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FocalTech Systems Co., Ltd.

2025 Annual Report

Prepared by FocalTech Systems Co., Ltd.
Published on April 30, 2026

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FocalTech Systems Co., Ltd.
2025 Annual Report
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I. Letter to Shareholders

Dear shareholders:

Looking back on 2025, the global economy was disrupted by factors such as tariff policy changes, geopolitical risks, and divergent interest rate policies, leading to increased volatility in the overall environment and financial markets. Although the consumer electronics sector had demonstrated signs of recovery in recent years, the rapid rise of AI applications created a crowd-out effect in the supply chain, leading to increased product costs and reduced demand. This impacted growth momentum throughout the industry. Against this rapidly changing and complex backdrop, the entire FocalTech team united to confront challenges while seeking opportunities for medium- to long-term growth. The company continues to strengthen product innovation and diversification, actively expanding into non-mobile application areas such as tablets, laptops, automotive, wearables, and industrial control products to enhance overall operational resilience and mitigate risks.

According to market research firms, global shipments of smartphones increased by approximately 2% in 2025, and global shipments of notebooks increased by approximately 10%. However, due to oversupply and continued price competition, the Company strategically reduced shipments of low-margin products, which enabled us to achieve an annual consolidated revenue of NT\$11.952 billion, down 17.8% from last year. Despite the overall revenue decline, the company's improved product mix, driven by growth in shipments of higher-margin AMOLED Touch ICs and non-smartphone applications, led to a higher gross margin of 24.8%, demonstrating the success of its product competitiveness and operational restructuring. Regarding profitability, despite improved gross margin and effective cost control, the company's net loss for the year was NT\$990 million, or NT\$4.64 per share, due to a one-time impairment loss on goodwill in the fourth quarter.

Although we did not achieve impressive operational results, FocalTech remains committed to research and development and technological innovation. In 2025, R&D expenses totaled NT\$2.17 billion, representing a 2% increase over the previous year and accounting for 18.2% of total annual revenue. We filed 75 new patent applications, and 48 patents were granted, laying a solid foundation for FocalTech to showcase our technical capabilities.

In the display driver sector, FocalTech maintained our competitiveness in the smartphone market through design improvements that enhance product performance while reducing costs. We also launched new tablet products to meet customer needs, while successively securing major projects with renowned international brands. This not only contributed to revenue and profitability but also increased the proportion of revenue from non-smartphone products and drove overall operational performance. In the automotive sector, as LTPS gradually becomes the mainstream technology for automotive panels, FocalTech actively expanding the high-end display market and collaborated with clients to develop a next generation of automotive DDIC products. As of now, these dashboard displays have been successfully introduced to major car manufacturers in Europe, Japan, and mainland China. This move not only consolidated the Company's position in the global automotive application market but also strengthened our smart cockpit display portfolio beyond the IDC product line, which is expected to optimize the product mix and contribute to long-term growth momentum.

In the AMOLED market, FocalTech's touch products not only maintained the leading position in the industry, but also achieved a new record in shipments in 2025, highlighting the competitive advantage of FocalTech's products in the market. Meanwhile, in terms of high-end

touch technology deployment, FocalTech has not only successfully introduced its technology into high-end flagship models, but is also developing towards medium and large-size applications. In the tablet and laptop sectors, it has launched touch IC solutions based on POLED On-Cell architecture, effectively helping end products move towards thinner and lighter designs, narrower bezels, and optimized display effects. Through technology integration and product upgrades, the company is gradually improving its profitability and market penetration.

In addition to focusing on our core business, the Company also actively implemented the concept of sustainable business philosophy, to simultaneously expand operations and promote ESG. We enthusiastically enhanced our corporate governance, environmental protection, and social participation; as a result, we were honored with multiple domestic and international awards that recognized FocalTech’s long-term corporate value.

Regarding dividend policy, FocalTech has always adhered to the principles of prudent management and prioritizing shareholder returns. We execute our surplus distributions cautiously, based on comprehensive consideration of operational achievements and future development plans. While the overall operating performance in 2025 was not as expected due to the industry environment, the Company plans to distribute cash dividends from capital reserves to reward shareholders for their long-term support. In the future, the Company will continue to focus on improving operational performance and generating stable cash flow while also ensuring a sound financial structure and long-term development, maintaining a stable and flexible dividend policy.

Looking ahead to 2026, as the industry continues to face the challenges of supply chain adjustments and market competition, FocalTech will continue to deepen our core technology, optimize our product mix, and prudently plan the expansion of new products and markets to flexibly respond to various changes. At the same time, we are committed to create long-term value for shareholders to thank them for their long-term support and trust.

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, 2026; 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	1,803,787	0.82	455,072	0.21	4,158,691	1.88	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 of FocalTech Systems Co., Ltd. / Manager of GWAA LLC. / CEO, Director, President, Secretary 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. /	-	-	-	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. Taiwan	GWAA LLC Representative: Han-Ping Shieh	Male	61~70	May 30, 2023	3 years	June 10, 2015	4,158,691	1.93	4,158,691	1.88	-	-	-	-	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 / 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. Taiwan	GWAA LLC Representative: Jason Lin (note 4)	Male	61~70	May 30, 2023	3 years	May 30, 2023	4,158,691	1.93	124,028	0.06	-	-	-	-	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)		-	-	-	
	Taiwan	GWAA LLC Representative: Jeff Chang (note 4)	Male	51~60				-	-	20,000	0.01	-	-	-	-	Master of Business Administration, Baruch College, The City University of New York / Chief Financial Officer, Good Way Technology Co., Ltd. /	FocalTech Systems Co., Ltd.:Executive Vice President, CFO, and Accountant Officer Director of Heng Yuan Investment Co., Ltd.	-	-	-	
Director	Taiwan	Acer Inc. Representative:	Male	61~70	May 30, 2023	3 year	June 9, 2022	8,732,688	4.04	8,732,688	3.95	-	-	-	-	MBA, University of Missouri at Columbia(MU), U.S.A. /	President and CEO of Acer Inc. Other company: (note 5)	-	-	-	

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	
		Chun-Sheng Chen													Global CEO of Exeutive 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					
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	-	-	-	-	-	-	-	-	Ph.D. in Accounting, University of Maryland, USA Professor, Chair and Director, Department and Graduate Institute of Accounting, National Taiwan University Acting Dean and Associate Dean, College of Management, National Taiwan University Director, Office of Continuing Education and Extension, National Taiwan University Independent Director, Fubon Financial Holding Co., Ltd. Independent Director, Fubon Life Insurance Co., Ltd. Independent Director, Fubon Securities Co., Ltd. Supervisor, Securities and Futures Investors Protection Center	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	Jim Lai	Male 61-70	May 30, 2023	3 years	May 30, 2023	-	-	-	-	-	-	-	-	Master of Electrical Engineering, University of California, Santa Barbara/ Co-founder of ASICronics 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. Independent Director of APAC Opto Electronics Inc.	Independent Director of Silicon Optronics, Inc./ Independent Director of Andes Technology Corporation/ President of SKYMIZER TAIWAN INC./ Director of GIGA SOLUTION TECH. CO., LTD./ Director of Wolley, Inc.(CA Inc.)/ Director of M31 Technology Corporation/ Director, QianZhan Technology Co., Ltd. Director, ZhenSheng Semiconductor Co., Ltd.	-	-	-	

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 Jeff 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	Acer America Corporation	Director	21	Acer Asset Management Incorporated	Chairman
2	Acer American Holdings Corp.	Director	22	Acer BeingWare Holding Inc.	Chairman
3	Acer Cloud Technology Inc.	Director	23	Acer Medical Inc.	Director
4	Acer Computer (Far East) Limited	Director	24	Acer Cloud Technology (Taiwan) Inc.	Director
5	Acer Europe SA	Director	25	Acer e-Enabling Service Business Inc.	Chairman
6	Acer European Holdings SA	Director	26	Acer SoftCapital Incorporated	Chairman
7	Acer Holdings International, Incorporated	Director	27	Acer Gaming Inc.	Director
8	ACER TECHNOLOGY AND BUSINESS DEVELOPMENT PTE. LTD.	Director	28	Acer Computer (Shanghai) Ltd.	Director
9	Boardwalk Capital Holdings Limited	Director	29	PECER BIO-MEDICAL TECHNOLOGY INCORPORATED	Director
10	DropZone (Hong Kong) Limited	Director	30	Institute for Biotechnology and Medicine Industry	Director
11	DropZone Holding Limited	Director	31	AOPEN INC.	Director
12	Powerchip Semiconductor Manufacturing Corporation	Independent Director	32	Acer Gadget Inc.	Director
13	Mu-Jin Investment Co., Ltd.	Chairman	33	Weblink International Inc.	Chairman
14	Mu-Shi Investment Co., Ltd.	Chairman	34	Protrade Applied Materials Corp.	Director
15	Acer (Chongqing) Ltd.	Director	35	FocalTech Systems Co., Ltd.	Director
16	Acer Incorporated	Chairman	36	Acer Digital Service Co.	Chairman
17	Acer Healthcare Inc.	Director	37	MPS Energy Inc.	Director
18	ACER BEING COMMUNICATION INC.	Chairman	38	Embedded City Taiwan Limited	Director
19	Acer ITS Inc.	Chairman	39	Taipei Computer Association	Chairman
20	Acer Being Signage Inc.	Director	40	Acer Foundation.	Chairman

(1) Major Shareholders of Corporate Shareholders

March 31, 2026

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	2.84%
	Fuh Hwa Taiwan Technology Dividend Highlight ETF	2.50%
	Hung Rouan Investment Corp.	2.42%
	Taiwan Cooperative Bank	1.77%
	United Taiwan High Dividend Recovery 30 ETF	1.61%
	Acer SoftCapital Incorporated	1.23%
	Stan Shih	1.15%
	Rongxin Management Consulting Co., Ltd.	0.75%
	Rongan Management Consultants Co., Ltd.	0.75%
Labor Pension Fund (The New Fund)	0.73%	

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

March 31, 2026

Corporate shareholder Name	Major Shareholders of Corporate Shareholders	
	Name	Rate of shareholding
Hung Rouan Investment Corp.	Shih Hsuen Huei	18.64%
	Shih Hsuen Lin	15.41%
	Shih Hsuen Rouan	15.41%
	Carolyn Yeh	14.68%
	Shih Fang Cheng	7.70%
	Yeh Ting Yu	6.42%
	Shih Yi Jia	4.86%
	Shih Yi Ching	3.09%
	Shih Tan Ying	3.09%
	Shih Yan Hsu	3.09%
Corporate shareholder Name	Major Shareholders of Corporate Shareholders	
	Name	Rate of shareholding

Taiwan Cooperative Bank (As of the reference date: March 31, 2026)	Taiwan Cooperative Financial Holding Co.,Ltd.	100%
Rongxin Management Consulting Co., Ltd. (As of the reference date: March 31, 2026)	Shih Hsuen Lin	54.58%
	Shih Fang Cheng	22.71%
	Shih Yi Jia	22.71%
Rongan Management Consultants Co., Ltd. (As of the reference date: March 31, 2026)	Shih Hsuen Rouan	43.57%
	Yeh Ting Yu	18.81%
	Yeh Jia Xuan	18.81%
	Yeh Bing Xue	18.81%

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

March 31, 2026

Name		Conditions	Professional qualification and experience		Independency								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	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)										
					1	2	3	4	5	6	7	8				
Chairman	Genda Hu	<p>【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.</p> <p>【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</p>	Yes	Yes	No	No	No	Yes	No	Yes	No	Yes	0	6,417,550 2.91%	Yes	0
Director	GWAA LLC Representative: Han-Ping Shieh	<p>【Professional expertise】 Experiences in display technology and micro-optical systems; operating decision-making for the board of directors and functional committees; semiconductor-related</p>	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	0	0	No	2	

		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																
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	124,028 0.06%	No	0		
Director	GWAA LLC Representative: Jeff 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./ Director of Heng Yuan Investment Co., Ltd.	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes	0	20,000 0.01%	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./ Professor, Chair and Director, Department and Graduate Institute of Accounting, National Taiwan University/ Acting Dean and Associate Dean, College of Management, National Taiwan University/ Director, Office of Continuing Education and Extension, 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	Jim 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 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/ Director, QianZhan Technology Co., Ltd./ Director, ZhenSheng Semiconductor Co., Ltd./ Former co-founder of ASICtronic Solutions(San Jose, CA)/ Manager of ASIC Business Unit of TSMC North America / Director of Design Service Division of TSMC North America/</p>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	0	Yes	3

		Director of New Customer Business Division of TSMC North America / President of Global Unichip Corp./ Independent Director, APAC Opto Electronics Inc./																		
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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 Jeff 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 global trends in gender equality and to increase the proportion of either gender on the Board to at least one-third, the Company will align with its corporate values and implement relevant measures to achieve the goal of greater gender diversity among Board members.

