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XAC Automation Corporation

2025

Annual Report

Company Website: <https://www.xac.com.tw>

Annual Report: <https://mops.twes.com.tw>

Printed on April 18, 2026

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

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1. HEADQUARTERS, PLANTS AND BRANCHES:

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2. SECURITIES DEALING INSTITUTE:

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4. Overseas Trade Places for Listed Negotiable Securities

None

5. COMPANY WEBSITE

<https://www.xac.com.tw>

XAC Automation Corporation

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I. Report to Shareholders

Dear shareholders,

With this report, we summarize XAC's 2025 business results, business plans for 2026, future development strategies, and responses to impacts from the external competitive, regulatory, and overall business environments.

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

II. Corporate Governance Report

1. Profiles of Directors, Presidents, Vice Presidents, Assistant Vice President, Division Heads, and Branch Heads

(1) Profiles of Members of Board of Directors

Data as of April 18, 2026

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note2)	Election (Appointment) Date	Term of Office	Initial Election Date	Shares at Election		Current shareholding		Current shareholding by spouse & minor children		Shareholding held through nominees		Principal work experience and academic qualifications (Note 3)	Position (s) held concurrently in the company and/or in any other company	Other officer, directors or supervisors with a spousal or other second degree of kinship			Remarks
							Number of shares	Proportion of shares held	Number of shares	Proportion of shares held	Number of shares	Proportion of shares held	Number of shares	Proportion of shares held			Title	Name	Relation	
Chairman	ROC	CHANG, YENG-MING (Note4)	Male 71-80	June 18, 2025	3 Years	Apr. 8, 1997	3,417,036	3.55	3,417,036	3.55	0	0	0	0	Master's degree in Electronic Engineering, National Taiwan Institute of Technology President, UNIFORM INDUSTRIAL CORP. President, Ta Heng Industrial Corporation	Chairman of Heng Li Investment Co., Ltd.	None	None	None	
Director	ROC	TENG, WAN-SHENG (Note4)	Male 71-80	June 18, 2025	3 Years	Apr. 8, 1997	1,850,111	1.92	1,850,111	1.92	235,438	0.24	0	0	Master's degree in Electronic Engineering, National Taiwan Institute of Technology Vice President, UNIFORM INDUSTRIAL CORP. Vice President, Ta Heng Industrial Corporation Vice President, Corporate Research & Development Division, XAC Automation Corporation	None	None	None	None	
Director	ROC	TSENG, TSUNG-LIN (Note4)	Male 61-70	June 18, 2025	3 Years	June 16, 2016	386,004	0.40	386,004	0.40	0	0	0	0	Master's degree in Business Administration from the University of Missouri, USA Senior Vice President & Chief Financial Officer, TSMC Executive Director & Chief Financial Officer, UMC Investment & Strategic Planning Senior Vice President, Quanta Computer Inc.	Independent director of GCS Holdings, Inc. Independent director of Groundhog Technologies Inc.	None	None	None	
Director	ROC	Fu Li Investment Co., Ltd. (Note4)	-	June 18, 2025	3 Years	May 24, 2013	2,050,000	2.13	2,050,000	2.13	0	0	0	0	-	None	None	None	None	
Representative	ROC	CHUANG, YUNG-SHUN	Male 71-80	June 18, 2025	3 Years	May 24, 2013	0	0	0	0	0	0	0	0	EMBA Program, National Taiwan University Chairman of AAEON Technology Inc.	Director of AAEON ELECTRONICS INC. Director of AAEON TECHNOLOGY (Europe) B.V. Director of AAEON TECHNOLOGY GMBH Director of AAEON TECHNOLOGY SINGAPORE PTE. LTD. Director of Mcfees Group Inc. Chairman of AAEON Technology Inc. - Corporate Representative Chairman of AAEON Technology (Suzhou) Inc. - Corporate Representative Chairman of Yanyou	None	None	None	

																	Investment Co., Ltd - Corporate Representative Chairman of Yanxin Investment Co., Ltd. Director of AAEON Foundation Chairman of Fu Li Investment Co., Ltd. Chairman of Everfocus Electronics Inc. Director of Allied Biotech Corp. Director of King Core Electronics Inc. Director of Atech Oem Inc. Director of ATECH (Dongguan) Co., Ltd. Director of Danyang ATECH Co., Ltd. Director of Machvision, Inc. Director of Muchvision (Dongguan) Inc. Co., Ltd. Director of Top Union Electronics (Suzhou) Corp. Independent Director of Top Union Electronics Corporation Director of Allied Oriental International Ltd. Director of Litemax Electronics Inc. Director of Litemax Technology, Inc. Chairman of Onyx Healthcare Inc. -Corporate Representative Chairman of Onyx Healthcare (Shanghai)INC. -Corporate Representative Director of ONYX Healthcare USA, Inc. Director of ONYX Healthcare Europe B.V. Director of iHELPER Inc. - Corporate Representative Director of Winmate Inc. - Corporate Representative Director of CHC Healthcare Group - Corporate Representative Director of Sunengine Corporation Ltd. - Corporate Representative Director of Fongshin Venture Capital Co., Ltd. - Corporate Representative Director of Ibase Technology Inc.- Corporate Representative Independent Director of TAIFLEX Scientific Co., Ltd.				
Independent Director	ROC	HUANG, HSU-NAN (Note4)	Male 61-70	June 18, 2025	3 Years	June 16, 2016	0	0	0	0	0	0	0	0	0	Ph. D in Institute of Management Sciences, National Chiao Tung University Dean of the Management School at Ming Chuan University Director, Graduate School of	Independent Director of King Core Electronics Inc. Independent Director of Everfocus Electronics Inc. Director of Litemax Electronics Inc. Supervisor of Le Young Construction Co., Ltd.	None	None	None	

															Management, Ming Chuan University Associate Professor, Department of Business Administration, National Yunlin University of Science & Technology Associate Researcher/Director, Council for Economic Planning and Development, Executive Yuan Managing Director, Taiwan Efficiency and Productivity Association Managing Supervisor, The Global Logistics & Commerce Council of Taiwan Reviewer, Higher Education Evaluation and Accreditation Council of Taiwan; Reviewer, Taiwan Assessment and Evaluation Association	Director of Sunsino SME Development Co., Ltd. - Corporate Representative Full-time Professor and Director, Innovation & Incubation Center, Ming Chuan University				
Independent Director	ROC	SHAE, ZON-YIN (Note5)	Male 71-80	June 14, 2022	3 Years	June 16, 2016	0	0	0	0	0	0	0	0	0	Ph. D in Electrical Engineering, University of Pennsylvania, US Full-time Chair Professor in the Department of Computer Science & Information Engineering; Director of the Artificial Intelligence Center; Director of the Financial Technology Blockchain Center at Asia University R&D Director of the Big Data Technology Institute of the III (Institute for Information Industry) and Director of the Cloud Business Center of the III IBM WATSON Research Center, NY Research Staff Member Visiting Professor(Sabbatical) of National Chiao Tung University	None	None	None	None
Independent Director	ROC	TSENG, CHING-YIH (Note5)	Male 61-70	June 14, 2022	3 Years	June 16, 2016	106,000	0.11	13,000	0.01	0	0	0	0	0	Ph.D., EE, University of Southern California, Los Angeles Director of Taiwan Supu Dongli Co., Ltd. General Manager, Montage Technology Taiwan, Taipei/Hsin-Chu, Taiwan Founder/President, Acrospeed Inc. Taipei/Hsin-Chu, Taiwan Chairman of Good Future Biomedical Technology Corp.	Director of Senalytix, Co., Ltd.	None	None	None
Independent Director	ROC	WANG, HUI-HSIEN (Note6)	Male 61-70	June 18, 2025	3 Years	June 18, 2025	0	0	0	0	0	0	0	0	0	Bachelor's Degree, Department of Accounting, Tamkang University Executive Master of Business Administration, National Chengchi University Certified Public Accountant, PricewaterhouseCoopers Taiwan	Certified Public Accountant, Jih-Cheng United CPAs Independent Director (Undertaking Public Welfare), UNI Air Independent Director of XAVi Technologies Corporation Independent Director of	None	None	None

																	Allmind Holdings Corporation Supervisor of UEC System Solutions Corporation						
Independent Director	ROC	CHEN, CHAO-HUA (Note6)	Female 71-80	June 18, 2025	3 Years	June 18, 2025	0	0	0	0	0	0	0	0	0	0	Ph.D. in Law, University of Vienna Professor, Graduate Institute of Intellectual Property, National Taipei University of Technology (Taipei Tech) Professor, Department of Financial and Economic Law, Fu Jen Catholic University Associate Professor, Department of Law, Ming Chuan University Associate Professor, Department of Financial and Economic Law, Chung Yuan Christian University Associate Professor, Department of Business Administration, Southern Taiwan University of Science and Technology (STUST) Research Fellow, Council for Economic Planning and Development, Executive Yuan	Professor, Graduate Institute of Patent, National Taiwan University of Science and Technology (NTUST) Member of National Taiwan Normal University Trademark Management Committee External reviewer, TWSE Securities Listing Review Committee	None	None	None		

Note 1: Corporate shareholders must list the corporate name and representative separately (for representatives of corporate shareholders, the corporate name must be indicated), and Table 1 must be completed accordingly.

Note 2: Provide age, which may be indicated in ranges such as 41-50 or 51-60 years old.

Note 3: Experience related to current positions, such as previous employment at a certified public accountant firm or affiliated enterprises during the period mentioned, must be stated, including the job title and responsibilities held.

Note 4: Director CHANG, YENG-MING, Director TENG, WAN-SHENG, Director TSENG, TSUNG-LIN, Institutional Director Fu Li Investment Co., Ltd., and Independent Director HUANG, HSU-NAN were reappointed following a board re-election at the shareholders' meeting on June 18, 2025.

Note 5: Independent Director SHAE, ZON-YIN and Independent Director TSENG, CHING-YIH stepped down from the board following a board re-election at the shareholders' meeting on June 18, 2025.

Note 6: Independent Director WANG, HUI-HSIEN and Independent Director CHEN, CHAO-HUA were newly appointed following a board re-election at the shareholders' meeting on June 18, 2025.

Note 7: As of April 18, 2026, the total number of shares was 96,152,201.

(2) Disclosure of Directors' Professional Qualifications and Independent Directors' Independence:

Criteria Name	Professional Qualifications and Experience (Note 1)	Independence Status (Note 2)	Number of Independent Directorships in Other Listed Companies
CHANG, YENG-MING	Graduated from the National Taiwan Institute of Technology (renamed, now known as National Taiwan University of Science and Technology) with a Master's degree in Electronic Engineering. Currently serves as the Chairman of the Company, as well as the Chairman of Heng Li Investment Co., Ltd., with more than five years of experience in business, finance, and company operations, dedicated to the electronics industry for decades. Possesses expert leadership, integrated marketing, operational management, and strategic planning abilities, leading the Company to become a pioneer in the industry and move toward sustainable operations.	No occurrence of any of the circumstances listed in Article 30 of the Company Act has been identified.	None
TENG, WAN-SHENG	Graduated with a Master's degree in Electronic Engineering from National Taiwan Institute of Technology (renamed, now known as National Taiwan University of Science and Technology). Currently serves as a director of the Company, with previous experience as the Vice President of Research and Development within the Company. Possesses more than five years of work experience in business, finance, and corporate affairs. Dedicated to research in power integrated circuits and electronics, providing expert advice for product development and sales within the Company.	No occurrence of any of the circumstances listed in Article 30 of the Company Act has been identified.	None
TSENG, TSUNG-LIN	Graduated with a Master's degree in Business Administration from the University of Missouri, USA. Currently serves as a director of the Company and an independent director of GCS Holdings, Inc. Previously held positions as the Senior Vice President and Chief Financial Officer at TSMC. Possesses more than five years of work experience in business, finance, accounting, and corporate affairs. Specializes in corporate finance, finance, and accounting matters, with extensive experience in industry planning.	No occurrence of any of the circumstances listed in Article 30 of the Company Act has been identified.	2
Fu Li Investment Co., Ltd.: Representative CHUANG, YUNG-SHUN	Graduated from the EMBA program at National Taiwan University. Currently serves as the Chairman of AAION Technology Inc. and the Chairman of Fu Li Investment Co., Ltd., and acts as the corporate director representative for multiple listed companies. Possesses more than five years of work experience in business, legal affairs, finance, accounting, or corporate affairs. Specializes in corporate development, financial planning, and market strategy with extensive experience.	No occurrence of any of the circumstances listed in Article 30 of the Company Act has been identified.	1
HUANG, HSU-NAN	Graduated from the Institute of Management Sciences at National Chiao Tung University with a Ph.D. Currently serves as the convener of the Audit Committee and the Compensation Committee of the Company, as well as the Dean of the Management School at Ming Chuan University. Also holds positions as a director in multiple listed companies. Possesses more than five years of work experience in business and relevant disciplines required for corporate affairs, gained through teaching positions at public and private universities. Specializes in corporate operations and financial planning with extensive experience, and has not been involved in any of the situations listed in Article 30 of the Company Act.	<ol style="list-style-type: none"> 1. The individual, their spouse, and relatives within the second degree of kinship have not served as directors, supervisors, or employees of the Company or its related enterprises. 2. The individual, their spouse, and relatives within the second degree of kinship (or through nominees) do not hold any shares of the Company. 3. The individual has not served as a director, supervisor, or employee of any company with a specific relationship to the Company (referring to 	3

WANG, HUI-HSIEN	Independent Director WANG earned his bachelor's degree from Tamkang University's Department of Accounting and later completed his EMBA at National Chengchi University. As a CPA, WANG previously worked at PwC Taiwan, and serves as a member of the Company's Audit and Compensation Committees. He currently serves at Zhicheng Co-Accounting Firm and holds concurrent independent directorships/supervisorships for several listed companies. He has over five years of experience in business, finance, accounting, and corporate management, with a specialization in financial and accounting operations. He has extensive experience in industrial planning; none of situations listed in Article 30 of the Company Act apply.	the provisions of Article 3, Paragraph 1, items 5–8 of the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies). 4. The individual has not received any remuneration from the Company or its related enterprises for providing business, legal, financial, or accounting services in the past two years.	3
CHEN, CHAO-HUA	Independent Director CHEN holds a doctorate in law from the University of Vienna and serves as a member of the Company's Audit and Compensation Committees. CHEN currently serves as a professor at NTUST Graduate Institute of Patent, and has over five years of experience in business, legal, and corporate management, alongside teaching experience (as a professor) in related departments at both public and private colleges and universities. She specializes in company product patent research and corporate compliance; none of situations listed in Article 30 of the Company Act apply.		None

Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of individual directors. If they are members of the Audit Committee and have accounting or financial expertise, their accounting or financial background and work experience shall be described; whether they have any circumstances as specified in Article 30 of the Company Act shall also be explained.

Note 2: For independent directors, their independence status shall be disclosed, including but not limited to: Whether the director, their spouse, or relatives within the second degree of kinship are serving as directors, or employees of the Company or its affiliated companies; the number and percentage of the Company's shares held by the director, their spouse, or relatives within the second degree of kinship (or held through nominees); whether the director serves as a director, or employee of companies that have specific relationships with the Company (refer to Article 3, Paragraph 1, subparagraph 5–8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount of remuneration received for providing business, legal affairs, financial, accounting, or other services to the Company or its affiliated companies in the past two years.

(3) Board of Directors diversity and independence:

- The Company's Board consists of seven directors with diverse professional backgrounds, including three independent and four general directors. None of the directors serve as managers of the Company. As of this annual report's publication date, the board includes one female director. The Company's 11th Term Board Members: Mr. CHANG, YENG-MING; Mr. TENG, WAN-SHENG; Mr. TSENG, TSUNG-LIN, and Mr. CHUANG, YUNG-SHUN, representative of Fu Li Investment Co., Ltd. boast of a diverse range of skills in terms of leadership, operational judgment, business management, and corporate finance, along with extensive industry knowledge and an international market perspective. The three independent directors, Mr. HUANG, HSU-NAN; Mr. WANG, HUI-HSIEN; and Ms. CHEN, CHAO-HUA specialize in legal, business, and financial accounting respectively, with strengths in corporate management and decision-making, industrial knowledge, financial and tax-related affairs, and risk management.
- Specific management goals to advance our diversity policy: Our goal is to increase the percentage of independent directors to over 50%, and include at least one female member to strengthen the board's overall

structure. As of 2025, we have achieved one of the set goals, with our board now including three independent directors and one female director. In terms of board composition, independent directors account for 43% of total directors; female directors, 14%; employee directors, 0%. Two independent directors have served for less than three years, while one independent director has a tenure exceeding nine years. The senior director continues to hold the independent directorship due to his extensive experience in finance, business, and corporate management, which brings significant value to the Company's business planning and decision-making.

