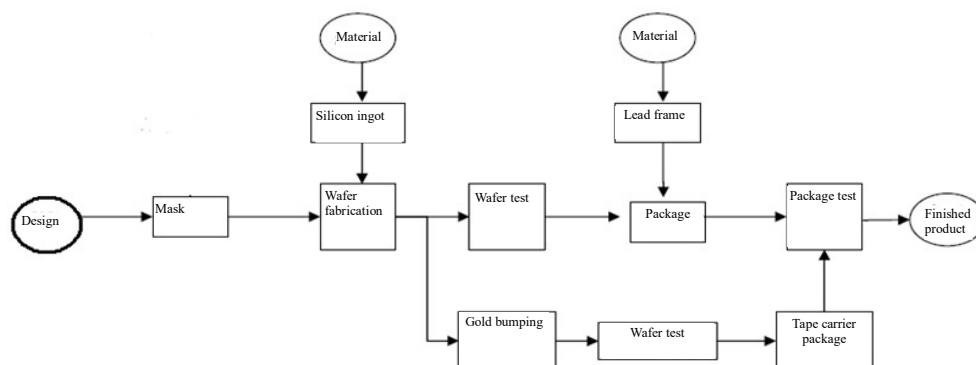
(2) Important use and production process of major products

1. Important use of major products

Currently, the Company's main products include Touch with Display Driver Integration (TDDI) or Integrated Driver Controller (IDC), capacitive touch IC, TFT LCD and AMOLED driver IC and fingerprint recognition IC. They are mainly used in various types of smartphones, tablets, notebooks, wearable devices, digital cameras, automobiles and printers.

2. Production process of major products

The Company is a professional IC design company, and its fabrication of wafers is conducted by foundries. After preliminary tests, the ICs produced by fabs are sent to package plants for packaging or bumping processes, as well as to complete IC functional tests. The following is the flow chart showing the production process:



(3) Supply of major material

Name of major material	Major supplier	Supplying condition
Wafer	Supplier A, Supplier B, Supplier C, Supplier D	Stable quality and supply, long-term cooperation, good supply

(4) The name of the supplier (customer) who has accounted for more than 10% of the total purchases (sales) in any one of the most recent two years, as well as the purchase (sales) amount and percentage

1. Information of major suppliers in the past two years

Unit: NT\$ thousand

No.	2023				2024			
	Name	Amount	Percentage to annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage to annual net purchases (%)	Relationship with the issuer
1	Supplier A	1,047,856	19%	None	Supplier A	1,731,371	16%	None
2	Supplier C	3,077,058	56%	None	Supplier C	2,524,207	33%	None
3	Supplier D	914,734	17%	None	Supplier D	2,582,857	39%	None
	Others	410,624	8%	—	Others	989,982	12%	—
	Net purchases	5,450,272	100%	—	Net purchases	7,828,417	100%	—

Note: The variation was due to the change in product combination.

2. Information of major customers in the past two years

Unit: NT\$ thousand

No.	2023				2024			
	Name	Amount	Percentage to annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage to annual net sales (%)	Relationship with the issuer
1	Company G	2,178,491	16%	None	Company G	2,626,838	18%	None
	Others	11,389,880	84%	—	Others	11,912,149	82%	—
	Net sales	13,568,371	100%	—	Net sales	14,538,987	100%	—

Note 1: The above company includes the company and its affiliates.

Note 2: The variation was due to the change in product combination.

3. Information of employees

Information of employees in the past two years and as of the publication date of the annual report: number of employees, average year of service, average age, and education background

April 30, 2025; Unit : person(s)

Year		2023	2024	As of April 30, 2025
No. of employees	Manager	19	11	11
	Production line	—	—	—
	Regular staff	810	839	848
	Total	829	850	859
Average age		37	37	37
Average year of service		6.19	6.54	6.61
Education background	Doctor	1%	1%	1%
	Master	46%	46%	47%
	Junior college	52%	52%	51%
	Senior high	1%	1%	1%
	Under Senior	—%	—%	—%

4. Information on environmental protection expenditures

In the most recent year and as of the publication date of the annual report, disclose the losses incurred due to environmental pollution (including compensation and environmental protection audit results that violate environmental protection laws and regulations, the date of penalty, the penalty number, the laws and regulations violated, the content of violation, and the penalty shall be listed) and the estimated amount that may occur at present and in the future as well as the corresponding measures. If it is impossible to carry out the estimation, the reason shall be stated:

FocalTech is a high-tech integrated circuit design company. It is engaged in the research and development of semiconductors. The company entrusts various well-known domestic and international integrated circuit manufacturers to carry out wafer fabrication. Therefore, it is not involved in any pollution sources or pollution incident specified by the environmental protection related regulations.

5. Labor relations

(1) Employee welfare and benefits

In accordance with relevant laws and regulations, FocalTech allocates employee welfare funds and organizes an employee welfare committee to plan,

supervise and implement employee welfare matters. In addition to statutory benefits in accordance with law, the Company also provides employees with additional flexible time off. In addition to following the provisions of the Labor Insurance Act, all employees of the company shall join the labor insurance and group insurance. Besides the employees, their family members can also join the group insurance under the condition that the premium is self-paid. FocalTech provides a safe and healthy working environment for employees. We have certified nurses and on-site doctors to provide regular medical and counseling services, offering facilities and environment that are superior to those required by the Occupational Safety and Health Act and providing regular health checkups better than those prescribed by the related laws and regulations. In addition, to enhance the company's competitiveness, we provide a complete training program for employees' career planning and professional skills. We also implement profit sharing and fair evaluation as well as promotion systems to increase employees' adherence towards the organization. Subsidiaries are handled in accordance with local laws and regulations.

