



Stock code :5490

XAC Automation Corporation

Handbook for the 2026 Meeting of Shareholders

(Summary Translation– In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

MEETING TIME: 9:00 AM on Tuesday, June 16, 2026

MEETING PLACE: Einstein Hall, HSP LINK, No. 1, Industry E. 2nd Rd., Hsinchu Science Park, Hsinchu City, Taiwan

MEETING METHOD: Physical Shareholders' Meeting

XAC Automation Corp.

Rules of Procedure for Shareholders' Meetings

Revised at Shareholders' Meeting, June 13, 2023

Article 1: Except where otherwise provided by the law, matters of the Company's shareholders' meetings shall be conducted in accordance with these rules.

Article 2: Each attending shareholder (or proxy) shall bring his/her attendance certificate and submit a sign-in card in place of attendance.

When a legal person is entrusted to attend a shareholders' meeting, it may only appoint one representative to attend.

Shareholders who wish to attend a shareholders' meeting via video conferencing shall register with the Company two days prior to the meeting.

Article 3: For each shareholder meeting, a shareholder may issue a proxy letter printed by the Company, specifying the scope of authorization and appointing a proxy to attend the shareholders' meeting.

A shareholder is limited to issuing a proxy letter to appoint one proxy only, and shall deliver it to the Company five days before the shareholders' meeting. In the event of duplicate proxy letters, the first one delivered shall prevail. However, where revocation of a previous proxy has been declared, this restriction shall not apply.

After the proxy letter is delivered to the Company, if a shareholder wishes to attend the shareholders' meeting in person or exercise his/her voting rights in writing or electronically, he/she shall notify the Company in writing two days before the shareholders' meeting that the proxy letter has not been revoked. If the revocation is overdue, the voting rights exercised by the authorized proxy in attendance shall prevail.

Article 4: Attendance and voting at shareholders' meetings shall be calculated based on the number of shares; the number of attending shares shall be calculated by adding the number of shares with voting rights exercised in writing or electronically to the number of shares registered in the signature book, attendance cards, and video conference platform.

Article 5: The shareholders' meeting shall be held at the Company's location, or at a place convenient for shareholders to attend and suitable for holding the shareholders' meeting. The starting time of the meeting shall be no earlier than 9am, nor later than 3pm.

When the Company holds a video shareholders' meeting, it is not subject to the restrictions on venue mentioned in the preceding paragraph.

For a shareholders' meeting held via video conferencing, shareholders' registration shall be accepted on the video conference platform thirty minutes before the start of the meeting. Shareholders who have completed registration shall be deemed to have personally attended.

Article 6: If the shareholders' meeting is convened by the Board of Directors, the Chairman of the Board shall serve as the meeting chair. If the Chair is on leave or is unable to exercise his/her powers for any reason, the Vice Chair shall act on his/her behalf. If there is no Vice Chair or the Vice Chair is also on leave or unable to exercise his/her powers for any reason, the Chair shall designate one managing director to act on his/her behalf; if the Company has no managing directors, one director shall be appointed to act on his/her behalf if the chair does not designate a proxy, the

managing directors or directors shall elect one person from among themselves to act on their behalf.

The Company may appoint entrusted lawyers, accountants, and related personnel to attend shareholder meetings as observers.

Article 7: Once the scheduled meeting time has arrived, the meeting chair shall call the meeting to order and disclose information, such as the number of non-voting rights and the number of attending shares.

However, if the attending shareholders do not represent more than half of the total number of issued shares, the chair may announce a postponement of the meeting, with a maximum of two postponements and a total postponement time not exceeding one hour. If the share number is still insufficient after two delays, but the attending shareholders represent more than one-third of the total number of issued shares, a tentative resolution may be made in accordance with paragraph 1, Article 175 of the Company Act, and all shareholders shall be notified of the tentative resolution to convene another shareholders' meeting within one month. When a shareholders' meeting is held via video conferencing, shareholders who wish to attend the shareholders' meeting shall re-register with the Company in accordance with Article 2. Before the end of that meeting, if the number of shares represented by the attending shareholders has reached more than half of the total number of issued shares, the chair may, in accordance with Article 174 of the Company Act, resubmit the tentative resolution to the meeting for voting.

Article 8: If the shareholders' meeting is convened by the Board of Directors, the agenda shall be determined by the Board of Directors, and all proposals (including extempore motions and amendments to original proposals) shall be decided by voting. The meeting shall be held in accordance with the scheduled agenda, which shall not be changed without a resolution of the shareholders' meeting.

If the shareholders' meeting is convened by a person with the right to convene other than the Board of Directors, the provisions of the preceding paragraph shall apply *mutatis mutandis*.

Without a resolution, the chair shall not announce a meeting adjourned of his/her own accord before the scheduled agenda (including extempore motions) mentioned in the previous two paragraphs is concluded. If the chair violates the rules of procedure and declares the meeting adjourned, the members of the board of directors may elect one person as the chair with the consent of more than half of the voting rights of the attending shareholders to continue the meeting. After the meeting is adjourned, shareholders shall not elect another chair to continue the meeting at the original address or elsewhere.

Article 9: Before giving a shareholder's speech, each shareholder must first fill out a speech note that specifies the purpose of the speech, their shareholder account number (or attendance certificate number), and the account name. The chair shall designate the order of such speeches.

If an attending shareholder only provides a statement and does not give a speech, they shall be deemed not to have spoken. If the content of the speech does not match the record in the speech entry, the content of the speech shall prevail.

Each shareholder attending the same proposal shall speak no more than twice without the consent of the chair, and no single speech shall exceed five minutes. If a shareholder's speech violates regulations or exceeds the scope of the agenda, the chair may stop their speech.

When attending a shareholder's speech, other shareholders are not allowed to

interfere with their speech except with the consent of the chair and the speaking shareholder. Violators must be stopped by the chair.

When a corporate shareholder appoints two or more representatives to attend a shareholders' meeting, only one representative may speak on a proposal.

After attending the shareholder's speech, the chair may personally respond or designate personnel to respond. When discussing a proposal, the chair may announce conclusion of the discussion at an appropriate time, put the proposal to a vote, then arrange sufficient voting time.

Shareholders who participate in a shareholder meeting via video conferencing may, after the chair calls the meeting to order and before the announcement of the adjournment, ask questions in text form on the video platform. The number of questions for each proposal shall not exceed two, with a limit of 200 words each, and the provisions of the first to fifth paragraphs above shall not apply.

Article 10: Except where otherwise provided in the Company Act and or the Articles of Association, resolution on a proposal shall be made by a majority vote of the attending shareholders.

When there are amendments or substitutes to a proposal, the chair shall determine the order of voting together with the original proposal. If one of the proposals has been adopted, the other proposals shall be considered rejected, and there shall be no need for further voting. Shareholders who exercise their voting rights electronically shall be deemed to have waived their right to vote on any extempore motion or amendment to the original proposal at the shareholders' meeting.

The scrutineers and vote counters for voting on a proposal shall be designated by the chair, but the scrutineers must have shareholder status. The result of the vote shall be reported on site and recorded.

Article 11: During the meeting, the chair may declare a recession at his/her discretion. In case of force majeure, the chair may rule to temporarily suspend the meeting and announce the time for resuming the meeting based on the situation.

Article 12: If the venue for the meeting can no longer be used before the agenda (including extempore motions) of the shareholders' meeting is concluded, the shareholders' meeting may resolve to find another venue to continue the meeting.

The shareholders' meeting may, in accordance with Article 182 of the Company Act, resolve to postpone or resume the meeting within five days.

If the shareholders' meeting is convened via video conferencing, the vote shall be counted in one go after the chair announces the end of voting, and the voting and election results shall be announced.

If the shareholders' meeting is convened via video conferencing, at the time the meeting is called to order, the chair shall announce separately that except for the situations where there is no need to postpone or continue the meeting in accordance with Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, before the chair announces the adjournment of the meeting, if force majeure causes any obstacle to the video conferencing platform or participation via video conferencing for more than 30 minutes and the obstacle cannot be removed, the meeting shall be postponed or continued within five days, and the provisions of Article 182 of the Company Act shall not apply.

When handling the postponement or continuation of a shareholders' meeting in accordance with the provisions of the preceding paragraph, there is no need to re-discuss or re-resolve a proposal of which the voting and ballot counting have been completed, and the voting results or the list of directors elected has been announced.

For the postponement or continuation of a shareholders' meeting in accordance with the provisions of the second paragraph, the Company shall, in accordance with the provisions of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, perform preparatory procedures in accordance with the original date of the shareholders' meeting and the provisions of each of the articles. Shareholders listed in the shareholder register based on which the suspension of transfer of ownership was originally scheduled for the shareholders' meeting shall have the right to attend the shareholders' meeting.

When the Company convenes a shareholders' meeting via video conferencing and a matter in the third paragraph occurs such that the video meeting cannot be continued, if the total number of shares present at the meeting still reaches the quorum for making resolutions after deducting the number of shares of shareholders attending the shareholders' meeting via video conferencing, the shareholders' meeting shall continue without the need to postpone or continue the meeting in accordance with the provisions of the third paragraph.