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, 2026; 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	
President	U.S.A.	Genda Hu	Male	Jan. 5, 2015	1,803,787	0.82	455,072	0.21	4,158,691	1.88	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	Chairman of FocalTech Systems Co., Ltd./ Manager of GWAA LLC./ CEO, Director, President, Secretary 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./	-	-	-	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	124,028	0.06	-	-	-	-	Master of University of California, Santa Barbara (UCSB)/ Bachelor of Department of Electrical Engineering, National Taiwan University / President of IC MEDIA TECHNOLOGY CORPORATION/ President of Philips Semiconductors	None	-	-	-	
Executive Vice President	Taiwan	Jui-Cheng Hsu	Male	Feb. 1, 2021	71,730	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.	None	-	-	-	
Executive Vice President	Taiwan	Pei-Tzu Wu	Male	Aug. 1, 2018	9,366	0.00	-	-	-	-	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.	-	-	-	
Senior Deputy Executive Vice President	Taiwan	Chen Kuo	Male	Feb. 14, 2022	1,666	0.00	-	-	-	-	Master of Materials Engineering, Auburn University/ Bachelor of Department of Metallurgy & Materials Engineering, National Cheng Kung University/ Director of Wafer Foundry NXP Semiconductors Taiwan Ltd./ Director of Wafer Testing, Micron Technology, Inc./ Director of Wafer Plant 5, Macronix International Co., Ltd.	None	-	-	-	
Deputy Executive Vice President	Taiwan	Po-Sheng Shih	Male	Jan. 16, 2021	4,270	0.00	-	-	-	-	Ph. D. in Electronics Engineering, National Chiao Tung University/ Director of HannStar® Display Corporation/	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	
											Director of Innolux Corporation/ Executive vice president of CNTouch Inc.					
Deputy Executive Vice President	Taiwan	Hung-Jen Chien	Male	Sep. 8, 2021	—	—	—	—	—	—	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	15,666	0.01	—	—	—	—	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, and Accountant Officer	Taiwan	Jeff Chang	Male	July 26, 2021	20,000	0.01	—	—	—	—	Master of Business Administration, Baruch College, The City University of New York/ Chief Financial Officer, Good Way Technology Co., Ltd./	Director of FocalTech Systems Co., Ltd. Director of Heng Yuan Investment Co., Ltd	—	—	—	
Corporate governance officer	Taiwan	Joy Lee	Female	May. 9, 2025	—	—	—	—	—	—	M.S., Institute of Technology Management, National Chiao Tung University Chief Financial Officer and Acting Spokesperson, Leadtek Research Inc. (VIA Group) Head of Finance and Accounting and Corporate Governance Officer, Sort Tech Co., Ltd.	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

2025; 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					
Chairman	Genda Hu	—	—	—	—	—	—	60	60	60	-0.01%	60	-0.01%	11,035	21,432	—	—	—	—	—	—	11,095	-1.12%	21,492	-2.17%	None
General Director	GWAA LLC	1,030	1,030	—	—	—	—	60	60	1,090	-0.11%	1,090	-0.11%	—	—	—	—	—	—	—	—	1,090	-0.11%	1,090	-0.11%	None
	Designated Representative: Han-Ping Shieh																									
General Director	GWAA LLC	—	—	—	—	—	—	10	10	10	-0.01%	10	-0.01%	2,276	2,276	53	53	—	—	—	—	2,340	-0.11%	2,340	-0.11%	None
	Designated Representative: Jason Lin																									
General Director	GWAA LLC	—	—	—	—	—	—	50	50	50	-0.01%	50	-0.01%	11,883	11,883	108	108	—	—	—	—	12,041	-1.22%	12,041	-1.22%	None
	Designated Representative: Jeff Chang																									
General Director	Acer Inc.	1,030	1,030	—	—	—	—	40	40	1,070	-0.10%	1,070	-0.10%	—	—	—	—	—	—	—	—	1,070	-0.10%	1,070	-0.10%	None
	Designated Representative: Chun-Sheng Chen																									
Independent Director	Chintay Shih	1,030	1,030	—	—	—	—	120	120	1,150	-0.12%	1,150	-0.12%	—	—	—	—	—	—	—	—	1,150	-0.12%	1,150	-0.12%	None
Independent Director	Chan-Jane Lin	1,030	1,030	—	—	—	—	130	130	1,160	-0.12%	1,160	-0.12%	—	—	—	—	—	—	—	—	1,160	-0.12%	1,160	-0.12%	None
Independent Director	Jim Lai	1,030	1,030	—	—	—	—	130	130	1,160	-0.12%	1,160	-0.12%	—	—	—	—	—	—	—	—	1,160	-0.12%	1,160	-0.12%	None
Independent Director	Hsing-Chien Tuan	1,030	1,030	—	—	—	—	110	110	1,140	-0.12%	1,140	-0.12%	—	—	—	—	—	—	—	—	1,140	-0.12%	1,140	-0.12%	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 26, 2026, the Board of Directors resolved that, due to the net loss in fiscal year 2025, no employee compensation or directors' remuneration will be distributed.

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

2025; 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			
President	Genda Hu	16,713	18,245	377	377	30,498	39,364	-	-	-	-	47,588 -4.8%	57,986 -5.85%	-
Senior Executive Vice President	Jason Lin (Note 2)													
Executive Vice President	Pei-Tzu Wu													
Executive Vice President	Jui-Cheng Hsu													
Executive Vice President, CFO, and Accountant Officer	Jeff Chang													

Note 1: On February 26, 2026, the Board of Directors resolved that, due to the net loss in fiscal year 2025, no employee compensation or directors' remuneration will be distributed.

Note 2: Jason Lin resigned on March 28, 2025.

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)	Jason Lin	Jason Lin
NT\$3,500,000(inclusive) ~NT\$5,000,000(exclusive)	-	-
NT\$5,000,000(inclusive) ~NT\$10,000,000(exclusive)	-	-
NT\$10,000,000(inclusive) ~NT\$15,000,000(exclusive)	Genda Hu; Jeff Chang; Jui-Cheng Hsu; Pei-Tzu Wu	Jeff Chang; Jui-Cheng Hsu; Pei-Tzu Wu
NT\$15,000,000(inclusive) ~NT\$30,000,000(exclusive)	-	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	5 persons	5 persons

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

2025; 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	Genda Hu	4,997	6,528	-	-	6,098	14,964	-	-	-	-	11,095 -1.12%	21,492 -2.17%	None
President	Genda Hu	4,997	6,528	-	-	6,098	14,964	-	-	-	-	11,095 -1.12%	21,492 -2.17%	None
Executive Vice President	Jeff Chang	3,538	3,538	108	108	8,395	8,395	-	-	-	-	12,041 -1.22%	12,041 -1.22%	None
CFO	Jeff Chang	3,538	3,538	108	108	8,395	8,395	-	-	-	-	12,041 -1.22%	12,041 -1.22%	None
Accountant Officer	Jeff Chang	3,538	3,538	108	108	8,395	8,395	-	-	-	-	12,041 -1.22%	12,041 -1.22%	None

Note 1: On February 26, 2026, the Board of Directors resolved that, due to the net loss in fiscal year 2025, no employee compensation or directors' remuneration will be distributed.

4. Names of and distribution to managerial officers distributing employee compensation

On February 26, 2026, the Board of Directors resolved that, due to the net loss in fiscal year 2025, no employee compensation or directors' remuneration will be distributed.

December 31, 2025; Unit: NT\$ thousand; %

	Title	Name	Stock	Cash	Total	Proportion of total to net profit after tax (%)
Managerial officers	President	Genda Hu	-	-	-	-%
	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				
	Executive Vice President, CFO and Accountant Officer	Jeff Chang				
	Corporate governance officer	Joy Lee				

(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	2025		2024	
	Individual remuneration %	Consolidated remuneration %	Individual remuneration %	Consolidated remuneration %
Director remuneration (Note 1)	-3.26%	-4.3%	5.99%	7.42%
Supervisor remuneration (Note 2)	—	—	—	—
Presidents/ vice presidents remuneration (Note 3)	-4.8%	-5.85%	11.46%	12.89%

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 5 (A) board meetings were held in the past year. Director attendance is as follows:
2025

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (B/A)(%)	Remarks
Chairman	Genda Hu	5	0	100%	Re-election Date re-elected: May 30, 2023
Director	GWAA LLC Designated Representative: Han-Ping Shieh	5	0	100%	
Director	GWAA LLC Designated Representative: Jason Lin	1	0	100%	Date newly assumed: May 30, 2023 Date of removal: Mar 28, 2025
Director	GWAA LLC Designated Representative: Jeff Chang	4	0	100%	Date newly assumed: Mar 28, 2025
Director	Acer Inc. Designated Representative: Chun-Sheng Chen	5	0	75%	Re-election Date re-elected: May 30, 2023
Independent Director	Chintay Shih	4	1	80%	Re-election Date re-elected: May 30, 2023
Independent Director	Chan-Jane Lin	5	0	100%	
Independent Director	Hsing-Chien Tuan	4	1	80%	Date newly assumed: May 30, 2023
Independent Director	Jim Lai	5	0	100%	
Other matters to be noted:					
<p>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:</p> <p>(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).</p> <p>(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</p> <p>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.</p> <p>3. Implementation status of Evaluation of the Board of Directors: Refer to table (1)-1 for details.</p>					

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (B/A)(%)	Remarks
4.	<p>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:</p> <p>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 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.</p>				

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

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation items
Annually	Jan. 1, 2025 - Dec. 31, 2025	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 5 (A) Audit Committee meetings were held in the past year. The attendance of independent directors is as follows:

2025

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (%) (B/A)(Note)	Remarks
Independent Director	Chintay Shih	4	1	80%	Re-election Date of Re-election: May 30, 2023
Independent Director	Chan-Jane Lin	5	0	100%	
Independent Director	Hsing-Chien Tuan	4	1	80%	Date newly assumed: May 30, 2023
Independent Director	Jim Lai	5	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 Meeting	Content of Motion and Subsequent Handling	Matters referred to in Article 14-5 of the Securities and Exchange Act	Other matters not approved by the Audit Committee but approved by two-thirds or more of all directors
9th Meeting of the 8th Term February 21, 2025	1. 2024 business report and financial statements.	√	
	2. 2024 earnings distribution.	√	
	3. Annual disbursement authorization for approved loans to subsidiaries.	√	
	4. Conditions and recipient list for issuance of restricted employee shares.	√	
	5. Proposed procedures, conditions, and recipient list for employee subscription to treasury shares.	√	
	6. Issuance of new restricted employee shares.	√	
	7. 2025 CPA Appointment, Independence and Suitability Assessment, and Audit Quality Indicators (AQIs) Report.	√	
	8. CPA fees for 2025.	√	
	9. 2024 Statement on Internal Control Systems	√	
	10. The Company's proposed private placement of common shares.	√	
Result of Audit Committee proposal: All members in attendance agreed, and the proposal was passed as written.			
The Company's response to the opinions of the Audit Committee: All directors in attendance agreed, and the proposal was passed as written.			
10th Meeting of the 8th Term May 9, 2025	1. Changing the Company's chief accountant.	√	
	2. Financial statements for the first quarter of 2025.	√	
	3. Amendment to the Employee Share Transfer Plan for the Company's seventh share buyback.	√	
	4. Number of shares issued upon exercise of employee stock options and the record date for capital increase.	√	
	5. Amendment to the Guidelines for Engaging in Financial Transactions with Related Parties.	√	
	6. Changing the Company's corporate governance	√	

	officer.		
	Result of Audit Committee proposal: All members in attendance agreed, and the proposal was passed as written.		
	The Company's response to the opinions of the Audit Committee: All directors in attendance agreed, and the proposal was passed as written.		
11th Meeting of the 8th Term May 26, 2025	1. Endorsement and guarantee for a subsidiary company.	V	
	Result of Audit Committee proposal: All members in attendance agreed, and the proposal was passed as written.		
	The Company's response to the opinions of the Audit Committee: All directors in attendance agreed, and the proposal was passed as written.		
12th Meeting of the 8th Term August 8, 2025	1. Changing the Company's chief accountant.	V	
	2. Financial statements for the second quarter of 2025.	V	
	3. Amendment to the Issuance Rules for the First Issuance of Restricted Employee Shares in 2025.	V	
	4. Conditions and recipient list for the issuance of restricted employee shares.	V	
	5. Proposed procedures, conditions, and recipient list for employee subscription to treasury shares.	V	
	Result of Audit Committee proposal: All members in attendance agreed, and the proposal was passed as written.		
	The Company's response to the opinions of the Audit Committee: All directors in attendance agreed, and the proposal was passed as written.		
13th Meeting of the 8th Term November 7, 2025	1. Financial statements for the third quarter of 2025.	V	
	2. Proposed procedures, conditions, and recipient list for employee subscription to treasury shares.	V	
	3. Amendment to some articles of the Company's Internal Control System.	V	
	4. Establishment of the 2026 audit plan.	V	
	Result of Audit Committee proposal: All members in attendance agreed, and the proposal was passed as written.		
	The Company's response to the opinions of the Audit Committee: All directors in attendance agreed, and the proposal was passed as written.		
14th Meeting of the 8th Term February 26, 2026	1. 2025 Goodwill Valuation Report.	V	
	2. 2025 business report and financial statements.	V	
	3. 2025 loss offsetting.	V	
	4. Proposal for cash distribution from the Company's capital reserve.	V	
	5. Applications for subsidiaries' loans and the Company's renewal.	V	
	6. Annual disbursement authorization for approved loans to subsidiaries.	V	
	7. Conditions and recipient list for the issuance of restricted employee shares.	V	
	8. Proposed procedures, conditions, and recipient list for employee subscription to treasury shares.	V	
	9. 2026 CPA Appointment, Independence and Suitability Assessment, and Audit Quality Indicators (AQIs) Report.	V	
	10. CPA fees for 2026	V	

11. 2025 Statement on Internal Control Systems	V	
11. Amendment to some articles of the Internal Control System.	V	
Result of Audit Committee proposal: All members in attendance agreed, and the proposal was passed as written.		
The Company's response to the opinions of the Audit Committee: All directors in attendance agreed, and the proposal was passed as written.		