(2) Advanced study and training of employees

1. FocalTech provides employees with rich learning resources. Employees can enhance their knowledge and skills through internal training, on-the-job training, knowledge management systems, and guidance from supervisors and peers. Furthermore, through courses for new recruits, professional competencies, supervisory talents, as well as general courses and self-inspired training systems, employees are able to obtain assistance in learning and growth. On the other hand, through dual-track promotion, job rotation, and project assignment, the career and job of employees can be integrated, allowing them to enjoy the pleasure of learning and growing, and create a better future.
2. To provide more comprehensive on-the-job training and resources for our employees, the Company has developed the e-learning platform, FocalTech e-College, which allows all employees to choose courses according to the categories of "New Employee Training", "General Education", "Operation and Management", and "Professional Knowledge". These courses not only allow our employees to acquire new knowledge instantly, anywhere, anytime, without the restriction of time and location, but also enable them to better understand and systematically manage their entire learning history and records. With a robust training platform, all kinds of information and knowledge can be transferred instantly, which is conducive to the passing on of knowledge within the Company.
3. FocalTech has formulated the "Management Guidelines for Employee Education and Training" and planned related training courses in accordance with the requirements of competencies, professions, regulations and ISO to enhance the knowledge and the quality of employees, improving business performance. The education and training conducted in 2024 are as follows:

Type of training	No. of people	Costs	Class hours
Management training course	330	1,609,784	2,599
Professional training course	2,479	403,939	6,197
General training course	1,638	555,198	3,827
New employee orientation	132	7,500	691
Total	4,579	2,576,421	13,314

(3) Retirement system and its implementation status

To secure the retirement life of employees, and improve the spirit of on-the-job service, FocalTech has formulated the Employee Retirement Management Guidelines in accordance with the Labor Standards Act, specifying the retirement conditions, payment standards and application procedures, and establishing an Employee Retirement Reserve Supervision Committee in accordance with related laws. Retirement funds are allocated monthly and deposited in a special account of the Bank of Taiwan under the name of the Employee Retirement Reserve Supervisory Committee. At the end of the year, if the estimated balance of the special account is insufficient to pay for the employees who are qualified for retirement in the next year, the difference in amount will be provided by the company at once before the end of March of the next year. Since the Labor Pension Act came into effect on July 1, 2005, employees can choose to follow the old pension system or the new system and retain the working experience that are applicable according to the related regulations (retain the working experience accumulated during the old pension system). For employees who are eligible for the new pension system, FocalTech will allocate 6% of the employee's salary every month to the individual labor insurance account. Subsidiaries are handled in accordance with local laws and regulations.

(4) Labor-management agreement

In accordance with relevant labor laws and related regulations, FocalTech handles labor-management agreement based on the employment contract, working rules and various management regulations. Since the establishment of the company, the labor-management relation has been harmonious, and no major labor disputes and losses have occurred.

(5) Various employee rights protection measures

FocalTech has formulated comprehensive management regulations, which clearly stipulate the rights and obligations of employees as well as their welfare and benefits to protect the rights and interests of employees.

(6) In the most recent year and as of the publication date of the annual report, disclose the losses incurred due to labor disputes (including labor inspection results that violate the Labor Standards Act, the date of penalty, the penalty number, the laws and regulations violated, the content of violation, and the penalty shall be listed) and the estimated amount that may occur at present and in the future as well as the corresponding measures. If it is impossible to carry out the estimation, the reason shall be stated: none.

6. Information security management

(1) Information security risk management framework

The Company's Information Management Division is responsible for the promotion and implementation of information security; formulation, promotion and implementation of information security policies; and raising employee awareness on information security. Additionally, the division reports regularly to the Chairman on information security operations, evaluates the effectiveness of internal controls over the Company's information operation, and ensures the confidentiality, integrity and availability of information. Finally, a "proactive information security detection and defense" framework has been established to reduce the risk of unauthorized use, destruction, or leakage of information.

As for risk assessment or specific issues, the Information Management Division will gather relevant units, including legal affairs, human resources, R&D, and auditing,

for a joint discussion as appropriate.