If any of the events mentioned in the preceding paragraphs require the continuation of the meeting, the number of shares of shareholders who participate in the shareholders' meeting via video conferencing shall be included in the total number of shares present at the shareholders' meeting. However, all proposals at the shareholders' meeting shall be deemed waived for such shareholders.

When the Company holds a shareholders' meeting via video conferencing, appropriate alternative measures must be provided for shareholders who have difficulty attending the meeting via video conferencing.

Article 13: The chair may direct picketers and security personnel to assist in maintaining order at the meeting venue. When picketers or security personnel are present to assist in maintaining order, they must wear armbands displaying the word "picketeer".

Article 14: The entire process of the shareholders' meeting shall be audio and video recorded, and the recordings shall be kept for at least one year.

If the shareholder meeting is held via video conferencing, the Company shall record and keep the information of registration, sign-in, check-in, questioning, voting, and company vote counting results of shareholders, and audio and video record the entire video conference.

The data and audio and video recordings mentioned in the preceding paragraph shall be properly kept by the Company for the duration of its existence, and the audio and video recordings shall be provided to the personnel entrusted with the handling of video conference affairs for safekeeping.

Article 15: Matters not specified in these rules shall be handled in accordance with the provisions of the Company Act, the Company's Articles of Association, and other laws and regulations.

Article 16: These rules shall come into effect upon being approved by the shareholders' meeting. The same shall apply to any amendments.

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XAC Automation Corp.

2026 Shareholders' Meeting Procedures

Time: 9:00am on June 16, 2026 (Tuesday)

Location: No. 1, Industrial East Second Road, Hsinchu Science Park
(Einstein Hall Conference Room of Technology Life Building)

Convening method: In-person shareholders' meeting

Counting the total number of attending shareholders and number of shares represented:

Meeting chair: CHANG, YENG-MING, Chairman

1. Meeting called to order

2. Chair's speech

3. Reports:

- (1) 2025 business report
- (2) Audit Committee's review report
- (3) Indirect investment in mainland China
- (4) Report on 2025 employee and director remuneration distribution
- (5) Report on 2025 cash dividend distribution
- (6) Report on the handling of private-placement ordinary shares in 2025
- (7) Results of shareholders' proposals

4. Matters for ratification:

- (1) Ratification of the Company's business report and financial report for 2025. (proposed by the Board of Directors)
- (2) Ratification of the earnings distribution plan for 2025. (proposed by the Board of Directors)

5. Discussion matters:

- (1) The Company's plan to handle private-placement ordinary shares. (proposed by the Board of Directors)

6. Extempore motions

7. Meeting adjourned

XAC Automation Corp.

2026 General Shareholders' Meeting Agenda

Reports

1. 2025 business report

Explanation: Please refer to [Attachment 1](#) (pages 10 to 13) of this manual for the 2025 business report.

2. Audit Committee's review report

Explanation: Please refer to [Attachment 2](#) (page 14) of this manual for the 2025 Audit Committee's review report.

3. Indirect investment in mainland China

Explanation: Please refer to [Attachment 3](#) (page 15) of this manual for information on indirect investment in mainland China as of December 31, 2024.

4. Report on 2025 employee and director remuneration distribution

Explanation: For the report on employee and director remuneration distribution, please refer to [Attachment 4](#) of the Handbook (page 16).

5. Report on 2025 cash dividend distribution

Explanation: (1) As stipulated in Article 29 of the Company's Articles of Incorporation, the Board of Directors is authorized to formulate earnings distribution proposals, including the cash dividend proposal. Following a resolution by the Board of Directors, cash dividends will be distributed and reported to the Shareholders Meeting.

(2) The Board of Directors has allocated NT\$139,728,302 from the Company's 2025 earnings as shareholders' cash dividends, which will be distributed at NT\$1.5 per share. The distributed dividends will be rounded down to the nearest dollar, with amounts of less than NT\$1 discarded. The sum of the rounded-down dividends from fractional shares will be accounted for in Other Revenue of the Company. Any

remittance fees and postage incurred will be borne by the shareholders.

- (3) If there is any subsequent change in the number of outstanding shares, the Chairman will be authorized to adjust the dividend payout ratio.
- (4) The Board of Directors has resolved that the ex-dividend record date for the current cash dividend distribution is set as July 8, 2026, and the payment date is scheduled for July 28, 2026.

6. Report on the Private Placement of Ordinary Shares in 2025

Explanation: (1) On June 18, 2025, the Company's shareholders' meeting authorized the Board of Directors to issue 9,600,000 private-placement ordinary shares in one go or in different tranches (up to three times), at appropriate times, within one year after the date of the resolution of the shareholders' meeting.

- (2) This private placement will expire on June 17, 2026. In accordance with the board resolution on April 24, 2026, this private placement will not be continued in the remaining period.

7. Results of shareholders' proposals

Explanation: There were no shareholder proposals at this general shareholders' meeting.

Matters for ratification

1. Ratification of the Company's business report and financial report for 2025. (proposed by the Board of Directors)

Explanation: (1) The Company's 2025 financial report has been audited by CPAs Cheng, An-Chi and Wu, Chun-Yuan of KPMG Taiwan, and an audit report has been issued.

- (2) Please refer to **Attachment 1** (pages 10 to 13) and **Attachment 5** (pages 17 to 33) of this manual for the 2025 business report, the independent auditor's report and the aforementioned financial report.

Resolution:

2. Ratification of the earnings distribution plan for 2025. (proposed by the Board of Directors)

Explanation: (1) The Company's earnings distribution plan for 2025 has been approved by the Board of Directors, and an audit report has been issued by the Audit Committee.

- (2) Please refer to **Attachment 6** (page 34) of this manual for the profit distribution and loss compensation table for 2025.

Resolution:

Discussion matters

1. The Company plans to undertake a private placement of ordinary shares, which is submitted for discussion. (Submitted by the Board of Directors)

Explanation:

- I. In order to court strategic investors and strengthen long-term cooperative relationships with strategic partners, thereby facilitating the Company's long-term operational and business development, the Company plans to undertake a cash capital increase and issue new shares by means of private placement (below, the "Private Placement of Ordinary Shares") in accordance with the provisions of Article 43-6 of the Securities and Exchange Act. This Private Placement of Ordinary Shares is expected to total no more than 9,600,000 shares, which shall be new ordinary shares with a par value of NT\$10 per share; the increase in the paid-in capital is expected to be no more than NT\$96,000,000.
- II. In accordance with Article 43-6 of the Securities and Exchange Act as well as the provisions of the Directions for Public Companies Conducting Private Placements of Securities, the particulars of this Private Placement of Ordinary Shares are explained below:
 1. The basis and rationale for the setting of price:
 - (1) The price per share in this Private Placement of Ordinary Shares was determined prior to the Company's pricing date by using the following two calculation standards, and it is no less than 80% of the higher calculated price:
 - A. The share price was calculated based on the simple arithmetic average of the closing price of ordinary shares 1, 3, or 5 business days prior to the pricing date, excluding the allotment of free shares, ex-rights, and dividend distribution, but adding back the capital reduction and reverse ex-rights.
 - B. The share price was calculated based on the simple arithmetic average of the closing price of ordinary shares during the 30 business days prior to the pricing date, excluding the allotment of free shares, ex-rights, and dividend distribution, but adding back the capital reduction

and reverse ex-rights.

- (2) The Board of Directors is authorized to determine the actual pricing date and the actual private placement price, within the range approved through the resolution of the shareholders' meeting, based on the aforementioned pricing basis and depending on negotiation situations with specified persons and market conditions in the future.
 - (3) The pricing method for this Private Placement is based on the requirements stipulated in the Directions for Public Companies Conducting Private Placements of Securities. It also considers the Company's future prospects and the strict restrictions on the point in time for transfer, the counterparty, and the quantity of privately placed securities, along with factors such as no undertaking of listing on the TPEX within 3 years and poorer liquidity. Thus, the pricing of this Private Placement must be reasonable and will not have a significant impact on shareholders' equity.
2. The means of selecting the specified persons:
- (1) With regard to the counterparty to this Private Placement of Ordinary Shares, the Company intends to court strategic investors based on market conditions and the needs of the Company in compliance with Article 43-6 of the Securities and Exchange Act as well as Decree No. Chin-Kuan-Cheng-Fa-Tzu-1120383220 issued by the Financial Supervisory Commission on September 12, 2023. Currently, the determination of such specified persons has yet to be negotiated.
 - (2) The method, purpose, necessity, and expected benefits of selecting strategic investors as the counterparties:
 - A. Selection method and purpose:

The selection of counterparties is limited to strategic investors that are capable of strengthening the Company's market development, expanding the Company's operational scale, and will directly or indirectly benefit the Company's future operations. The Company expects to court strategic investors from industries related to payment system solutions.
 - B. Necessity:

The Company is deeply engaged in payment system solutions. Thus, in consideration of the Company's long-term development needs, it intends to court strategic partners to form an alliance. Coupled with the existing supply chain, this will improve overall production and sales capacity and jointly promote solutions to the world so as to achieve the Company's long-term development goals. Therefore, the introduction of strategic partners is necessary.

C. Expected benefits:

The introduction of strategic investors and the resulting alliance will help expand the Company's operating scale, increase the growth of channels, and thereby increase profits, which will have positive effects on shareholder equity.