(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	Matters for Communication	Opinions of Independent Directors
February 21, 2025	1. Audit Findings Report for the fourth quarter of 2024	Agreed without further opinions
	2. Report on 2024 Internal Control Statement	Agreed without further opinions
May 9, 2025	1. Audit Findings Report for the first quarter of 2025	Agreed without further opinions
August 8, 2025	1. Audit Findings Report for the second quarter of 2025	Agreed without further opinions
November 7, 2025	1. Audit Findings Report for the third quarter of 2025	Agreed without further opinions
	2. Audit plan for 2026	Agreed without further opinions

(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
February 21, 2025	Discussion of key audit matters	Agreed without further opinions
May 9, 2025	Updated regulations and financial reporting issues	Agreed without further opinions
August 8, 2025	Introduction to IFRS 18 and related financial reporting issues	Agreed without further opinions
November 7, 2025	Discussion of key audit matters	Agreed without further opinions

(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		Summary	Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No		
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) 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.
(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	None

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons																																																																																								
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			accordance with the Procedures, directors were notified of the trading blackout period and the prohibition on insider trading on January 21, April 21, July 21, and October 20, 2025—15 or 30 days prior to the publication of financial reports.																																																																																									
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Has the Board established a diversity policy, specific management goals and implemented it accordingly?</p>	✓		<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 border="1"> <thead> <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> </thead> <tbody> <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 GWAALLC: Jeff Chang</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>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>Hsing-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>Jim Lai</td> <td>Male</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> </tbody> </table>	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 GWAALLC: Jeff Chang	Male	v	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	Hsing-Chien Tuan	Male	v	v	v	v	v		Jim Lai	Male	v	v	v	v	v		None
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Items for evaluation	Implementation Status		Summary	Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No		
(2) Further to the establishment of the Remuneration Committee and the Auditing Committee, has the Company voluntarily established other functional committees?	✓		<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> <p>(2) In addition to the Remuneration Committee and the Audit Committee, the Company has voluntarily established other functional committees. On November 7, 2025, the Board of Directors approved the establishment of the "Sustainability Development Committee" in accordance with the "Sustainability Development Committee Charter of Global Mixed-mode Technology Inc." The Committee shall convene at least one meeting per year and report to the Board of Directors on the annual implementation results and the implementation plan for the following year. The Sustainability Development Committee consists of three members, including one director and two independent directors. Its primary responsibilities include:</p> <p>Participating in the formulation and review of the Company's sustainability policies, strategies, and management approaches. Overseeing the Company's sustainability report, greenhouse gas inventory, and other sustainability-related matters and implementation plans. Monitoring, reviewing, and revising the implementation status and effectiveness of the Company's sustainability development initiatives. Other matters assigned by resolution of the Board of Directors. In addition, the "Sustainability Development Committee Charter" has been established to govern its operations. The term of the current Committee is from November 7, 2025 to May 29, 2026. The first meeting is scheduled to be held in May 2026.</p>	On November 7, 2025, the Board of Directors approved the establishment of the "Sustainability Development Committee."
(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 2025 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 and reported</p>	None

Items for evaluation	Implementation Status		Summary	Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons												
	Yes	No														
(4) Has the Company evaluated the independence of the commissioned certified public accountants regularly?	✓		<p>to the Board of Directors on February 26, 2026.</p> <p>An external organization- Chinese Corporate Governance Association 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> <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 26, 2026.</p> <p>Standards for Evaluating CPAs' Independence and Competence</p> <table border="1"> <thead> <tr> <th>Point of evaluation</th> <th>Result</th> <th>Compliance with CPA Independence</th> </tr> </thead> <tbody> <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> </tbody> </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	None
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Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons																											
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			<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>																												

Items for evaluation	Implementation Status		Summary	Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No		
			Dimension 5: Innovation Capability Innovation planning or initiative	

Items for evaluation	Implementation Status		Summary	Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No		
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) The Company established the position of Corporate Governance Officer upon approval by the Board of Directors on November 6, 2020. On May 9, 2025, the Board approved the appointment of Ms. Joy Lee as the new Corporate Governance Officer. She meets the qualification requirements set forth in the "Regulations Governing the Establishment and Exercise of Powers of Boards of Directors of TWSE/TPEX Listed Companies" and 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 Corporate Governance Officer, who concurrently serves as Executive Secretary to the Board, is responsible for overall coordination of 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		Summary	Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons
	Yes	No		
			<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 26, 2026, the Board of Directors reported on the framework, goals and plans for sustainable development in 2025.</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 2025 was announced within two months after February 26, 2026. Financial reports for the first, second, and third quarters of 2025, 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: Achieved a top 5% ranking for the first time in the 2025 Corporate Governance Evaluation.</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 2025:

Title	Name	Date Attended	Training Institution	Name of Course	Hours
Director	Genda Hu	July 31, 2025	Securities & Futures Institute, Republic of China	Training Series for Directors, Supervisors, and Corporate Governance Officers – Operating Strategies and Outlook for Taiwan PMI Manufacturers during the Second Half of the Year amidst Turbulence Due to Trump’s Reciprocal Tariffs	3
		August 22, 2025	Securities & Futures Institute, Republic of China	Training Series for Directors, Supervisors, and Corporate Governance Officers – Wealth Succession and Trusts from a Corporate Governance Perspective	3
Representative of a Corporate Director	Han-Ping Shieh	July 25, 2025	Taipei Foundation of Finance	Enhancing Operational Efficiency and Service Quality through AI in Corporate Governance: AI Transformation Case Studies	3
		August 20, 2025	Securities & Futures Institute, Republic of China	Training Series for Directors, Supervisors, and Corporate Governance Officers – Operating Strategies and Outlook for Taiwan PMI Manufacturers during the Second Half of the Year amidst Turbulence Due to Trump’s Reciprocal Tariffs	3
Representative of a Corporate Director	Jeff Chang	September 4–5, 2025	Accounting Research and Development Foundation	Continuing Education Program for Accounting Supervisors of Issuers, Securities Firms, and Stock Exchanges (3 Hours of Accounting, 3 Hours of Finance, 6 Hours of Professional Ethics and Legal Responsibility)	12
Representative of a Corporate Director	Chun-Sheng Chen	August 14, 2025	Taiwan Corporate Governance Association	Analysis of the Global Economic Situation Following Trump’s Election	3
		August 14, 2025	Taiwan Corporate Governance Association	Securities Regulations and Corporate Governance	3

		September 16, 2025	Accounting Research and Development Foundation	Advanced Practical Seminar on Corporate Integrity Management and Fraud Prevention Forensics (Including Gender Equality) for Directors, Supervisors (Including Independent Directors), and Corporate Governance Officers (Commissioned by Powerchip Semiconductor Manufacturing Corporation)	3
		September 16, 2025	Accounting Research and Development Foundation	Advanced Practical Seminar on the Rise of AI and Information Security Risks for Directors, Supervisors (Including Independent Directors), and Corporate Governance Officers (Commissioned by Powerchip Semiconductor Manufacturing Corporation)	3
Independent Director	Chan-Jane Lin	March 26, 2025	Taiwan Corporate Governance Association	Seminar on Pioneering a New Era of Sustainability	2
		June 27, 2025	Taiwan Corporate Governance Association	The Future Trajectory of DEI Policies	1
		September 3, 2025	Taiwan Corporate Governance Association	The 21st (2025) International Corporate Governance Summit – The Role of Boards in Shaping Corporate Strategy amidst Disruptions in the Global Environmental	6
		October 28, 2025	Taiwan Corporate Governance Association	Low-Carbon Economy and Corporate Sustainability Strategies	3
		December 5, 2025	Taiwan Corporate Governance Association	Sustainability Equals Innovation: Trends in Corporate Sustainability and ESG Value Management	3
		December 29, 2025	Taiwan Corporate Governance Association	Sustainability, ESG, and Competition Law	1
		Independent Director	Chintay Shih	November 28, 2025	Taiwan Corporate Governance Association
December 19, 2025	Taipei Foundation of Finance			Corporate Governance Outlook 2026: Key Indicators and Trend	3

				Analysis of the Global Political and Economic Landscape	
Independent Director	Jim Lai	August 5, 2025	Taiwan Corporate Governance Association	Practical Approaches to AI Risk Governance	3
		August 28, 2025	Accounting Research and Development Foundation	Training Series for Directors, Supervisors and Corporate Governance Officers – The Digital Financial Revolution: Principles of Stablecoins and Development Trends in Blockchain Virtual Assets	3
Independent Director	Hsing-Chien Tuan	November 17, 2025	The Institute of Internal Auditors, Taiwan	Analysis of Sustainability Reports and Practical Audit of Sustainability Information	6

Continuing education of the corporate governance officer in 2025:

Title	Name	Date Attended	Training Institution	Name of Course	Hours
Corporate Governance Officer	Joy Lee	July 18, 2025	Taiwan Corporate Governance Association	Corporate Governance Supervisor Compliance Work Practice	3
		August 1, 2025	Taiwan Corporate Governance Association	Corporate Governance Officer and Board Management	3
		September 16, 2025	Taiwan Corporate Governance Association	Corporate Governance Officer and Board Member	3
		October 17, 2025	Taiwan Corporate Governance Association	Corporate Governance Officer and Sustainable Governance	3

(4) The operation of the Remuneration Committee

1. Information on the members of the Remuneration Committee

April 30, 2026

By identity	Conditions Name	Years of service in the company	Professional qualification and experience Principal majors and experience (note 1)	Independency								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)	Number of public companies where the members of the Remuneration Committee are also the members of the remuneration committees of these companies	
				1	2	3	4	5	6	7	8				
Independent Director (Convener)	Chintay Shih	9	<p>【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.</p> <p>【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/</p>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	0	3
Independent Director	Chan-Jane Lin	9	<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</p>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	0	2	

			Supervisor of Securities and Futures Investors Protection Center/															
Independent member	Jim Lai	3	<p>【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.</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 Chairman 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/ 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.</p>	Yes	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:

2025

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

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 Meeting	Content of Motion and Subsequent Handling
4th Meeting of the 6th Term February 21, 2025	1. 2024 remuneration proposal for employees and directors.
	2. Conditions and recipient list for issuance of restricted employee shares.
	3. Proposed procedures, conditions, and recipient list for employee subscription to treasury shares.
	Result of Remuneration Committee proposal: All members in attendance agreed, and the proposal was passed as written.
	The Company's response to the opinions of the Remuneration Committee: All directors in attendance agreed, and the proposal was passed as written.
5th Meeting of the 6th Term April 18, 2025	1. Assessment of 2024 remuneration for managers.
	2. 2025 remuneration structure for managers.
	3. Amendment to the Procedures Governing the Remuneration of Directors.
	Result of Remuneration Committee proposal: All members in attendance agreed, and the proposal was passed as written.
	The Company's response to the opinions of the Remuneration Committee: All directors in attendance agreed, and the proposal was passed as written.

(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 has established a comprehensive governance framework for sustainable development and has set up a dedicated (or concurrently assigned) unit to promote related initiatives. The Board of Directors has authorized senior management to oversee the execution of these initiatives, while also exercising supervisory responsibility over their implementation to ensure the effective execution and outcomes of the Company’s sustainability strategy.</p> <p>On November 7, 2025, the Board of Directors approved the establishment of the “Sustainability Development Committee” and adopted the “Charter of the Sustainability Development Committee,” which defines its operational framework. The Committee is required to convene at least one meeting per year and report its annual performance results and next-year implementation plan to the Board of Directors.</p> <p>The Sustainability Development Committee consists of three members, including one director and two independent directors. The Committee is responsible for assisting the Board in advancing sustainability governance matters. Its primary responsibilities include reviewing and establishing the Company’s sustainability policies, strategies, and management approaches; overseeing the implementation of sustainability-related initiatives such as sustainability reporting and greenhouse gas inventory; tracking, reviewing, and continuously improving the Company’s sustainability performance; and handling other matters delegated by the Board of Directors.</p> <p>The term of the first Committee is from November 7, 2025, to May 29, 2026, and the first meeting is scheduled to be held in May 2026.</p> <p>2. The Company’s Sustainability Development Team was originally established by a Board resolution on April 24, 2018 as the Corporate Governance Team to build a governance framework for promoting sustainable development. On February 23, 2022, the Company reported to the Board that the Corporate Governance Team had been renamed the “Sustainability Development Team.” The Team operates under the framework of the Sustainability Development Committee and the Board of Directors.</p> <p>A dedicated (or concurrently assigned) unit has been established to oversee sustainability development, responsible for planning and executing corporate governance, sustainability initiatives, and corporate social responsibility programs. To further strengthen ESG implementation, the unit has been formally renamed the “Sustainability Development Team.” The Team collaborates with relevant internal departments to jointly formulate plans and execution approaches. Each year, the Corporate Governance Officer and the Board Secretary report the annual plan and execution status to the Board of Directors, which authorizes and supervises related matters.</p> <p>In accordance with the principle of materiality, the Company conducts risk assessments of environmental, social, and governance (ESG) issues related to its operations and establishes corresponding risk management policies.</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>The Sustainability Development Team reports at least once a year to the Board of Directors on sustainability progress. In addition to presenting operational plans and execution status of sustainability initiatives, the report also covers key topics including risk management and mitigation measures, integrity management, information security, stakeholder communication, intellectual property management, and personal data protection.</p> <p>For fiscal year 2025, the report to the Board was presented on February 26, 2026.</p> <p>3. The Company first established the Corporate Governance Officer position following a Board resolution on November 6, 2020. On May 9, 2025, the Board appointed Ms. Joy Lee as the new Corporate Governance Officer to assist in coordinating and overseeing relevant corporate governance matters.</p> <p>4. 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>5. The 2025 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, and (6) Since 2025, the Company has formulated and disclosed its operational strategies and business plans in accordance with Article 13-3 of the Corporate Governance Best Practice Principles for Listed Companies and OTC Companies, setting out specific measures to enhance enterprise value. These plans have been approved by the Board of Directors, and the Company actively maintains communication with shareholders. On February 26, 2026, the Company reported the completion of the relevant initiatives to the Board of Directors.</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>	
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-</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>related responsible unit reports on the countermeasures and 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 2025 to the Audit Committee and the Board of Directors on August 8, 2025. 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 2025, 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 2025, a total of 2,508 participants attended training sessions.</p> <p>(2). Environmental Sustainability: The Impact of Corporate Transformation 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</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>these requirements are provided with guidance for improvement.</p> <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 2025.</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 2025, the Company's Corporate Governance Evaluation achieved a top-tier ranking for the first time, placing within the top 5% among all evaluated companies. 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>	
<p>3. Environmental Issues</p> <p>(1) Has the Company established an appropriate environmental management system in accordance with its industrial characteristics?</p>	✓		<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>	None