3. The Board's professional capabilities and implementation status are detailed below:

Name	Title	Gender	Age		Tenure of independent director			Concurrently serving as employee	Industry experience				Specialized ability					
			61-70	71-80	Less than 3 years	3-9 years	More than 9 years		Finance	Electronic technology	Production and manufacturing	IT Technology	Business	Accounting	Management	Marketing Management	R&D	Instructor at college or university
CHANG, YENG-MING	Chairman	Male		✓					✓	✓	✓		✓		✓	✓		
TENG, WAN-SHENG	Director	Male		✓						✓			✓				✓	
TSENG, TSUNG-LIN	Director	Male	✓						✓	✓			✓	✓	✓			
Fu Li Investment Co., Ltd.: Representative CHUANG, YUNG-SHUN	Director	Male		✓					✓	✓	✓		✓	✓	✓	✓	✓	
HUANG, HSU-NAN	Independent Director	Male	✓				✓			✓	✓		✓		✓	✓		✓
WANG, HUI-HSIEN	Independent Director	Male	✓		✓				✓				✓	✓	✓			
CHEN, CHAO-HUA	Independent Director	Female	✓		✓								✓		✓		✓	✓

(4) Major corporate shareholders serving as director

Table 1: Major corporate shareholders

April 18, 2026

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholder
Fu Li Investment Co., Ltd.	CHUANG, YUNG-SHUN (43.75%); HUANG, HUI-MEI (37.5%); CHUANG, FU-CHIEH (9.375%); CHUANG, FU-CHUN (9.375%)

Table 2: Table 1 Major shareholders of the Company's major corporate shareholders

Name of Corporation	Major Shareholders of Corporation
(Not applicable)	

(4) Profiles of Presidents, Vice Presidents, Assistant Vice President, Division Heads, and Branch Heads

Data as of April 18, 2026

Title (Note 1)	Nationality	Name	Gender	Election (Appointment) Date	Shareholding		Shareholding by spouse & minor children		Shareholding held through nominees		Principal work experience and academic qualifications (Note 2)	Position(s) held concurrently in the company and/or in any other company	Manager with a spousal or other second degree of kinship			Remarks
					Number of shares	Proportion of shares held	Number of shares	Proportion of shares held	Number of shares	Proportion of shares held			Title	Name	Relation	
President	ROC	HU, HSUAN- TSUNG	Male	Dec. 18, 2023	340,000	0.35	0	0	0	0	Master, Institute of Electrical and Control Engineering, National Chiao Tung University President, Chief Strategy Officer, Information Security Officer of this Company	-	None	None	None	
Vice President	US	CHARLES	Male	Jan. 1, 2011	250,000	0.26	0	0	0	0	Lawrence University with a BA in Political Science Vice President of Product and Business Development at First Data Corporation General Manager at LinkPoint International	-	None	None	None	
Vice President	ROC	CHIN, YUNG- HUI	Male	Oct. 1, 2009	543,085	0.56	13,782	0.01	0	0	Master, Electronic Engineering, University of Nottingham, UK Assistant Manager, Solomon Technology Corporation	-	None	None	None	
Executive Vice President	PRC	LIU, YUN	Male	Dec. 18, 2023	150,000	0.16	0	0	0	0	Undergraduate, Automation, Wuhan University of Science and Technology Executive Vice President and Chief Operating Officer of this Company	-	None	None	None	
Vice President	PRC	SHEN, PAO-HUI	Male	Dec. 18, 2023	150,000	0.16	0	0	0	0	Master, Computer Science & Technology, Soochow University Software R&D Manager, Andrew Wireless Solution (China)	-	None	None	None	
Vice President	ROC	TSAI, HSIN- LIANG	Male	Dec. 18, 2023	145,000	0.15	0	0	0	0	Master, Department of Computer Science & Information Engineering, National Taiwan University Vice President, Device Design of this Company	-	None	None	None	
Assistant Vice President	ROC	KUO, HUI- LING	Female	Nov. 2, 2018	176,504	0.18	0	0	0	0	Department of Accounting, Fu Jen Catholic University Assistant Vice President, Channel Development & Relationship Optimization Division of XAC	-	None	None	None	
Supervisor of Corporate Governance and Accounting Supervisor	ROC	HSU, JEN- CHIEN	Male	July 24, 2019 Jan. 26, 2022	35,000	0.04	0	0	0	0	Master, Department of Banking and Finance, National Chi Nan University Senior Auditor, PwC Taiwan Account Officer, Union Bank of Taiwan	-	None	None	None	
Financial Supervisor	ROC	CHANG, MENG-YI	Female	Jan. 26, 2022	0	0	5,000	0.01	0	0	Department of Accounting, Tung Hai University Manager, Financial Department, Champion Building Materials Co., Ltd. Manager, Accounting Department, TM Technology, Inc. Assistant Manager, Accounting Department, Etron Technology, Inc. Manager, Department of Audit, KPMG Taiwan	Financial Supervisor, XAC Automation Corporation (Suzhou)	None	None	None	

Note 1: Information on the Presidents, Vice Presidents, Assistant Vice President, Division Heads, and Branch Heads, and anyone whose position is equivalent to that of a Presidents, Vice Presidents, Assistant Vice President shall also be disclosed, regardless of title.

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

Note 3: If the president or person with equivalent position (top managerial officer) and chairman are the same person, are each other's spouses, or are first degree of kinships, the reason, rationality, necessity and corresponding information shall be provided (for example, increasing the number of independent directors, and ensuring that more than half of directors do not concurrently serve as employees or managers, etc.): No such situation exists.

2. Remuneration paid during the most recent year to directors, presidents and vice presidents

(1) Remuneration to general directors and independent directors (individually disclose their names and remuneration)

Unit: NT\$ thousand; thousand shares; data as of Dec. 31, 2025

Title	Name (Note 1)	Remuneration to directors								Sum of A, B, C and D; and proportion of net income after tax (%)(Note 8)		Remuneration received by directors for concurrent service as employee								Sum of A, B, C, D, E, F and G; and proportion to Net income after tax (%) (Note 8)		Remuneration received from invested companies other than Company subsidiaries or parent company (Note 9)		
		Base compensation (A) (Note 2)		Retirement pay and pension (B)		Director profit-sharing compensation (C) (Note 3)		Expenses and perquisites (D)(Note 4)				Salary, rewards, and special disbursements (E)(Note 5)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)(Note 6)								
		The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company		All companies mentioned in the financial statements (Note 7)			The Company	All companies mentioned in the financial statements (Note 7)
																		Cash	Stock	Cash	Stock			
Chairman	CHANG, YENG-MING	5,257	5,257	0	0	1147.3	1147.3	40	40	6444.3 4.08%	6444.3 4.08%	0	0	0	0	0	0	0	0	6444.3 4.08%	6444.3 4.08%	None		
Director	TENG, WAN-SHENG	0	0	0	0	1147.3	1147.3	42	42	1189.3 0.75%	1189.3 0.75%	0	0	0	0	0	0	0	0	1189.3 0.75%	1189.3 0.75%	None		
Director	Fu Li Investment Co., Ltd. (Representative: CHUANG, YUNG-SHUN)	0	0	0	0	1147.3	1147.3	42	42	1189.3 0.75%	1189.3 0.75%	0	0	0	0	0	0	0	0	1189.3 0.75%	1189.3 0.75%	None		
Director	TSENG, TSUNG-LIN	0	0	0	0	1147.3	1147.3	36	36	1183.3 0.75%	1183.3 0.75%	0	0	0	0	0	0	0	0	1183.3 0.75%	1183.3 0.75%	None		
Independent Director	HUANG, HSU-NAN	720	720	0	0	0	0	76	76	796 0.50%	796 0.50%	0	0	0	0	0	0	0	0	796 0.50%	796 0.50%	None		
Independent Director	SHAE, ZON-YIN	336	336	0	0	0	0	40	40	376 0.24%	376 0.24%	0	0	0	0	0	0	0	0	376 0.24%	376 0.24%	None		
Independent Director	TSENG, CHING-YIH	336	336	0	0	0	0	46	46	382 0.24%	382 0.24%	0	0	0	0	0	0	0	0	382 0.24%	382 0.24%	None		
Independent Director	WANG, HUI-HSIEN	386	386	0	0	0	0	26	26	412 0.26%	412 0.26%	0	0	0	0	0	0	0	0	412 0.26%	412 0.26%	None		
Independent Director	CHEN, CHAO-HUA	386	386	0	0	0	0	20	20	406 0.26%	406 0.26%	0	0	0	0	0	0	0	0	406 0.26%	406 0.26%	None		
1. Specify the policy, system, standards, and structure of remuneration for independent directors, and explain the correlation between the remuneration amount and factors such as responsibilities, risks, and time commitment: In accordance with Article 20-1 of the Company's Articles of Incorporation, remuneration to directors is authorized by the Board of Directors based on the extent of the director's involvement in the Company's operations and the value of their contributions, taking into account the usual standards in the industry.																								
2. In addition to the disclosures in the table above, list the remuneration received by directors for services provided in the most recent year (such as serving as non-employee consultants for the parent company/all companies mentioned in the financial statements/re-invested enterprises): None.																								

Note 1: Directors (including independent directors) who took office on June 18, 2025: CHANG, YENG-MING; TENG, WAN-SHENG; Fu Li Investment Co., Ltd. (representative: CHUANG, YUNG-SHUN); TSENG, TSUNG-LIN; HUANG, HSU-NAN; WANG, HUI-HSIEN; and CHEN, CHAO-HUA. Independent Director SHAE, ZON-YIN and Independent Director TSENG, CHING-YIH stepped down from the board following a board re-election on June 18, 2025.

Note 2: Refers to base compensation received by directors in the most recent year (including director salaries, allowances, severance pay, different bonuses, rewards, etc.): The Company did not distribute such compensation.

Note 3: Refers to Director profit-sharing compensation distributed by the Board of Directors in the most recent year.

Note 4: Refers to expenses and perquisites related to directors' performance of duties in the most recent year (including transportation expenses, special disbursements, different allowances, housing, vehicle provisions, etc.). If providing housing, cars, or other transportation or personal assets, the nature and cost of the provided assets, actual rent, fuel costs, and other payments must be disclosed based on fair market value. Additionally, if a driver is provided, provide an explanation of the compensation paid to the driver by the Company, excluding the remuneration.

Note 5: Refers to Remuneration received by directors who also served as employees (including presidents, vice presidents, other managers, and employees) in the most recent year (including salaries, duty allowances, severance pay, different bonuses, rewards, transportation expenses, special disbursements, different allowances, housing, vehicle provisions, etc.). If providing housing, cars, and other transportation or personal assets, the nature and cost of the provided assets, actual rent, fuel costs, and other payments must be disclosed based on fair market value. Additionally, if a driver is provided, provide an explanation of the compensation paid to the driver by the Company, excluding the remuneration. Also, in accordance with the IFRS 2 "Share-based Payment", the salary expenses recognized including employee stock options, restricted employee stock, and participation in cash capital increases by subscribing for shares must also be included in remuneration.

Note 6: Refers to remuneration received by directors who also serve as employees (including presidents, vice presidents, other managers, and employees) in the most recent year (including stock and cash compensation). The amount of Employee profit-sharing compensation distributed by the Board of Directors in the most recent year must be disclosed. If the amount cannot be estimated, the proposed distribution amount must be calculated based on the proportion of actual distribution amount from the previous year, and Attachment 1-3 must also be completed.

Note 7: Total remuneration paid to each Company director, including all companies disclosed in the consolidated financial statements (including the Company), must be disclosed.

Note 8: Net income after tax refers to the Net income after tax of parent-company-only or individual financial statements in the most recent year.

Note 9: a. This column must clearly state the amount of remuneration received by the Company's directors from re-invested enterprises other than the subsidiaries or the parent company (if none, indicate "None").

b. If the Company's directors receive remuneration from re-invested enterprises other than the subsidiaries or the parent company, the remuneration received by the Company's directors from re-invested enterprises other than the subsidiaries or the parent company must be included in column I of the Remuneration Range table, and the column name must be changed to "Parent Company and All Re-invested Enterprises".

c. Remuneration refers to the base compensation and profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) related to the expenses and perquisites received by the Company's directors in their capacity as directors, supervisors, or managers of re-invested enterprises other than the subsidiaries or the parent company.

* The remuneration disclosed in this table is different from the concept of income under the Income Tax Act. Therefore, the purpose of this table is for information disclosure and not for taxation purposes.

(2) Remuneration to presidents and vice presidents

Unit: NT\$ thousand; thousand shares; data as of Dec. 31, 2025

Title	Name	Salary (A)		Retirement pay and pension (B)		Rewards, and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A, B, C and D; and proportion of net income after tax (%) (Note 10)		Remuneration received from an invested company other than the Company's subsidiary or parent company
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
								Cash	Stock	Cash	Stock			
President	HU, HSUAN-TSUNG	3,753	3,753	112	112	798	798	696	0	696	0	5,359 3.39%	5,359 3.39%	None
Vice President of XAC Automation Corporation (US)	CHARLES	0	8,377	0	263	0	0	0	0	250	0	0 0%	8,890 5.63%	None
Vice President of Hardware Product Plan Management Division	CHIN, YUNG-HUI	3,649	3,649	134	134	1,320	1,320	362	0	362	0	5,465 3.46%	5,465 3.46%	None
Executive Vice President of XAC Automation Corporation (Suzhou)	LIU, YUN	0	3,330	0	0	0	261	0	0	630	0	0 0%	4,221 2.67%	None
Vice President, OS & System Division, XAC Automation Corporation (Suzhou)	SHEN, PAO-HUI	0	2,543	0	0	0	200	0	0	463	0	0 0%	3,206 2.03%	None
Vice President, Device Design	TSAI, HSIN-LIANG	2,735	2,735	112	112	583	583	516	0	516	0	3,946 2.50%	3,946 2.50%	None

* The remuneration disclosed in this table is different from the concept of income under the Income Tax Act. Therefore, the purpose of this table is for information disclosure and not for taxation purposes.

(3) Remuneration to the top five executives (individually disclose their names and remuneration)

Unit: NT\$ thousand; thousand shares; data as of Dec. 31, 2025

Title	Name	Salary (A)		Retirement pay and pension (B)		Rewards, and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A, B, C and D; and proportion of net income after tax (%)		Remuneration received from an invested company other than the company's subsidiary or parent company
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
								Cash	Stock	Cash	Stock			
President	HU, HSUAN-TSUNG	3,753	3,753	112	112	798	798	696	0	696	0	5,359 3.39%	5,359 3.39%	None
Vice President of XAC Automation Corporation (US)	Charles	0	8,377	0	263	0	0	0	0	250	0	0 0%	8,890 5.63%	None
Vice President of Hardware Product Plan Management Division	CHIN, YUNG-HUI	3,649	3,649	134	134	1,320	1,320	362	0	362	0	5,465 3.46%	5,465 3.46%	None
Executive Vice President of XAC Automation Corporation (Suzhou)	LIU, YUN	0	3,330	0	0	0	261	0	0	630	0	0 0%	4,221 2.67%	None
Vice President, Device Design	TSAI, HSIN-LIANG	2,735	2,735	112	112	583	583	516	0	516	0	3,946 2.50%	3,946 2.50%	None

* The remuneration disclosed in this table is different from the concept of income under the Income Tax Act. Therefore, the purpose of this table is for information disclosure and not for taxation purposes.

(4) Names of managerial officers with remuneration as employees and payment status

Unit: NT\$ thousand; data as of Dec. 31, 2025

Title(Note 1)		Name(Note 1)	Stock	Cash	Total	Proportion of net income after tax (%)
Managerial Officer	President	HU, HSUAN-TSUNG	0	3,450	3,450	2.19%
	Vice President of XAC Automation Corporation (US)	Charles				
	Vice President of Hardware Product Plan Management Division	CHIN, YUNG-HUI				
	Executive Vice President	LIU, YUN				
	Vice President, OS & System Division	SHEN, PAO-HUI				
	Vice President, Device Design	TSAI, HSIN-LIANG				
	Assistant Vice President, Channel Development & Relationship Optimization Division	KUO, HUI-LING				
	Director of Corporate Governance and Accounting Supervisor	HSU, JEN-CHIEN				
	Manager of Financial Division and Financial Director	CHANG, MENG-YI				

Note 1: Individual names and titles must be disclosed; however, the distribution of profits may be disclosed in the form of a summary.

Note 2: The amount of profit-sharing remuneration for managers approved by the Board of Directors for the most recent year must be filled in (including stocks and cash). If it cannot be estimated, the proposed distribution amount for this year shall be calculated based on the actual distribution amount from the previous year. Net income after tax refers to the net income after tax for the most recent year. Where the International Financial Reporting Standards are adopted, Net income after tax refers to the Net income after tax of parent-company-only or individual financial statements for the most recent year.

Note 3: The scope of application for managers is based on the Financial Supervisory Commission's Securities and Futures Bureau official letter Tai-Tsai-Cheng-San-Tzu No. 0920001301, dated March 27, 2003, as follows:

- (1) President and equivalent positions
- (2) Vice President and equivalent positions
- (3) Assistant Vice President and equivalent positions
- (4) Supervisor of Finance Department
- (5) Supervisor of Accounting Department
- (6) Supervisor of Corporate Governance
- (7) Others who are responsible for corporate management and have signing authority.

Note 4: If directors, presidents, and vice presidents receive employee profit-sharing compensation (including stocks and cash), in addition to completing Appendix 1-2, this table must also be completed.