III. The reasons necessitating the private placement:

1. Reasons for not adopting public offering:

A private placement will facilitate measurement of market conditions and has advantages in terms of timeliness, feasibility, and issuance cost of capital raising. Furthermore, unlike public offerings, privately placed securities cannot be freely transferred for 3 years, which will further secure the long-term cooperative relationship between the Company and its strategic investors. Therefore, the Company has not adopted the method of public offerings and has hereby undertaken a private placement of ordinary shares in accordance with the Securities and Exchange Act as well as other regulations.

2. Quota for the private placement:

It is expected that this Private Placement of Ordinary Shares will not exceed 9,600,000 shares, with a par value of NT\$10 per share. Matters pertaining to this Private Placement, cash capital increase, and issuance of new shares are planned to be submitted to the shareholders' meeting for approval, and the Board of Directors will be authorized to process this private placement in one lump or in tranches (no more than three tranches) within 1 year from the date of the shareholders' meeting resolution, depending on the actual fundraising situation.

3. Purpose of each tranche of privately placed funds:

To improve the Company's operational efficiency and strengthen its competitiveness in response to its long-term needs for strategic development.

4. Expected benefits from each tranche:

The implementation of this plan will strengthen the Company's financial structure, improve operational efficiency, strengthen its industrial position, enhance long-term competitiveness, and have positive effects on shareholder equity.

IV. There were no major changes in the management rights of the Company during the 1 year preceding the Board of Directors' resolution to conduct this Private Placement of Ordinary Shares. Moreover, the counterparties to this Private Placement of Ordinary Shares will be limited to strategic investors, which will have positive effects on the Company's business development.

VI. Other matters required to be stated:

1. In principle, the rights and obligations attached to the ordinary shares in this Private Placement are the same as those of the Company's previously issued ordinary shares. However, in accordance with Article 43-8 of the Securities and Exchange Act, with the exception of the transfer counterparties and conditions stipulated in said article, in principle, privately placed ordinary shares are not freely transferable within 3 years of the delivery date. In accordance with the Securities and Exchange Act and other regulations, 3 years after the delivery date, the Company intends to first obtain a letter of consent issued by the Taipei Exchange confirming that it meets the TPEX listing criteria, and then submit applications to the competent authority in order to complete supplementary procedures for the public issuance of this Private Placement of Ordinary Shares and apply for listing on TPEX.

2. The main contents of this Private Placement of Ordinary Shares plan, including the actual number of privately placed shares, actual private placement price, selection of counterparties, record date, issuance conditions, planning items, purpose and progress of funds, expected benefits and other related matters, as well as all other matters pertaining

to the issuance plan, are proposed to be submitted to the shareholders' meeting, which will authorize the Board of Directors to adjust, formulate, and handle such matters on the basis of market conditions. In the future, must there be regulatory changes or revision requests by the competent authority, or any need for change based on operational assessments or due to objective circumstances, the Board of Directors is granted full authority to handle such matters.

3. In addition to the aforementioned scope of authorization, it is proposed that the Shareholders' meeting authorize the Chair of the Board to sign, negotiate, and modify all contracts and documents related to the private placement of ordinary shares on behalf of the Company and to handle all matters necessary for the issuance of privately placed ordinary shares for the Company.

Resolution:

Extempore Motions

Meeting Adjourned

Attachment 1

Business Report

1. 2025 Business Report

(1) Implementation results of business plan:

The Company's net revenue for 2025 was NT\$1,536,687,000, for a 12.01% increase over 2024's figure of NT\$1,371,949,000. Net profit after tax was NT\$157,855,000, an increase of 380.46% over 2024's NT\$32,855,000. Basic earnings per share was NT\$1.69.

(2) Budget execution status:

The Company did not publicly disclose its financial forecast for 2025, so this is not applicable.

(3) Financial revenue and expenditure, and profitability:

2025 Financial analysis	Item	%, Times, Days
Financial structure	Debt Ratio	23.93%
Solvency	Current Ratio	426.28%
	Quick Ratio	321.17%
Operating Ability	Accounts Receivable Turnover Rate, Collection Days for Receivables	4.03 times, 90.57 days
	Inventory Turnover Rate, Average Days of Sale	1.70 times, 214.70 days
Profitability	Return on Assets	8.50%
	Return on Shareholder Equity	12.21%
	Net profit rate	10.27%

(4) Research and development status

We continue to invest in developing the new Android 12/Android 14 platforms, while continuously strengthening deployment for our desktop, handheld, and unattended transaction terminals. In particular, two terminals have already successfully obtained the latest PCI PTS 7.x security certification. In SoftPOS payment solutions, we have completed PCI MPoC certification, and are continuing to promote integration and optimization for hardware-software services and customer-facing systems, to expand use cases for diverse payment applications and enhance competitiveness for our overall solutions.

(5) Re-investment in affiliates and their operation profile

December 31, 2025

Unit: Thousand NT\$

Re-investment affiliated relationship	Original investment amount		Carrying amount held at the end of the period	The invested company's profit and loss for the current period
	End of current period	End of last period		
XAC invested to Samoa Value Investment Limited	168,889	168,889	410,901	(20,795)
XAC invested to US ZAKUS,INC	37,145	37,145	70,617	3,405
Value Investment invested to XAC Automation Corporation (Suzhou)	165,841 (Note 1)	165,841 (Note 1)	424,989	(20,763)

Note 1: The cumulative original investment amount remitted from Taiwan at the end of this period does not include XAC Automation Corporation (Suzhou)'s 2008 reinvestment of NT\$58,201,000 for capital increase.

At present, XAC's Taiwan parent company is responsible for the Group's strategic planning (major decision-making, R&D, marketing, and sales functions). It bears the main risks and serves as the Group's operation headquarters.

The main function of the Suzhou factory is not only to serve as a manufacturing base, but also as the quality center and system development and operation center.

ZAKUS, the US subsidiary, is a research and development base for XAC's front-end technology. We recruit R&D talents who specialize in new product front-end technology from local sources and provide R&D design for the Taiwan parent company's product platform. At the same time, the team is responsible for constructing the core technology of payment software and solutions required for the long-term development of the Company.

ZAKUS is also responsible for services such as business survey, product introduction, and customer relationship maintenance.

2. Summary of 2026 Business Plan

(1) Development Strategy

The development strategy of XAC is twofold: to develop device payment solutions suitable for merchants to use in various channels based on EMV fully integrated and semi-integrated solutions, and to develop various solutions on the XCE platform that enable customers to engage in automated business activities. The specific development direction is as follows:

1. Development of digital payment solutions.
2. Establishment of strategic partners
 - In addition to maintaining our current customer base of payment service providers (PSPs), the Company is also targeting system integrators (SIs) and independent software vendors (ISVs).
 - Establish channels for major regions of the world: the Americas, Japan, EMEA and APAC.

(2) Impact of the external competitive environment, regulatory environment, and overall business environment

1. The external competitive environment has the following obvious trends:

- The trend of cloud POS systems has been confirmed; combined with payment and other business management software, it can achieve a complete security system and provide big data for strategic analysis and decision-making.
- Cloud products have a more pressing demand for security.
- The differentiation of regional demand has significantly increased.
- In response to US tariff policy changes, we continue to deploy production across multiple locations (MIC/MIT/MIM/MIV). This enhances supply chain flexibility and reduces operational risks.

2. Regulatory environment:

- In the past, the cash flow system industry was regulated by the governments of various countries and protected based on their national conditions. However, the inevitable trend of liberalization and openness in the modern age has created favorable conditions for XAC to enter the world market.
- Our continuous efforts are directed at the diversity and variability formed by the unique global standards (EMV/PCI) of the financial system and the unique needs of various regions.

3. Overall business environment:

Countries worldwide are moving toward alternate payment and commerce-enabling systems. The omni-channel business model presents vast opportunities, while security requirements and high-quality expectations remain unchanged. With our prior efforts and the foundation we have built up, the Company possesses unique advantages. However, the increasing emphasis on software, system integration, and solution development presents both challenges and valuable opportunities.

(3) Market prospect and future outlook

With the accelerated development of Cloud IT, mobile internet, and artificial intelligence (AI) technologies, global industries are rapidly moving toward digitization and intelligentization. This is bringing structural changes and new opportunities to business models. In alignment with this trend, XAC will continue to reinforce our core strengths, including existing payment security technologies, payment reading technologies, and secure cloud POS systems, to develop secure payment solutions for integrated Unified Channel systems and help customers build robust cross-channel capabilities for digital operations.

In addition, XAC will focus its development on the XCE cloud computing service platform, and drive business automation and smart application through AI technologies to enhance data analysis and operational management efficiency. In addition, the Company will continue to enhance the added value of its solutions in response to rapid market changes, and capture the long-term growth opportunities brought by digital transformation.

XAC's growth is driven through delivering secure and convenient payment system solutions across a variety of regions and customer segments. This helps us seize the business opportunities associated with the Omni-Channel integration commerce system.

In 2025, the Company returned to our prior revenue level. Looking ahead to 2026,

demand from our main customers in Europe, the USA, and Japan remains strong. Furthermore, with several new and customized products will go into mass production and enter the market throughout the coming year, we look forward to them driving steady growth in the Company's overall sales performance.