Items for advocacy	Operation Status			Deviations from Corporate sustainable development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			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.	
(2) Has the Company made effort to enhance the efficient use of energy and used regenerated materials that have a low impact on the environment?	✓		<p>As an IC design company with no manufacturing plants, the Company's business operations have low impact on the environment. Every year, the Company formulates energy conservation solutions so as to save energy and reduce carbon emissions. The achievements in 2025 are described as follows:</p> <ol style="list-style-type: none"> 1. A ventilation duct was installed in the restroom exhaust system at the south-side HVAC rooms on Floors 11–12, directing airflow to the outdoor condenser units to enhance heat dissipation. 2. Exhaust fans and ducting were installed in the HVAC rooms on Floors 10–12 to improve ventilation and heat dissipation within the equipment rooms. 3. 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. 4. 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.. 5. The outdoor units are being changed from shared to individual exhaust vents to enhance heat dissipation efficiency. 6. 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. 7. The water dispenser will automatically start and stop operation during commuting hours. 8. Printer, photocopier consumables, and electrical supplies are being procured towards low-carbon equipment. 	None
(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: https://www.focaltech-electronics.com/zh-TW/download/index They identified two risks that require further attention, namely policy and legal risks and market risk 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. The second issue, the market risk, is the increase in raw material</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>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-related risk and opportunity indicators developed by TCFD:</p> <ol style="list-style-type: none"> 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. 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 border="1"> <thead> <tr> <th rowspan="2">Statistical Item</th> <th rowspan="2">Unit</th> <th>2024</th> <th>2025</th> </tr> <tr> <th>Total Volume</th> <th>Total Volume</th> </tr> </thead> <tbody> <tr> <td>Water Consumption</td> <td>m3</td> <td>46,469 Note 2</td> <td>47,914 Note 2</td> </tr> <tr> <td>Other Waste</td> <td>Metric Tons</td> <td>38.67</td> <td>38.42</td> </tr> </tbody> </table> <p>Note 1: The above table pertains to the main region in Taiwan. Note 2: After relocating the Taiwan office to the industrial park, water usage has been centrally managed without individual meters, resulting in no direct data since the second half of 2022. Therefore, water consumption is estimated using the Government Open Data Platform's average per capita daily domestic water use in Taiwan.</p> <p>In 2025, the Company's waste management policy set a target of a 1% reduction compared to the previous year. Efforts focused on reducing the use of single-use tableware and strengthening recycling practices, successfully achieving the 1% reduction target in total waste generation.</p>	Statistical Item	Unit	2024	2025	Total Volume	Total Volume	Water Consumption	m3	46,469 Note 2	47,914 Note 2	Other Waste	Metric Tons	38.67	38.42	None
Statistical Item	Unit	2024	2025															
		Total Volume	Total Volume															
Water Consumption	m3	46,469 Note 2	47,914 Note 2															
Other Waste	Metric Tons	38.67	38.42															
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.</p> <p>https://www.focaltech-electronics.com/zh-TW/asxzc/index/tab1#tab-anchor</p> <ol style="list-style-type: none"> Held physical and online training for new hires in 2025, with a total of 113 participants (Taiwan). Obtained ISO 45001 certification (valid from 2023–2026). Group health insurance and annual regular health examination for employees: In 2025, a total of 433 employees completed 	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>their health examinations, an achievement rate of 98.81%.</p> <p>4. Suppliers management is evaluated using the RBA questionnaire and suppliers are required to comply with human rights regulations, with a completion rate of 100% for key suppliers.</p>	
(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 2025 is 60,269,892.</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 19% of all employees. Among them, female supervisors account for about 7% 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 2024, the Company's earnings per share (EPS) increased from NTD 2.71 to NTD -4.64 in 2025. The average salary of full-time employees not holding managerial positions decrease by 19% compared to 2024, while the median salary decreased by 18%.</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>	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>3. Environmental safety operations:</p> <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 2025 (Taiwan area)</p> <p>(1) Occupational Safety and Health Training for New Hires (3 hours), with a total of 76 participants and 228 training hours.</p> <p>(2) Fire Safety Training and Self-defense Fire Organization Drill for New Hires (4 hours), with a total of 221 participants and 884 training hours.</p> <p>(3) Occupational Safety and Health Personnel Retraining, with a total of 3 participants and 36 training hours</p> <p>5. In 2025, 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 2025, 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 2025, the Company worked with 30 suppliers, and 30 of them had achieved ISO 14001 Certification for environmental management system, accounting for 100% of the overall suppliers. 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 2025: 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 2024 Sustainability Report was completed in 2025, approved by the Board of Directors on August 8, 2025, and subsequently published on the Company's official website.</p> <p>https://www.focaltech-electronics.com/zh-TW/download/index</p> <p>The 2024 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.
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>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>	
7. Other important information for understanding the Company's advocacy of sustainable development implementation:			<ol style="list-style-type: none"> For fiscal year 2025, the Company's Corporate Governance Evaluation achieved a top-tier ranking for the first time, placing within the top 5% among all evaluated companies. The Company collaborates with several universities, including National Tsing Hua University and National Formosa University, to cultivate semiconductor talent in Taiwan. In 2025, the Company invested NT\$7.15 million in these programs, helping students enter the semiconductor field. In addition to lectures delivered by senior executives, Company employees work with students on research projects. The Company also provides scholarships and internship opportunities to support talent development. 	

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

1 Climate-related information and implementation status

Item	Implementation Status
<p>1. Please specify the supervision and governance duties of the Board of Directors and management levels on climate-related risks and opportunities.</p>	<p>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.</p>
<p>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.</p>	<p>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?”</p>
<p>3. Please specify the financial impacts due to extreme climate events and transitional actions.</p>	<p>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</p>

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>are successfully implemented, it will bring profits to the Company and improve 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 is a fabless IC design house with no manufacturing facilities, and its carbon emissions are significantly below Taiwan's carbon fee threshold of 25,000 metric tons of CO₂e per year, resulting in minimal financial exposure to carbon-related costs. Despite its low emissions profile, the Company has implemented an</p>

Item	Implementation Status
<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>internal carbon pricing mechanism. When evaluating investments such as equipment upgrades and data center management, a shadow price is applied to account for future carbon costs. Starting in 2024, the Company has referenced the Ministry of Environment's carbon fee framework and international carbon pricing trends to establish an internal carbon price (ICP) ranging from USD 10 to 15 per metric ton of CO₂e (approximately NT\$300 to NT\$500), incorporating a shadow pricing approach into its decision-making process.</p> <p>8. The target for 2026 is to reduce the Group's total annual electricity consumption by 1% compared to 2025.</p> <p>9. In accordance with the FSC's Sustainable Development Roadmap, the Company needs to complete its carbon 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.</p>

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

Item	Total Emissions (tCO ₂ e/yr)			Verification Institution	Verification Status
Year	2023	2024	2025	TUV NORD Taiwan Co., Ltd.	Verification completed for 2023 and 2024; in progress for 2025
Scope 1 (category 1)	102.45	96.51	1,079.10		
Scope 2 (category 2)	1,391.15	1,230.90	1,229.44		
Scope 3 (categories 3–)	180,063.17	855.65	850.85		

6)					
Total emissions (CO ₂ equivalent)	181,556.78	2,183.06	3,157.80		
Greenhouse gas emission intensity per NT\$1 million in revenue	13.38	0.15	0.26		

Note: the above chart shows the combined emissions for the Taiwan parent company and all operating bases.

1-2 Greenhouse gas emission reduction goals, strategy, and specific action plans:

Item	Content
Short-term Target	The Company has set 2024 as the base year, and intends to reduce carbon emissions by 1% in 2025.
Long-term Target	The Company aims to achieve the ultimate goal of Net-zero Emissions by 2050.
Standard Implementation and Verification	The Company incorporated the ISO 14064-1: 2018 standard in 2024, normalizing third party verification to increase the credibility and transparency of carbon footprint assessments.
Risk Assessment Tools	The Company has implemented the TCFD framework and FSC standards to identify climate change risks and opportunities and formulate response plans.
Green Energy Strategy	The Company continues to gather information on green energy suppliers and is assessing the gradual replacement of its current primary power sources with green energy by 2040, thereby reducing Scope 2 emissions.
Carbon Market Development	The Company continues to observe domestic and international trends in carbon pricing and the carbon credit trading market to assess the possibility and potential impacts of future engagement in carbon trading.

(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> <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>(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>	<p>✓</p> <p>✓</p> <p>✓</p>		<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.</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 2025 (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 77 participants.</p> <p>2.New employees signed a pledge to abide by industrial business conduct and ethics, totaling 77 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) 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.</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	
<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 2025, 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 implementation status for 2025 was reported to the Board of Directors on February 26, 2026.</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 2025 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 2025.	
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 26, 2026

With regard to the 2025 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, 2025 (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 26, 2026, 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	Major Resolutions
February 21, 2025	Approved the 2024 business report and financial statements.
	Approved the earnings distribution proposal for 2024.
	Approved the amounts, distribution method, and recipients of the 2024 remuneration proposal for directors and employees.
	Approved the 2025 operating budget.
	Approved the conditions and recipient list for the issuance of restricted employee shares.
	Approved the issuance of new restricted employee shares.
	Approved the procedures, conditions, and recipient list for employee subscription to treasury shares.
	Approved the proposal to repurchase the Company's outstanding common shares (treasury shares).
	Approved the amendment to the Company's Articles of Incorporation.
	Approved the proposal to apply to the bank for renewal of the Company's credit line.
	Approved the proposal to apply to the bank for renewal of the subsidiaries' credit line.
	Approved the annual disbursement authorization for approved loans to subsidiaries.
	Approved the cancellation of repurchased restricted employee shares.
	Approved the 2025 CPA Appointment, Independence and Suitability Assessment, and Audit Quality Indicators (AQIs) Report.
	Approved the CPA fees for 2025.
	Approved the proposal to discuss matters related to convening the 2025 Annual General meeting.
	Approved the amendment to the Rules of Procedure for Shareholders' Meetings.
Approved the Company's proposed private placement of common shares.	
Approved the 2024 Statement on Internal Control Systems.	
May 9, 2025	Approved the proposal to change the chief accountant.
	Approved the Company's financial statements for the first quarter of 2025.
	Approved the proposal to apply to the bank for renewal of the Company's credit line.
	Approved the proposal to apply to the bank for renewal of the subsidiaries' credit line.
	Approved the amendment to the Employee Share Transfer Plan for the Company's seventh share buyback.
	Approved the number of shares issued upon exercise of employee stock options and the record date for capital increase.
	Approved the cancellation of repurchased restricted employee shares.

Date	Major Resolutions
	Approved the amendment to the Guidelines for Engaging in Financial Transactions with Related Parties.
	Approved the proposal to change the Company's corporate governance officer.
	Approved the 2024 remuneration assessment for the CEO and general manager.
	Approved the 2025 remuneration structure for the CEO and general manager.
	Approved the amendment to the Procedures Governing the Remuneration of Directors.
May 26, 2025	Approved the proposal to provide endorsement and guarantee for a subsidiary company.
August 8, 2025	Approved the proposal to change the chief accountant.
	Approved the Company's financial statements for the second quarter of 2025.
	Approved the proposal to apply to the bank for renewal of the Company's credit line.
	Approved the proposal to apply to the bank for renewal of the subsidiaries' credit line.
	Approved the cancellation of repurchased restricted employee shares.
	Approved the amendment to the Issuance Rules for the First Issuance of Restricted Employee Shares in 2025.
	Approved the conditions and recipient list for the issuance of restricted employee shares.
	Approved the procedures, conditions, and recipient list for employee subscription to treasury shares.
	Approved the 2024 Sustainability Report.
November 7, 2025	Approved the Company's financial statements for the third quarter of 2025.
	Approved the proposal to apply to the bank for renewal of the Company's credit line.
	Approved the cancellation of repurchased restricted employee shares.
	Approved the procedures, conditions, and recipient list for employee subscription to treasury shares.
	Approved the amendment to the Company's Corporate Governance Best Practice Principles.
	Approved the Corporate Value Enhancement Plan Report.
	Approved the establishment of the Sustainable Development Committee.
	Approved the amendment to some articles of the Company's Internal Control System.
	Approved the establishment of the 2026 audit plan.
February 26, 2026	Approved the 2025 Goodwill Valuation Report.
	Approved the 2025 business report and financial statements.
	Approved the amounts, distribution method, and recipients of the 2024 remuneration proposal for directors and employees.
	Approved the loss offsetting proposal for 2025.
	Approved the proposal for cash distribution from the Company's capital reserve.

Date	Major Resolutions
	Approved the 2026 operating budget.
	Approved the proposal to apply to the bank for renewal of the Company's credit line.
	Approved the proposal to apply to the bank for renewal of the subsidiaries' credit line.
	Approved the annual disbursement authorization for approved loans to subsidiaries.
	Approved the cancellation of repurchased restricted employee shares.
	Approved the conditions and recipient list for the issuance of restricted employee shares.
	Approved the procedures, conditions, and recipient list for employee subscription to treasury shares.
	Approved the proposal to repurchase the Company's outstanding common shares (treasury shares).
	Approved the election of the ninth Board of Directors.
	Approved the proposal for matters related to the 2026 Annual General Meeting.
	Approved the 2026 CPA Appointment, Independence and Suitability Assessment, and Audit Quality Indicators (AQIs) Report.
	Approved the CPA fees for 2026.
	Approved the 2025 Statement on Internal Control Systems.
	Approved the amendment to some articles of the Company's Internal Control System.
April 10, 2026	Approved the amendments to the Rules of Procedure for Shareholders' Meetings.
	A report was presented on the private placement of common shares approved at the 2025 Annual General Meeting.
	Approved the proposal to conduct a private placement of common shares in 2026.
	Approved the nomination list of candidates for the 9th Board of Directors (including independent directors) for submission to the shareholders' meeting.
	Approved the lifting of non-compete restrictions for the 9th Board members and their representatives.
	Approved additional agenda items for the 2026 Annual General Meeting.

2. Important Resolutions of Shareholders' Meeting and Implementation Status

Date	Important Resolutions and Implementation Status Thereof
May 26, 2025	<ol style="list-style-type: none"> 1. Recognition of the 2024 business report and financial statements. Execution status: resolution passed. 2. Recognition of the 2024 earnings distribution proposal. Execution status: resolution passed. 3. Ratification of the amendment to the Company's Articles of Incorporation. Execution status: resolution passed. 4. Ratification of the amendment to the Rules of Procedure for Shareholders' Meetings. Execution status: resolution passed. 5. Ratification of the issuance of new restricted employee shares.