(2) Information security policies

1. Scope and Objective: To provide the information security implementation principles for FocalTech Group's employees so as to achieve the three major objectives of confidentiality, integrity and availability.
2. Responsible unit and detection procedure: The top-level manager is the responsible person of the information unit. Each year, the information unit internally identifies important risk factors based on risk assessment. These important risk factors are included in the information unit's promotion work plan for improvement so as to reduce information security risks. Additionally, they are regularly compiled and submitted to the Sustainable Development Group. After consolidating other risks, the Group reports these risks factors to the Board of Directors according to their materiality level.
3. Promotion of information security work
 - (1) Arrange the annual information security work plan for the following year.
 - (2) Execute the formulated plan or instructed programs, specifically review the plan after execution, and keep records for future improvement and experience transmission.
4. Policies and operations

Policy	Description/Purpose	Basis of Operation
Password/Passphrase protection	Set password changing rules in the specified system so as to prevent unauthorized use and leakage of information.	Regulations Governing the Operations of Online and Electronic Media
Acceptable use method	Specify the acceptable and unacceptable practices for the use of company information and hardware resources so as to protect the security of company information.	Personal Computer Software Management Regulations
Email security	Specify rules for the use of email so as to avoid passive or active information leakage.	Regulations Governing the Operations of Online and Electronic Media
Access control	Establish control over information access as well as information processing facilities and procedures according to information security requirements so as to prevent any unauthorized access or destruction of information from the system.	Regulations Governing the Operations of Online and Electronic Media
Incident response	Formulate operation procedures and drill requirements for incident response, and examine them from time to time so as to reduce the damage caused by accidental information security	Information System Emergency Response Procedures

	incidents.	
The security of personal devices	Specify the principles and practices for the use of personal devices, including regulations for the use of network.	Regulations Governing the Operations of Online and Electronic Media
The security of server room and hardware	Specify the security management related rules for the access and uninterruptible power supply of the server room.	Regulations Governing the Operations of Online and Electronic Media

5. Awareness raising on information security

- (1) The managerial level personnel regularly review, formulate, approve, and publish information security policies and raise the employees' awareness.
- (2) Enhance the information security awareness of colleagues through new employee training, information security awareness-raising activities, and social engineering.
- (3) Specific information security management programs

Program	Specific Management Measures
Firewall protection	Set connection rules for firewall to ensure the blockage of malicious attacks.
	Users are required to additionally apply for an approval for special connection.
Mechanism controlling user access to the Internet	Control user's online behavior with an automatic web protection system.
	Automatically filter websites containing Trojan horse viruses, ransomware, or malware, which users may be linked to on the Internet.
Information leakage protection	Data access and leakage protection control using DLP.
Anti-virus software	Reduce the chance of virus intrusion by adopting an anti-virus software that updates virus patterns automatically.
Operating system update	The operating system is updated automatically. If the system is not updated for any reason, the Information Management Division will assist in updating it.
E-mail security control	Adopt the approach of automatic e-mail scanning threat protection to block access to unsafe attachments, phishing e-mails, and spam before users receive the e-mails, and to extend the protection against malicious links. When a personal computer receives an e-mail, the anti-virus software will also scan for unsafe attachments.
Data backup mechanism	Daily backups are scheduled for the important information system databases.

Important file server management	Important files of all the Company's departments are stored in the server and generally kept by the information unit as a backup.
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(4)Information Security Investment Resources

1. Network hardware such as firewalls, e-mail security controls, spam filtering, online behavior controls, and VPN controls.
2. Software systems such as data loss prevention, backup management, and antivirus protection.
3. Daily status checks of each information security system; execution of regular backup and off-site storage of backed-up media; weekly reviews of abnormal access and information security notifications; periodic security awareness-raising activities, social engineering drills, and employee information security training courses; execution of system disaster recovery drills, etc.

4. Information Security Measure Promotion and Implementation Results in 2024

Promoting information security	Information security promotion campaigns included: 12 company-wide information security promotion campaigns
Disaster recovery exercises	Quarterly data backup and remote backup operations. 2 disaster recovery exercises for the year.
Information security training	Conducted an online information security education and training course with a completion rate of 100%.
Education and training for new hires	Completion rate of 100%.
Vulnerability assessment	Two assessments were conducted in 2024, which covered vulnerability assessments of important servers, vulnerability remediation, and system vulnerability detection. The goal was to prevent hackers from exploiting these vulnerabilities to gain access to and steal data.
Information security policy	<ul style="list-style-type: none"> ➤ NB employed VPN policies for Internet behavior control to prevent the leakage of sensitive data. ➤ Endpoint protection system (XDR): Installed on important company systems and NB to provide earlier threat detection through information security analysis, thereby improving investigation and response times. ➤ The WAF (Web Application Firewall) of the corporate website was strengthened to prevent threats and malicious attacks, thereby enhancing the security of the corporate website.
Information security certification	Obtained ISO 27001 certification in 2024.
Total education and training hours	Total education and training reached 214 hours.
Information security health check audit	The audit office conducted an information security health check and issued an audit report.
Internal control and information security-related regulations	<ul style="list-style-type: none"> ➤ The Company has established personal data protection management and computer information management control operations within its internal

	<p>control system.</p> <p>➤ 39 regulations related to ISO 27001 information security and 58 operation forms were completed this year.</p>
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(5) The losses or possible effects incurred due to major information security incidents, as well as the corresponding countermeasures, in the most recent year and as of the publication date of the annual report. If it cannot be estimated, the reason shall be stated: None.

7. Material Contracts:

The Company is not currently a party to any material contracts, other than those entered into the ordinary course of its business.