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

1. Analysis of the proportion of net income after tax, as a proportion of net income after tax stated in the parent company-only financial reports or individual financial reports, as paid by the Company during the past 2 fiscal years, to directors, presidents, and vice presidents:

Unit: NT\$ thousand; data as of Dec. 31, 2025

Year	2024				2025			
	Total remuneration		Total remuneration, as a proportion of net income after tax stated in the parent company-only financial reports or individual financial reports (%)		Total remuneration		Total remuneration, as a proportion of net income after tax stated in the parent company-only financial reports or individual financial reports (%)	
Title	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements
Director	6,008.8	6,008.8	5.48	5.48	12,378.2	12,378.2	7.84	7.84
President and Vice President	13,048	31,899	39.71	97.09	14,770	31,087	9.36	19.70

Note 1: Net income after tax in 2024 was NT\$32,855,000.

Note 2: Net income after tax in 2025 was NT\$157,855,000.

2. Policies, standards, and composition of remuneration; procedures for determining remuneration; and correlation with operational performance and future risks:

- (1) The remuneration paid by the Company to its directors may be divided into two categories: directors' remuneration, and fees for the performance of duties. Directors' remuneration is determined in accordance with Article 28 of the Company's Articles of Incorporation: "If the Company records a profit for the year, 3% to 12% of such profit shall be allocated as employee remuneration, and no more than 3% shall be allocated as directors' remuneration. However, if the Company has accumulated losses, an amount shall first be reserved to cover such losses. Of the employee remuneration allocated, no less than 20% shall be distributed to non-executive employees. Where accumulated losses remain, they shall be made up accordingly. Recipients of employee remuneration, whether in shares or cash, may include employees of affiliated

companies that meet certain conditions.” If the Company has earnings in its annual final accounts, taxes must be paid first and prior losses must be covered. After that, 10% is to be set aside as legal reserve, unless the legal reserve has already reached the level of the Company’s paid-in capital. In addition, a special reserve may be appropriated in accordance with operational needs and applicable regulations. Any remaining earnings, together with undistributed earnings at the beginning of the period, must then be proposed by the Board of Directors for distribution and submitted to the shareholders’ meeting for approval. As the determination of remuneration is based on the distribution of current-year earnings, it is closely linked to the Company’s operating performance. The remuneration paid to the President and Vice Presidents, in addition to their salaries, is adjusted and allocated based on the Company’s performance.

- (2) The remuneration provided to the Company’s President and Vice President comprises salary, rewards, and vehicle allowances, in addition to employee bonuses distributed from profits. These are authorized by the Board of Directors and determined by the Chairman in accordance with the Company’s salary review regulations. The distribution of employee bonuses depends on the proportion of profits for the current year, thus showing a high correlation with the Company’s operational performance.

3. Corporate Governance Implementation Status

(1) Board of Directors Operations Status

A total of 7 board meetings were held in the past year. Director attendance is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Remarks
Chairman	CHANG, YENG-MING	6	1	86%	None
Director	TENG, WAN-SHENG	7	0	100%	None
Director	Fu Li Investment Co., Ltd. (Representative: CHUANG, YUNG-SHUN)	7	0	100%	None
Director	TSENG, TSUNG-LIN	6	0	86%	None
Independent Director	HUANG, HSU-NAN	7	0	100%	None
Independent Director	SHAE, ZON-YIN	3	0	75%	Has since stepped down; election date: 2025/06/18
Independent Director	TSENG, CHING-YIH	4	0	100%	Has since stepped down; election date: 2025/06/18

Independent Director	WANG, HUI-HSIEN	3	0	100%	Newly appointed; election date: 2025/06/18
Independent Director	CHEN, CHAO-HUA	2	1	66.67%	Newly appointed; election date: 2025/06/18

Other matters to be recorded:

- If any of the following circumstances occur, the date of the meeting, term, content of motion, all independent directors' opinions and the company's response shall be specified: The Company has an Audit Committee; see page 21 of this Annual Report.
 - Matters referred to in Article 14-3 of the Securities and Exchange Act.
 - Other matters involving dissenting or qualified opinions from or by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors.
- If directors have recused themselves to avoid motions with conflicts of interest, the directors' names, contents of motion, causes for recusal and voting shall be specified: None.
- Listed companies shall disclose the evaluation cycles, periods, scope, method and content of self-evaluation (or peer-evaluation) of the Board of Directors and Board of Directors Evaluation Implementation Status:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation criteria
Annually	Evaluation performed on Board of Directors performance from Jan. 1, 2025 to Dec. 31, 2025.	Overall Board of Directors performance evaluation	Individual board member self-evaluations	1.Participation in the Company's operations 2.Improvement of the quality of board decisions 3.Composition and structure of Board of Directors 4.Directors' elections and continuing education 5.Internal controls
		Individual director member performance evaluations	Individual board member self-evaluations	1.Familiarity with the Company's goals and missions 2.Awareness of directors' duties 3.Participation in the Company's operations 4.Management of internal relationships and communication 5.Director's professionalism and continuing education 6.Internal controls
		Functional committee performance evaluations	Functional committee member performance evaluations	1.Participation in the Company's operations 2.Awareness of functional committees' duties 3.Promotion the functional committee decision-making quality 4.Composition and election of functional committee members 5.Internal controls

The Company has completed the 2025 board of directors and functional committee (Compensation Committee and Audit Committee) performance self-evaluation, and reported the evaluation results at the board meeting on March 11, 2026 as the basis for review and improvement. The board of directors' and its members' average performance evaluations ranged from 4.7 to 5.0 (out

of 5 points), and the functional committees' average performance evaluations ranged from 4.9 to 5.0 (out of 5 points).

The board of directors and functional committees operated effectively and in accordance with the law in 2025; overall operations were sound and met corporate governance requirements. All directors and functional committee members fulfilled their duties and effectively played their roles.

4. Measures taken to strengthen Board functionality (such as establishing an Audit Committee, improving information transparency, etc.) in the current and most recent year:

Enhancing Board of Directors' Functions	Evaluation of Implementation Status
Establishment of Audit Committee	To enhance Board of Directors functions, the Company elected three independent directors at the shareholder's meeting on June 16, 2016, and established an Audit Committee.
Improving Information Transparency	1. The Company has designated personnel responsible for collecting and disclosing corporate information, implementing a spokesperson system, and updating information on the Company's website. 2. The Company has established the Rules and Procedures of Board Meetings in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, to ensure compliance, and inputs directors' attendance at Board meetings into the Market Observation Post System. Major decisions made at Board meetings are disclosed on the Company's website.
Improving Communication Between Directors and Internal Audit Supervisor	To better understand whether the overall operations of the Company comply with relevant laws and regulations, directors shall maintain constructive communication with the Company's internal audit supervisor regarding the financial and operational status, both during regular periods and during the Board meetings.
Enhancing Directors' Expert Knowledge to Strengthen the Board's Functionality	Information on courses aimed at enhancing directors' expert knowledge is provided to the Company's directors, and directors are encouraged to participate in such courses.

(2) Audit Committee Operations Status

A total of 5 Audit Committee meetings were held in the most recent year. Independent directors' attendance is shown below:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Remarks
Independent Director	HUANG, HSU-NAN	5	0	100%	None
Independent Director	SHAE, ZON-YIN	3	0	100%	Has since stepped down; election date: 2025/06/18
Independent Director	TSENG, CHING-YIH	3	0	100%	Has since stepped down; election date: 2025/06/18
Independent Director	WANG, HUI-HSIEN	2	0	100%	Newly appointed; election date: 2025/06/18
Independent Director	CHEN, CHAO-HUA	2	0	100%	Newly appointed; election date: 2025/06/18

1. The operation of the Audit Committee is primarily aimed at assisting the Board of Directors in supervising the following matters:
 1. Appropriate expression of the Company's financial statements.
 2. Selection (/dismissal) of certified public accountants and their independence and performance.
 3. Effective implementation of the Company's internal control.
 4. The Company's compliance with relevant laws and regulations.
 5. The Company's management and control of existing or potential risks.
2. The Audit Committee's deliberation powers extend to the following:
 1. Formulating and amending internal control systems, in accordance with Article 14-1 of the Securities and Exchange Act.
 2. Assessing the effectiveness of internal control systems.
 3. Establishing and amending procedures for major financial actions such as acquisition or disposal of assets, engaging in derivative trading, extension of monetary loans to others, and endorsements and guarantees for others, in accordance with Article 36-1 of the Securities and Exchange Act.
 4. Matters involving conflicts of interest of directors themselves.
 5. Major asset and derivative trading.
 6. Major fund lending, endorsements, and guarantees.
 7. Offering, issuing, and privately placing equity-like securities.
 8. Appointment, dismissal, and remuneration of certified public accountants.
 9. Appointment and dismissal of financial, accounting, and internal audit supervisors.
 10. Annual financial reports signed and stamped by the Chairman, managers, and accounting supervisors, as well as the second quarter (Q2) financial reports requiring auditing by certified public accountant.
 11. Other significant matters as stipulated by the Company and competent authorities.
 12. Self-assessment questionnaires for Audit Committee performance evaluations.
 13. Regular review of organizational regulations and related matters.

Other matters to be disclosed include:

1. Matters listed in Article 14-5 of the Securities and Exchange Act, and other matters not approved by the Audit Committee but approved by a resolution of two-thirds or more of all directors.

Board meeting	Resolution and responses	Listed in Article 14-5 of the Securities and Exchange Act?	Not approved by the Audit Committee but approved by a resolution of two-thirds or more of all directors?
10th Term 16th Meeting Jan. 22, 2025	1. Approval of assessment report on CPA independence and competence. 2. Approval of the Company's 2025 Budgeted Income Statement.	✓	None
	Independent directors' opposition/reserved opinions or significant opinions: None. Audit Committee Resolution (Jan. 22, 2025): Unanimous agreement by all attending Audit Committee directors. Company Response to Audit Committee Opinion: Unanimous agreement by all attending directors.		
10th Term 17th Meeting Mar. 12, 2025	1. Approval of the Company's 2024 Business Report and Financial Statements. 2. Approval of the Company's 2024 earnings distribution proposal. 3. Approval of the Company's 2024 Internal Control System Statement.	✓	None
	Independent directors' opposition/reserved opinions or significant opinions: None. Audit Committee Resolution (Mar. 12, 2025): Unanimous agreement by all attending Audit Committee directors. Company Response to Audit Committee Opinion: Unanimous agreement by all attending directors.		
10th Term 18th Meeting Apr. 30, 2025	1. Approval of the Company's private placement of common shares.	✓	None
	Independent directors' opposition/reserved opinions or significant opinions: None. Audit Committee Resolution (Apr. 30, 2025): Unanimous agreement by all attending Audit Committee directors. Company Response to Audit Committee Opinion: Unanimous agreement by all attending directors.		

2. The implementation status of independent directors' recusal from resolutions regarding conflict of interest must be disclosed, including the name of the independent director, the content of the resolution, reasons for recusal due to potential conflicts of interest, and voting participation: None.
3. Communication between independent directors, internal audit supervisor and certified public accountant (significant matters, methods, and outcomes of communication regarding the company's financial and operational status must be included): The Company's internal audit supervisor regularly reports to the independent directors on the implementation status of internal audits (including follow-up reports). The certified public accountant communicates with the independent directors twice a year regarding the Company's financial and operational status. Additionally, if independent directors need to inquire about financial or operational matters, the Company shall promptly convene the certified public accountant and related units' supervisors to report to the independent directors.

(3) Corporate Governance – Implementation Status, Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and Reasons For Such

Criterion	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons for such
	Yes	No	Summary	
1. Has the Company established and disclosed its corporate governance practices based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established the Corporate Governance Best Practice Principles and disclosed them on the Company's website.	None
2. Equity structure and shareholders' equity (1) Has the Company instituted internal procedures for handling suggestions, questions, shareholder disputes and legal actions, and does the Company properly comply with such procedures? (2) Does the Company track a list of the Company's major shareholders and the parties with ultimate control of the major shareholders? (3) Has the Company established and implemented risk management mechanisms and firewalls between the corporate headquarters and affiliates?	✓ ✓ ✓		(1) The Company has designated spokespersons and deputy spokespersons, and has commissioned Fubon Securities Co., Ltd. as its stock agency to deal with relevant shareholder issues and suggestions. Any matters that touch on legal issues shall be handled by legal advisors' commissioned by the Company's Legal Affairs Department. (2) The Company's major shareholders and the ultimate owners of those shares are primarily (1) directors, (2) related parties of directors, (3) founding shareholders, and (4) domestic legal entities that have long-term investments in the Company. The investment relationships are relatively stable. (3) The entities involved in legal entity design, operations, tax, and legal risk management with related enterprises operate independently, with some cross-organizational management functions for overall efficiency. However, personnel roles, responsibilities, and management authority are clearly defined by organizational charts and authority matrices. The operational objectives of parent and subsidiary companies, as well as their respective roles and main functions, are also clearly defined, allowing for adjustments to risk assessment, control, and management system, and to well firewalled methods, in response to operational results and changes in the local external	None

Criterion	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons for such
	Yes	No	Summary	
(4) Has the company adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	✓		environment. The Company has established the Corporate Risk Management Measures to address these issues. (4) The Company has established internal regulations, titled the Procedures for Preventing Insider Trading and Procedures for Handling Material Internal Information, and disclosed them on the Company's website.	
3. Composition and Responsibilities of the Board of Directors (1) Has the Board established a diversity policy and specific management goals, then implemented them accordingly?	✓		(1) The Company's Board consists of seven directors with diverse professional backgrounds, including three independent and four general directors. The board members demonstrate competencies in operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market outlook, leadership, and decision-making. Implementation status and specific management goals to advance the board member diversity policy: Our goal is to increase the percentage of independent directors to over 50% and include at least one female member to strengthen the board's overall structure. As of 2025, we have achieved one of the set goals, with our board now including three independent directors and one female director. In terms of board composition, independent directors account for 43% of director; female directors, 14%; and employees, 0%. Two independent directors have served for less than three years, while one has a tenure exceeding nine years. The senior director continues to hold the independent directorship due to his extensive experience in finance, business, and corporate management, which brings significant value to the Company's business planning and decision-making.	Under discussion and formulation.

Criterion	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons for such
	Yes	No	Summary	
(2) Further to the establishment of the Compensation Committee and the Auditing Committee, has the Company voluntarily established other functional committees?	✓		(2) In addition to the existing Compensation and Audit Committees, the Company established a Sustainable Development Committee (chaired by the President, and comprising three task forces: environmental, social, and corporate governance) on February 25, 2025. As the dedicated office for sustainable development promotion, the committee coordinates all related initiatives and reports regularly to the Board of Directors.	
(3) Has the Company established a methodology for evaluating the performance of its Board of Directors, performed evaluations on an annual basis, submitted the results of such performance evaluation to the Board, and used such as a reference for individual director remuneration and renomination?	✓		(3) The Company has established the Board and Functional Committee Performance Evaluation Procedure, and conducts a board performance evaluation annually. The evaluation includes Board self-assessment, Board member self-assessments, and functional committee self-assessment. The evaluation results for 2025 were reported to the Board on March 11, 2026, serving as a reference for individual compensation and nomination for re-election.	
(4) Does the Company regularly evaluate the independence of the commissioned certified public accountants?	✓		(4) The Company's Audit Committee regularly assesses the independence and competence of attesting CPAs and submits the results to the Board of Directors. Assessment criteria are formulated in accordance with the Certified Public Accountant Act and the Gazette for Professional Ethics Norms of Certified Public Accountants to confirm that, other than fees for attestation and tax services, there are no other financial interests or business relationships between the CPAs and the Company, and CPAs' family members also comply with independence requirements. The Company obtains independence statements from the CPAs and utilizes the Audit Quality Indicators (AQIs) as a basis for CPA appointment. The Audit Committee discussed and approved the most recent assessment results on January 21, 2026. These results were subsequently approved by the Board on the same date,	

Criterion	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons for such
	Yes	No	Summary	
			confirming the independence and competence of the CPAs. See Note 2 for the CPA independence assessment criteria and results.	
4. Does the TWSE/TPEX Listed Company have an appropriate and appropriate number of corporate governance personnel, and has the Company designated a Corporate Governance Senior Officer to deal with corporate governance related affairs (including, but not limited to, providing directors and supervisors with information required for the implementation of their duties; assisting directors and supervisors in complying with the laws and regulations; conducting board meeting and shareholders' meeting related matters; preparing the minutes for board meetings and shareholders' meeting in accordance with the law; etc.)?	✓		The Company appointed a Corporate Governance Supervisor on August 2, 2019, who is responsible for corporate governance-related matters.	None
5. Has the Company established a communications channel and established a designated zone on its website for stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers), and has the Company properly responded to all CSR issues such stakeholders are concerned with?	✓		Functional supervisors communicate with banks, customers, employees, suppliers, and other stakeholders on a daily basis to ensure smooth operations. Regarding investors and regulatory authorities, the Company has established a spokesperson and deputy spokesperson system to address shareholder inquiries. They also comply with information disclosure regulations by uploading necessary announcements and maintaining a "Stakeholder" section on the Company's website to facilitate effective communication channels.	None
6. Has the Company appointed a professional shareholder services agency to deal with shareholder affairs?	✓		The Company has appointed a professional shareholder service agency, Fubon Securities Co., Ltd., to handle different securities matters on behalf of the Company.	None