Thank you for all your support!

Chairman: CHANG, YENG-MING

Manager: HU, HSUAN-TSUNG

Accounting Supervisor: HSU, JEN-CHIEN

Attachment 2

XAC Automation Corp. Audit Committee Review Report

The Company's Board of Directors has prepared the 2025 business report, financial reports, and earnings distribution proposal, among which, the financial reports (including parent company only financial reports and consolidated financial reports) have been audited by the certified public accountants Cheng An-Chi and Wu Chun-Yuan of KPMG Taiwan. The aforementioned business report, financial reports, and earnings distribution proposal have been reviewed by this Audit Committee and were found to be free of discrepancies. This report has thus been prepared in accordance with Article 14-4 of the Securities and Exchange Act as well as Article 219 of the Company Act, and is hereby submitted for your review and approval.

Submitted to
2026 General Shareholders' Meeting

XAC Automation Corp.
Convener of Audit Committee: Huang Hsu-Nan

March 11, 2026

Attachment 3**Indirect investment in mainland China**

As of December 31, 2025

Name of mainland investee company	XAC Automation (Suzhou) Corp.
Main business	Production and sales of electronic financial transaction terminals and their components, transaction data security protection devices and their components, and multifunctional smart card reading and writing machines and their components
Paid-in capital	US\$6.8 million (US\$5 million cash investment; US\$1.8 million capital increase from earnings)
Shareholding ratio of the Company's direct or indirect investment	100%
Investment amount approved by the MOEA Investment Commission	US\$7.795 million
Cumulative investment amount remitted by the Company from Taiwan to mainland China (notes 1 and 2)	US\$5.995 million

Note 1: Beijing Tongjinhua Technology Co., Ltd., a subsidiary indirectly invested by the Company, has completed the liquidation of all rights and obligations in 2020 and has been deregistered. The Company has remitted a total amount of NT\$25,715 thousand (US\$800 thousand), which still needs to be included in the cumulative amount remitted from Taiwan to mainland China in accordance with the regulations of the MOEA Investment Commission.

Note 2: Suzhou Tongjinhua Technology Co., Ltd., a subsidiary indirectly invested by the Company, has completed the liquidation of all rights and obligations in 2023 and has been deregistered. The Company has remitted a total amount of NT\$6,345 thousand (US\$195 thousand), which still needs to be included in the cumulative amount remitted from Taiwan to mainland China in accordance with the regulations of the MOEA Investment Commission.

Attachment 4

Report on 2025 employee and director remuneration distribution

- I. As stipulated in the Company's Articles of Incorporation, if the Company makes a profit in the year, it shall allocate 3% to 12% as employees' remuneration and no more than 3% as directors' remuneration. However, when the Company still has a cumulative loss, the amount to be compensated must be reserved in advance.
- II. The Company's 2025 profit after tax was NT\$157,854,988. It is proposed that NT\$4,589,371 be allocated as directors' remuneration and NT\$18,357,485 be allocated as employees' remuneration, which will both be paid in cash.
- III. It is proposed that no less than 20% of the aforementioned employee compensation, amounting to NT\$3,671,497, be allocated as compensation for grassroots employees.
- IV. The aforementioned remuneration distribution amounts for employees and directors have been approved by the Board of Directors and are no different from the amounts estimated when the expenditure was listed and recognized.

Attachment 5

Independent Auditors' Report

To the Board of Directors of XAC Automation Corporation:

Opinion

We have audited the consolidated financial statements of XAC Automation Corporation, which comprise the balance sheets as of December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the parent-company-only financial position of XAC Automation Corporation as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent-company-only financial statements section of our report. We are independent of XAC Automation Corporation in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statement for the year ended December 31, 2025. These matters were addressed in the contest of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgements, the key audit matters should be communicated in the audit report are as follows:

I. Revenue recognition

Please refer to Note 4 (14) revenue recognition for the accounting policy and Note 6 (17) Revenue of Customer Contracts for the explanation of revenue recognition to the parent-company-only financial statements.

Explanation of key audit matters:

The principal business items of the Company are development, design and sale of electronic financial transaction terminals, transaction data security protection equipment and card readers and writers. The Company recognizes revenue depending on the sales terms in each individual contract with customers. As contracts with customers involve differing trade terms, the Company evaluates these terms in accordance with relevant standards to identify the transfer of control. This process requires judgment in identifying performance obligations and the point in time at which they are satisfied. Consequently, revenue is recognized in the correct accounting period are an important part of our assessment in performing our audit of XAC Automation Corporation's financial statements.

Auditing Procedures:

Our main audit procedures for the aforementioned key audit matters include understanding and testing the relevant internal control of the sales and collection cycle; understanding the form and transaction conditions; selecting and reviewing contracts or orders and translation documents to assess whether the revenue recognition point is appropriate; selecting sale of goods transactions for a period before and after the balance sheet date to test whether the sales were recognized in the correct period.

II. Inventory valuation

Please refer to Note 4 (7) Inventory for the accounting policy and Note 6 (5) Inventory for the explanation of inventory valuation to the parent-company-only financial statements.

Explanation of key audit matters:

XAC Automation Corporation's accounted inventory may be due to normal wear and tear, obsolescence or no market value of sales, and then offset the inventory cost to net realizable value. This valuation may be due to the introduction of new products in the market, the original product is obsolete or no longer meet the market demand, resulting in significant changes in product demand, and this may lead to a possible decrease in demand and price, which may, in turn, create a risk that the cost of inventory exceeds its net realizable value. Consequently, the inventory valuation tests are an important part of our assessment in performing our audit of XAC Automation Corporation's financial statements.

Auditing Procedures:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory of aging report and analyzing the fluctuation of inventory aging; understanding the provision ratio of inventory write-down or slow-moving to evaluating the reasonableness of the inventory provision amount and reviewing the differences between the past inventory provision and the actual occurrence; as well as considering the appropriateness of XAC Automation Corporation's disclosures in the accounts.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, the management is responsible for assessing XAC Automation Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate XAC Automation Corporation or to cease operations or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing XAC Automation Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high degree of assurance, but is not a guarantee that an audit misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of those parent-company-only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

- I. Identify and assess risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- II. Obtain an understanding of the internal controls relevant to the audit in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of XAC Automation Corporation's internal controls.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relevant disclosures made by management.

- IV. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on XAC Automation Corporation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause XAC Automation Corporation to cease to continue as a going concern.
- V. Evaluated the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in entities accounted for using equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors’ report are An-Chih Cheng and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)

March 11, 2026

Notices to Readers

The accompanying consolidated financial statements are intended only to present the parent-company-only financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ report and the accompanying parent-company-only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and consolidated financial statements shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
XAC Automation Corporation

Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollar)

Assets	2025.12.31		2024.12.31			Liabilities and Equity	2025.12.31		2024.12.31	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:				
1100 Cash and cash equivalents (Note 6 (1))	\$ 343,374	18	678,511	33	2120	Financial liabilities at fair value through profit or loss - current (Note 6 (2))	\$ 734	-	177	-
1136 Financial assets at amortized cost – current (Note 6 (3))	167,424	9	191,868	9		Accounts payable	59,062	3	34,652	2
1140 Contract assets - current (Note 6 (17))	8,965	1	8,184	-	2170	Accounts payables to related parties (Note 7)	273,020	15	280,511	13
1170 Accounts receivable, net (Notes 6 (4) and (17))	453,896	24	307,053	15	2180	Salaries and bonuses payable	62,048	3	49,701	2
130X Inventories (Note 6 (5))	206,683	11	174,730	8	2201	Provision – current (Note 6 (11))	692	-	370,231	18
1479 Other current assets	24,378	1	17,884	1	2250	Lease liabilities – current (Note 6 (10))	3,882	-	3,944	-
Total current assets	1,204,720	64	1,378,230	66	2280	Other current liabilities (Notes 6 (17))	61,400	4	61,887	3
Non-current assets:					2300	Total current liabilities	460,838	25	801,103	38
1535 Financial assets at amortized cost – non-current (Note 8)	2,000	-	2,000	-		Non-current liabilities:				
1550 Investments accounted for using equity method (Note 6(6))	481,518	26	515,125	24		Provision –non-current (Note 6 (11))	55	-	134	-
1600 Property, plant and equipment (Note 6 (7))	52,465	3	55,622	3	2550	Deferred tax liabilities (Note 6 (13))	44,602	2	49,206	2
1755 Right-of-use assets (Note 6 (8))	19,102	1	16,502	1	2570	Lease liabilities – non-current (Note 6 (10))	15,401	1	12,815	1
1780 Intangible assets (Note 6 (9))	3,556	-	4,103	-	2580	Total non-current liabilities	60,058	3	62,155	3
1840 Deferred tax assets (Note 6 (13))	75,892	4	91,426	4		Total liabilities	520,896	28	863,258	41
1920 Refundable deposits	566	-	1,678	-		Equity (Notes 6 (14)):				
1930 Long-term accounts receivable, net (Notes 6 (4) and (17))	11,310	1	13,726	1		Common stock	961,522	51	961,522	46
1863 Net defined benefit assets – non-current (Note 6 (12))	21,349	1	19,085	1	3110	Capital surplus	82,291	4	82,291	4
Total non-current assets	667,758	36	719,267	34	3200	Retained earnings:				
					3310	Legal reserve	211,670	11	207,847	10
					3320	Special reserve	19,169	1	19,169	1
					3350	Undistributed earnings	161,232	9	38,236	2
							392,071	21	265,252	13
					3400	Other Equity	(1,484)	-	7,992	-
					3500	Treasury stock	(82,818)	(4)	(82,818)	(4)
						Total equity	1,351,582	72	1,234,239	59
Total assets	\$ 1,872,478	100	2,097,497	100		Total liabilities and equity	\$ 1,872,478	100	2,097,497	100