V. Review of Financial Position, Financial Conditions, and Risk Matters

1. Financial Position

Unit: NT\$ thousand

Item \ Year	2024	2023	Variation	
			Amount	%
Current assets	13,679,462	12,183,200	1,496,262	12
Fund and investments	425,593	416,089	9,504	2
Property, plant and equipment	2,529,675	2,439,730	89,945	4
Intangible assets	1,390,526	1,351,787	38,739	3
Other assets	637,624	2,064,491	(1,426,867)	(69)
Total assets	18,662,880	18,455,297	207,583	1
Current liabilities	5,798,568	4,459,342	1,339,226	30
Non-current liabilities	2,742,731	4,681,855	(1,939,124)	(41)
Total liabilities	8,541,299	9,141,197	(599,898)	(7)
Share capital	2,192,168	2,178,900	13,268	1
Capital surplus	6,150,242	6,031,904	118,338	2
Retained earnings	1,829,577	1,470,392	359,185	24
Other Equity	112,201	(210,063)	322,264	153
Treasury share	(163,060)	(163,060)	0	0
Non-controlling interest	453	6,027	(5,574)	(92)
Total shareholders' equity	12,121,581	9,314,100	2,807,481	9

The primary reasons and effects for the financial ratio differences of 20% or more between the latest two periods, amounting to over NT\$10 million (inclusive) are described as follows:

1. Increases in current assets: Primarily due to the increase in cash and cash equivalents.
2. Decreases in other assets: Primarily due to the decrease in refundable deposits.
3. Increases in current liabilities: Primarily due to the increase in accounts payable and other payables.
4. Decreases in non-current liabilities: Primarily due to decrease in long-term borrowings and guarantee deposits received.
5. Increase in retained earnings: Primarily due to the increase in net income.
6. Increase in other Equity: Primarily due to the compensation cost of restricted stock to employees and exchange differences on conversion of financial statements from foreign-operating institutions.

The above differences have no significant impact on the company's finances and business.

2. Financial Conditions

Unit: NT\$ thousand

Item \ Year	2024	2023	Variation	
			Amount	%
Operating revenue	14,538,987	13,568,371	970,616	7
Operating gross profit	3,259,033	2,708,653	550,380	20
Net operating profit or loss	166,772	122,645	44,127	36
Non-operating income and expenses	413,959	303,072	110,887	37
Profit before tax	580,731	425,717	155,014	36
Net profit for the year	568,456	353,015	215,441	61
Other comprehensive income for the year (profit after tax)	240,717	(35,314)	276,031	782
Total comprehensive income for the year	809,173	317,701	491,472	155
Net profit (loss) attributable to owners of the parent	574,062	361,919	212,143	59
Comprehensive income attributable to owners of the parent for the year	814,747	326,503	488,244	150

The analyses for the financial ratio differences of 20% or more between the latest two periods, amounting to over NT\$10 million are as follows:

1. Operating Gross Profit, Net Operating Profit, Profit Before Tax, Net profit for the year, Total comprehensive income for the year, Net profit (loss) attributable to owners of the parent, and Comprehensive income attributable to owners of the parent for the year : Primarily due to the increase in market sales in 2024, higher non-operating income, and an increase in exchange differences on conversion of financial statements from foreign-operating institutions.
2. Non-operating income and expenses: Primarily due to the increase in interest income.
3. Increase in other Comprehensive Income for the Year: Primarily due to the increase in exchange differences on conversion of financial statements from foreign-operating institutions.

The above differences have no significant impact on the company's finances and business.

3. Cash Flow

Analysis of changes in cash flow for the most recent year, improvement plan for liquidity deficiencies and cash flow analysis for the next year

Beginning of year cash balance	Expected net operating activities cash flow for the whole year	Expected net cash flow of investing and financing activities for the whole year	Exchange rate effects	Estimated cash surplus (deficit)	Correction action for cash deficit	
					Investment	Wealth management
4,444,804	2,352,954	1,306,810	143,311	8,247,879	—	—

- (1) Analysis of changes in cash flow for the current year
 1. Operating Activities: Net cash inflow of NT\$2,352,954 was primarily due to the sale of inventory and outstanding accounts payable.
 2. Investing Activities: Net cash outflow of NT\$3,600,198 was primarily due to the decreases in other financial assets and refund of refundable deposits.
 3. Financing Activities: Net cash outflow of NT\$2,293,388 was primarily due to repayment of long-term borrowings and the return of guarantee deposits received..
- (2) Correction action for estimated cash deficit and cash flow analysis: No deficit in cash projected.
- (3) Cash flow analysis for the coming fiscal year: N/A.
4. Impact of Major Capital Expenditures on Financial Operations in the Most Recent Year:
 - (1) Utilization of major capital expenditures: None.
 - (2) Projected possible effects: None.
5. Policy for the Most Recent Fiscal Year on Investment in Other Companies, Main Reasons for Profits/Losses Resulting Therefrom, Plans for Improvement, and Investment Plans for the Coming Fiscal Year:

The Company's investments in other companies are primarily strategic investments. The investment loss under equity method of NT\$493,896 in 2024 was primarily due to operating income by Company-owned subsidiaries in 2024. In the future, the Company will continue to prudently assess and substantially manage investments in other companies based on the long-term strategic principle.