Criterion	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons for such
	Yes	No	Summary	
7. Disclosures (1) Has the Company established a website for disclosure of the Company's financial, business, and corporate governance? (2) Has the Company adopted other means of disclosure (e.g., creating an English-language website, appointing designated persons for the gathering and disclosure of information, properly implementing a spokesperson system, and posting minutes for the investor conference on the website)? (3) Does the Company announce and report the annual financial report within two months after the end of the fiscal year? Does the Company announce and report the first, second, and third quarter financial reports, as well as monthly operating conditions, well in advance of the required deadlines?	✓ ✓		(1) The Company has a website [www.xac.com.tw], which includes information such as company profile, product introduction, finance, business, investor relations, and corporate governance. (2) The Company has established an English website, with dedicated personnel responsible for the disclosure of public information online. Additionally, there is a spokesperson and a deputy spokesperson system in place, with one spokesperson and one deputy spokesperson appointed. (3) The Company currently submits financial reports and monthly operational updates in accordance with the provisions of the Matters Required to be Handled by Issuers of Listed Securities. Although annual financial reports have not been announced and filed within two months after the end of the fiscal year, they have been completed and announced ahead of the prescribed deadline.	None
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including, but not limited to, employee rights and benefits, employee care, investor relations, supplier relations, stakeholder rights, directors' and supervisors' continuing education, implementation of risk management policies and risk evaluation standards, implementation of customer related policies, and Purchasing liability insurance for directors and supervisors)?	✓		(1) Employee rights and benefits: In addition to establishing an Employee Welfare Committee in accordance with the laws and regulations and implementing a retirement pension system, the Company also provides group insurance for employees. (2) Employee care: The Company places great emphasis on a comfortable and clean working environment, and prioritizes employee safety. Access points are equipped with access card systems, security systems, and surveillance cameras, and regular employee health check-ups are conducted. (3) Investor relations: In accordance with the law, the Company truthfully discloses information on the Market Observation Post System to safeguard the interests of investors. Additionally, the	None

Criterion	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons for such
	Yes	No	Summary	
			<p>Company's website provides contact information for investors as well as spokesperson information, to maintain a positive and harmonious relationship between the Company and shareholders.</p> <p>(4) Supplier relations: Supplier management is a matter of significant importance to the Company. We maintain good communication and interaction with all suppliers, and regularly dispatch experts to guide suppliers in process improvement and enhance quality. This fosters win-win cooperation models.</p> <p>(5) Stakeholder rights: The Company provides channels for stakeholders to voice their concerns and inquiries, both through the Market Observation Post System and the Company's website, where an investor service mailbox is available. In addition to having a spokesperson and deputy spokesperson, we engage our stock affairs agent, Fubon Securities Co., Ltd., to address issues and suggestions from shareholders and stakeholders. In cases involving legal matters, we enlist the assistance of expert lawyers to ensure protection of stakeholders' rights and interests.</p> <p>(6) Director continuing education: Our directors comply with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies regarding the required hours, scope, system, arrangement, and disclosure of continuing education.</p> <p>(7) Implementation of risk management policies and risk evaluation standards; implementation of customer related policies: The Company focuses on its core business and implements different policies in accordance with the law. We have established operational standards and implementation norms to reduce and prevent potential risks. Furthermore, the Company has formulated the Corporate Risk Management Measures to guide our risk control efforts.</p> <p>(8) Implementation of customer related policies: The Company</p>	

Criterion	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons for such										
	Yes	No	Summary											
			<p>maintains a long-standing symbiotic relationship with our customers and adheres to the principle of mutual benefit. We have consistently focused on research and development to manufacture high-quality products with reasonable costs and high added value, earning long-term trust from customers. Over the years, the implementation of these customer policies has proven successful, with the majority of XAC's customers being long-term partners with new projects and business transactions lasting over 5 years.</p> <p>(9) Purchasing liability insurance for directors and supervisors: The Company purchased directors' and executives' liability insurance in June 2025 in accordance with the law.</p>											
<p>9. State of corrective action in response to results of the corporate governance assessment announced by Taiwan Stock Exchange Corporation in the Corporate Governance Center for the most recent fiscal year, and priority for improvement on issues pending further corrective action and related measures.</p> <p>Improvements implemented: The Company has completed preparation of the 2025 Sustainability Report.</p> <p>Priority improvements: The Company plans to release English versions of the Sustainability Report in 2026.</p>														
<p>Note1: Regardless of whether “Yes” or “No” is selected, the implementation status must be explained in the summary column.</p> <p>Note2: CPA independence assessment criteria and results</p> <table border="1"> <thead> <tr> <th>Assessment Criterion</th> <th>Assessment Result</th> </tr> </thead> <tbody> <tr> <td>1. The CPA has no direct or material indirect financial interest in the Company.</td> <td><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</td> </tr> <tr> <td>2. The CPA has no significant close business relationship with the Company.</td> <td><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</td> </tr> <tr> <td>3. The CPA had no potential employment relationship with the Company during the audit.</td> <td><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</td> </tr> <tr> <td>4. The CPA has no lending or borrowing relationship with the Company.</td> <td><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</td> </tr> </tbody> </table>					Assessment Criterion	Assessment Result	1. The CPA has no direct or material indirect financial interest in the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2. The CPA has no significant close business relationship with the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	3. The CPA had no potential employment relationship with the Company during the audit.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	4. The CPA has no lending or borrowing relationship with the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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Criterion	Implementation Status (Note 1)			Deviation from the Corporate Governance Best-Practice Principles for the TWSE/TPEX Listed Companies and reasons for such
	Yes	No	Summary	
5. The CPA has not accepted any gifts or benefits of significant value (i.e., exceeding normal social courtesy) from the Company, its directors, or its managers.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes No	
6. The CPA has not provided audit services to the Company for seven consecutive years.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes No	
7. The CPA does not hold any shares in the Company.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes No	
8. Neither the CPA, his/her spouse or dependents, nor members of the audit team have served as directors, managers, or in positions that could materially affect the audit during the audit period or in the preceding two years, and it has been confirmed that they will not assume such positions during the audit period.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes No	
9. The CPA complies with the independence requirements set out in Bulletin No. 10 of the Gazette for Professional Ethics Norms of Certified Public Accountants and has provided an Independence Declaration.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes No	
10. The Company has taken audit quality indicators (AQI) into consideration when appointing the CPA for the financial statement audit.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes No	

The Company's financial statements for the current year were audited by Archie Cheng and Eric Wu of KPMG in Taiwan. Based on the assessment, both certified public accountants (CPAs) meet the required standards for independence and competency.

(4) If the Company has established a Compensation Committee, its composition, responsibilities, and operating status shall be disclosed:

(1) Information on the members of the Compensation Committee

By identity (Note 1)	Criterion Name	Specialized qualification and experience; independence status	Number of public companies whose Compensation Committee the Company's Compensation Committees are also the members of	Remarks
Independent Director	HUANG, HSU-NAN	Refer to information about the Board members on pages 5–11 of this Annual Report.	3	re-election ; election date: 2025/06/18
Independent Director	SHAE, ZON-YIN		0	Has since stepped down; election date: 2025/06/18
Independent Director	TSENG, CHING-YIH		0	Has since stepped down; election date: 2025/06/18
Independent Director	WANG, HUI-HSIEN		3	Newly appointed; election date: 2025/06/18
Independent Director	CHEN, CHAO-HUA		0	Newly appointed; election date: 2025/06/18

(2) Compensation Committee Operations

1. The Company's Compensation Committee consists of 3 members
2. The term of office for the current Committee members: The term of office is from June 14, 2022 to June 13, 2025 and June 18, 2025 to June 17, 2028 The Compensation Committee convened a total of 5 meetings for the most recent year. The qualifications and attendance of the Committee members are as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%) (Note)	Remarks
Convener	HUANG, HSU-NAN	5	0	100%	re-election ; election date: 2025/06/18
Committee member	SHAE, ZON-YIN	3	0	100%	Has since stepped down; election date: 2025/06/18
Committee member	TSENG, CHING-YIH	3	0	100%	Has since stepped down; election date: 2025/06/18
Independent Director	WANG, HUI-HSIEN	2	0	100%	Newly appointed; election date: 2025/06/18
Independent Director	CHEN, CHAO-HUA	2	0	100%	re-election ; election date: 2025/06/18
Other matters to be recorded:					
1. If the Board of Directors declines to adopt or modifies a recommendation of the Compensation Committee, it shall specify the date of the meeting, term, content of the motion, resolution by the Board of Directors, and the Company's response to the Compensation Committee's opinion (if the remuneration approved by the Board of Directors exceeds the recommendation of the Compensation Committee, the difference and the reasons for the difference shall be disclosed): None.					
2. If any members had dissenting or qualified opinions about a resolution of the Compensation Committee, and such opinions were recorded or provided in writing, the date of the meeting, term, content of the motion, all members' opinions and responses to such opinions shall be specified: None.					

- Note: (1) In the event of a Compensation Committee member resigning before the end of the fiscal year, the resignation date shall be noted in the remarks column. The attendance rate (%) shall be calculated based on the number of Compensation Committee meetings held during the committee members' tenure and their in-person attendance.
- (2) In the event of a Compensation Committee member election before the end of the fiscal year, both the newly elected and dismissed Compensation Committee member shall be listed. In addition, it shall be noted in the remarks column whether the Compensation Committee member is a dismissed, newly elected, or re-elected member, as well as the election date. The attendance rate (%) shall be calculated based on the number of Compensation Committee meetings held during the committee members' tenure and their in-person attendance.

(5) Promotion of sustainable development – implementation status and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such

Promoted matter	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such
	Yes	No	Summary	
1. Does the company establish a governance structure to promote sustainable development, and has the company established an exclusive (or concurrent) unit to promote sustainable development; and has the Board of Directors authorized senior management to handle such and report the supervisory status to the Board of Directors?	✓		The Company formulated its Sustainable Development Committee Charter and officially established the Sustainable Development Committee (chaired by the President, and comprising three task forces: environmental, social, and corporate governance) on February 25, 2025. As the dedicated office for sustainable development promotion, the committee coordinates all related initiatives and reports regularly to the Board of Directors.	None
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and has the company established related risk management policies/strategies? (Note 2)	✓		By following the Procedures for the Preparation and Verification of Sustainability Reports and keeping aligned with the GRI standards, the Company regularly identifies material environmental, social, and governance topics that impact our operations. We also adhere to the Corporate Risk Management Measures to clearly define the responsible offices for specific risk factors. These offices are tasked with implementing risk identification, assessment, control, and monitoring mechanisms to manage the scope of risk, and carry out appropriate response measures for effective risk management.	None
3. Environmental issues (1) Has the company established an appropriate environmental management system in accordance with its industrial characteristics?	✓		(1) The Company's environmental management affairs are overseen by the Administrative Resources Coordination Office. In accordance with environmental protection regulations established by the Ministry of Environment, the Company has formulated relevant environmental management policies. In the second half of 2025, the Company actively promoted the implementation of ISO 14001 and successfully obtained certification in 2026, with a validity period of three years (February 14, 2026 to February 13, 2029).	None

Promoted matter	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such
	Yes	No	Summary	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials that have low impacts on the environment?	✓		<p>The environmental management initiatives completed in 2025 are as follows:</p> <p>In terms of pollution prevention, the Company's wastewater primarily consists of domestic sewage. Regular water sampling and testing are conducted within the facility by the local environmental authority (building management committee) or the wastewater treatment unit within the industrial park to ensure that discharged wastewater complies with regulatory standards and does not cause environmental pollution. In terms of energy and resource conservation, the Company has fully replaced equipment with energy-saving devices (such as energy-efficient lighting and refrigerators), and implemented a daily one-hour lights-off policy during lunch breaks to reduce energy consumption. In terms of waste management, in addition to existing waste sorting practices, the Company has transitioned from paper-based approval applications to a fully digital, paperless system, thereby further reducing waste generation.</p> <p>(2) The Company enhances advocacy for the efficient use of different energy sources and has commissioned qualified vendors to handle recycling and disposal of scrapped items, to promote environmental awareness for a green Earth.</p>	None
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to its present and future business, and does the company take appropriate action to counter climate change issues?	✓		<p>(3) The Company actively promotes energy conservation, carbon reduction, and greenhouse gas emission reduction measures, while encouraging employees to practice energy-saving and carbon-reducing actions.</p>	

Promoted matter	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such																					
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(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on greenhouse gas reduction, water reduction, or waste management?	✓		<p>(4) The Company has implemented optimized air conditioning temperature control to effectively reduce greenhouse gas emissions. Recycling awareness slogans have been displayed in the office area, to encourage staff to develop better waste-sorting habits and thus to promote environmental protection. In addition, the Company has formulated our GHG inventory plan and schedule, established dedicated offices, and conducted an internal inventory in 2025. The resulting data is presented in the table below. The external verification will be completed by the end of June 2026.</p> <table border="1"> <thead> <tr> <th>Items</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Scope 1 Direct Emissions</td> <td>5.6104 metric tons CO2e</td> <td>10.4244 metric tons CO2e</td> </tr> <tr> <td>Scope 2 Indirect Emissions</td> <td>438.8 metric tons CO2e</td> <td>473.06 metric tons CO2e</td> </tr> <tr> <td>Emission Intensity</td> <td>0.3198 metric tons CO2e/NT\$ million</td> <td>0.3146 metric tons CO2e/NT\$ million</td> </tr> <tr> <td>Water Consumption</td> <td>4646 kWh</td> <td>4811 kWh</td> </tr> <tr> <td>Total General Waste</td> <td>1.1 metric tons</td> <td>2.22 metric tons</td> </tr> <tr> <td>Total Hazardous Waste</td> <td>0 metric tons</td> <td>0 metric tons</td> </tr> </tbody> </table>	Items	2024	2025	Scope 1 Direct Emissions	5.6104 metric tons CO2e	10.4244 metric tons CO2e	Scope 2 Indirect Emissions	438.8 metric tons CO2e	473.06 metric tons CO2e	Emission Intensity	0.3198 metric tons CO2e/NT\$ million	0.3146 metric tons CO2e/NT\$ million	Water Consumption	4646 kWh	4811 kWh	Total General Waste	1.1 metric tons	2.22 metric tons	Total Hazardous Waste	0 metric tons	0 metric tons	None
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Promoted matter	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such
	Yes	No	Summary	
<p>4. Social issues</p> <p>(1) Has the company formulated appropriate management policies and procedures in accordance with regulations and the International Bill of Human Rights?</p>	✓		<p>(1) The Company complies with labor laws and respects international labor and human rights standards, including the Slavery and Human Trafficking Statement, RBA Code of Conduct, and the diversity, equity & inclusion (DEI) policy principles. Internal management policies and operating procedures have been established to safeguard employees' fundamental rights and interests.</p> <p>In terms of establishing systems, the Company has formulated management regulations such as the Employee Work Regulations; the Sexual Harassment Prevention, Correction, Complaint and Punishment Measures; and the Written Statement Prohibiting Workplace Violence. We have also established complaint-filing and handling mechanisms to create a work environment built on respect, safety, and security. Additionally, the Company conducts regular human rights training through practical case studies and regulatory analysis to enhance employees' awareness of and ability to prevent workplace discrimination, sexual harassment, bullying, and other human rights issues. Such efforts demonstrate our commitment to human rights protection and compliance with the United Nations Guiding Principles on Business and Human Rights (UNGPs).</p> <p>The Company adheres to principles of equity and non-discrimination, prohibits all forms of forced and child labor, and ensures equal treatment regardless of race, religion, gender, age, nationality, or other personal backgrounds. The Company has achieved a workforce structure where women comprise 55.6% of total employees and 37.8% of managerial personnel,</p>	None

Promoted matter	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such
	Yes	No	Summary	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and are business performance and results reflected in employee salaries?	✓		<p>the participation status and opportunities for women's career advancement at the specialist and management levels. In addition, the Company employs the number of employees with disabilities required by law, fulfilling our commitment to employment equity.</p> <p>The Company's remuneration and benefits systems are based on job responsibilities and individual performance, adhering to the principle of equal pay for equal work, regardless of gender or personal background. In addition, we provide equal promotion and career development opportunities to foster a corporate culture of diversity and inclusion.</p> <p>(2) The Company's Article of Incorporation provide that, if there are profits for the year, 3% to 12% shall be allocated as employee remuneration and no more than 3% as directors' remuneration. However, where the Company has accumulated losses, an amount shall first be reserved to cover such losses. Of the employee remuneration, no less than 20% shall be allocated to non-executive employees. Where accumulated losses remain, they shall be made up accordingly. Recipients of employee remuneration, whether in shares or cash, may include employees of controlled or affiliated companies that meet certain conditions. In addition to explicitly defining profit-sharing and bonus distribution systems in the Articles of Incorporation, the Company has formulated regulations for compensation, benefits, and performance management, and implements KPI-based performance evaluations. To ensure the reasonableness of our compensation and benefits measures, the Company participates in biennial salary surveys conducted by compensation</p>	None