(See accompanying notes to the parent-company-only financial statement)

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
XAC Automation Corporation

Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan dollars, except for Earnings (loss) per share)

		2025		2024	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note 6 (17))	\$ 1,536,687	100	1,371,949	100
5000	Operating costs (Notes 6 (5), (12), (16),7 and 12)	<u>913,402</u>	<u>59</u>	<u>996,523</u>	<u>73</u>
	Gross profit	<u>623,285</u>	<u>41</u>	<u>375,426</u>	<u>27</u>
	Operating expenses (Notes 6 (12), (16),7 and 12):				
6100	Selling and marketing expenses	34,832	2	40,942	3
6200	General and administrative expenses	81,560	5	82,931	6
6300	Research and development expenses	281,312	19	244,779	18
6450	Expected credit impairment loss (gain) (Note 6 (4))	<u>1,792</u>	<u>-</u>	<u>(2,059)</u>	<u>-</u>
	Total operating expenses	<u>399,496</u>	<u>26</u>	<u>366,593</u>	<u>27</u>
	Net operating profit	<u>223,789</u>	<u>15</u>	<u>8,833</u>	<u>-</u>
	Non-operating revenue and expenses:				
7020	Other gains and losses (Note 6 (18))	(14,285)	(1)	(4,110)	-
7070	Share of profit (loss) of subsidiaries accounted for using equity method (Note 6(6))	(21,762)	(2)	7,456	1
7100	Interest revenue (Note 6 (18))	13,507	1	19,828	1
7510	Interest expense (Notes 6 (10) and (18))	<u>(1,411)</u>	<u>-</u>	<u>(276)</u>	<u>-</u>
	Net profit (loss) before tax	<u>(23,951)</u>	<u>(2)</u>	<u>22,898</u>	<u>2</u>
7950	Income tax gain (Note 6 (13))	199,838	13	31,731	2
	Profit (loss) for the year	<u>41,983</u>	<u>3</u>	<u>(1,124)</u>	<u>-</u>
8300	Other comprehensive income:	<u>157,855</u>	<u>10</u>	<u>32,855</u>	<u>2</u>
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plan (Note 6 (12))	1,959	-	6,726	-
8349	Income tax related to items that will not be reclassified subsequently (Note 6 (13))	<u>(392)</u>	<u>-</u>	<u>(1,345)</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>1,567</u>	<u>-</u>	<u>5,381</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(11,845)	-	26,135	2
8399	Income tax related to items that may be reclassified subsequently (Note 6 (13))	<u>2,369</u>	<u>-</u>	<u>(5,227)</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>(9,476)</u>	<u>-</u>	<u>20,908</u>	<u>2</u>
8300	Other comprehensive income, net of income tax	<u>(7,909)</u>	<u>-</u>	<u>26,289</u>	<u>2</u>
	Total comprehensive income	<u>\$ 149,946</u>	<u>10</u>	<u>59,144</u>	<u>4</u>
	Earnings per share (NT\$)(Note 6 (15))				
	Basic earnings per share	<u>\$ 1.69</u>		<u>0.35</u>	
	Diluted earnings per share	<u>\$ 1.68</u>		<u>0.35</u>	

(See accompanying notes to the parent-company-only financial statement)

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
XAC Automation Corporation
Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(Expressed in thousands of New Taiwan dollars)

	Common stock	Capital surplus	Retained earnings			Total	Other equity items	Treasury stock	Total equity
			Legal reserve	Special reserve	Undistributed earnings (accumulated deficit)		Exchange differences on translation of foreign operations		
Balance as of January 1, 2024	\$ 961,522	82,291	378,753	19,169	(170,906)	227,016	(12,916)	(82,818)	1,175,095
Net Loss	-	-	-	-	32,855	32,855	-	-	32,855
Other comprehensive income	-	-	-	-	5,381	5,381	20,908	-	26,289
Total comprehensive income	-	-	-	-	38,236	38,236	20,908	-	59,144
Appropriation and distribution of earnings:									
Legal reserve used to cover accumulated deficits	-	-	(170,906)	-	170,906	-	-	-	-
Balance as of December 31, 2024	<u>961,522</u>	<u>82,291</u>	<u>207,847</u>	<u>19,169</u>	<u>38,236</u>	<u>265,252</u>	<u>7,992</u>	<u>(82,818)</u>	<u>1,234,239</u>
Net profit	-	-	-	-	157,855	157,855	-	-	157,855
Other comprehensive income	-	-	-	-	1,567	1,567	(9,476)	-	(7,909)
Total comprehensive income	-	-	-	-	159,422	159,422	(9,476)	-	149,946
Appropriation and distribution of earnings:									
Legal reserve	-	-	3,823	-	(3,823)	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(32,603)	(32,603)	-	-	(32,603)
Balance as of December 31, 2025	<u>\$ 961,522</u>	<u>82,291</u>	<u>211,670</u>	<u>19,169</u>	<u>161,232</u>	<u>392,071</u>	<u>(1,484)</u>	<u>(82,818)</u>	<u>1,351,582</u>

(See accompanying notes to the parent-company-only financial statement)

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

XAC Automation Corporation

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Net profit before income tax	\$ 199,838	31,731
Adjustments:		
Adjustments to reconcile loss (profit)		
Depreciation	10,568	10,674
Amortization	2,570	1,884
Expected credit impairment loss (reversal gains)	1,792	(2,059)
Interest expenses	1,411	276
Interest revenue	(13,507)	(19,828)
Provision (reversal) for inventory valuation	8,598	(4,652)
Share of profit (loss) of subsidiaries accounted for using equity method	21,762	(7,456)
Unrealized valuation loss (gain) on financial assets and liabilities	557	580
Other expenses that do not affect cash flow	(219)	-
Total adjustment to reconcile profit	<u>33,532</u>	<u>(20,581)</u>
Changes in assets and liabilities:		
Contract assets	(781)	2,648
Accounts receivable (including long-term accounts receivable)	(146,219)	(67,111)
Inventories	(40,551)	(33,592)
Net defined benefit assets and liabilities	(305)	(25,435)
Other operating assets	(4,878)	(11,351)
Accounts payable	24,410	32,126
Accounts payables to related parties	(7,491)	96,986
Provision	(336,048)	(592)
Other operating liabilities	11,860	1,993
Total changes in assets and liabilities	<u>(500,003)</u>	<u>(4,328)</u>
Cash generated from (used in) operations	(266,633)	6,822
Interest received	15,161	18,607
Interest paid	(1,411)	(276)
Income tax paid	(30,692)	(958)
Net cash generated from (used in) operating activities	<u>(283,575)</u>	<u>24,195</u>
Cash flows from investing activities:		
Acquisition of property, plant, and equipment	(3,393)	(1,519)
Acquisition of intangible assets	(2,023)	(2,738)
Decrease in refundable deposits	1,112	452
Decrease in financial assets at amortized cost	22,790	4,900
Net cash generated from investing activities	<u>18,486</u>	<u>1,095</u>
Cash flows from financing activities:		
Increase in short-term loans	125,420	40,000
Decrease in short-term loans	(125,420)	(40,000)
Cash dividend paid	(32,603)	-
Increase in guarantee deposits received	-	6,018
Repayment of lease liabilities	(3,875)	(4,085)
Net cash generated from (used in) financing activities	<u>(36,478)</u>	<u>1,933</u>
Effects of exchange rate changes on cash and cash equivalents	(33,570)	22,329
Net increase (decrease) in cash and cash equivalents	(335,137)	49,552
Cash and cash equivalents at the beginning of the period	678,511	628,959
Cash and cash equivalents at the end of the period	<u>\$ 343,374</u>	<u>678,511</u>

See accompanying notes to the parent-company-only financial statement)

Independent Auditors' Report

To the Board of Directors of XAC Automation Corporation:

Opinion

We have audited the consolidated financial statements of XAC Automation Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgements, the key audit matters should be communicated in the audit report are as follows:

I. Revenue recognition

Please refer to Note 4 (14) revenue recognition for the accounting policy and Note 6 (16) Revenue of Customer Contracts for the explanation of revenue recognition to the consolidated financial statements.

Explanation of key audit matters:

The principal business items of the Company are development, design and sale of electronic financial transaction terminals, transaction data security protection equipment and card readers and writers. The Company recognizes revenue depending on the sales terms in each individual contract with customers. As contracts with customers involve differing trade terms, the Company evaluates these terms in accordance with relevant standards to identify the transfer of control. This process requires judgment in identifying performance obligations and the point in time at which they are satisfied. Consequently, revenue is recognized in the correct accounting period are an important part of our assessment in performing our audit of XAC Automation Corporation's financial statements.