6. Risk Analysis for the Most Recent Fiscal Year as well as the Current Fiscal Year up to the Date of Publication of the Annual Report
 - (1) Effect on the Company's Profits/Losses by Interest and Exchange Rate Fluctuations and Inflation Rate Changes, and Response Measures to Be Taken in the Future
 1. Effect on the Company's profits/losses by interest rate fluctuations in the most recent fiscal year, and response measures to be taken in the future

The Group was exposed to interest rate risk primarily related to its investments in time deposits with fixed-rate interest, bonds investment, short-term borrowings, demand deposits with floating-rate interest, structured investments and current position of long-term borrowings. The time deposits were at fixed interest rates, and bonds investment were at fixed rates or with guaranteed minimal interest rates and carried. Therefore, changes in interest rates would not affect the future cash flows. As for the Group's financial assets held as of December 31, 2024 and 2023 associated with interest rate fluctuations, for every 0.25% increase in market interest rate, profit before tax for financial assets with floating rates would increase by NT\$7,634,000 and NT\$1,104,000, respectively. If the market interest rate decreased by 0.25%, the resulting amounts would be the same but in negative values.

To avoid impacts from changes in interest rates, the Company will take the following response measures as appropriate:

- (1) The Company regularly evaluates bank deposit/borrowing rates, obtains average market rates, and closely liaises with banks to strive for the most favorable deposit/borrowing rates.
- (2) In the future, the Company will use various financing channels for fundraising in a timely manner, depending on the operating conditions and capital requirements.

2. Effect on the Company's profits/losses due to exchange rate fluctuation, and response measures to be taken in the future

The Group's exchange rate risk relates primarily to operating activities (when the currency used for revenue or expenses differs from the Company's functional currency) and net investments in foreign operations. In addition, the Group is primarily affected by fluctuations in the exchange rate with the U.S. dollar (USD). Based on the sensitivity analysis of the Group's foreign exchange rate risk for the U.S. dollar currency as of December 31, 2024, the amount of increase/decrease in profit before tax associated with net assets/liabilities, in a situation where the New Taiwan dollar (NTD) had weakened 5% against the currency, is shown in the table below:

Unit: NT\$ thousand	
	Impact of USD
Profit and Loss and Equity	16,369

The above table shows that when the NTD:USD exchange rate fluctuates sharply, it may affect the Company's profit and loss. Therefore, the Company always keeps track of exchange rate fluctuations in the international market and continues to implement the following response measures:

- (1) The Company's finance department maintains close contact with the foreign exchange departments of correspondent financial institutions to collect information on exchange rate changes on a constant basis and to keep abreast of international exchange rate trends and changes, in order to proactively respond to negative effects from exchange rate fluctuations. The Company manages its forward exchange transactions and foreign exchange settlements with reference to exchange rate movements.
 - (2) The finance department submits monthly internal assessment reports on net foreign currency asset (liability) positions that require hedging to the Company's management, for the purpose of determining hedging measures to be taken.
 - (3) The use of foreign currency cash from the sale of products in/to foreign countries to pay for foreign currency payables arising from the purchase of materials can hedge part of the exchange rate risk by taking advantage of the natural hedging feature. Therefore, the Company only has to use other instruments for net foreign currency assets (liabilities); examples include the purchase and sale of forward exchange, depending on the exchange rate fluctuations to hedge the risk of exchange rate changes in a timely manner.
3. Effects on the Company's profits/losses from changes in the inflation rate, and response measures to be taken in the future

The Company will closely monitor the inflation situation, and adjust the selling price of products and material inventory as appropriate, to reduce the impact of inflation on the Company; the Company will also enter into purchase contracts with cooperative vendors for major raw materials.

- (2) Policies Regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions; the Primary Reasons for Profits/Losses Generated Thereby; and Response Measures to Be Taken in the Future

The Company operates in a conservative and prudent manner and does not engage in high-risk, highly leveraged investments.

The Company's loaning of funds to others, endorsements, and guarantees are

performed in accordance with the policies and response measures set forth in the Company's Operational Procedures for Lending Funds to Others and Procedures for Endorsement and Guarantees, which have been carefully executed taking into account the risk conditions and relevant regulations.

The Company's derivatives transactions policy remains conservative and prudent, and is not used for arbitrage or speculative purposes, so there is no significant market risk. Thus, in addition to following laws and regulations of the competent authorities and generally accepted accounting principles, the Company has established the Procedures for the Acquisition or Disposal of Assets, as approved by the shareholders' meeting, to regulate procedures for engaging in derivatives transactions.

(3) Research and Development Plans to Be Carried Out in the Future, and Further Expenditures Expected

The Company is committed to the development of integrated, high value-added products, and the relevant R&D plans along with their progress are in line with the Company's direction of product development. R&D expenses are expected to account for approximately 15% of consolidated revenue in the coming fiscal year, which will be adjusted depending on operating conditions. The Company will continue to involve itself in R&D work, develop new products, and master key factors such as talent, capital, and technology to pursue a leading R&D position.

(4) Effects on the Company's Financial Operations by Important Policies Adopted and Changes in the Legal Environment at Domestic and Foreign; and Response Measures to Be Taken

The Company follows domestic and foreign laws and regulations in its daily operations, and is always aware of domestic and foreign policy trends and regulatory changes to fully understand and respond to changes in market conditions. Changes in domestic and foreign policies and laws have not had a significant impact on the Company's financial operations in the most recent fiscal year.