Promoted matter	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such
	Yes	No	Summary	
<p>(3) Does the company provide a healthy and safe working environment and organize trainings on health and safety for its employees on a regular basis?</p> <p>(4) Does the company provide its employees with career development and training plans?</p>	<p>✓</p> <p>✓</p>		<p>consulting firms to compare its salary packages against industry peers. In addition to a clear employee remuneration framework, XAC has implemented comprehensive attendance management and benefits systems to ensure that the Company's operational achievement is fully reflected in employees' compensation systems.</p> <p>To manage paid leave and benefit systems, the Company has formulated the Attendance Management Regulations and established relevant benefits systems. In addition to the categories of leave prescribed by law, the Company also implements a flexible working hour system to meet operating needs and support employee well-being. The current system allows for a 1.5-hour daily flexible arrangement to help employees strike work-life balance, thus paying attention to both operating efficiency and employee needs.</p> <p>(3) Regular (annual) maintenance of firefighting and sanitation equipment is conducted, and annual employee health check-ups are scheduled.</p> <p>(4) The Company places great importance on employees' career development and professional growth. Through specialized skills and competency training, we provide technical training programs annually to meet the requirements of different positions, helping employees enhance their professional expertise and competitiveness. This ensures sustainable development of talent within the organization.</p>	None

Promoted matter	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such
	Yes	No	Summary	
(5) Do the company's products and services comply with laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are consumer protection and grievance procedure policies implemented?	✓		(5) The Company has established a Code of Ethics and adheres to the Responsible Business Alliance (RBA) Code of Conduct to safeguard consumer rights.	None
(6) Does the company implement supplier management policies, requiring suppliers to follow regulations on environmental protection, occupational health and safety, and labor and human rights? What is the implementation status of such?	✓		(6) The Company has established supplier management procedures and requires suppliers to sign RBA declaration letters, declaring compliance with the RBA Code of Conduct.	
5. Does the company refer to internationally-accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as sustainability reports? Are assurances obtained for the reports mentioned above from a third party verification unit?	✓		XAC has prepared our 2024 Sustainability Report in accordance with the GRI Standards, to disclose the Company's non-financial environmental, social, and corporate governance information, and will complete the report's external assurance within the timeframe required by the competent authority.	Where there is consideration of legal or practical necessity, the matter is handled in accordance with the laws and regulations.
6. Describe the difference, if any, between actual practice and the sustainability principles, if the company has implemented such principles based on the Sustainability Development Best Practice Principles for TWSE/TPEX Listed Companies: The Company has formulated the Sustainable Development Best Practice Principles and the Procedures for the Preparation and Verification of Sustainability Reports and continues to fulfill its sustainable development responsibilities. There are no significant differences between the Company's practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.				
7. Other important information regarding the implementation of sustainable development: (1) Environmental Management and Climate Actions 1. Completing the first internal voluntary GHG inventory: In alignment with global regulatory trends and internal carbon reduction requirements, the Company has completed its first annual Organizational GHG Inventory (Scope 1 and Scope 2). The inventory was conducted based on internal calculations to establish the Company's own baseline carbon emission data, which will serve as a reference in response to future customers' needs and carbon reduction strategies. 2. Introducing and establishing ISO 14001 Environmental Management Systems: With the aim of meeting customer requirements and reducing operational compliance risks, the Company has introduced and established ISO 14001 systems, and passed a required external audit. We will maintain the operation of the systems to fulfill our green commitments. 3. Supporting the Earth Hour Movement:				

We supported the Earth Hour Movement by switching off non-essential lighting across our factory sites and encouraging all employees to do the same at home. This campaign achieved a total reduction of 18.19 kg CO₂e, which highlights our practical actions to combat global warming, and reinforces environmental awareness among all XAC members.

(2) Public Welfare and Caring Practices

1. Supporting slow learners' employment and growth:

Organizing the Loving Small Boss Charity Second-hand Goods Market to promote resource recycling and reuse. The Company used funds from donations and charity sales to support the Aiheng Social Welfare Foundation. This campaign is aimed at assisting children with developmental delays in their growth and employment, helping them achieve economic independence and build confidence, and realizing the value of public welfare and environmental protection.

2. Supporting disadvantaged children & youth to move their dreams forward:

We organized the Heartwarming Christmas Party & Charity Second-hand Goods Sale Event, to help make dreams come true. The Company used funds from donations and charity sales to support the House of Dreams education foundation, thus providing educational, well-being, and psychological support to disadvantaged children and young people and fostering inner growth and employment capabilities for them. This campaign is aimed at offering comprehensive companionship, from livelihood assistance to career development, to children in need. Through corporate-led love and care, we help them transform their futures.

Note 1: If "Yes" is selected for implementation status, provide specific details on the major policies, strategies, measures, and their implementation status. If "No" is selected, explain deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such, and outline plans for implementing relevant policies, strategies, and measures in the future.

Note 2: Materiality principles refer to issues related to the environment, society, and corporate governance that have a significant impact on the Company's investors and other stakeholders.

Note 3: Refer to the TWSE (Taiwan Stock Exchange) Corporate Governance Center website for disclosure methods and best practice examples.

(6) Climate-Related Information

Item	Implementation Status
1. Describe the Board of Directors and management's oversight and governance of climate-related risks and opportunities.	The departments under the Company's Corporate Governance Division will conduct greenhouse gas (GHG) inventory operations in accordance with their respective functions. In compliance with Taipei Exchange regulations, beginning in June 2022, the Company reports the GHG inventory and verification schedule to the Board of Directors on a quarterly basis, detailing the timelines for different inventory projects and their implementation progress.
2. Explain how identified climate risks and opportunities impact the company's business, strategy, and financial position (short-term, mid-term, and long-term).	In response to the realities of climate change, the industrial supply chain and market sales conditions will inevitably undergo significant impacts and transformations. The Company's strategic direction is outlined as follows: Short- to mid-term strategies: <ol style="list-style-type: none">1. Implement internal resource conservation measures and design plans aimed at reducing carbon emissions.2. Continuously monitor climate-related issues and regulatory requirements set by the competent authorities.3. The Company has established a Greenhouse Gas Inventory and Verification Schedule, which defines the planned timelines for different tasks. The implementation progress is reported to the Board of Directors on a quarterly basis. Mid- to long-term strategies: <ol style="list-style-type: none">1. Assess the adoption of energy-saving or low-carbon operational equipment to reduce electricity consumption and carbon emissions.2. Continue developing energy-efficient and high-performance products, such as cloud system technologies, to enhance product efficiency and minimize energy consumption for end users.

3. Explain the financial impact of extreme climate events and transition actions.	In response to potential product and industry transformations and adjustments driven by climate change, the Company recognizes the need to incorporate these factors into our financial planning. Continuous risk assessment and systematic management will be essential to effectively address and adapt to these challenges.
4. Explain how the identification, assessment, and management of climate risks are integrated into the overall risk management system.	Enhancing departmental awareness of climate change issues, the Company implements an integrated cross-departmental mechanism to enforce relevant risk management policies. Climate change impact factors are being gradually incorporated into the overall risk management system, with continuous evaluation of their effectiveness and updates to strategies to ensure the Company's sustainable business development.
5. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analytical factors, and key financial impacts.	Currently, the Company has not conducted scenario analysis to assess resilience to climate change risks.
6. If a transition plan for managing climate-related risks is in place, describe the plan's content and the metrics and targets used to identify and manage physical and transition risks.	Currently, the Company has no transition plan in place for managing climate-related risks.
7. If internal carbon pricing is used as a planning tool, explain the basis for price determination.	The Company has not yet adopted internal carbon pricing as a planning tool.
8. If climate-related targets are set, provide information on the covered activities, greenhouse gas emission scopes, planning timeline, and annual progress. If carbon offsets or renewable energy certificates (RECs) are used to achieve these targets, specify the source and quantity of offsets or recs.	The Company is still in the evaluation and planning phase for setting climate-related targets.
9. Greenhouse gas inventory and assurance status, reduction targets, strategies, and specific action plans.	Answered in 1-1 and 1-2.

1-1 Greenhouse gas (ghg) inventory and assurance status for the most recent two years

1-1-1 GHG inventory information: State greenhouse gas (GHG) emissions (metric tons of CO₂e), emission intensity (metric tons of CO₂e per NT\$

million), and data coverage for the most recent two years.

2025 Reporting Boundary: XAC Automation Corporation parent company.

Items	2024	2025
Scope 1 Direct Emissions	5.6104 metric tons CO2e	10.4244 metric tons CO2e
Scope 2 Indirect Emissions	438.8 metric tons CO2e	473.06 metric tons CO2e
Emission Intensity	0.3198 metric tons CO2e/ NT\$ million	0.3146 metric tons CO2e/ NT\$ million
Water Consumption	4646 kWh	4811 kWh
Total General Waste	1.1 metric tons	2.22 metric tons
Total Hazardous Waste	0 metric tons	0 metric tons

The data scope covers direct emissions and indirect emissions from energy, calculated based on the 2025 emission factor benchmark of 0.424 kg CO2/kWh published by the Energy Administration.

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the Company), energy indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions resulting from purchased electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions generated by company activities that do not fall under energy indirect emissions but originate from sources owned or controlled by other entities).

Note 2: The scope of data coverage for direct emissions and energy indirect emissions must comply with the timeline stipulated in the regulations set forth in Article 10, Paragraph 2 of these Guidelines. Disclosure of other indirect emissions information is voluntary.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue; however, at a minimum, data calculated based on revenue (in NT\$ million) must be disclosed.

1-1-2 Greenhouse Gas Assurance Information: Disclose the assurance status for the most recent two years as of the annual report publication date, including the scope of assurance, assurance provider, assurance standards, and assurance opinion.

As of the annual report publication date, the Company has not yet conducted greenhouse gas (GHG) assurance for the most recent two years. The Company will comply with the timeline stipulated in Article 4-1, Paragraph 3 of the Regulations Governing the Preparation and Filing of

Sustainability Reports by TPEX-Listed Companies. As the Company's paid-in capital is less than NT\$5 billion, it is required to complete its GHG inventory assurance starting in 2028 and the consolidated GHG inventory assurance for the parent and subsidiary companies starting in 2029.

Note 1: The assurance process must follow the timeline stipulated in the regulations set forth in Article 10, Paragraph 2 of these Guidelines. If the company is unable to obtain a complete greenhouse gas (GHG) assurance opinion by the annual report publication date, it must indicate that "the complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it must state that "the complete assurance information will be disclosed on the Market Observation Post System (MOPS)" and include the full assurance information in the following year's annual report.

Note 2: The assurance provider must comply with the regulations on sustainability report assurance institutions set forth by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

Note 3: The disclosure content may be made with reference to the best practice examples available on the Corporate Governance Center website of the Taiwan Stock Exchange.

1-2 Greenhouse Gas (GHG) reduction targets, strategies, and specific action plans: State the baseline year for GHG reduction and data for that year, reduction targets, strategies, specific action plans, and the achievement status for the reduction targets.

The Company initiated consulting and advisory services in February 2025 and has designated 2024 as the baseline year. The Company plans to obtain verification from a third-party certification body, TAF, in 2027.

1. Baseline Year for Greenhouse Gas Reduction: 2024.

2. Reduction Targets, Strategies, and Specific Action Plans: Reduce carbon emissions per unit of revenue by **1% annually** compared to the baseline year.

3. Progress on Achieving Reduction Targets:

(1) Performance in 2025 (Internal Inventory Data):

The Company's total greenhouse gas emissions (Scope 1 and Scope 2) for 2025, based on internal voluntary inventory results, amounted to 483.491 metric tons of CO₂e, representing an increase of approximately 13.33% compared to the base year (2024), which recorded 426.611 metric tons of CO₂e. In terms of emissions intensity, calculated based on carbon emissions per unit of revenue, the emissions intensity for 2025 was 0.3146 metric tons of CO₂e per NT\$1 million of revenue, representing an increase of approximately 1.19% compared to the base year level of 0.3109 metric tons of CO₂e per NT\$1 million of revenue. Due to the impact of certain operational variables, the preliminary 2025 results did not achieve the established target of a 1% emissions reduction.

(2) Explanation of Causes and Concrete Actions:

Impact of Operational Growth: During the year, business growth increased revenue to NT\$1,536,687,000, resulting in higher total greenhouse gas emissions due to increased production output. The carbon reduction benefits have not yet fully offset the additional emissions arising from expanded production capacity. Energy Efficiency Optimization: To enhance energy use efficiency, the Company

launched an energy-saving equipment replacement program and completed the replacement of LED lighting fixtures in office and plant areas in Q3 2025 and Q1 2026, respectively. As the 2025 inventory period included energy consumption data prior to the equipment replacement, the related energy-saving benefits are expected to be fully reflected in 2026. The Company will continue to review and adjust its carbon reduction strategies on a rolling basis according to actual operational conditions and progressively implement energy-saving and carbon reduction measures in pursuit of its long-term carbon reduction objectives.

Note:

1. The 2025 data currently represents internal inventory results and has not yet undergone external verification by an independent third-party certification body. The final figures shall be subject to the verified report to be issued in the future. The Company plans to complete external verification by an independent third-party certification body in June 2026.

Note 1: The implementation must follow the timeline stipulated by the order issued in accordance with Paragraph 2, Article 10 of these Guidelines.

Note 2: The baseline year must be the year in which the GHG inventory was completed based on the consolidated financial reporting boundary. For example, in accordance with the order issued under Paragraph 2, Article 10 of these Guidelines, companies with a capital amount of NT\$10 billion or more must complete the fiscal year 2024 GHG inventory by the year 2025. Therefore, the baseline year is 2024. If a company has completed its GHG inventory for the consolidated financial report earlier, it may use the earlier year as the baseline year. Additionally, the data for the baseline year may be calculated based on a single year or an average of multiple years.

Note 3: Reference examples of best practices can be found on the Corporate Governance Center website of the Taiwan Stock Exchange.

(7) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such

Criterion	Implementation Status (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such
	Yes	No	Summary	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Has the Company established an ethical corporate management policy that has been approved by the Board of Directors, and clearly stated the ethical corporate management policy and practices, as well as the commitment of the Board of Directors and the top management to actively implementing management in the Articles of Incorporation and external documents?</p> <p>(2) Has the Company established a mechanism to assess risks of unethical conduct? Does the Company regularly analyze and evaluate the business activities within its scope of business that have a higher risk of unethical conduct? Has the Company accordingly formulated a plan to prevent unethical conduct, covering at a minimum the preventive measures for the acts mentioned in Article 7-2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Within the plan to prevent unethical conduct, has the Company stipulated operating procedures, conduct guidelines, and disciplinary actions against violations, as well as a grievance system? Has the Company</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has established Ethical Corporate Management Best Practice Principles; these were approved by the Board of Directors on November 8, 2023. These Principles are based on integrity management, and include policies to ensure good corporate governance and risk management mechanisms. Different internal regulations have been established to ensure compliance with ethical corporate management and legal requirements, and all directors and managers are required to adhere to them.</p> <p>(2) The Company's Ethical Corporate Management Best Practice Principles specify a business philosophy based on integrity, transparency, and accountability. The Company formulates policies based on integrity and analyzes business activities within its scope for higher risks of dishonest behavior. Additionally, it develops plans to prohibit bribery and corruption. Furthermore, the Company has established regulations such as the Code of Ethical Conduct and the Whistleblowing Procedures to strengthen implementation.</p> <p>(3) The Company clearly stipulates in its Ethical Corporate Management Best Practice Principles and the Code of Ethical Conduct operational norms for integrity management and prevention of dishonest</p>	<p>None</p>

Criterion	Implementation Status (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such
	Yes	No	Summary	
implemented such matters, and does the Company regularly review and revise the aforementioned matters?			behavior. These include operational procedures, behavioral guidelines, education & training, disciplinary measures for violations, and complaint mechanisms. The Company also conducts regular review and revision of the aforementioned norms.	
2. Implementation of Ethical Management				None
(1) Has the Company evaluated its counterparties' records of ethical practice, and has the Company specified business ethics clauses in agreements binding the Company and its counterparties?	✓		(1) In addition to the Ethical Corporate Management Best Practice Principles, the Company has also established a Supplier Code of Conduct, requiring that all business activities of suppliers comply with the norms specified in the Code. Suppliers are prohibited from offering or accepting any improper benefits or violating relevant laws and ethical standards. Additionally, the Company includes clauses on integrity behavior in contracts with trading partners or requires that they provide a declaration of integrity.	
(2) Has the Company established a dedicated office under the Board of Directors to promote ethical corporate management, and to report to the Board of Directors on a regular basis (at least once a year) regarding ethical corporate management policies and plans, in order to prevent unethical conduct and to monitor implementation?	✓		(2) The Company's auditing office shall develop relevant audit plans based on assessments of dishonest behavior risk; regularly audit compliance with the aforementioned systems; report the audit results to senior management and the Corporate Governance Division; and submit audit reports to the Board of Directors.	
(3) Has the Company mapped out the policy for avoidance of conflicts of interest, provided suitable channels for such purpose, and properly pursued the policy?	✓		(3) The Company has established Code of Ethics and the Rules and Procedures of Board Meetings to clearly define policies for preventing conflicts of interest. Additionally, the Company provides different offices' contact information for inquiries,	None