Auditing Procedures:

Our main audit procedures for the aforementioned key audit matters include understanding and testing the relevant internal control of the sales and collection cycle; understanding the form and transaction conditions; selecting and reviewing contracts or orders and translation documents to assess whether the revenue recognition point is appropriate; selecting sale of goods transactions for a period before and after the balance sheet date to test whether the sales were recognized in the correct period.

II. Inventory valuation

Please refer to Note 4 (8) Inventory for the accounting policy and Note 6 (5) Inventory for the explanation of inventory valuation to the consolidated financial statements.

Explanation of key audit matters:

The Group's accounted inventory may be due to normal wear and tear, obsolescence or no market value of sales, and then offset the inventory cost to net realizable value. This valuation may be due to the introduction of new products in the market, the original product is obsolete or no longer meet the market demand, resulting in significant changes in product demand, and this may lead to a possible decrease in demand and price, which may, in turn, create a risk that the cost of inventory exceeds its net realizable value. Consequently, the inventory valuation tests are an important part of our assessment in performing our audit of the Group's consolidated financial statements.

Auditing Procedures:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory of aging report and analyzing the fluctuation of inventory aging; understanding the provision ratio of inventory write-down or slow-moving to evaluating the reasonableness of the inventory provision amount and reviewing the differences between the past inventory provision and the actual occurrence; as well as considering the appropriateness of the Group's disclosures in the accounts.

Other Matters

XAC Automation Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinions.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high degree of assurance, but is not a guarantee that an audit misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of those consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

- I. Identify and assess risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- II. Obtain an understanding of the internal controls relevant to the audit in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relevant disclosures made by management.
- IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- V. Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are An-Chih Cheng and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2026

Notices to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

XAC Automation Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollar)

Assets		2025.12.31		2024.12.31			Liabilities and Equity		2025.12.31		2024.12.31	
		Amount	%	Amount	%				Amount	%		
Current assets:							Current liabilities:					
1100	Cash and cash equivalents (Note 6 (1))	\$ 475,029	27	743,132	38	2120	Financial liabilities at fair value through profit or loss - current (Note 6 (2))	\$ 734	-	177	-	
1136	Financial assets at amortized cost- current (Note 6 (3))	167,688	9	192,046	10		Accounts payable	156,292	9	95,129	5	
1140	Contract assets - current (Note 6 (16))	8,965	-	8,184	-	2170	Salaries and bonuses payable	100,285	6	81,832	4	
1170	Accounts receivable, net (Notes 6 (4) and (16))	453,896	26	307,053	16	2201	Current tax liabilities	98	-	7,111	-	
130X	Inventories (Note 6 (5))	381,801	22	420,073	21	2230	Provision –current (Note 6 (10))	692	-	370,231	18	
1479	Other current assets	61,094	3	51,209	3	2250	Lease liabilities - current (Note 6 (9))	10,967	-	13,231	1	
	Total current assets	<u>1,548,473</u>	<u>87</u>	<u>1,721,697</u>	<u>88</u>	2280	Other current liabilities (Notes 6 (16))	94,184	5	92,820	5	
Non-current assets:						2300	Total current liabilities	<u>363,252</u>	<u>20</u>	<u>660,531</u>	<u>33</u>	
1535	Financial assets at amortized cost – non-current (Note 8)	7,005	-	5,734	-		Non-current liabilities:					
1600	Property, plant and equipment (Note 6 (6))	56,720	3	59,235	3		Provision – non-current (Note 6 (10))	2,036	-	2,122	-	
1755	Right-of-use assets (Note 6 (7))	26,055	2	33,034	2	2550	Deferred tax liabilities (Note 6 (12))	44,602	3	49,206	3	
1780	Intangible assets (Note 6 (8))	3,772	-	4,219	-	2570	Lease liabilities – non-current (Note 6 (9))	15,401	1	20,036	1	
1840	Deferred tax assets (Note 6 (12))	100,774	6	106,931	5	2580	Total non-current liabilities	<u>62,039</u>	<u>4</u>	<u>71,364</u>	<u>4</u>	
1920	Refundable deposits	1,415	-	2,473	-		Total liabilities	<u>425,291</u>	<u>24</u>	<u>731,895</u>	<u>37</u>	
1930	Long-term accounts receivable, net (Notes 6 (4) and (16))	11,310	1	13,726	1		Equity (Notes 6 (13)):					
1975	Net defined benefit assets – non-current (Notes 6 (11))	21,349	1	19,085	1	3110	Common stock	961,522	54	961,522	49	
	Total non-current assets	<u>228,400</u>	<u>13</u>	<u>244,437</u>	<u>12</u>	3200	Capital surplus	82,291	5	82,291	4	
							Retained earnings:					
						3310	Legal reserve	211,670	12	207,847	11	
						3320	Special reserve	19,169	1	19,169	1	
						3350	Undistributed earnings (accumulated deficit)	161,232	9	38,236	2	
								<u>392,071</u>	<u>22</u>	<u>265,252</u>	<u>14</u>	
						3400	Other Equity	(1,484)	-	7,992	-	
						3500	Treasury stock	(82,818)	(5)	(82,818)	(4)	
							Total equity	<u>1,351,582</u>	<u>76</u>	<u>1,234,239</u>	<u>63</u>	
							Total liabilities and equity	<u>\$ 1,776,873</u>	<u>100</u>	<u>1,966,134</u>	<u>100</u>	
	Total assets	<u>\$ 1,776,873</u>	<u>100</u>	<u>1,966,134</u>	<u>100</u>							

(See accompanying notes to consolidated financial statement)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

XAC Automation Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan dollars, except for Earnings (loss) per share)

		2025		2024	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note 6 (16))	\$ 1,536,687	100	1,371,949	100
5000	Operating costs (Notes 6 (5), (11), (15), 7 and 12)	867,896	56	900,839	66
	Gross profit	<u>668,791</u>	<u>44</u>	<u>471,110</u>	<u>34</u>
	Operating expenses (Notes 6 (11), (15), 7 and 12):				
6100	Selling and marketing expenses	44,916	3	49,520	4
6200	General and administrative expenses	110,414	7	113,458	8
6300	Research and development expenses	316,657	21	282,309	20
6450	Expected credit impairment loss (gain) (Note 6 (4))	1,792	-	(2,059)	-
	Total operating expenses	<u>473,779</u>	<u>31</u>	<u>443,228</u>	<u>32</u>
	Net operating profit (loss)	<u>195,012</u>	<u>13</u>	<u>27,882</u>	<u>2</u>
	Non-operating revenue and expenses:				
7020	Other gains and losses (Note 6 (17))	(17,935)	(1)	(6,898)	-
7100	Interest revenue (Note 6 (17))	15,370	-	20,212	1
7510	Interest expense (Notes 6 (9) and (17))	(1,623)	-	(633)	-
		<u>(4,188)</u>	<u>(1)</u>	<u>12,681</u>	<u>1</u>
	Net profit (loss) before tax	190,824	12	40,563	3
7950	Income tax expense (gain) (Note 6 (12))	32,969	2	7,708	1
	Profit (loss) for the year	<u>157,855</u>	<u>10</u>	<u>32,855</u>	<u>2</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plan (Note 6 (11))	1,959	-	6,726	-
8349	Income tax related to items that will not be reclassified subsequently (Note 6 (12))	(392)	-	(1,345)	-
	Total items that will not be reclassified subsequently to profit or loss	<u>1,567</u>	<u>-</u>	<u>5,381</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(11,845)	-	26,135	2
8399	Income tax related to items that may be reclassified subsequently (Note 6 (12))	2,369	-	(5,227)	-
	Total items that may be reclassified subsequently to profit or loss	<u>(9,476)</u>	<u>-</u>	<u>20,908</u>	<u>2</u>
8300	Other comprehensive income	<u>(7,909)</u>	<u>-</u>	<u>26,289</u>	<u>2</u>
	Total comprehensive income	<u>\$ 149,946</u>	<u>10</u>	<u>59,144</u>	<u>4</u>
	Earnings per share (NT\$) (Note 6 (14))				
	Basic earnings per share	<u>\$ 1.69</u>		<u>0.35</u>	
	Diluted earnings per share	<u>\$ 1.68</u>		<u>0.35</u>	

(See accompanying notes to consolidated financial statement)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

XAC Automation Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan dollars)