Date	Important Resolutions and Implementation Status Thereof
	Execution status: resolution passed.
	6. Ratification of the handling of the private placement of common shares.
	Execution status: resolution passed.

(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	Hui-Ming Huang, Chih-Ming Shao	Jan. 1, 2025 to Dec. 31, 2025	4,300	402	4,702	Non-Audit fee: 1. The amount paid on behalf of the Company during the audit period: 292. 2. Obsolete-inventory review fee: 60. 3. Payroll information checklist: 50.

(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 and February 26, 2026		
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	CPA	The Company
	Situation		
	Voluntarily ended the engagement	N/A	N/A
Declined (Discontinued) further engagement	N/A	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	None	
Any disagreement between the CPA and the Company	Yes	Accounting principles or practices
		Financial report disclosure
		Auditing scope or procedure
		Others
	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 Hui-Ming Huang, CPA Chih-Ming Shao on November 13, 2024. Changed to CPA Hui-Ming Huang, CPA Hsieh-Chang Li on February 26, 2026.
Date of engagement	November 13, 2024 and February 26, 2026.
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	2025		As of March 28, 2026	
		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	183,667 (75,000)	0	17,000	0
Director	GWAALLC Representative: Han-Ping Shieh	0	0	0	0
Director	GWAALLC Representative: Jeff Chang				
Director	Acer Incorporated Representative: Chun-Sheng Chen	0	0	0	0
Independent Director	Chan-Jane Lin	0	0	0	0
Independent Director	Chintay Shih	0	0	0	0
Independent Director	Hsing-Chien Tuan	0	0	0	0
Independent Director	Jim Lai	0	0	0	0
Vice President	Pei-Tzu Wu	70,667 (100,000)	0	9,000	0
Vice President	Jui-Cheng Hsu	69,000 (32,000)	0	10,000 (36,000)	0
Vice President, CFO and Accountant Officer	Jeff Chang (Date discharged for Corporate Governance Officer : May 9, 2025) (Date assumed for Accountant Officer : August 8, 2025)	106,000 (97,000)	0	11,000	0
Deputy Vice President	Po-Sheng Shih	27,333 (27,000)	0	3,833	0
Deputy Vice President	Hung-Jen Chien	34,100 (34,100)	0	4,100 (4,100)	0

Senior Deputy Vice President	Chen Kuo	51,333 (42,000)	0	8,000 (16,000)	0
Deputy Vice President	Hao-Chin Chao	42,333 (37,000)	0	7,000	0
Corporate Governance Officer	Joy Lee (Date assumed: May 9, 2025)	0 (5,000)	0	0	0
Senior Vice President	Jason Lin (Date discharged: March 28, 2025)	48,333	0	0	0
Senior Vice President	Chester.Hwang (Date discharged: October 9, 2025)	63,333 (30,000)	0	0	0
Accountant Officer	Pei-Chun Chen (Date discharged: February 21, 2025)	0	0	0	0
Accountant Officer	Susanna Wang (Date assumed: March 25, 2025) (Date discharged: August 8, 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, 2026; 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	8,732,688	3.95	-	-	-	-	-	-	-
Responsible Person: Chun-Sheng Chen	-	-	-	-	-	-	-	-	-
GWAALLC	4,158,691	1.88	-	-	-	-	-	-	-
Responsible Person: Genda Hu	1,803,787	0.82	455,072	0.21	-	-	-	-	-
Citibank (Taiwan) Limited is entrusted with the custody of the Polunin Emerging Markets Fund Company Investment Account	3,347,420	1.51	-	-	-	-	-	-	-
Lin, Kao-Huang	2,600,000	1.17	-	-	-	-	-	-	-
CTBC Commercial Bank Co., Ltd. is entrusted with the custody of the FocalTech Systems Co., Ltd. Employee Restricted Shares Trust Account (with Voting and Dividend Rights)	2,167,964	0.98	-	-	-	-	-	-	-
Heng Yuan Investment Co., Ltd.	2,000,000	0.90	-	-	-	-	-	-	-
Genda Hu	1,803,787	0.82	455,072	0.21	4,158,691	1.88	GWAA LLC	GWAALLC Responsible Person	-
JP Morgan Chase & Co. is entrusted with the custody of the Vanguard STAR - Vanguard Total International Stock Index Fund Investment Account	1,453,403	0.66	-	-	-	-	-	-	-
JPMorgan Chase Bank N.A., Taipei Branch is entrusted with the custody of the Vanguard Group - Vanguard Emerging Market Stock Index Fund Investment Account for Company Managers	1,370,482	0.62	-	-	-	-	-	-	-
CTBC Commercial Bank Co., Ltd. is entrusted with the custody of the FocalTech Systems Co., Ltd. Collective Investment	1,247,100	0.56	-	-	-	-	-	-	-

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	
Account for Securities Granted, Subscribed, and Allotted to Mainland China Employees of FocalTech Systems Co., Ltd. (Shenzhen).									

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, 2025; 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 shareholding	Number of Shares	Ratio of shareholding	Number of Shares	Ratio of shareholding
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.	—	—	Note1	100	Note1	100
FocalTech Electronics (Shenzhen) Co., Ltd.	—	—	Note1	100	Note1	100
FocalTech Systems (Shenzhen) Co., Ltd.	—	—	Note1	100	Note1	100
FocalTech Smart Sensors Co., Ltd.(Note2)	1,591,914	9.14	10,180,237	58.45	11,772,151	67.59
Hefei PineTech Electronics Co., Ltd.	—	—	Note1	100	Note1	100
Chengdu FocalTech Systems Co., Ltd.	—	—	Note1	100	Note1	100
FocalTech Smart Sensors, Ltd.(Note3)	3,000,000	9.14	19,188,050	58.45	22,188,050	67.59

Note1: The Company is a limited liability company, so there are no numbers for issued shares.

Note 2: Liquidation was completed in October 2025.

Note 3: Liquidation was completed in March 2026.

III. Capital Overview

1. Capital and Shares

(1) Sources of Capital Stock

1. Formation process of Capital Stock

April 30, 2026; 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
May. 2025	10	500,000	5,000,000	221,355	2,213,549	Common share from issuing of new restricted employee shares:21,381,000	—	May. 13, 2025- Ching-shou-shang- tzu No. 11430058910
Jun. 2025	10	500,000	5,000,000	221,280	2,212,799	Common share transfer from employee stock options: 63,000 Common share from cancellation of new restricted employee shares:1,380,000	—	Jun. 16, 2025- Ching-shou-shang- tzu No. 11430073780
Sep. 2025	10	500,000	5,000,000	221,345	2,213,452	Common share from issuing of new restricted employee shares:1,600,000 Common share from	—	Sep. 22, 2025- Ching-shou-shang- tzu No. 11430143160

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
						cancellation of new restricted employee shares:947,000		
Nov. 2025	10	500,000	5,000,000	221,313	2,213,129	Common share from cancellation of new restricted employee shares:323,000	—	Nov. 24, 2025- Ching-shou-shang- tzu No. 11430185960
Apr. 2026	10	500,000	5,000,000	221,151	2,211,512	Common share from cancellation of new restricted employee shares:1,616,000	—	Apr. 13, 2026- Ching-shou-shang- tzu No. 11530036460

2. Type of Stock

Apr. 30, 2026; Unit: share

Type of Stock	Authorized Capital Stock			Remarks
	Outstanding shares	Unissued stock	Total	
common shares	221,151,215	278,848,785	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, 2026 ; Unit: Share

Name of major shareholder	Shares	Shareholding	Ratio of shareholding
Acer Incorporated		8,732,688	3.95
GWAALLC		4,158,691	1.88
Citibank (Taiwan) Limited is entrusted with the custody of the Polunin Emerging Markets Fund Company Investment Account		3,347,420	1.51
Lin, Kao-Huang		2,600,000	1.17
CTBC Commercial Bank Co., Ltd. is entrusted with the custody of the FocalTech Systems Co., Ltd. Employee Restricted Shares Trust Account (with Voting and Dividend Rights)		2,167,964	0.98
Heng Yuan Investment Co., Ltd.		2,000,000	0.90
Genda Hu		1,803,787	0.82
JP Morgan Chase & Co. is entrusted with the custody of the Vanguard STAR - Vanguard Total International Stock Index Fund Investment Account		1,453,403	0.66
JPMorgan Chase Bank N.A., Taipei Branch is entrusted with the custody of the Vanguard Group - Vanguard Emerging Market Stock Index Fund Investment Account for Company Managers		1,370,482	0.62
CTBC Commercial Bank Co., Ltd. is entrusted with the custody		1,247,100	0.56

Name of major shareholder	Shares	Shareholding	Ratio of shareholding
of the FocalTech Systems Co., Ltd. Collective Investment Account for Securities Granted, Subscribed, and Allotted to Mainland China Employees of FocalTech Systems Co., Ltd. (Shenzhen).			

(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 unappropriated retained earnings at the beginning of 2025 amounted to NT\$646,430,533, and after-tax net losses for the year reached NT\$990,600,784. With the addition of NT\$1,567,449 for the remeasurement of defined benefit plans, the accumulated losses for the period were NT\$342,602,802. Therefore, the Company will not be distributing shareholder dividends. The Company intends to offset its losses using the legal reserve, and after remediating such losses, the Company will have no accumulated losses at the end of the period.

The Company convened a Board meeting on February 26, 2026, where it was proposed, in accordance with Article 241 of the Company Act, to distribute the capital reserve arising from share premiums in excess of par value, in the amount of NT\$177,000,000. Based on the shareholdings recorded in the shareholder register as of the record date for the capital reserve distribution, the cash distribution is anticipated to be NT\$0.8 per share. After this proposal is approved by the Annual General Meeting, the Chairman of the Board will be authorized to determine the record date and the issuance date for the cash distribution, and to handle all subsequent related matters.

- (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

According to the Company's Articles of Incorporation, if the Company records a profit for the year, no less than 1% of such profit shall be allocated as employee compensation, as resolved by the Board of Directors, and distributed in the form of shares or cash. Eligible recipients may include employees of subordinate companies who meet certain conditions, with such conditions to be determined by the Board. The Company may also allocate no more than 1.5% of the aforementioned profit as directors' remuneration, subject to Board approval. The distribution of employee compensation and directors' remuneration shall be reported to the shareholders' meeting. However, if the Company has accumulated losses, an amount sufficient to offset such losses shall first be reserved before making the aforementioned allocations

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:

The Company allocates employee compensation and directors' remuneration based on the pre-tax profit of the current year before such distributions, at no less than 1% and no more than 1.5%, respectively. For 2025, the Company did not accrue employee compensation or directors' remuneration due to a pre-tax net loss. 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 2025 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 2024	Earning distribution of 2025
	Actual amount distributed	Proposed distribution approved by the board of directors
Remuneration of Directors and Supervisors	2,014,748	—
Remuneration of employee — cash	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, 2026

Term of Repurchase	Sixth	Seventh	Eighth
Purpose of Repurchase	Transfer shares to employees	Transfer shares to employees	Transfer shares to employees
Period of Repurchase	Feb. 24, 2022 to Apr. 23, 2022	Feb. 24, 2025 to Apr. 20, 2025	Feb. 26, 2026 to Apr. 25, 2026
Price Range of the Shares to Be Repurchased	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.	NT\$36 to NT\$80 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: 4,000,000 shares	Common share: 3,000,000 shares	Common share: 3,000,000 shares
Monetary Amount of Shares Repurchased	NT\$507,620,748	NT\$193,998,164	NT\$142,301,679
Ratio of Shares Repurchased to Shares Planned to be Repurchased (%)	100%	100%	100%
Number of Shares Canceled and Transferred	Common share: 3,402,000 shares	Common share: 1,396,000 shares	Common share: 0 shares
Cumulative Number of Shares Held by the Company	Common share: 598,000 shares	Common share: 2,202,000 shares	Common share: 5,202,000 shares
Proportion of Company's Cumulative Number of Shares Held to Total Shares Issued (%)	0.27%	0.99%	2.35%

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:

None

(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

April 30, 2026; 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										
Deputy Director	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:

April 30, 2026

Type of New Restricted Employee Shares Issued	Third (period) issuance new restricted employee shares	Fourth (period) issuance new restricted employee shares	Fifth (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	July 25, 2025 3,000,000 shares
Issue Date	April 20, 2021 and July 29, 2021	October 13 2023 , April 1, 2024 and September 27, 2024	August 21 2025
Number of New Restricted Employee Shares Issued	5,985,000 shares	5,951,100 shares	160,000 shares
Number of New Restricted Employee Shares Issued still available	0 shares	0 shares	2,840,000 shares
Issue Price	NT\$10 per share	NT\$10 per share	NT\$10 per share
Proportion of New Restricted Employee Shares Issued to Total Issued Shares	2.70%	2.69%	0.07%
Vesting Conditions of New Restricted Employee Shares	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	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	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>employee share allotment, are as follows: 2 years of service after share allotment: 50% of the number of allotted shares. 3 years of service after share allotment: 25% of the number of allotted shares. 4 years of service after share allotment: 25% of the number of allotted shares.</p>	<p>three years.</p>	
<p>Restricted Rights of New Restricted Employee Shares</p>	<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 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 		<ol style="list-style-type: none"> 1. 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 and shall be exercised in accordance with the Trust Deed or other custodian methods as otherwise determined by the Company. 3. 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

	<p>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>shares will not be subject to the same restrictions as the new 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>	
Custody Status of New Restricted Employee Shares	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.		
Number of New Restricted Employee Shares	1,267,000 shares	842,933 shares	6,000 shares

that Have Been Redeemed or Bought Back			
Number of New Restricted Employee Shares Regarding Which the Restrictions on Rights Have Been Released	4,718,000share	2,090,768 share	0 share
Number of New Restricted Employee Shares Regarding Which the Restrictions on Rights Have Not Been Released	0 shares	3,017,399 shares	154,000 shares
Proportion of New Restricted Employee Shares Regarding Which the Restrictions on Rights Have Not Been Released to the Total Issued Shares (%)	0%	1.36%	0.07%
Effect on Shareholders' Equity	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

April 30, 2026

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	1,441,800	0.65%	1,003,198	NT\$10	10,032,000	0.45%	261,934	NT\$10	2,619,000	0.12%
Senior Vice President	Jason Lin (Note 1)										
Senior Vice President	Chester.Hwang (Note2)										
Executive Vice President, CFO, and Accountant officer	Jeff Chang										
Executive Vice President	Jui-Cheng Hsu										
Executive Vice President	Pei-Tzu Wu										
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										
Corporate Governance Officer	Joy Lee										
Accountant Officer	Pei-Chun Chen (Note 3)										

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

Note 2: Chester.Hwang resigned on October 9, 2025.