Criterion	Implementation Status (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such
	Yes	No	Summary	
<p>(4) Has the Company established an effective accounting system and internal control system for implementing ethical corporate management? Has the internal auditing unit prepared an audit plan based on the assessment results for unethical conduct risks, and checked compliance with the unethical conduct prevention plan accordingly, or appointed a CPA to conduct the audit?</p> <p>(5) Has the Company organized internal and external trainings on ethical management?</p>	<p>✓</p> <p>✓</p>		<p>communication, and handling related issues, to achieve rapid and effective resolution.</p> <p>(4) The Company has established an effective internal control system, and regularly reviews it to ensure its continuous effectiveness in design and implementation. Internal audit personnel also periodically or aperiodically assess the compliance with internal control systems based on risk assessment results.</p> <p>(5) The Company regularly conducts education and training sessions for directors, managerial officers, employees, appointees, and substantial owners, inviting parties engaged in business activities with the Company to participate. This aims to ensure a comprehensive understanding of the Company's commitment to ethical conduct, policies, preventive measures, and the consequences of engaging in unethical behavior.</p>	
<p>3. The Company's reporting system in action</p> <p>(1) Has the Company established a reporting and reward system and the channels for facilitating the report on unethical practices, and has it appointed designated personnel to handle the subject of reporting?</p> <p>(2) Has the Company created a standard operating procedure (SOP) for investigating reported matters, follow-up measures to be taken after the completion of the investigation, and confidentiality mechanisms?</p>	<p>✓</p> <p>✓</p>		<p>(1) The Company has established a Ethical Corporate Management Best Practice Principles, and discloses it on the Company's website. Employees are encouraged to report any violations of laws, regulations, or ethical standards to the Company and to provide sufficient information for the Company to appropriately address the matter.</p> <p>(2) The Company has established a reporting and handling process for misconduct. The Ethical Corporate Management Best Practice Principles specifies measures and stipulates that whistleblowers'</p>	None

Criterion	Implementation Status (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such
	Yes	No	Summary	
(3) Has the Company taken protection measures to protect informants from improper treatment after they report unethical practices?	✓		data and reports must be kept confidential. (3) The Company will handle reported cases confidentially, allowing anonymous whistleblowing, and will make employees aware that the Company will make every effort to protect the safety of whistleblowers, shielding them from retaliation.	
4. Enhancing Information Disclosure (1) Has the Company disclosed the Ethical Corporate Management Best Practice Principles content and results on its official website and MOPS?	✓		The Company places ethical corporate management regulations and advocacy information on its internal website. The Company also discloses the content and effectiveness of the Ethical Corporate Management Best Practice Principles on its website, as well as summarizing them in the annual shareholders' meeting report, and disclosing them to the Market Observation Post System.	None
5. If the company has established ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, describe any discrepancy between the policies and their implementation: No difference.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): 1. The Company complies with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, regulations for listed companies, and other laws related to commercial activities, as the basis for implementing ethical corporate management. 2. The Company has established the Procedures for Handling Internal Material Information, which stipulates that directors, managers, and employees shall not disclose material non-public information known to them to others. They shall not inquire or collect non-relevant, material, non-public information about the Company from individuals who are aware of such information. They are also prohibited from disclosing material non-public information about the Company to others if it is not obtained in the course of performing their duties.				
Note: Regardless of whether "Yes" or "No" is selected, the implementation status must be explained in the summary column.				

(8) Other important information to facilitate a better understanding of the company's corporate governance operations: None.

(9) Implementation of the internal control system

1. Internal Control Statement: The Company has disclosed the information on the Market Observation Post System, in accordance with the law. For relevant details, please refer to the following index : Market Observation Post System > Single Company > Corporate Governance > Company Rules/Internal Control > Internal Control Statement Announcement
Website: <https://mops.twse.com.tw/mops/#/web/t06sg20>

2. If a certified public accountant (CPA) is engaged to conduct a special audit of the internal control system, its audit report shall be disclosed: Not applicable

(10) Whether there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system in the most recent year or during the current fiscal year preceding the annual report publication date, as well as penalties, primary shortcomings, and conditions for improvement: No such situation exists.

(11) Major resolutions of the shareholders' meeting and the Board meeting for the most recent year and up to the date of publication of the annual report

1. Major shareholders' meeting resolutions and implementation status of such

Meeting Date	Major Resolutions	Implementation Status
Jun. 18, 2025	1. Approval of the 2024 Business Report and Financial Statements.	Following a shareholders' meeting resolution, it has taken effect and been announced on the Market Observation Post System as required by regulations.
	2. Approval of the 2024 earnings distribution proposal.	Following a shareholders' meeting resolution, it has taken effect and been announced on the Market Observation Post System as required by regulations.
	3. Approval of the amendment to the Company's Articles of Incorporation.	Following a shareholders' meeting resolution, it has been announced on the Company's website as well as the Market Observation Post System, and implemented in accordance with the revised procedures.
	4. Approval of the Company's private placement of common shares.	Takes effect following resolution by the shareholders' meeting; offerees have not yet been contacted as of date of publication.

2. Major Board Meeting Resolutions

Meeting Date	Major Resolutions
Jan. 22, 2025	1. Approved the Company's CPA Independence and Competency Assessment Report. 2. Approved entering into foreign exchange (FX) forward contracts with banks for the purpose of engaging in FX forward transactions. 3. Approved the 2025 budgeted profit and loss.
Mar. 12, 2025	1. Approved the proposal for distribution of employee remuneration and directors' remuneration for 2024. 2. Approved the Company's 2024 business report and financial statements. 3. Approved the Company's 2024 earnings distribution proposal. 4. Approved the Company's 2024 Statement of Internal Control. 5. Approved the convening of the Company's 2025 annual general meeting.

Meeting Date	Major Resolutions
April. 30, 2025	<ol style="list-style-type: none"> 1. Approved the review of shareholder proposals. 2. Approved partial amendments to the Company's Articles of Incorporation. 3. Approved the Company's bank credit facilities. 4. Approved the discontinuation of the private placement of common stocks previously approved at the 2024 annual general meeting. 5. Approved the Company's proposed private placement of common stocks. 6. Approved the convening of the Company's 2025 annual general meeting (with additional reporting and agenda items). 7. Approved the ratification of the salary adjustment plan for the Company's managers. 8. Approved the Company's XAC Automation Corporation Managerial Performance Appraisal and Compensation Policy.
May. 6, 2025	<ol style="list-style-type: none"> 1. Approved the submission of the list of director candidates (including independent directors) to the Board of Directors for review. 2. Approved the proposal for the release of directors from non-compete restrictions.
June 18, 2025	<ol style="list-style-type: none"> 1. Approved the election of Edmund Chang as Chairman and the appointment of Hu Hsuan-Tsung as President. 2. Approved the establishment of the Audit Committee and appointment of its members. 3. Approved the establishment of the Compensation Committee and appointment of its members. 4. Approved the non-distribution of cash dividends to shareholders, the setting of the ex-dividend record date, and authorization for the Chairman to adjust the per-share dividend amount based on the number of outstanding shares as of the ex-dividend date, and related matters. 5. Approved the Company's 2024 directors' remuneration. 6. Approved the Company's 2024 managerial employee remuneration.
Aug. 6, 2025	<ol style="list-style-type: none"> 1. Approved the Company's bank credit facilities. 2. Approved amendments to the Company's Regulations for Repurchase of Shares and Transfer to Employees. 3. Approved the Company's proposed implementation of an employee stock ownership trust plan.
Nov. 5, 2025	<ol style="list-style-type: none"> 1. Approved ratification of the Company's 2024 Sustainability Report. 2. Approved amendments to the Company's Procedures for the Preparation and Verification of Sustainability Reports. 3. Approved the 2026 internal audit plan. 4. Approved the Company's bank credit facilities and the proposed execution of foreign exchange forward contracts with banks for FX forward transactions. 5. Approved amendments to the Company's Compensation Management Procedures and to the Salary Adjustment Regulations. 6. Approved amendments to the Company's Regulations for Repurchase of Shares and Transfer to Employees.
Jan. 21, 2026	<ol style="list-style-type: none"> 1. Approved the Company's CPA Independence and Competency Assessment Report. 2. Approved entering into foreign exchange (FX) forward contracts with banks for the purpose of engaging in FX forward transactions. 3. Approved the Company's bank credit facilities. 4. Approved the 2026 budgeted profit and loss. 5. Approved amendments to the Company's Compensation Management Procedures.
March 11, 2026	<ol style="list-style-type: none"> 1. Approved the proposal for distribution of employee remuneration and directors' remuneration for 2025. 2. Approved the Company's 2025 business report and financial statements.

Meeting Date	Major Resolutions
	3. Approved the Company's 2025 earnings distribution proposal. 4. Approved the Company's 2025 Statement of Internal Control. 5. Approved the convening of the Company's 2025 annual general meeting. 6. Approved the appointment and compensation of the Company's Vice President.

- (12) The most recent year and as of the date of the publication of the annual report, major issues of record or written statements made by any director dissenting to important resolutions passed by the Board of Directors: No such situation exists.

4. Certified public accountant (CPA) fee information:

- (1) Certified public accountant (CPA) fee information:

Certified public accountant (CPA) fee information

Unit: NT\$1,000

Name of CPA firm	Name of CPA	CPA audit period	Audit fee	Non-audit fee(Note)	Total	Remarks
KPMG Taiwan	CHENG, CHIH-AN	Jan. 1, 2025 – Dec. 31, 2025	2, 894	1, 876	4, 770	There was no change of a certified public accountant this year.
	WU,CHUN-YUAN					

Note: 1. Tax audit fee: NT\$400,000.

2. Transfer pricing report: NT\$330,000.

3. Application for recognition of income derived from the Republic of China, in accordance with Article 8 of the Income Tax Act service fee: NT\$100,000.

4. 2024 Financial Statement Audit & Attestation in 2025: NT\$16,000.

5. Application for Overpaid Tax Return in 2025: NT\$630,000.

- (2) If the certified public accountant firm changes, and the audit fee paid in the year of such change is reduced from the audit fee of the previous year, the amount of the audit fee before and after such change and the reason for such change shall be disclosed: Not applicable.
- (3) If the audit fee is reduced by more than 10% from last year, then the amount, percentage, and reason for the reduction of the audit fee shall be disclosed: None.

5. Information on CPA Change: None.

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

7. Transfers and pledges of shares under lien, in the most recent year to the date this report was printed, by directors, managerial officers and shareholders holding more than 10% of shares, and any change thereof.

- (1) Changes in shareholdings of directors, managerial officers and major shareholders

The Company has disclosed the information on the Market Observation Post System, in accordance with the law. For relevant details, please refer to the following index: Market Observation Post System > Single Company > Shareholding Changes/Securities Issuance >

Share Transfer Information Inquiry > Post-reporting of Insider Shareholding Changes

Website:https://mops.twse.com.tw/mops/#/web/query6_1

(2) Information on shareholding transferred and shareholding pledged: No such situation exists.

8. Information on shareholders among the top 10 by proportion of shareholding who are related parties (as defined in the Statement of Financial Accounting Standards No. 6) to one another or spouse, kindred within the 2nd degree of kinship

Data as of April 18, 2026

No.	Name (Note 1)	Own shareholdings		Current shareholding by spouse & minor children		Shareholding held through nominees		If there are related parties, spouses, kindred within the 2nd degree of kinship among the top 10 shareholders, give the names and affiliations of such shareholders (Note 3)		Remarks
		Number of shares	Proportion of shares held(Note 2)	Number of shares	Proportion of shares held(Note 2)	Number of shares	Proportion of shares held(Note 2)	Title/Name	Relationship	
1	Heng Li Investment Co., Ltd.(Representative: CHANG, YENG-MING)	4,626,254	4.81%	-	-	-	-	CHANG, YENG-MING	The chairman of Heng Li Investment Co., Ltd. is the Chairman of the Company.	
	CHANG, YENG-MING	3,417,036	3.55%	-	-	-	-	Heng Li Investment Co., Ltd.	The Chairman of the Company is the chairman of Heng Li Investment Co., Ltd.	
2	CHANG, YENG-MING	3,417,036	3.55%	-	-	-	-	Heng Li Investment Co., Ltd.	The Chairman of the Company is the chairman of Heng Li Investment Co., Ltd.	
3	Treasury Stock Repurchase Account of XAC AUTOMATION CORP	3,000,000	3.12%					CHANG, YENG-MING	Chairman	
4	YU, MEI-LING	2,810,000	2.92%	1,588,000	1.65%	-	-	TAI,CHENG-CHIH	Spouse	
5	Fu Li Investment Co., Ltd. (Representative: CHUANG, YUNG-SHUN)	2,050,000	2.13%	-	-	-	-	None	None	
	CHUANG, YUNG-SHUN	-	-	-	-	-	-	None	None	
6	TENG, WAN-SHENG	1,850,111	1.92%	235,438	0.24%	-	-	None	None	
7	CHIU, TAI-CHIEH	1,746,000	1.82%	-	-	-	-	None	None	
8	TAI,CHENG-CHIH	1,588,000	1.65%	2,810,000	2.92%	-	-	YU, MEI-LING	Spouse	
9	Yuan Ching Investment Co., Ltd. (Representative: CHANG, JUNG-CHIN)	1,430,479	1.49%	-	-	-	-	None	None	
	CHANG, JUNG-CHIN	-	-	-	-	-	-	None	None	
10	HUANG, SU-YING	1,008,000	1.05%	-	-	-	-	None	None	

Note 1: All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately.

Note 2: The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees.

Note 3: Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

9. Shares held in the same investee by the Company and Directors, Managerial Officer; direct and indirect subsidiaries in proportion to the combined holdings of the total; and combined overall shareholding ratio.

Mar. 31, 2026 unit: shares; %

Investee (Note 1)	Investment made by the Company		Investment made by directors, managerial officers and direct or indirect subsidiaries		Combined investment	
	Number of shares	Proportion of shares held	Number of shares	Proportion of shares held	Number of shares	Proportion of shares held
Value Investment Ltd.	(Note 2)	100%	0	0	(Note 2)	100%
XAC Automation Corporation (Suzhou)	(Note 2)	100%	0	0	(Note 2)	100%
Zakus, Inc.	200	100%	0	0	200	100%

Note 1: This company adopts the equity method for investment.

Note 2: This is a limited company.

IV. Capital Overview

1. Capital and Shares

(1) Sources of share capital

Period	Price at issuance	Authorized shares capital		Paid-in shares capital		Remarks		
		Number of Shares	Value	Number of Shares	Value	Sources of shares capital	Property other than cash is paid by subscribers	Other
Apr. 1997	10	19,000,000	190,000,000	6,000,000	60,000,000	Establishment of capital NT\$60,000,000	None	Letter Ko-Kuan-Chu-(86) Yuan-Shang-Tzu No. 6449
Dec. 1997	10	19,000,000	190,000,000	10,500,000	105,000,000	Cash capital increase NT\$45,000,000	None	Letter Ko-Kuan-Chu-(87) Yuan-Shang-Tzu No. 000169
Dec. 1998	10	19,000,000	190,000,000	19,000,000	190,000,000	Cash capital increase NT\$85,000,000	None	Letter Ko-Kuan-Chu-(87) Yuan-Shang-Tzu No. 029857
Aug. 1999	10	50,000,000	500,000,000	28,615,000	286,150,000	Earnings transferred to capital increase NT\$96,150,000 (including employee bonus NT\$4,000,000)	None	Letter (88)Tai-Tsai-Cheng-(Yi) No. 54854
Dec. 2000	10	50,000,000	500,000,000	35,263,000	352,630,000	Earnings transferred to capital increase NT\$66,480,000 (including employee bonus NT\$9,250,000)	None	Letter (89)Tai-Tsai-Cheng-(Yi) No. 100077
Sep. 2001	10	50,000,000	500,000,000	47,000,000	470,000,000	Earnings transferred to capital increase NT\$117,370,000 (including employee bonus NT\$11,581,000)	None	Letter (90)Tai-Tsai-Cheng-(Yi) No. 154529
Aug. 2002	10	80,000,000	800,000,000	62,000,000	620,000,000	Earnings transferred to capital increase NT\$150,000,000 (including employee bonus NT\$9,000,000)	None	Letter (91)Tai-Tsai-Cheng-(Yi) No. 0910136217
Aug. 2003	10	85,600,000	856,000,000	76,400,000	764,000,000	Earnings transferred to capital increase NT\$144,000,000 (including employee bonus NT\$20,000,000)	None	Letter (92)Tai-Tsai-Cheng-(Yi) No. 0920130819
Aug. 2004	10	120,000,000	1,200,000,000	89,460,000	894,600,000	Earnings transferred to capital increase NT\$130,600,000 (including employee bonus NT\$16,000,000)	None	Letter Chin-Kuan-Cheng-Yi-Tzu No. 0930130759
Aug. 2005	10	120,000,000	1,200,000,000	94,700,000	947,000,000	Earnings transferred to capital increase NT\$52,400,000 (including employee bonus NT\$7,670,000)	None	Letter Chin-Kuan-Cheng-Yi-Tzu No. 0940126692
Sep. 2006	10	120,000,000	1,200,000,000	91,704,000	917,040,000	Cancelled treasury share NT\$299,600,000	None	Letter Ko-Kuan-Chu-Yuan-Shang-Tzu No. 0950024374
Dec. 2006	10	120,000,000	1,200,000,000	91,987,000	919,870,000	Employee stock option transferred to capital increase NT\$2,830,000	None	Letter Ko-Kuan-Chu-Yuan-Shang-Tzu No. 0960001194
Aug. 2007	10	120,000,000	1,200,000,000	103,129,250	1,031,292,500	Earnings transferred to capital increase NT\$104,300,000 (including employee bonus NT\$9,300,000) Employee stock option transferred to capital increase NT\$7,122,500	None	Letter Ko-Kuan-Chu-Yuan-Shang-Tzu No. 0960024708