	Common stock	Capital surplus	Retained earnings			Total	Other equity items	Treasury stock	Total equity
			Legal reserve	Special reserve	Undistributed earnings (accumulated deficit)		Exchange differences on translation of foreign operations		
Balance as of January 1, 2024	\$ 961,522	82,291	378,753	19,169	(170,906)	227,016	(12,916)	(82,818)	1,175,095
Net loss	-	-	-	-	32,855	32,855	-	-	32,855
Other comprehensive income	-	-	-	-	5,381	5,381	20,908	-	26,289
Total comprehensive income	-	-	-	-	38,236	38,236	20,908	-	59,144
Appropriation and distribution of earnings:									
Legal reserve	-	-	(170,906)	-	170,906	-	-	-	-
Balance as of December 31, 2024	<u>961,522</u>	<u>82,291</u>	<u>207,847</u>	<u>19,169</u>	<u>38,236</u>	<u>265,252</u>	<u>7,992</u>	<u>(82,818)</u>	<u>1,234,239</u>
Net Profit	-	-	-	-	157,855	157,855	-	-	157,855
Other comprehensive income	-	-	-	-	1,567	1,567	(9,476)	-	(7,909)
Total comprehensive income	-	-	-	-	159,422	159,422	(9,476)	-	149,946
Appropriation and distribution of earnings:									
Legal reserve	-	-	3,823	-	(3,823)	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(32,603)	(32,603)	-	-	(32,603)
Balance as of December 31, 2025	<u>\$ 961,522</u>	<u>82,291</u>	<u>211,670</u>	<u>19,169</u>	<u>161,232</u>	<u>392,071</u>	<u>(1,484)</u>	<u>(82,818)</u>	<u>1,351,582</u>

(See accompanying notes to consolidated financial statement)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

XAC Automation Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(Expressed in thousands of New Taiwan dollars)

	2025	2024
Cash flows from operating activities:		
Net profit before income tax	\$ 190,824	40,563
Adjustments:		
Adjustments to reconcile loss (profit)		
Depreciation	20,878	21,191
Amortization	2,659	2,003
Expected credit impairment loss (reversal gain)	1,792	(2,059)
Interest expenses	1,623	633
Interest revenue	(15,370)	(20,212)
Provision for inventory valuation and obsolescence loss	37,045	32,248
Unrealized valuation loss (gain) on financial assets and liabilities	557	99
Other expenses that do not affect cash flow	(219)	-
Total adjustment to reconcile profit	48,965	33,903
Changes in assets and liabilities:		
Contract assets	(781)	2,648
Accounts receivable (including long-term accounts receivable)	(146,219)	(67,111)
Inventories	3,778	(5,639)
Net defined benefit liabilities	(305)	(25,435)
Other operating assets	(8,269)	(8,354)
Accounts payable	61,163	34,078
Provision	(336,018)	(561)
Other operating liabilities	12,804	5,812
Total changes in assets and liabilities	(413,847)	(64,562)
Cash generated from (used in) operations	(174,058)	9,904
Interest received	16,938	18,956
Interest paid	(1,623)	(633)
Income tax paid	(31,055)	(5,362)
Net cash generated from (used in) operating activities	(189,798)	22,865
Cash flows from investing activities:		
Acquisition of property, plant, and equipment	(5,391)	(1,541)
Acquisition of intangible assets	(2,216)	(2,844)
Decrease in refundable deposits	1,058	2,582
Decrease in financial assets at amortized cost	21,519	6,025
Net cash generated from investing activities	14,970	4,222
Cash flows from financing activities:		
Increase in short-term loans	125,420	40,000
Decrease in short-term loans	(125,420)	(40,000)
Cash dividend paid	(32,603)	-
Increase in guarantee deposits received	-	6,009
Repayment of lease liabilities	(12,776)	(12,867)
Net cash flows used in financing activities	(45,379)	(6,858)
Effects of exchange rate changes on cash and cash equivalents	(47,896)	47,405
Net increase (decrease) in cash and cash equivalents	(268,103)	67,634
Cash and cash equivalents at the beginning of the period	743,132	675,498
Cash and cash equivalents at the end of the period	\$ 475,029	743,132

(See accompanying notes to consolidated financial statement)

Attachment 6

XAC AUTOMATION CORP.

Earnings Distribution Table for FY2025

Outstanding Shares as of December 2025:

93,152,201 Shares

Unit: New Taiwan Dollars (NTD)

Item	Subtotal	Cash Distribution	Remarks
Undistributed Earnings at the Beginning of the Period	1,809,172		
Add: Net Income After Tax for the Period	157,854,988		
Add: Remeasurements of Defined Benefit Plans for the Period	1,567,038		
Less: Appropriation of Legal Reserve	(15,942,203)		Pursuant to MOEA Letter No. 10802432410, the basis has been adjusted to Net Income After Tax for the Period Plus Amounts Other than Net Income After Tax that are Included in the Undistributed Earnings of the Current Year.
Add (Less): Reversal (Provision) of Special Reserve	17,685,448		In accordance with FSC Letter No. 1010012865, a special reserve of the same amount will be appropriated for the deduction item under shareholders' equity (exchange differences on translation of foreign operations' financial statements).
Distributable Earnings	162,974,443		
Distribution Items:			
Cash Dividends to Shareholders	139,728,302	139,728,302	Cash Dividends: Based on the current outstanding shares, the cash dividend is NT\$1.5 per share.
Undistributed Earnings at the End of the Period	23,246,141		* The cash dividend distribution is calculated based on the allocation ratio and rounded down to the nearest whole dollar. Any fractional amounts of less than NT\$1 will be disregarded and included in the Company's other income. Any remittance fees and postage incurred will be borne by the shareholders.

Chairman: CHANG, YENG-MING

Manager: HU, HSUAN-TSUNG

Accounting Supervisor: HSU, JEN-CHIEN

Appendix 1

XAC Automation Corp

Articles of Association

Chapter I General Provisions

- Article 1: The Company is organized in accordance with the provisions of the Company Act on companies limited by shares, and is named XAC Automation Corp.
- Article 2: The business scope of the Company is as follows:
1. Research, development, production, manufacturing and sales of the following products:
 - (1) Electronic financial transaction terminals and components.
 - (2) Transaction data security protection equipment and components.
 - (3) Multifunctional smart card readers/writers and components.
 2. System integration and technical consulting and maintenance of the preceding product.
 3. The import and export trade business of the preceding product.
- Article 3: The total amount of the Company's reinvestment may exceed 40% of the paid-in capital.
- Article 3-1: The Company may provide external endorsements and guarantees due to business needs.
- Article 4: The Company is located in Hsinchu Science Park, and may, by board resolution and based on the competent authority's approval, set up branches domestically and abroad when necessary.
- Article 5: The announcement method of the Company shall be in compliance with Article 28 of the Company Act.

Chapter II Shares

- Article 6: The capital of the Company is set at NT\$1,200,000,000, divided into 120,000,000 shares at NT\$10 per share, and issued in installments.
Within the total capital, NT\$50 million shall be reserved for future issuance of employee stock option certificates, totaling five million shares at a face value of NT\$10 per share, which may be issued in installments in accordance with board resolutions.
The recipients of the Company's new shares with restricted employee rights include employees of controlling and subordinate companies who meet the requirements set by the Board of Directors.
The transferees of treasury shares purchased by the Company in accordance with relevant laws and regulations include employees of controlling and subordinate companies who meet the requirements set by the Board of Directors.
When the Company issues new shares and reserves 10% to 15% of the total number of shares to be purchased by employees, such employees include employees of controlling and subordinate companies who meet the requirements set by the Board of Directors.
- Article 7: The Company is a public company which is waived from printing share certificates; however, the shares issued shall be registered with the Taiwan Depository and Clearing Corporation.
- Article 8: The stock affairs of the Company shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public

Companies promulgated by the competent authority.

Article 9: The registration for transfer of shares shall cease within 60 days before the general shareholders' meeting, within 30 days before the extraordinary shareholders' meeting, and within 5 days before the ex-date of the Company's decision of distribution of dividends, bonuses or other benefits.

Chapter III Shareholders' Meetings

Article 10: The Company's shareholders' meetings are divided into the general shareholders' meeting and the extraordinary shareholders' meeting. The general shareholders' meeting is held within six months after the end of each fiscal year, and the extraordinary shareholders' meeting is held in accordance with the law when necessary.

Article 11: The convening of the shareholders' meeting shall be handled in accordance with the provisions of the Company Act.

The shareholders' meeting of the Company may be held by video conference or other means announced by the central competent authority.

When a shareholder is unable to attend the shareholders' meeting due to unforeseen circumstances, he/she may issue a proxy letter printed by the Company to specify the scope of authorization and appoint a proxy to attend. The method of shareholder entrusted attendance, in addition to the provisions of Article 177 of the Company Act, shall be handled in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority.

Article 12: The following matters of the Company shall be resolved by the shareholders' meeting:

- (1) Amendment to the Company's Articles of Association.
- (2) The increase or decrease in the total capital of the Company.
- (3) The dissolution or liquidation of the Company.
- (4) Election of directors.
- (5) Proposal for earnings distribution.
- (6) Other matters that must be resolved by the shareholders' meeting in accordance with the law.

Article 13: The shareholders' meeting shall be convened by the board of directors, with the Chair of the Board as the meeting chair. In his/her absence, the chair shall designate one director to act as the proxy. If no such appointment is made, the directors shall elect one person among themselves to act as the proxy. If a shareholders' meeting shall be convened by a person with convening rights other than the board of directors, the convener shall be the meeting chair. If there are two or more such conveners, one shall be elected from among them.

Article 14: Except where otherwise provided in laws and regulations, the proposal of a shareholders' meeting shall be adopted by a majority vote of the shareholders or proxies present, who represent more than half of the total number of voting shares.