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

April 30, 2026

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	1,103,000	0.50%	781,666	NT\$10	7,817,000	0.35%	321,334	NT\$10	3,213,000	0.15%
Executive Vice President of the Subsidiary	Wei-Ching Hou										
Executive Vice President of the Subsidiary	Ching-Kai Chang										
Senior Director	Chen-Pang Kung										
Senior Director	Wei-Chih Chang										
Executive Vice President of the Subsidiary	Ching-Kai Chang										
Executive Vice President of the Subsidiary	Jun-qiao Liu										
Director	Shi-Wei Wang										
Director	Shi-Quan Huang										
Director	Pei-Hung Hsiao										

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 (2025) : 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 chips with excellent waterproof performance.
- B. Development of next-generation a-Si HD ultra-narrow bezel products (staggered recessed pin design).
- C. Application of IDC technology in industrial control with multi-interface support.
- D. Development of IDC chips for high-resolution 3.8K tablet displays.
- E. Development of LTDI chips for notebook panel applications.

(2) TFT-LCD panel driver IC

- A. Industry-leading automotive LTSP MUX6 panel–dedicated DDIC.
- 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 automotive IDC chips.
 - B. Development of high-speed eDP bridge chips.
 - C. Development of automotive products supporting new display panel touch technology (TP MUX2 on panel).
- (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 explosive growth of artificial intelligence (AI) technologies and the accelerating deployment of generative AI in edge devices, the Human-Machine Interface (HMI) industry is entering a new phase of specification upgrades and demand expansion. In the AI era, the diversification of applications has made traditional single input methods insufficient to fully meet user needs. The market increasingly requires higher-frequency, more intuitive, and smoother touch (TP) interactions to execute complex commands. This trend demands touch ICs with lower latency, higher report rates, and precise active stylus support, thereby significantly expanding the application scope of touch technologies across various smart terminals.

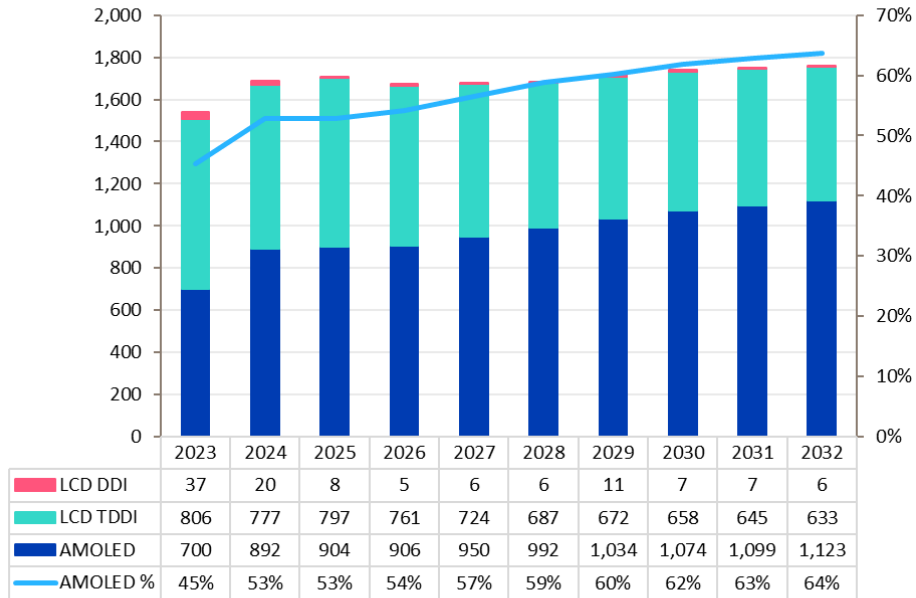
At the same time, the efficiency demands of AI computing are challenging device battery life and industrial design constraints, driving products toward extreme thinness and lower power consumption. According to market observations from DIGITIMES and Omdia, LTPO AMOLED panels featuring excellent low-power characteristics and support for variable refresh rates of 1–120Hz are rapidly increasing in penetration. This upgrade trend is not only dominating smartphones but is also extending into mid- to large-size IT products.

As leading international brands progressively adopt “AMOLED displays with integrated touch functionality” in their high-end laptop product lines, the

human-machine interface industry is expanding into the mid-to-large-size premium market. This development is expected to create substantial new blue-ocean opportunities for related Touch ICs and Display Driver ICs (DDICs).

Figure 5-1: Global 5G smartphone market size forecast (5-year outlook)
Unit: million units

Smartphone driver IC demand forecast by display technology



Notes: smartphone repair market is not included

Source: Omdia

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Source: Omdia, Q1 of 2026

FocalTech, as a global leader in touch and display driver IC (TDDI) technologies, has consistently positioned itself at the forefront of industry technological evolution. We observe that the overall market is currently at a critical inflection point marked by a generational transition in product specifications. In response to this rapidly changing industrial landscape, the following sections provide an in-depth analysis of the current industry conditions, development trends, and strategic responses across the Company’s major product lines.

(1) Current industry status of display driver ICs (DDIC) and touch ICs:

Portable mobile devices include smartphones, tablets, and laptops. With the rapid evolution of communication technologies and AI-driven applications, as well as supply chain restructuring driven by global geopolitics and tariff policies, this segment is undergoing a comprehensive upgrade in human-machine interface (HMI) technologies and a significant shift in market structure.

In pursuit of more immersive user experiences and increasingly complex application interactions, display specifications are rapidly evolving toward larger screen sizes, higher resolutions, higher refresh rates, and more flexible form factors (such as foldable designs). This trend is creating strong upgrade momentum for both display driver ICs and touch ICs.

Smartphone market: entering a plateau phase, with high-end AMOLED and

supply chain flexibility as key differentiators

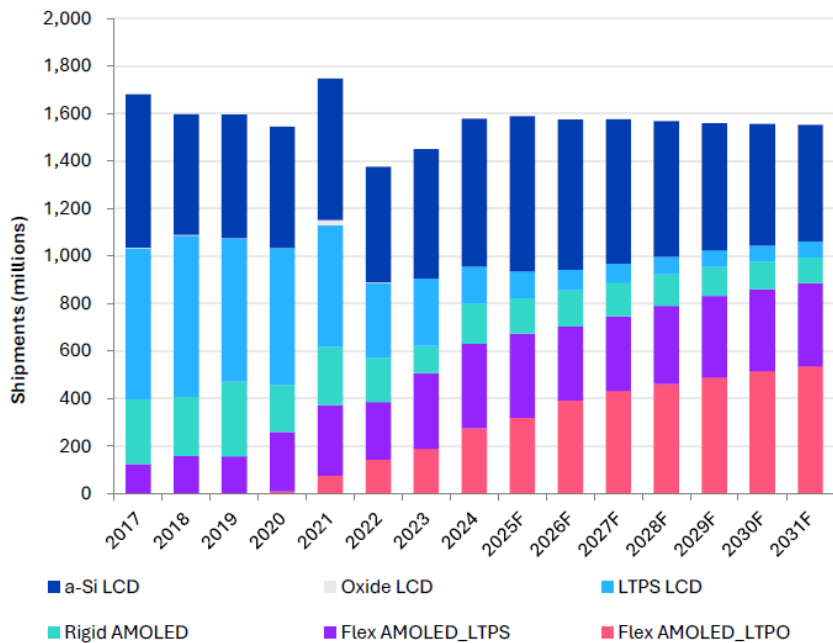
According to the latest market research, the global smartphone display market has entered a plateau phase, with overall shipment volumes stabilizing. Amid slowing volume growth and macroeconomic uncertainties—such as U.S. tariffs and trade policies—the competitive focus of major brands has shifted from volume expansion to value enhancement and supply chain risk management.

Under this trend, consumer demand for larger displays and ultra-narrow bezels has led to the widespread adoption of highly integrated touch and display driver single-chip solutions (IDC/TDDI) in the TFT-LCD segment. Meanwhile, in the premium segment, AMOLED panels have become the dominant technology, with rapid growth in smartphones adopting flexible AMOLED and LTPO low-power technologies.

At the same time, to stimulate high-end replacement demand, brands are actively promoting AMOLED foldable smartphones. The stringent durability requirements of foldable devices, combined with demands for high touch reporting rates and precise active stylus support, are strongly driving the accelerated iteration of AMOLED touch IC technologies, thereby enhancing both chip ASP and overall margin structure.

Figure 5-2: Smartphone panel shipment forecast by display technology

Smartphone display long-term shipments forecast by technology



Source: Omdia, Q4 of 2025

The global tablet PC market is experiencing relatively stable overall shipment volumes. However, driven by the structural demand for remote collaboration and lightweight computing, tablets are increasingly replacing certain functions of traditional PCs and are steadily shifting toward higher value-added product positioning.

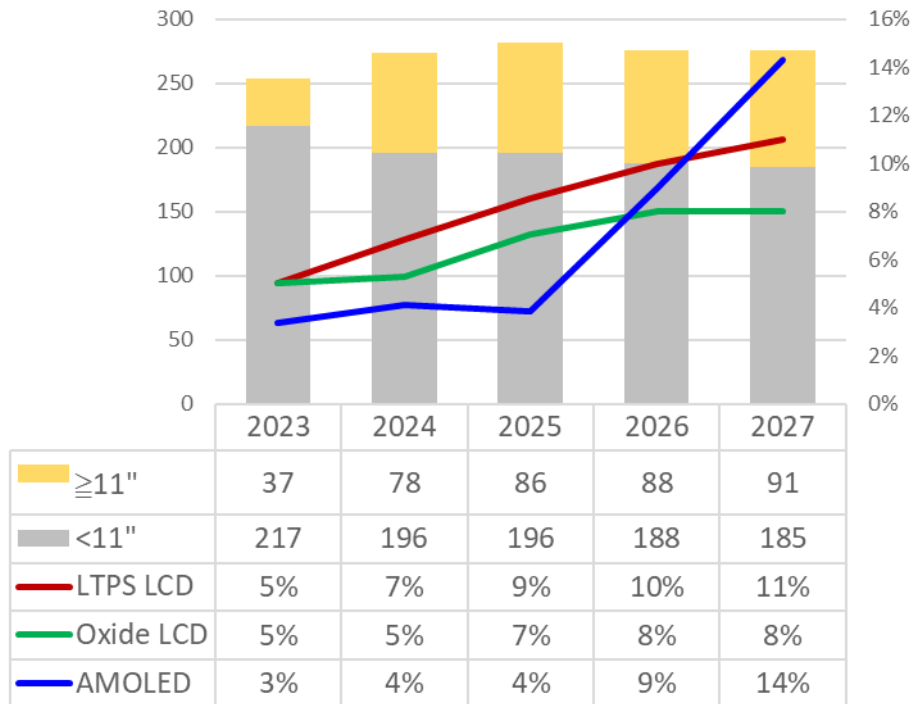
Under this trend, tablet displays are undergoing a significant transformation toward larger screen sizes and higher resolutions. Mainstream sizes are rapidly expanding from the traditional 10-inch range to 11-inch, 12-inch, and even 14-inch panels (such as large-sized commercial tablets). At the same time, demand for higher-resolution panels—including 2K, 3K, and even beyond—has increased substantially. This directly drives a comprehensive upgrade in the hardware specifications of touch and display driver ICs.

To meet the precise input requirements of professional creators and business users for drawing and note-taking, tablet touch ICs are undergoing a major technological advancement. High refresh rates of 120Hz or above have become the industry standard for smooth user interaction. More importantly, to seamlessly support next-generation active stylus solutions (such as Apple Pencil Pro and Samsung S Pen), touch ICs must deliver extremely low latency, high report rates, and high-precision processing capabilities. This highly complex hardware-software integration not only raises the design barrier for ICs but also becomes a key differentiator for leading companies in terms of technology leadership and market share.

From a panel supply chain perspective, as global manufacturing capacity continues to be restructured, Chinese panel makers are steadily increasing their influence and shipment share in the IT segment (tablets and laptops). To enhance profitability and product value, panel manufacturers are actively shifting capacity toward high-end LTPS panels and higher-resolution technologies.

Leveraging its long-standing partnerships with major panel manufacturers, the Company is well-positioned to engage early in next-generation display developments (such as high-resolution IDC solutions). Combined with strong customization capabilities and supply flexibility, the Company is expected to gain a competitive advantage in this wave of tablet specification upgrades and supply chain reallocation.

Figure 5-3: Tablet display shipment by screen size & panel technology share



Source: Omdia / FocalTech MKT, Q4 of 2025

Smart automotive and industrial control markets: Driven by intense price competition, the automotive display supply chain continues to focus on cost reduction, accelerating the adoption of LTPS technology due to its advantages in high resolution and low power consumption. At the same time, the rise of electric vehicles (EVs) is driving the digital transformation of the cockpit, increasing both the number and diversity of in-vehicle displays, such as passenger displays, electronic rearview mirrors, and head-up displays (HUDs), all of which are experiencing rapid growth.

However, in recent years, the global EV market has become increasingly competitive, with severe price wars pushing automakers' cost-down requirements for components to unprecedented levels.