Jan. 2008	10	120,000,000	1,200,000,000	103,192,500	1,031,925,000	Employee stock option transferred to capital increase NT\$632,500	None	Letter Ko-Kuan-Chu-Yuan-Shang-Tzu No. 0970003862
Sep. 2008	10	120,000,000	1,200,000,000	100,747,000	1,007,470,000	Employee stock option transferred to capital increase NT\$120,000; Cancelled treasury share NT\$25,900,000	None	Letter Ko-Kuan-Chu-Yuan-Shang-Tzu No. 0970024528
Dec. 2008	10	120,000,000	1,200,000,000	95,747,000	957,470,000	Cancelled treasury share NT\$50,000,000	None	Letter Ko-Kuan-Chu-Yuan-Shang-Tzu No. 0970033866
Mar. 2009	10	120,000,000	1,200,000,000	94,847,000	948,470,000	Cancelled treasury share NT\$9,000,000	None	Letter Ko-Kuan-Chu-Yuan-Shang-Tzu No. 0980008847
Nov. 2009	10	120,000,000	1,200,000,000	94,350,100	943,501,000	Employee stock option transferred to capital increase NT\$450,000; Cancelled treasury share NT\$5,419,000	None	Letter Ko-Kuan-Chu-Yuan-Shang-Tzu No. 0980033492
Mar. 2010	10	120,000,000	1,200,000,000	94,365,100	943,651,000	Employee stock option transferred to capital increase NT\$150,000	None	Letter Ko-Kuan-Chu-Yuan-Shang-Tzu No. 0990006098
June 2010	10	120,000,000	1,200,000,000	94,375,100	943,751,000	Employee stock option transferred to capital increase NT\$100,000	None	Letter Ko-Kuan-Chu-Yuan-Shang-Tzu No. 0990017453
Nov. 2010	10	120,000,000	1,200,000,000	94,451,601	944,516,010	The corporate bonds are converted into NT\$765,010	None	Letter Ko-Kuan-Chu-Yuan-Shang-Tzu No. 0990033744
Apr. 2011	10	120,000,000	1,200,000,000	94,396,601	943,966,010	Cancelled treasury share NT\$550,000	None	Letter Ko-Kuan-Chu-Yuan-Shang-Tzu No. 1000010609
Feb. 2019	10	120,000,000	1,200,000,000	94,746,601	947,466,010	Issuance of new restricted employee shares at NT\$3,500,000 (Reissued free of charge)	None	The declaration of Letter Chin-Kuan-Cheng-Fa-Tzu No. 1070327095 is effective, Letter Chu-Shang-Tzu No. 1080005393
Feb. 2020	10	120,000,000	1,200,000,000	95,826,601	958,266,010	Issuance of new restricted employee shares at NT\$10,800,000 (Reissued free of charge)	None	The declaration of Letter Chin-Kuan-Cheng-Fa-Tzu No. 1080325893 is effective, Letter Chu-Shang-Tzu No. 1090005852
July 2020	10	120,000,000	1,200,000,000	96,396,601	963,966,010	Issuance of new restricted employee shares at NT\$5,700,000 (Reissued free of charge)	None	The declaration of Letter Chin-Kuan-Cheng-Fa-Tzu No. 1080325893 is effective, Letter Chu-Shang-Tzu No. 1090020793
Nov. 2020	10	120,000,000	1,200,000,000	96,283,601	962,836,010	Canceled new restricted employee shares at NT\$1,130,000	None	Letter Chu-Shang-Tzu No. 1090033379
Nov. 2021	10	120,000,000	1,200,000,000	96,213,101	962,131,010	Canceled new restricted employee shares at NT\$705,000	None	Letter Chu-Shang-Tzu No. 1100034113
Nov. 2022	10	120,000,000	1,200,000,000	96,156,201	961,562,010	Canceled new restricted employee shares at NT\$569,000	None	Letter Chu-Shang-Tzu No. 1110037542
Nov. 2023	10	120,000,000	1,200,000,000	96,152,201	961,522,010	Canceled new restricted employee shares at NT\$40,000	None	Letter Chu-Shang-Tzu No. 1120038056

(2) List of Major Shareholders

April 18, 2026

Name of major shareholder	Shares	Shareholding (shares)	Proportion of shares held (%)
Heng Li Investment Co., Ltd.		4,626,254	4.81%
CHANG, YENG-MING		3,417,036	3.55%
Buyback and repurchase account of XAC Automation Corporation		3,000,000	3.12%
YU, MEI-LING		2,810,000	2.92%
Fu Li Investment Co., Ltd.		2,050,000	2.13%
TENG, WAN-SHENG		1,850,111	1.92%
CHIU, TAI-CHIEH		1,746,000	1.82%
TAI, CHENG-CHIH		1,588,000	1.65%
Yuan Ching Investment Co., Ltd.		1,430,479	1.49%
HUANG, SU-YING		1,008,000	1.05%

Note: This table contains the names, shareholdings, and shareholding proportions of the top ten shareholders.

(3) Company Dividend Policy and Implementation Status:

1. Dividend Policy

1-1. Dividends are determined based on the Company's actual profitability level, expansion plan, and ability to adapt to changes in the business environment.

1-2. The distribution of dividends is carried out by the Board of Directors in accordance with the provisions of the Company Act and the Company's Articles of Incorporation: If the Company makes a profit for the year, it must allocate 3% to 12% for employees' remuneration and no more than 3% for directors' remuneration.

No less than 20% of the employee remuneration amount specified in the preceding paragraph shall be allocated as compensation for base-level employees. However, if the Company still has a cumulative loss, the loss must be offset first.

However, if the Company still has accumulated losses, the amount for loss compensation must be reserved in advance. The "employees' remuneration" referred to in the preceding paragraph is distributed as stock or cash, and its recipients include employees of controlled and affiliated companies who meet certain conditions.

If there is a surplus in the annual final accounts of the Company, it must first pay taxes and make up for past losses, then 10% will be allocated as the legal reserve, except in the case where the legal reserve has reached the actual paid-in capital of the Company. Additionally, at the Board of Directors' discretion, a special reserve may be set aside according to the operational needs of the Company and legal provisions. If the Company still has a surplus, the balance should be combined with the undistributed earnings at the beginning of the same period, then the Board of Directors will prepare an earnings distribution plan and submit it to the shareholders' meeting for resolution.

The Company authorizes the Board of Directors to approve the distribution of all or part of the dividends and bonuses in cash via a majority vote at a Board meeting with at least two-thirds of the directors in attendance, and report on such resolution to the shareholders meeting.

- 1-3. The Company's dividend policy is determined in accordance with the provisions of the Company Act and the Company's Articles of Incorporation, and based on factors such as the Company's capital and financial structure, operating conditions, earnings, industry nature, and cycle, as well as earnings after deducting the legal reserve in accordance with the law. Cash dividends have priority in the distribution of earnings, and the earnings may also be distributed in the form of stock dividends, provided that the proportion of stock dividends distributed cannot exceed 50% of the total dividend amount for the current year.
- 1-4. When the Company does not have a loss, in accordance with Article 241 of the Company Act, all or part of the legal reserve and capital reserve shall be distributed in the form of new shares or cash in proportion to the original shareholdings of shareholders. When distributing cash, the Board of Directors is authorized to make a resolution with the approval of the majority of directors at a meeting with at least two-thirds of the directors in attendance, and report on such resolution to the shareholders meeting. When issuing new shares, a resolution of the shareholders meeting must be obtained before distribution.

2. Proposed dividend distribution at the current shareholders meeting

Earnings Distribution for FY2025:

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	5,380,890		
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.

(4) Impact of the proposed free-gratis dividends at this shareholders' meeting on the Company's operating performance and earnings per share:

Not applicable, as there is no free-gratis dividend this time.

(5) Remuneration for Employees and Directors:

1. Percentage or scope of remuneration of employees and directors stated in the Company's Articles of Incorporation:

In accordance with the Company's Articles of Incorporation, in each year where there is a profit, 3% to 12% must be allocated as employees' remuneration and no more than 3% may be allocated as directors' remuneration. However, when the Company still has accumulated losses, the amount for loss compensation must be reserved in advance.

No less than 20% of the employee remuneration amount specified in the preceding paragraph shall be allocated as compensation for base-level employees. However, if the Company still has a cumulative loss, the loss must be offset first.

The "employees' remuneration" referred to in the preceding paragraph is distributed as stock or cash, and its recipients include employees of controlled and affiliated companies who meet certain conditions.

If there is a surplus in the annual final accounts of the Company, it must first pay taxes and make up for past losses, then 10% will be allocated as the legal reserve, except in the case where the legal reserve has reached the actual paid-in capital of the Company. Additionally, at the Board of Directors' discretion, a special reserve may be set aside according to the operational needs of the Company and legal provisions. If the Company still has a surplus, the balance should be combined with the undistributed earnings at the beginning of the

same period, then the Board of Directors will prepare an earnings distribution plan and submit it to the shareholders meeting for resolution. The proportion of stock dividends distributed cannot exceed 50% of the total dividend amount for the current year.

2. Basis for estimating the remuneration of employees and directors in this period, and accounting treatment if employees' remuneration based on the number of shares distributed and the actual distribution amount are different from the estimated amount:

If there is a discrepancy between the actual distribution amount decided by the shareholders meeting in the future and the estimated amount, it shall be considered as a change in accounting estimates and recognized as profit or loss for the next fiscal year.

3. Distribution of remuneration approved by the Board meeting:

- (1) If the amounts of employees' remuneration and directors' remuneration distributed in cash or stock are different from the estimated amount of expenses recognized in the year, the differences, reasons, and handling status must be disclosed:

On March 11, 2026, the Company's Board meeting passed a resolution regarding the distribution of employees' and directors' remuneration: It is proposed to distribute employees' remuneration of NT\$18,357,485 and directors' remuneration of NT\$4,589,371. There is no difference between the proposed allocation amount above and the estimated amount of recognized expenses for the year.

- (2) The amount of employees' remuneration distributed in stock and its proportion to the total of net profit after tax and employees' remuneration in the parent company only or individual financial report for the current period: The Company has not proposed to distribute employees' remuneration in stock, so this is not applicable.

4. The actual distribution of remuneration for employees and directors in the previous year (including the number, amount, and stock price of shares distributed); if there is any discrepancy between the remuneration of employees and directors, explain the differences, reasons, and handling status:

2025 actual earnings distribution to employees and directors did not differ from the amounts approved by the shareholders' meeting and the Board of Directors: Employee compensation, NT\$2,914,925; and director compensation, NT\$728,731.

(6) Repurchase of Company shares:

March 31, 2026

Buyback tranche	9 th
Buyback purpose	Transferred to employees
Buyback period	November 9, 2021 to January 8, 2022
Buyback price interval NT\$	19.00~38.00
Types of shares bought back and quantity (shares)	3,000,000
Amount of shares bought back (NT\$)	82,817,683
Ratio of number of shares bought back to planned number of shares to be bought back (%)	100%
Number of shares already cancelled and transferred (shares)	0
Cumulative holdings of shares in the Company	3,000,000
Proportion of cumulative holdings of shares in the Company to total number of issued shares (%)	3.12%

2. Status of Corporate bond: None

3. Status of preferred share: None

4. Status of the global depository receipts: None

5. Status employee stock options

- (1) The processing status of employee stock option certificates that have not yet expired and their impact on shareholder equity: The Company has no employee stock option certificates that have not yet expired.
- (2) Acquisition and subscription status of managers who have acquired employee stock option certificates: None.
- (3) Acquisition and subscription status of the top ten employees who acquired stock option certificates: None.

6. Status of new restricted employee shares

- (1) For all new restricted employee shares for which the vesting conditions have not yet been met for the full number of shares, the company shall disclose the status up to the date of publication of the annual report and the effect on shareholders' equity: Not applicable.
- (2) Names and acquisition status of managerial officers and of employees who rank among the top ten in the number of new restricted employee shares acquired: Not applicable.

7. Status of Mergers or Acquisitions, or as Assignee of New Shares Issued by Other Companies:None.

8. Fund Utilization Plan Implementation Status

The Company has not issued any funds that are either ongoing or completed within the last three years but whose benefits are not yet evident.

V. Operations Overview

1. Business Content

(1) Business Scope

1. Major Business Content

(1) Research, development, production, processing, and sales of the following products:

- ① Electronic financial transaction terminals and their components.
- ② Transaction data security protection equipment and its components.
- ③ Multifunctional contactless cards, smart cards, magnetic stripe card reader/writer and their components.

(2) Integration of software and hardware systems for the aforementioned products, as well as technical consulting and maintenance services.

(3) Import and export of the aforementioned products.

2. Business proportions:

Unit: Thousand NT\$;%

Product business proportion	2024		2025	
	Amount	Percentage	Amount	Percentage
Card reader/writer	103,490	7.54	136,387	8.88
Transaction data security protection equipment	203,866	14.86	620,051	40.35
Electronic financial transaction terminals and peripherals	805,059	58.68	441,244	28.71
Other products	259,534	18.92	339,005	22.06
Total	1,371,949	100.00	1,536,687	100.00

3. Current Products (Services) of the Company

Product	Applications
Card reader/writer	Supports reading and processing of card data in various formats such as magnetic strips, chips, or contactless cards.
Transaction data security protection equipment	Ensures the security of data transactions through hardware data protection and data encryption algorithms.
Electronic financial transaction terminals	Provides terminal devices for financial transactions to facilitate a multi-application software user environment in addition to supporting multiple communication interfaces.
Self-service financial transaction terminal equipment	Provides self-service financial transaction terminal equipment (payment devices for self-service refueling, food ordering systems, parking kiosks, etc.).

4. New products (services) planned for development by the Company

(1) Continue to develop and support next-generation desktop, handheld, and outdoor self-

service terminal solutions:

- * Built-in integrated card reading function (MSR, SCR, contactless).
 - * Comply with the latest global financial security related designs (PCI, CC, GBIC, APCA, INTERAC, etc.) and support PCI's DSS, PTS, SSF, PIN, P2PE and MPoC security regulations.
 - * Support the latest financial contact and contactless payment transaction related specifications (EMV contact/contactless, PayWave, PayPass, ExpressPay, DPAS, Quick Pass, JSpeedy, Interac Flash, Girocard, CB, EFTPOS, Rupay, Meeza, Mifare, Felica, etc.).
 - * Support NFC applications and value-added services (ApplePay, Google Pay, Samsung Pay, Apple VAS, Google SmartTap, etc.)
 - * Support QR payments (Alipay, WeChat pay, etc.).
 - * In addition to traditional communication interfaces, we provide wireless communication solutions for customers to choose from.
- (2) Develop an efficient and secure Android 12/ Android 14 application platform, and develop desktop, handheld, and unattended transaction terminals based on that platform to support future demand for cloud payment applications.
 - (3) Develop secure payment solutions for increasingly popular tablets and smartphones. In addition to providing corresponding handheld terminals, provide a backend monitoring system that meets PCI SPoC/CpoC/MPoC requirements, to ensure safe and continuous operation for handheld terminals, tablets, or smartphones, as well as the entire payment app system.
 - (4) Continue to develop the Commerce Enabling Platform (CE Platform) and related application systems and services, including Cloud DMS (TMSII/RKI/Remote Diag)/App Store/PCI CPoC/MPoC and other applications and services, in order to meet merchants' system and equipment requirements for all cash flows and logistics.
 - (5) Continue to provide customers with highly weather-resistant, waterproof, dustproof, and explosion-proof outdoor and self-service trading terminals, as well as security module solutions.
 - (6) Develop a self-service operating terminal for the electric vehicle charging station market that has a wide temperature range, high weather resistance, and is waterproof, dustproof, and explosion-proof, as well as related solutions.