(5) Impacts of the Developments in Science and Technology (including information security risk) as well as Industrial Change on the Company's Financial Operations, and Response Measures to Be Taken

The Company stays constantly aware of technological changes and developments in the industry in which it operates, and quickly grasps industry dynamics. Additionally, the Company is constantly enhancing its R&D capabilities, applying for patents to protect its various innovative concepts and designs, and actively expanding its market applications for the future. Hence, changes in technology and the industry have a positive impact on the Company. Furthermore, with the globalization of the Internet, the network information security issue has become a major risk faced by corporates, particularly the IC design industry. In addition to showcasing its intellectual achievements, a corporate in the industry also needs to prevent the outflow of its skills and technologies. The Company has formulated information security policies and specific management programs for information security operations, such as strengthening prevention and protection measures to avoid internal and external unauthorized access and virus intrusion, refining backup policies and conducting recovery testing and drills, and monitoring abnormalities, to implement information security risk management. By protecting its business secrets and intellectual property, the Company is able to achieve the goals of sustainable business development.

(6) Effects from Changes in the Company's Corporate Image on the Company's Crisis Management, and Response Measures to Be Taken

Since its establishment, the Company has actively strengthened its internal management, improved management quality and performance, strived to maintain its corporate image, and complied with relevant laws and regulations. As of now, nothing has happened sufficient to affect the Company's corporate image.

(7) Expected Benefits and Possible Risks Associated with Any Mergers or Acquisitions, and Mitigation Measures Being or to Be Taken: None.

(8) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Mitigation Measures Being or to Be Taken: None.

(9) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Mitigation Measures Being or to Be Taken

1. Risks from Consolidated Purchasing Operations

The Company's current production configuration is not consolidated in a single foundry. In addition to maintaining long-term and close cooperative relationships with specific foundries, the Company also increases its sources of supply from other professional foundries to provide more choices and protection for quality, sources and prices of raw materials. Hence, there is no risk from consolidated purchasing operations.

2. Risks from Consolidated Sales Operations

The Company's products are primarily sold through dealers, mobile phone module manufacturers, and panel manufacturers, and to major mobile phone brands in Japan besides the mobile phone market in Mainland China. By selling its products through dealers, module, and panel manufacturers, the Company has gained a wide range of end-user customers. In 2024, no single customer accounted for 25% or more of net operating revenues, and thus there is no risk of over-reliance on a single customer or high customer concentration.

(10) Effects Upon and Risks to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor, or Shareholder Holding Greater than a 10 Percent Stake in the Company Being Transferred or Otherwise Changing Hands; and Mitigation Measures Being or to Be Taken: None.

(11) Effects Upon and Risks to the Company Associated with Any Change in Governance Personnel or Top Management; and Mitigation Measures Being or to Be Taken: None.

(12) Litigious and Non-litigious Matters

1. If there has been any material impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that was finalized or remained pending during the most recent two fiscal years prior to the publication date of the annual report, the facts and amount in dispute, commencement date, main parties involved, and current status of the case(s) shall be disclosed:

Elan Microelectronics Corp. filed a patent infringement lawsuit against our company with the Intellectual Property and Commercial Court on March 20, 2024. The lawsuit alleges that the company has infringed upon a patent and claims that specific infringing products manufactured by the company and the materials and tools used in the infringing activities should be destroyed or otherwise disposed of as necessary, and seeks damages. The case is currently under preliminary review by the Intellectual Property and Commercial Court and has no material impact on the Company's operations or financial position.

2. If there has been any material impact upon Company shareholders' equity or securities' prices as a result of any litigation, non-litigious proceeding, or administrative dispute involving a company director, supervisor, president, de facto responsible person, or major shareholder with a stake of more than 10 percent, and the matter was finalized or remained pending during the most recent two fiscal years prior to the publication date of the annual report, the facts and amount in dispute, commencement date, main parties involved, and current status of the case shall be disclosed: None.

3. The occurrence of any event set forth under Article 157 of the Securities and Exchange Act that involves a company director, supervisor, managerial officer, or any major shareholder with a stake of more than 10 percent, provided the event occurred in the most recent two fiscal years prior to the publication date of the annual report, and current status of the case handled by the Company: None.

(13) Other Important Risks and Mitigation Measures Being or to Be Taken: None.