In accordance with the regulations of the competent authority, shareholders of the Company may also exercise their voting rights electronically. Shareholders who exercise their voting rights electronically shall be deemed to be present in person, and all related matters shall be handled in accordance with laws and regulations.

Article 15: Except where otherwise stipulated in the Company Act, the shareholders of the Company shall have one voting right per share.

Article 16: Resolutions of the shareholders' meeting shall be recorded in minutes, signed or stamped by the chair of the shareholders' meeting, and distributed to each

shareholder in 20 days after the meeting. The distribution of the minutes may be made by public announcement.

Chapter IV Directors, Audit Committee and Managers

Article 17: The Company shall appoint five to nine directors, who shall be elected by the shareholders' meeting from individuals with the ability to act and serve for a term of three years, and may be re-elected and re-appointed. Among the above-mentioned number of directors, there shall be at least three independent directors. The total shareholding ratio of all directors shall be in accordance with the regulations of the securities regulatory authority.

Article 17-1: In the election of directors, each share has the same voting rights as the number of directors to be elected. All the votes of a shareholder may be cast on the same candidate, or the votes may be distributed among different candidates. The persons who receive more voting rights shall be elected as directors.

The candidate nomination system is adopted for the election of directors under Article 192-1 of the Company Act. The acceptance and announcement of nomination for director candidates shall be handled in accordance with the laws and regulations of the Company Act and the Securities and Exchange Act. Independent directors and non-independent directors shall be elected together, and the number of elected directors shall be calculated separately.

Article 18: When the vacancy of directors of the Company reaches one-third, the Board of Directors shall convene an extraordinary shareholders' meeting within 60 days to hold a by-election, and the term of office shall be limited to the remainder the original term.

Article 19: The board meeting shall be convened regularly by the Chair, and the convener shall notify all directors via written notice, fax or email seven days prior to the meeting, specifying the date, location and agenda of the meeting. Upon receipt of this notice, any director may renounce participation in the meeting in writing before or after the meeting. In case of emergency, it is necessary to convene a meeting at any time.

Article 20: The responsibilities of the board of directors are as follows:

1. Discussion and formulation of business policies.
2. Review of budgets and final accounts.
3. Formulation of capital increase and decrease plan.
4. Formulation of earnings distribution or loss compensation.
5. Review of employees' and directors' compensation.
6. Formulation of revision of the Company's Articles of Association.
7. Review of important company regulations.
8. Discussion and agreement on branch establishment, restructuring or dissolution.
9. Appointment and dismissal of company managers.
10. Approval of real estate disposal and disposition.
11. Other responsibilities conferred by the Company Act or resolutions of the shareholders' meeting.

Article 20-1 The board meeting is authorized to formulate the remuneration in accordance with the degree of their participation in the operation of the Company and the value of their contribution, with reference to the standards of the industry.

Article 21: Except where otherwise provided by the Company Act, a board resolution shall be made in a board meeting attended by more than half of the directors and the resolution passed by more than half of the directors present.

Article 22: A directors may appoint another director in writing to attend the board meeting

- on his/her behalf, but a director may only be authorized by one other director.
- Article 23: The Company shall establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, consisting of all independent directors.
- Article 24: The performance of duties and related matters of the audit committee and its members shall be handled in accordance with laws and regulations of the Securities and Exchange Act.
- Article 25: The Company shall appoint managers, whose appointment, dismissal and remuneration shall be implemented after approval by the Board of Directors.
- Article 26: The managers of the Company are obligated to keep confidential the Company's confidential business information, specialized knowledge and professional technology, and shall strictly abide by the confidentiality of such information.

Chapter V Accounting

- Article 27: At the end of each year, the Board of Directors shall prepare the following books and statements and submit them to the general shareholders' meeting for recognition:
1. Business Report.
 2. Financial statements.
 3. Proposal for earnings distribution or loss compensation.
- Article 28: If the Company makes a profit in the year, it shall allocate 3% to 12% as employees' remuneration and no more than 3% as directors' remuneration. However, when the Company still has a cumulative loss, the amount to be compensated shall be reserved in advance.
- No less than 20% of the employee remuneration amount specified in the preceding paragraph will be allocated as remuneration for non-executive employees. However, when the Company still has a cumulative loss, the loss must be compensated.
- The employees' remuneration referred to in the preceding two paragraphs shall be distributed in stock or cash, and the recipients include employees of controlling and subordinate companies who meet certain conditions.
- Article 29: If there is a surplus in the annual final accounts of the Company, taxes shall be paid first to make up for past losses, and then 10% shall be allocated as the legal reserve, but this requirement does not apply when the legal reserve reaches the actual paid-in capital of the Company. In addition, in accordance with the operational needs of the Company and legal requirements, a special reserve may be allocated and retained by the Board of Directors in accordance with operational needs. If there is still a surplus, the Board of Directors shall prepare an earnings distribution plan for it together with the undistributed earnings at the beginning of the same period, and submit the plan to the shareholders' meeting for resolution.
- The Company authorizes the Board of Directors to distribute all or part of the dividends in cash based on a resolution of a board meeting attended by more than half of the directors, with the resolution passed by more than half of the directors present, and the resolution shall be reported to the shareholders' meeting.
- The dividend policy of the Company is in accordance with the Company Act and the Articles of Association of the Company, and factors such as the capital and financial structure, operating status, and earnings of the Company as well as the industry nature and cycle, and the legal reserve shall be deducted from the earnings in accordance with law. For the distribution of earnings, priority

shall be given to cash dividend, but may also be made in the form of stock dividend, provided that the proportion of stock dividend does not exceed 50% of the total dividends for the year.

Article 29-1: When the Company has no loss, in accordance with Article 241 of the Company Act, all or part of the legal reserve and capital surplus shall be distributed via new shares or cash in proportion to the original shareholdings of shareholders. When distributing cash, a resolution shall be made in a board meeting attended by more than half of the directors, with the resolution passed by more than half of the directors present, and the resolution shall be reported to the shareholders' meeting.

Article 29-2: The shares repurchased by the Company in accordance with the law shall be transferred to employees at a price lower than the average price of the repurchased shares. The issuance of employee stock option certificates at a price lower than the closing price of the Company's ordinary shares on the issuance date shall be subject to a resolution of the shareholders' meeting attended by shareholders representing more than half of the shares issued, and the resolution shall be passed by attending shareholders representing more than two-thirds of the voting rights.

Chapter VI Supplementary Provisions

Article 30: The organization rules and important regulations of the Company shall be formulated separately by the Board of Directors.

Article 31: Any matters not specified in this Articles of Association shall be handled in accordance with the Company Act and laws and regulations.

Article 32: The Articles of Association of the Company were established with the consent of all initiators on March 12, 1997, and came into effect upon the approval of and registration by the competent authority. The same procedure shall apply to any subsequent amendments to the Company's Articles of Association.

The 1st revision was made on November 3, 1997.

The 2nd revision was made on May 31, 1999.

The 3rd revision was made on July 18, 2000.

The 4th revision was made on June 20, 2001.

The 5th revision was made on May 28, 2002.

The 6th revision was made on June 17, 2003.

The 7th revision was made on June 2, 2004.

The 8th revision was made on May 27, 2005.

The 9th revision was made on June 8, 2006.

The 10th revision was made on May 27, 2008.

The 11th revision was made on May 27, 2010.

The 12th revision was made on May 25, 2012.

The 13th revision was made on May 24, 2013.

The 14th revision was made on June 11, 2015.

The 15th revision was made on June 16, 2016.

The 16th revision was made on June 9, 2017.

The 17th revision was made on June 8, 2018.

The 18th revision was made on June 10, 2019.

The 19th revision was made on June 13, 2023.

The 20th amendment was made on June 18, 2025.

XAC Automation Corp.

Chairman: CHANG, YENG-MING

Appendix 2

XAC Automation Corp. Directors' Shareholdings

1. As of April 18, 2026, the book-close date for the general shareholders' meeting, the paid-in capital of the Company was NT\$961,522,010, with a total of 96,152,201 issued shares.
2. In accordance with Article 26 of the Securities and Exchange Act, the minimum number of shares that all directors must hold is 7,692,177.
3. As of the book-close date for the general shareholders' meeting, the shareholdings of directors recorded in the shareholder register is as follows:

Book-close date: April 18, 2026

Title	Name	Date appointed	Term	Number of shares held
Director	CHANG, YENG-MING	June 18, 2025	3 years	3,417,036
Director	TENG, WAN-SHENG	June 18, 2025	3 years	1,850,111
Director	TSENG, TSUNG-LIN	June 18, 2025	3 years	386,004
Director	Fu-Li Investment Co., Ltd. Representative: CHUANG, YUNG-SHUN	June 18, 2025	3 years	2,050,000
Independent Director	HUANG, HSU-NAN	June 18, 2025	3 years	0
Independent Director	WANG, HUI HSIEN	June 18, 2025	3 years	0
Independent Director	CHEN, CHAO-HUA	June 18, 2025	3 years	0
Total directors' shareholding				7,703,151

Appendix 3

Impact of free share allotment proposed by the shareholders' meeting on the Company's performance and earnings per share:

The Company has not issued any free-allotment shares this year, so this does not apply.