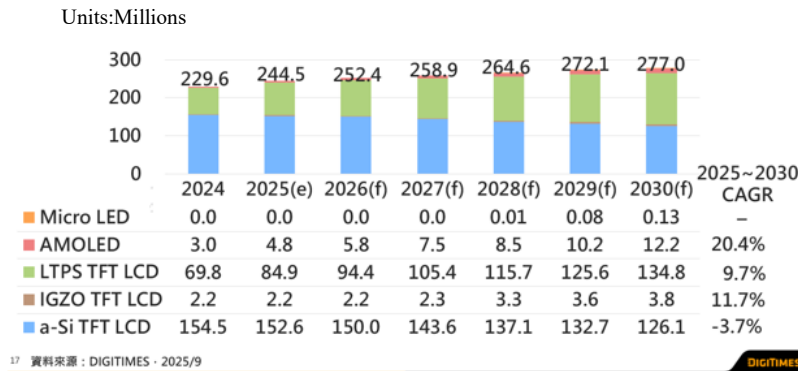
Under such cost pressures and practical considerations, the development of in-vehicle displays is gradually shifting away from the pursuit of ultra-large formats (such as expensive full-width displays exceeding 50 inches) and returning to more balanced designs that combine high image quality with cost efficiency, such as premium center information displays (CID) or dual-screen configurations in the 10–20+ inch range.

Structural transformation in the display supply chain: Accelerated LTPS expansion in automotive applications due to cost advantages:

As the smartphone market has largely transitioned to AMOLED technology, major panel manufacturers are rapidly reallocating high-end LTPS TFT-LCD capacity to automotive applications. More importantly, under strong automaker cost-down pressure, LTPS panels—thanks to their higher electron mobility—enable more efficient driving architectures (such as MUX technology), thereby reducing the number of peripheral display driver ICs (DDICs) required.

This capability to directly reduce overall bill of materials (BOM) cost, combined with inherent advantages such as high resolution and narrow bezel design, is driving an unprecedented acceleration in the penetration of LTPS technology in the automotive display market.

Figure 5-4: Automotive panel shipment forecast by display technology

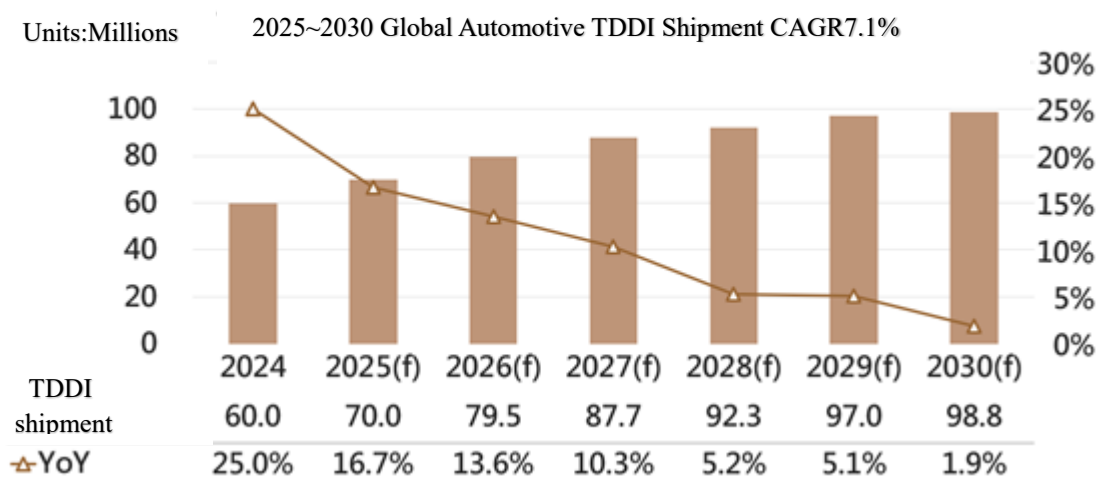


Source: Digitimes, September of 2025

In-cell integrated touch technology has become the dominant mainstream for both cost reduction and aesthetic design. To achieve a high-quality, seamless “all-black” cockpit aesthetic while further simplifying the touch module assembly supply chain for cost optimization, in-cell touch technology has fully displaced traditional external touch solutions.

In 2024, in-cell technology shipments for center information displays (CIDs) reached 60 million units, and are expected to strongly surpass 80 million units by 2027. This trend firmly establishes the central role of automotive TDDI (Touch and Display Driver Integration) solutions in the automotive display market.

Figure 5-5: Global Automotive TDDI Driver IC Shipment – 2024 to 2030 Forecast



Source: Digitimes, Q2 of 2025

In addition, in the development of next-generation display technologies, the application of AMOLED in the automotive market is currently at a

critical early-stage “golden observation period.” Although it is still constrained by relatively high costs, its inherent advantages—such as ultra-thin form factor, extremely high contrast ratio, and flexibility—have already begun to emerge in select high-end flagship vehicle models.

As technology continues to mature and costs gradually decline, AMOLED is expected to become the next high-margin blue ocean opportunity for the driver IC industry.

(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 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.

In recent years, the IC industry has been significantly impacted by macroeconomic volatility and geopolitical tensions, leading to substantial restructuring across the global semiconductor and display supply chains. On one hand, shifts in the wafer foundry landscape have intensified, with the relocation and consolidation of certain mature-process capacities posing increasingly stringent challenges to IC design companies in terms of production allocation and cost management. On the other hand, the display industry is experiencing a growing trend toward regionalization and localization.

In response to this complex industry environment, the operational efficiency and flexibility of specialized IC design companies in a rapidly changing landscape have increasingly surpassed those of traditional vertically integrated (IDM) models. The Company has established a highly resilient supply chain management framework, leveraging a diversified foundry partnership strategy supported by dynamic capacity KPI management, effectively mitigating short-term disruptions from external supply chain fluctuations.

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.

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 low power consumption, strong ESD resistance, support for AMOLED LTPO, and a reduced number of peripheral components. Compared with a two-chip solution, this IC integrates both display driving and touch functions, while also eliminating the need for one FPC. By reducing the number of FPC layers, it further simplifies the overall mechanical design of the device, thereby lowering system costs. As a result, the solution has been widely well-received in the market. In addition, since wearable products require higher environmental adaptability, new touch waterproof capabilities must be developed to ensure stable user operation under various conditions without unintended touch inputs.

The Company plans to extend these technological advantages into the smartphone application segment and is actively investing resources in the development of AMOLED mobile IDC solutions.

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

In the face of intense technological transitions and continuous product specification upgrades in the market, the Company does not engage in low-end price competition. Instead, it leverages its strong technological foundation, forward-looking product roadmap, and highly flexible supply chain management capabilities to build a solid competitive moat across all application segments.

(1) Display driver IC and touch IC:

Smartphone Market: Leading a-Si Evolution and Industry-Leading Waterproof Touch Technology

In the TFT-LCD smartphone segment, the Company—being a pioneer and foundational contributor in IDC (TDDI) technology—continues to drive the next-generation evolution of a-Si panel specifications. Facing strong demand for differentiation in a mature market, the Company further strengthens its core touch technologies, achieving significant breakthroughs in advanced waterproof touch algorithms. This enables precise and smooth touch performance even under complex moisture conditions, outperforming industry standards. Through this highly differentiated technology, the

Company not only significantly enhances end-product value but also solidifies its leading position in the LCD market.

AMOLED Market: Strengthening Local Supply Chain and Expanding AMOLED TDDI Portfolio for Smartphones

As high-end smartphones increasingly transition to AMOLED displays, along with rapid capacity expansion from Chinese AMOLED panel makers, the Company has precisely captured the opportunity arising from supply chain localization. In addition to strong mass production momentum in AMOLED on-cell touch ICs, the Company is actively investing R&D resources into the development of next-generation AMOLED TDDI (Touch and Display Driver Integration) solutions for smartphones. By seamlessly leveraging its accumulated expertise and mass production advantages from the LCD segment, the Company aims to secure an early leadership position in the AMOLED adoption cycle, creating a new high-margin growth engine.

Tablet Market: Aligning with IGZO Trend and High-Resolution Products Driving Profitability

In the tablet and IT segment, driven by lightweight computing and AI PC applications, the Company closely follows both end-market and panel supply chain technology transitions. It is fully committed to developing next-generation IC solutions supporting high-resolution (e.g., 3.8K) displays and IGZO panel technology. With strong capabilities in high refresh rate support, low power consumption, and precise active stylus integration, the Company's products are well aligned with panel manufacturers' technology roadmaps. This not only significantly raises competitive barriers but also further increases penetration and shipment momentum in this high value-added segment.

High-End Wearables and Automotive/Industrial Expansion: Cross-Segment Technology Extension Creating New Blue Oceans

In addition to strengthening its position in smartphones and tablets, the Company is actively extending its leading display driver and touch integration technologies into adjacent markets. For wearables, it delivers ultra-thin and ultra-low-power IC architectures. For the rapidly growing automotive market, it provides highly integrated chip solutions that help panel customers and automotive OEMs optimize overall module cost structure. Through this strategy, the Company successfully transforms its consumer electronics technology advantages into a long-term cross-domain growth foundation.

(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.

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	2024	2025
R&D expenses (A)	2,133,128	2,170,331
Net operating revenue (B)	14,538,987	11,952,063
(A)/(B)	14.67%	18.16%

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
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
Capacitive Active & Passive stylus	AMOLED for mobile , Tablet , NB, handheld devices
ThickGloveTouch	AMOLED for mobile , Tablet , NB, handheld devices
TouchInHeavyRain	AMOLED for mobile , Tablet , NB, outdoor devices

(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

R&D items or products	Applications
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) fingerprint recognition IC	Mobile phone
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
Adaptive Peak Luminance Control	Mobile phone , Wearable
Low Frame Rate Compensate	Mobile phone , Wearable
High Dynamic Range	Mobile phone , Wearable
Multi Frame Over Drive	Mobile phone , Wearable
Scaling Up	Mobile phone
DeBurnIn	Mobile phone
Adaptive Peak Luminance Control	Mobile phone , Wearable
Low Frame Rate Compensate	Mobile phone , Wearable
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.

- L. Enhance the product portfolio of Single RAM AMOLED DDIC and AMOLED TDDI solutions.
 - M. Develop advanced waterproof touch technologies to enable the application of AMOLED TDDI in both consumer and industrial control markets.
 - N. Develop ultra-low signal touch sensing technologies for use in more demanding and harsh touch application environments.
- (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.
 - G. Strengthen collaboration with AMOLED panel technologies and, in line with AMOLED technological iterations, develop next-generation display compensation technologies for AMOLED panels.
 - H. Enhance engagement with end customers and, based on end-product

positioning and requirements, develop new AMOLED DDIC and AMOLED TDDI solutions.

(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	2024		2025	
	Sales amount	Percentage	Sales amount	Percentage
Mainland China	11,911,265	81.93%	9,319,231	77.97%
Taiwan	2,328,160	16.01%	2,308,900	19.32%
Other	299,562	2.06%	323,932	2.71%
Total	14,538,987	100%	11,952,063	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 has continuously focused on the development and launch of touch and display integrated single-chip solutions (IDC). When combined with a-Si and LTPS panels, resolutions such as HD+ and FHD+ have already been widely adopted in smartphones. In addition, multiple tablet manufacturers have extensively integrated IDC solutions into new models as well as automotive display applications.

Looking ahead, the Company will continue to develop new products in collaboration with brand customers based on emerging technology requirements. It is expected that in 2026, the Company's IDC shipment volume and market share will continue to grow, while maintaining its leading position in the market.

(2) Out-cell capacitive touch IC:

As touch and display integrated single-chip solutions (IDC) have gradually gained market acceptance, the market share of discrete touch ICs in TFT panel applications has declined significantly. However, with the expansion of AMOLED production capacity and the increasing adoption of AMOLED panels in smartphones, tablets, notebooks, and automotive applications, the market size for discrete touch ICs has continued to expand.

In addition, the Company's discrete touch IC solutions for AMOLED panels have successfully entered both Korean and Chinese customer supply chains. As a result, the Company continues to maintain a leading global market share in capacitive touch solutions within the smartphone segment, while actively expanding into mid- to large-size touch applications.

(3) TFT LCD driver IC:

As touch and display integrated single-chip solutions (IDC) have become widely adopted in the market, the number of TFT LCD driver ICs used in smartphones has declined rapidly. As a result, the Company has shifted its operational focus toward mid- to large-size display applications, including smart speakers, notebooks, digital cameras, and automotive applications. The product portfolio continues to evolve toward higher technological requirements and greater levels of integration.

Due to the longer product life cycle characteristics of mid- to large-size applications, the Company's shipments and revenue in 2025 have continued to maintain a stable level, preserving a certain market share overall.

(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 2025, the Company shipped reached 160 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 GOLED Incell, Hybrid and POLED Oncell fabrication process will be upgraded to 40-nm.

C. Applying AMOLED IDCs to mobiles 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, Notebook and Automotive applications, etc. 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, 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.