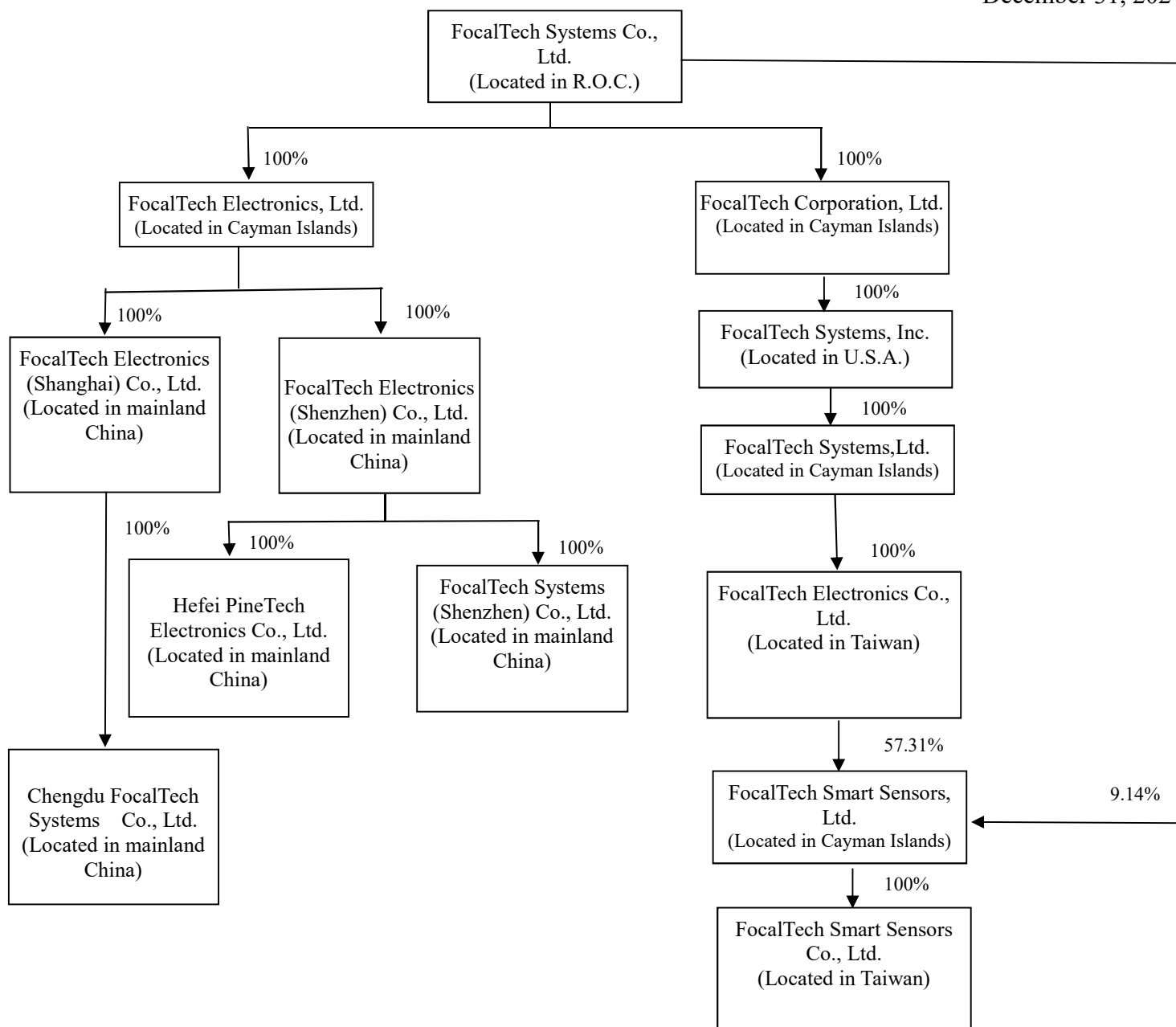
7. Other Important Matters: None.

VI. Special Disclosure

1. Information regarding the Company's Affiliates

(1) Chart showing the Company's Affiliates

December 31, 2024



(2) Profiles of the Company's Affiliates

Dec. 31, 2024; Unit: NT\$ thousand/Foreign currency: thousand

Name of Enterprise	Date of establishment	Address	Paid-in Capital	Major operations or production items
FocalTech Corporation, Ltd.	July 2012	Cayman Islands	TWD 7,059,264	Investment holding
FocalTech Systems, Inc.	October 2005	U.S.A.	USD 102,293	Investment holding
FocalTech Systems, Ltd.	October 2005	Cayman Islands	USD 23,350	Investment holding
FocalTech Electronics, Ltd.	August 2014	Cayman Islands	USD 100	Investment holding
FocalTech Systems (Shenzhen) Co., Ltd.	April 2006	Mainland China	USD 37,000	Design and R&D of consumer electronic chips
FocalTech Electronics (Shenzhen) Co., Ltd.	March 2015	Mainland China	USD 9,300	R & D, manufacturing and sales of consumer electronic chips
FocalTech Electronics (Shanghai) Co., Ltd.	November 2014	Mainland China	USD2,000	Sales service of consumer electronic chips
FocalTech Electronics Co., Ltd.	June 2006	Taiwan	TWD 20,000	Customs declaration for import and export of consumer electronic chips
FocalTech Smart Sensors Co., Ltd.	July 2016	Taiwan	TWD87,085	R & D, production management and sales of consumer electronic chips
Hefei PineTech Electronics Co., Ltd.	July 2015	Mainland China	RMB30,000	R & D and sales of consumer electronic chips
FocalTech Smart Sensors, Ltd.	December 2017	Cayman Islands	USD13,618	Investment holding
Chengdu FocalTech Systems Co., Ltd.	August 2024	Mainland China	RMB6,000	R & D and sales of consumer electronic chips

(3) No controlling or subordinate relations, as adjudged by Article 369-3 of the Company Act, exist for the Company.

(4) Industries Covered by the Business Operated by Affiliates Overall

The businesses of the Company and its affiliates include IC production management, design, R&D, sales, and investment. The businesses of the Company's affiliates as a whole include R&D, marketing, after-sales service, and general investment in chips for display drivers, touch and fingerprint recognition, and physiological monitoring products, etc.