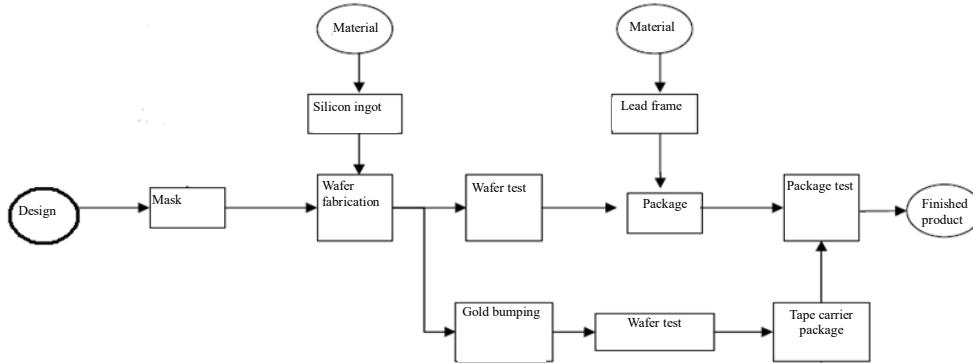
(2) Important use and production process of major products

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.	Name	2024			2025			Relationship with the issuer
		Amount	Percentage to annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage to annual net purchases (%)	
1	Supplier A	1,731,371	16%	None	Supplier A	520,843	8%	None
2	Supplier C	2,524,207	33%	None	Supplier C	1,357,791	23%	None
3	Supplier D	2,582,857	39%	None	Supplier D	2,826,173	53%	None
	Others	989,982	12%	—	Others	920,208	16%	—
	Net purchases	7,828,417	100%	—	Net purchases	5,625,015	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.	2024				2025			
	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	2,626,838	18%	None	Company G	2,369,932	20%	None
2	Company A	1,426,924	10%	None	Company A	1,556,306	13%	None
	Others	11,912,149	72%	—	Others	8,025,825	67%	—
	Net sales	14,538,987	100%	—	Net sales	11,952,063	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, 2026; Unit : person(s)

Year		2024	2025	As of April 30, 2025
No. of employees	Manager	11	9	9
	Production line	—	—	—
	Regular staff	839	891	881
	Total	850	900	890
Average age		37	38	38
Average year of service		6.54	6.82	7.03
Education background	Doctor	1%	1%	1%
	Master	46%	47%	47%
	Junior college	52%	51%	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 2025 are as follows:

Type of training	No. of people	Costs	Class hours
Management training course	522	1,600,653	2,828
Professional training course	2,918	692,025	10,263

General training course	2,014	689,134	4,840
New employee orientation	186	7,500	974
Total	5,640	2,989,312	18,905

(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	Information System Emergency Response

	incident response, and examine them from time to time so as to reduce the damage caused by accidental information security incidents.	Procedures
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.

(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 2025

Promoting information security	Information security promotion campaigns included: 8 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	One assessment was conducted in 2025, 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. ➤ Implement a software asset management system to enhance control over software usage and reduce

	cybersecurity risks.
Total education and training hours	Total education and training reached 855 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 control system. ➤ 39 regulations related to ISO 27001 information security and 58 operation forms were completed this year.

(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	2025	2024	Variation	
			Amount	%
Current assets	8,272,576	13,679,462	(5,406,886)	(40)
Fund and investments	2,304,459	425,593	1,878,866	441
Property, plant and equipment	2,622,831	2,529,675	93,156	4
Intangible assets	141,583	1,390,526	(1,248,943)	(90)
Other assets	208,778	637,624	(428,846)	(67)
Total assets	13,550,227	18,662,880	(5,112,653)	(27)
Current liabilities	3,873,186	5,798,568	(1,925,382)	(33)
Non-current liabilities	1,048,255	2,742,731	(1,694,476)	(62)
Total liabilities	4,921,441	8,541,299	(3,619,858)	(42)
Share capital	2,211,512	2,192,168	19,344	1
Capital surplus	6,247,294	6,150,242	97,052	2
Retained earnings	462,544	1,829,577	(1,367,033)	(75)
Other Equity	(22,753)	112,201	(134,954)	(120)
Treasury share	(269,871)	(163,060)	(106,811)	(66)
Non-controlling interest	60	453	(393)	(87)
Total shareholders' equity	8,628,786	12,121,581	(1,492,795)	(15)

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. Decrease in current assets: Mainly due to a reduction in cash and cash equivalents.
2. Increase in funds and investments: Mainly due to an increase in bond investments.
3. Decrease in intangible assets: Mainly due to impairment of goodwill.
4. Decrease in other assets: Mainly due to a reduction in refundable deposits.
5. Decrease in current liabilities: Mainly due to a decrease in short-term borrowings and accounts payable.
6. Decrease in non-current liabilities: Mainly due to a reduction in guarantee deposits received.
7. Decrease in retained earnings: Mainly due to a net loss for the current period.
8. Decrease in other equity: Mainly due to a decrease in exchange differences arising from the translation of foreign operations' financial statements.
9. Increase in treasury shares: Mainly due to the repurchase of treasury stock.

The above changes have no material impact on the Company's financial position or operations.

2. Financial Conditions

Unit: NT\$ thousand

Item \ Year	2025	2024	Variation	
			Amount	%
Operating revenue	11,952,063	14,538,987	(2,586,924)	(18)
Operating gross profit	2,965,123	3,259,033	(293,910)	(9)
Net operating profit or loss	(132,671)	166,772	(299,443)	(180)
Non-operating income and expenses	(885,470)	413,959	(1,299,429)	(314)
Profit before tax	(1,018,141)	580,731	(1,598,872)	(275)
Net profit for the year	(990,258)	568,456	(1,558,714)	(274)
Other comprehensive income for the year (profit after tax)	(152,674)	240,717	(393,391)	(163)
Total comprehensive income for the year	(1,142,932)	809,173	(1,952,105)	(241)
Net profit (loss) attributable to owners of the parent	(990,601)	574,062	(1,564,663)	(273)
Comprehensive income attributable to owners of the parent for the year	(1,142,539)	814,747	(1,957,286)	(240)

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. Net operating (loss) income: Mainly due to a decline in revenue in 2025.
2. Non-operating income and expenses, profit before tax, net income for the period, other comprehensive income (net of tax), total comprehensive income for the period, net (loss) income attributable to owners of the parent, and total comprehensive income attributable to owners of the parent: Mainly due to the recognition of goodwill impairment in 2025 and a decrease in exchange differences arising from the translation of financial statements of foreign operations.

The above changes have no material impact on the Company's financial position or operations.

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
8,247,879	172,237	(4,057,805)	(176,629)	4,185,682	—	—

(1) Analysis of changes in cash flow for the current year

1. Operating activities: Net cash inflow of NT\$172,237 thousand, mainly due to the sale of inventories during the current period.
2. Investing activities: Net cash outflow of NT\$1,192,515 thousand, mainly due to an increase in the acquisition of financial assets measured at amortized cost.
3. Financing activities: Net cash outflow of NT\$2,865,290 thousand, mainly due to the repayment of short-term borrowings and the refund 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 income under equity method of NT\$808,498 in 2025 was primarily due to operating income by Company-owned subsidiaries in 2025. 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, 2025 and 2024 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\$4,550,000 and NT\$7,634,000, 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, 2025, 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	(3,027)

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 Loaning 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 the 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 2025, 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. On March 18, 2026, the Intellectual Property and Commercial Court issued an interlocutory judgment finding that FocalTech's products infringe. As the case is still under trial and this judgment does not constitute a final decision, FocalTech, together with its professional legal team, will continue to actively pursue a favorable outcome to safeguard shareholders' interests. It is expected that there will be no material impact on the Company's operations or financial position.

On September 1, 2025, Elan Microelectronics Corporation filed a patent infringement lawsuit against the Company with the Intellectual Property and Commercial Court, alleging that the Company infringed a certain invention patent. The plaintiff further claims that the specific infringing products already manufactured, as well as the materials and equipment used in the alleged infringement, should be destroyed or otherwise appropriately disposed of, and has also sought damages. The case is currently under preliminary review by the Intellectual Property and Commercial Court, and it is expected to have 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.

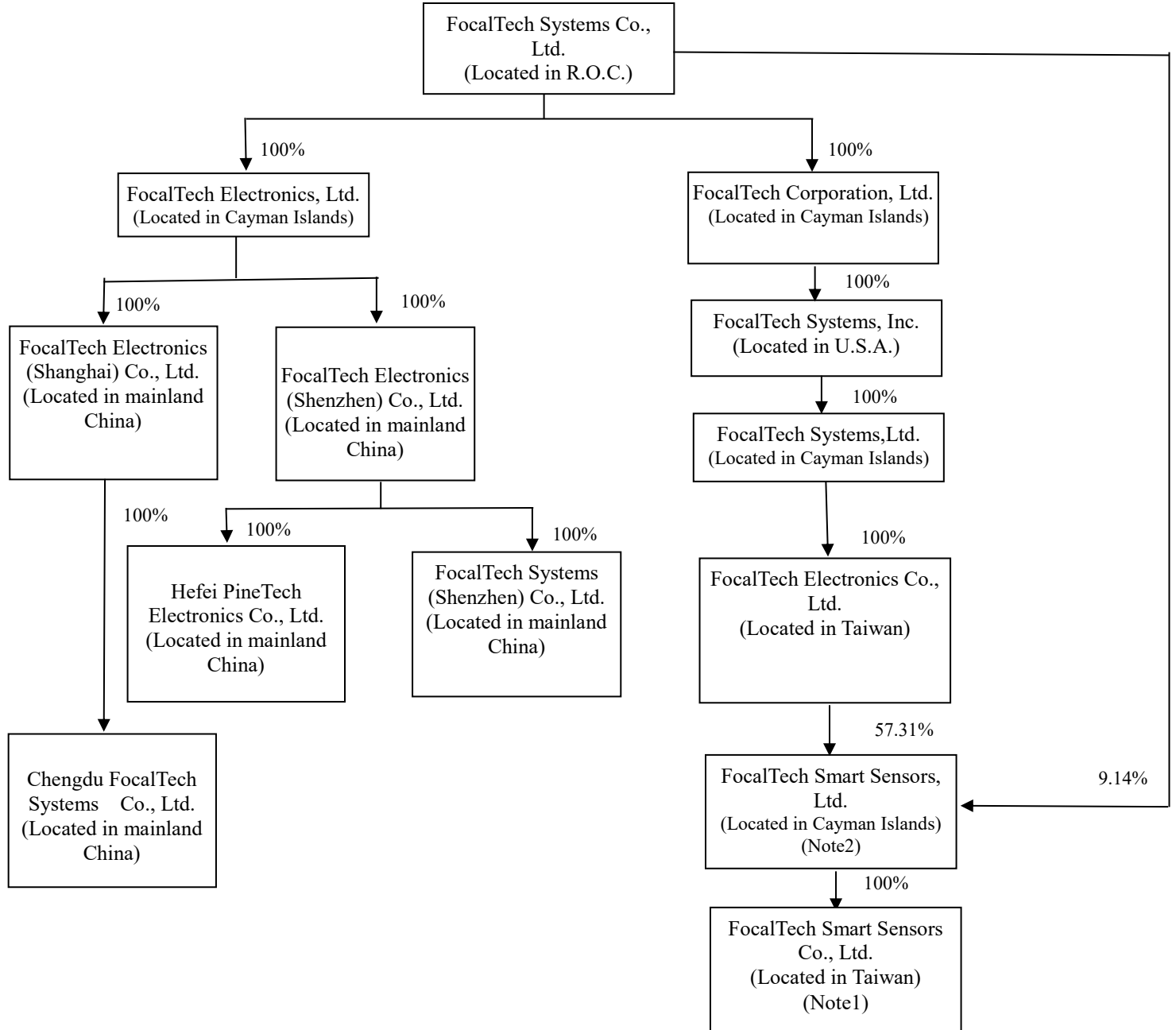
7. Other Important Matters: None.

VI. Special Disclosure

1. Information regarding the Company's Affiliates

(1) Chart showing the Company's Affiliates

December 31, 2025



Note 1: Liquidation was completed in October 2025.

Note 2: Liquidation was completed in March 2026.

(2) Profiles of the Company's Affiliates

Dec. 31, 2025; 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. (Note1)	July 2016	Taiwan	TWD0	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. (Note2)	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

Note 1: Liquidation was completed in October 2025.

Note 2: Liquidation was completed in March 2026.

(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, etc.

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

December 31, 2025

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	Wei-Ching Hou Wei-Ching Hou Hsiao-Peng Kuo	—	—
FocalTech Electronics (Shenzhen) Co., Ltd.	Executive Director President Supervisor	Wei-Ching Hou Wei-Ching Hou Hsiao-Peng Kuo	—	—
FocalTech Electronics (Shanghai) Co., Ltd.	Executive Director President Supervisor	Lien-Kuo Wang Lien-Kuo Wang Hsiao-Peng Kuo	—	—
FocalTech Electronics Co., Ltd.	Chairman	Genda Hu	—	—
FocalTech Smart Sensors Co., Ltd. (Note1)	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 President Director Director	Wei-Ching Hou Lien-Kuo Wang Jin-shuo Wang Lien-Kuo Wang	—	—
FocalTech Smart Sensors, Ltd. (Note2)	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.	—	—

Note 1: Liquidation was completed in October 2025.

Note 2: Liquidation was completed in March 2026.

(6) Business Operations of Each Affiliate:

Dec. 31, 2025; 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	2,506,049	8,210	2,497,839	-	(6,751)	56,463	Note 1
FocalTech Electronics, Ltd.	3,143	3,169,347	1,089,343	2,080,004	(14,885)	(36,775)	751,875	Note 1
FocalTech Smart Sensors, Ltd.(Note3)	427,075	177	-	177	-	(485)	1,022	(0.03)
FocalTech Systems, Inc.	3,215,064	2,432,179	128,713	2,303,466	21,826	(4,763)	57,945	Note 1
FocalTech Systems, Ltd.	733,892	2,703,224	333,933	2,369,291	3,162	(25,029)	60,305	Note 1
FocalTech Systems (Shenzhen) Co., Ltd.	1,162,915	1,118,947	408,064	710,883	466,899	7,027	30,552	Note 2
FocalTech Electronics (Shenzhen) Co., Ltd.	292,299	3,460,841	1,887,751	1,573,090	6,280,419	723,070	791,501	Note 2
FocalTech Electronics (Shanghai) Co., Ltd.	91,147	23,911	15,246	8,665	111,737	5,062	(54,014)	Note 2
FocalTech Electronics Co., Ltd.	20,000	9,018	553	8,465	-	(1,281)	(3,581)	Note 1
FocalTech Smart Sensors Co., Ltd. (Note4)	-	-	-	-	-	(167)	300	Note 1
Hefei PineTech Electronics Co., Ltd.	134,148	276,215	18,314	257,901	80,562	10,547	12,547	Note 2
Chengdu FocalTech Systems Co., Ltd.	26,830	76,211	117,054	(40,843)	-	(58,594)	(58,518)	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.

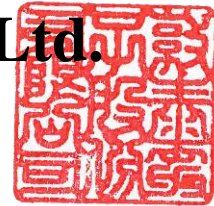
Note 3: Liquidation was completed in March 2026.

Note 4: Liquidation was completed in October 2025.

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