(5) Information on the Directors, Supervisors, and Presidents of Each Affiliate

December 31, 2024

Name of Enterprise	Title	Name or representative	Status of shareholding	
			Number of shares	Ratio of shareholding
FocalTech Corporation, Ltd.	Director	Genda J. Hu	—	—
FocalTech Systems, Inc.	Director	Genda J. Hu	—	—
FocalTech Systems, Ltd.	Director	Genda J. Hu	—	—
FocalTech Electronics, Ltd.	Director	Genda J. Hu	—	—
FocalTech Systems (Shenzhen) Co., Ltd.	Executive Director President Supervisor	Genda Hu Genda Hu Hsiao-Peng Kuo	—	—
FocalTech Electronics (Shenzhen) Co., Ltd.	Executive Director President Supervisor	Genda Hu Genda Hu Hsiao-Peng Kuo	—	—
FocalTech Electronics (Shanghai) Co., Ltd.	Executive Director President Supervisor	Genda Hu Genda Hu Hsiao-Peng Kuo	—	—
FocalTech Electronics Co., Ltd.	Chairman	Genda Hu	—	—
FocalTech Smart Sensors Co., Ltd.	Chairman	Pei-Tzu Wu	—	—
Hefei PineTech Electronics Co., Ltd.	Chairman President Director Director Supervisor	Wei-Ching Hou Wei-Ching Hou Xiao-wen Liu Lien-Kuo Wang Hsiao-Peng Kuo	—	—
Chengdu FocalTech Systems Co., Ltd.	Chairman Director Director	Wei-Ching Hou Jin-shuo Wang Lien-Kuo Wang	—	—
FocalTech Smart Sensors, Ltd.	Chairman	Pei-Tzu Wu	—	—
	Director	GWAA LLC(Designated representative :Pei-Tzu Wu)	375,000	1.14%
	Director	FocalTech Electronics Co., Ltd. (Designated representative : Pei-Hsin Wu)	18,813,050	57.31%
	Director	FocalTech Systems Co., Ltd. (Designated representative : Jui-Cheng Hsu)	3,000,000	9.14%
	Director	Yen Kan	—	—
	Director	FocalTech Electronics, Ltd.	—	—

(6) Business Operations of Each Affiliate:

Dec. 31, 2024; Earnings per share are expressed in NT\$, while others are expressed in NT\$ thousand

Name of Enterprise	Capital	Total assets	Total liabilities	Net Worth	Operating revenue	Operating profit	Profit or loss for the year (after tax)	Earnings per share (loss) (NT\$) (after tax)
FocalTech Corporation, Ltd.	7,059,264	2,472,412	8,509	2,463,903	-	(6,988)	31,153	Note 1
FocalTech Electronics, Ltd.	3,279	2,498,727	707,976	1,790,751	(231,986)	(71,697)	464,270	Note 1
FocalTech Smart Sensors, Ltd.	446,472	1,351	-	1,351	-	(175)	(16,710)	(0.51)
FocalTech Systems, Inc.	3,353,671	2,546,163	209,655	2,336,508	17,662	(6,542)	31,842	Note 1
FocalTech Systems, Ltd.	765,532	2,770,463	367,774	2,402,689	-	(22,229)	31,746	Note 1
FocalTech Systems (Shenzhen) Co., Ltd.	1,213,050	1,166,675	502,609	664,066	595,310	(27,850)	(8,925)	Note 2
FocalTech Electronics (Shenzhen) Co., Ltd.	304,901	4,031,038	3,301,948	729,090	5,851,587	484,648	501,138	Note 2
FocalTech Electronics (Shanghai) Co., Ltd.	95,077	83,351	18,070	65,281	108,883	5,155	(3,504)	Note 2
FocalTech Electronics Co., Ltd.	20,000	89,661	136	89,525	-	(1,619)	(3,828)	Note 1
FocalTech Smart Sensors Co., Ltd.	87,085	181	18	163	357	(17,160)	(16,187)	Note 1
Hefei PineTech Electronics Co., Ltd.	136,824	262,545	12,721	249,824	87,132	7,625	12,255	Note 2
Chengdu FocalTech Systems Co., Ltd.	27,365	38,603	19,111	19,492	-	(7,789)	(7,785)	Note 2

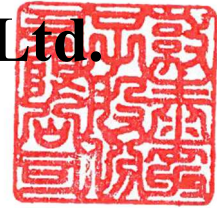
Note 1: 100% directly and indirectly controlled by the Company; these shares are issued for the purpose of equity management. Hence, the calculation of earnings per share based on the number of shares has no reference value.

Note 2: Calculation of earnings per share not applicable, as this is a limited company with no shares issued.

2. Private placement of securities in the most recent year and up to the date of publication of the annual report: Not applicable
3. Other necessary supplementary notes: None

VII. Any matter in the most recent year and up to the date of publication of the annual report which has a significant impact on shareholders' equity or securities prices as stipulated in subparagraph 2 of paragraph 3 of Article 36 of the Securities and Exchange Act: None

FocalTech Systems Co., Ltd.



Chairman : Genda Hu