(2) Industry overview

1. Current industry status and development

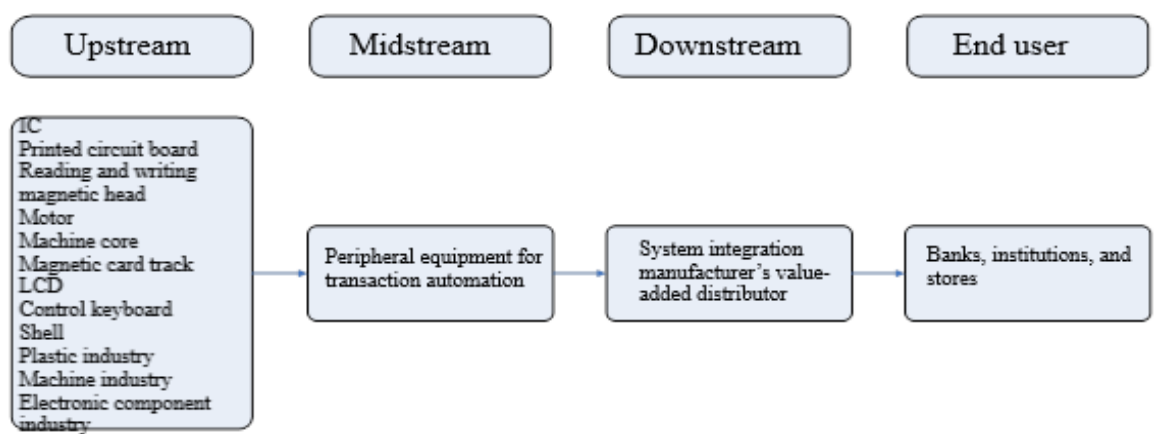
- (1) In terms of products, the traditional desktop magnetic stripe card swiping machine has been transformed into a handheld card swiping device that uses wireless transmission methods such as 3G, 4G, Bluetooth, or WiFi. Additionally, chip cards and contactless cards are becoming more and more widely used worldwide, so terminals with multifunctional integrated features are currently the mainstream in the market. The Company's next-generation products already meet these requirements and have

received good feedback from customers in terms of performance.

- (2) NFC- and QR code-based mobile phone credit cards and mobile phone transaction platforms that can integrate multiple credit cards will gradually replace physical credit cards as the future trend for credit cards. In response to such a new change in the industry, the Company has products ready to respond to the new wave of terminal replacement.
- (3) In response to the popularization of mobile phones and tablets, EMV and PCI are also using mobile devices on the customer side in conjunction with backend security monitoring systems to conduct credit card transactions. The Company has products and systems ready to respond to the business opportunities that are arising from next-generation transaction models.
- (4) Data security and a user-friendly interface have become basic requirements for POS terminals. The next-generation high-performance Android platform developed by the Company in recent years not only provides a secure payment mechanism, but also integrates a user interface for mobile phones and tablets. When it was launched a few years ago, it received unanimous praise in the market. We expect that demand for cloud POS terminals will continue to grow rapidly from this year onward. In response to this trend, the Company will continue to develop cloud POS terminals with more functions to meet the market demand for this product in the coming years.
- (5) Furthermore, client demand is increasingly shifting toward obtaining a total solution, as merely providing products is no longer sufficient to meet these needs. In response to these market changes, the Company offers a total payment solution, which includes payment terminal hardware and software, payment applications, and integrated Cloud DMS solutions (TMSII/RKI/Remote Diag). This comprehensive approach enables the Company to better meet client expectations and requirements.

2. Correlation between Upstream, Midstream and Downstream Industries

The upstream components of XAC's financial transaction automation products can be roughly divided into magnetic heads, integrated circuits, printed circuit boards, LCD displays, control keyboards, and related components. The process involves configuring the relevant components on the printed circuit board and gradually assembling and testing the reading and writing magnetic heads, magnetic card tracks, motors, LCD displays, control keyboards, etc. to ensure product quality. The downstream sales targets are mainly system integration vendors whose ultimate users are banks, stores, etc., which can apply the products to bank transaction systems, store cash register systems, video game consoles, vending machines, online transactions, and data processing systems.



The future product development direction can be divided into transaction data security and confidentiality products, multifunctional IC card readers and writers, and electronic financial transaction terminals.

The key technologies of transaction data security and confidentiality products are data encryption, key management, and physical security protection. The design focus of multifunctional IC card readers and writers is that when in contact, the connecting device driven by the mechanism must have a service life of over 500,000 uses; the security, reliability, privacy, and convenience of electronic financial transaction terminals are the primary requirements, and the ability to connect through various networks is also an important feature under the condition of global circulation. The products have a wide range of applications and can be roughly divided into the three types: banking, POS, and gaming.

3. Product Development Trends:

(1) Transaction data security and confidentiality products

The key technologies that affect such products include data encryption, key management, and physical security protection.

Data encryption technology can be divided into symmetric and asymmetric types. After data is encrypted, the entire encryption security relies on the custody of the key. In terms of key management, there needs to be a good computational method to protect the security of the system; MK/SK and DUKPT methods are common key management methods.

Additionally, in order to prevent the key or verification and transaction information stored in electronic memory from being measured by hackers using advanced electronic devices, physical security protection technology has been further developed to achieve countermeasures to prevent such attacks. Different sensing and monitoring components are used to detect whether the product's shell has been damaged; once the shell is detected to be invaded, the system will erase the key and other information to prevent hackers from succeeding. The Company has patented inventions in physical security protection and has passed major global security verification tests.

In recent years, smart tablets and smartphones have become increasingly popular,

and the mobile payment solutions launched for these products are also competing vigorously (Square, PayPal, Verifone, Ingenico, etc.). The Company is currently launching R&D projects for related products to compete for these new payment applications.

(2) Multifunctional card reading integration platform

With the advancement of technology, in addition to issuing traditional magnetic stripe cards, chip cards, and contactless cards, in recent years, domestic and international card issuers have attempted to issue mobile phone credit cards through the NFC function on mobile phones and the QR code screen display. In response, the Company has also quickly reflected this trend in our product platform planning. In addition to hardware development, software integration and read rate are also the focus of our development.

(3) High weather resistance trading modules for outdoor use

Self-service trading applications are very popular abroad, but because the products not only need to support the latest trading specifications but also must have the ability to operate in harsh environments, there are not many manufacturers who can provide relevant solutions. Owing to our trading security product platform and the design capabilities of our electronic and institutional design team, we are one of the few manufacturers capable of providing high weather resistance trading modules for outdoor use. Since 2016, we have cooperated with Wayne, a leading North American gas station equipment manufacturer, to supply it with all of the payment related modules for its gas machines, thereby becoming one of Wayne's main suppliers.

(4) Electronic financial transaction terminals

Security, reliability, privacy, and convenience are the most important aspects of financial automation systems; additionally, the product must have the ability to circulate around the world and connect through various networks. Especially at present, the O2O (Online to Offline) business model is becoming more and more common, and the demand for cloud POS/terminal and self-service payment devices on the market is also becoming more and more significant; this aligns with our goal of continuous cultivation in this field in recent years.

4. Product Competition

Transaction automation products are considered niche products within the entire information industry, and the competition is not fierce compared with mainstream information products. At present, most of our business models are developed in cooperation with system integration vendors (SI) or value-added distributors (VAR), with a focus on long-term high-quality partnerships based on reliable supply and demand. The supply chain is relatively stable, and there are few competitors.

The main products of electronic financial transaction terminals are credit card authorization terminals and POS keyboards, which can be divided into (1) cash flow processing transactions, such as card swiping for consumption which transmits data to the

issuing bank for debit through the card swiping machine, and (2) POS systems and peripheral products for logistics stores.

The peripheral equipment manufacturers of transaction automation in the market are almost entirely American companies, with the exception of some Japanese companies that have entered the competition. XAC is one of the few professional manufacturers in Taiwan engaged in the manufacturing of electronic financial transaction terminals and related equipment, and our key products include pin pads and kiosks for transaction data security protection, card swiping machines, POS keyboard control boards for electronic financial transactions, and gaming machine assembly. If the market segmentation of our products is based on their final location of use, they can be divided into the following two categories:

(1) Integrated system provider of hypermarket cash flow logistics for large manufacturers such as IBM, Wincor Nixdorf, NCR, and Toshiba.

XAC was originally the only supplier of IBM's point of sale terminal equipment, including input terminal devices such as card readers and keyboards. In 2012, Toshiba acquired IBM's POS terminal business, and XAC is currently one of Toshiba's suppliers.

(2) For single-machine credit card terminal equipment products commonly used in restaurants and shops, the major manufacturers in the market include Verifone and Ingenico. The manufacturing of card swiping machines is a closed oligopoly market, and the entry barrier to the industry lies in obtaining cash flow security certification from major card billing centers in various countries. XAC has surpassed Verifone and works directly with Fiserv, the largest card billing center in North America, as its supplier.

(3) Technology and R&D Overview

1. The R&D expenses for the most recent fiscal year and up to the date of annual report publication

The R&D expenses of the Group for the most recent fiscal year and up to the date of annual report publication are shown in the table below, with an estimated R&D investment of NT\$332,457,000 in 2026.

Unit: Thousand NT\$; %

Item \ Year	2025	As of March 31, 2026
R&D expenses	316,657	80,420
Business revenue	1,536,687	440,875
Ratio %	21	18

2. Technologies or products successfully developed in the most recent fiscal year and up to the date of annual report publication

Year	Major R&D Achievements
2011	<ol style="list-style-type: none"> 1. Contactless card reading devices: <ul style="list-style-type: none"> - Embedded contactless card reading function in terminals and password input devices. - Developed next-generation contactless card reading platform to support diversified contactless specifications of NFC, Felica, etc. - Developed the next-generation contactless antenna module and hardware platform to provide better card reading and processing performance. 2. In addition to PCI PTS v3.0, we are working on the development and establishment of global transaction security platforms (OSeC, ZKA, INTERAC, APCA, etc.). 3. Developed a next-generation outdoor self-service trading security modules (EPP, Secure Hybrid Reader, Contactless Reader, etc.) and self-service trading terminals (terminals & kiosks).
2012	<ol style="list-style-type: none"> 1. PCI3.0+EMV contact & contactless as the focus: Developed a series of devices including desktop, portable, and self-service payment terminals. 2. Development of payment systems and software, including payment applications and terminal management systems (TMS). 3. Rugged product development for outdoor and gas station environments. 4. Payment application security solutions for tablets and smartphones.
2013	<ol style="list-style-type: none"> 1. Developed next-generation integrated trading terminals (PED + MSR + SCR + contactless + QR code). 2. Payment application security solutions for tablets and smartphones. 3. Developed the next-generation high-performance hardware platform. 4. Development of payment system and software, including payment applications and terminal management systems (TMS). 5. Continued providing customers with rugged self-service transaction security module solutions.
2014	<ol style="list-style-type: none"> 1. Developed a series of PCI3.1+EMV 4.3 version devices, including desktop, portable, and self-service payment terminals. 2. Development of payment systems and software, including payment applications and terminal management systems (TMS). 3. Developed the next-generation high-performance hardware platform for secure cloud-based POS. 4. Payment application security solutions for tablets and smartphones.
2015	<ol style="list-style-type: none"> 1. Continued the development of the next-generation high-performance hardware platform for secure cloud-based POS. 2. Developed the next-generation mPOS. 3. Developed PCI 4.0 self-service payment terminal equipment and related security modules. 4. Development of payment systems and software: including payment applications and terminal management systems (TMS).
2016	<ol style="list-style-type: none"> 1. Developed the new-generation high-performance secure cloud-based POS/payment terminal. 2. Developed platforms and products for PCI5.0 desktop, portable, and self-service payment terminal devices. 3. Developed the Payment Gateway system, Mobile Device Management system, and Remote Key Injection system to provide customers with a total solution.

2017	<ol style="list-style-type: none"> 1. Continued the development of the next-generation high-performance secure cloud-based POS/payment terminal. 2. Developed the next-generation efficient indoor and outdoor cloud payment device platforms and products. 3. Continued the development of payment platform related software systems (Gateway, Remote Key Injection and Mobile Device Management) to provide customers with a total solution. 4. Continued to update the PCI and EMV design of the payment terminal system; introduced to all products and obtained certification.
2018	<ol style="list-style-type: none"> 1. Continued to optimize the next-generation high-performance secure cloud-based POS/payment terminal by adding 4G and WiFi dual band communication, upgrading the operating system to Android 8, etc. 2. Continued the development of the next-generation outdoor high-performance cloud payment device platforms, modules and products. 3. Continued to update the PCI and EMV design of the payment terminal system; introduced to all products and obtained certification. 4. Dedicated to planning merchant solutions; developed software and systems such as TMSII/RKL/payment apps.
2019	<ol style="list-style-type: none"> 1. Continued to develop various forms of products and support the delivery of applications for next-generation efficient cloud POS and payment terminal system platforms in order to obtain certification from banks and business operators. 2. Continued to update the PCI and EMV design of the payment terminal system; introduced to all products and obtained certification. 3. Continued to optimize the planning of merchant solutions; and developed the Commerce Enabling Platform (CE Platform) and related application systems and services, including TMSII/MDM/RKL/app store/PCI SPoC&CPoC/cloud logistics service and other application systems and services.
2020	<ol style="list-style-type: none"> 1. Continued to optimize the next-generation efficient Android POS/terminal product platform and continued the development of various forms of products while simultaneously developing payment applications to obtain certification from banks and business operators. 2. Continued to update the PCI and EMV design of payment terminal system; introduced to all products and obtained certification. Continued to optimize merchant solutions and the Commerce Enabling platform; in addition to providing application systems and services such as TMSII/RKL/app store, provided necessary tools and services for hardware products in various stages such as development, installation, and maintenance.
2021	<ol style="list-style-type: none"> 1. Continued the development of the next-generation efficient Android 9 POS/terminal product platforms and continued the development of various forms of products while simultaneously developing payment applications to obtain certification from banks and business operators. 2. Continued to update the PCI and EMV design of payment terminal system; introduced to all products and obtain certification. 3. Continued to develop and optimize merchant solutions and the Commerce Enabling platform; in addition to providing application systems and services such as TMSII/RKL/Cloud RMA, provided necessary systems and services for hardware products in various stages such as development, installation, maintenance, and repair.

2022	<ol style="list-style-type: none"> 1. Continued the development of the next-generation efficient Android 12 Smart POS Terminal product platform and developed various forms of products based on different use cases while simultaneously developing payment applications to obtain certification from banks and business operators. 2. Continued to update the PCI and EMV design of payment terminal system; introduced to all products and obtain certification. 3. Continued to optimize merchant solutions and the Commerce Enabling platform; in addition to providing application systems and services such as Cloud DMS (TMSII/RKI/Remote Diag), provided necessary systems and services for hardware products in various stages such as development, installation, maintenance, and repair.
2023	<ol style="list-style-type: none"> 1. Continued the development of the next-generation efficient Android 12 Smart POS Terminal desktop/handheld/outdoor products while simultaneously developing payment applications to obtain certification from major banks and business operators in North America, the United Kingdom, and other regions. 2. Continued to update the PCI and EMV design of the payment terminal system; introduced to all products and obtain certification. 3. Continued to optimize merchant solutions and the Commerce Enabling platform; in addition to providing application systems and services such as Cloud DMS (TMSII/RKI/Remote Diag) 4. Provided SoftPOS solution (SPoC/CPoC) and completed PCI CPoC certification.
2024	<ol style="list-style-type: none"> 1. Continue developing and optimizing the next-generation high-performance Android 12 Smart POS Terminal for desktop, handheld, and outdoor applications. Additionally, assist clients in developing payment applications and obtaining certifications from major banks and operators in North America, Europe, and Japan. 2. Continuously update PCI and EMV designs for payment terminal systems, integrating these updates across all products and obtaining the necessary certifications. 3. Continue developing the SoftPOS solution (SPoC/CPoC/MPoC) and complete PCI CPoC and MPoC certifications.
2025	<ol style="list-style-type: none"> 1. Develop and optimize the new-generation high-performance Android 14 Smart POS Terminal, a, handheld/outdoor solution. 2. Develop payment applications and obtain certification from major financial institutions and payment operators in North America and Europe. 3. Continuously update payment terminal PCI and EMV designs; implement designs in all products and obtain certifications. 4. Continue development of SoftPOS solution (MPoC) and integration of related applications to complete PCI MPoC certification.

3. Future Research and Development Plans

In view of the rapid development of mobile payment applications in the coming years, in addition to the technical development of the SAIO hardware development platform for payment security and multi-applications, more R&D resources will be invested in products with mobile payment applications as the core, as well as application system technology for cloud services. The key products completed and in progress include:

- (1) Continue the development of next-generation high-performance terminal device platforms: Based on the core operating system of the latest smart mobile devices, which provides the multimedia functionality and better hardware processing efficiency required for advanced terminals.
- (2) Terminal device management system: Research the terminal management system to enable domestic and foreign customers to manage installed terminal devices via internet. The design of this management system is based on cloud services and can be used for internal customer services or converted to SaaS architecture.
- (3) Continue the development of next-generation security modules for outdoor use (EPP, secure hybrid readers, contactless readers, etc.) and self-service terminals and kiosks to

respond to the rapid growth of self-service payment applications in Europe. Research product technologies that comply with transaction security standards; in addition to the already announced PCI PTS v7.x, new products must comply with global transaction security standards (PCI PTS, CC, GBIC, INTERAC, APCA, EFTPOS...) in order to maintain a leading position in the global trend of security technology.

- (4) Contactless trading application products: In view of the rapid global popularity of NFC applications, next-generation contactless trading devices have enormous potential, and the development of new products focuses on:
 - * Build contactless card reading functions into all terminals and password input products.
 - * Develop the next-generation contact card reading platform to support various contactless specifications such as NFC and Felica.
 - * Develop next-generation of contactless antenna modules and hardware platforms to provide better card reading and processing efficiency.
- (5) Continue the development of the next-generation high-performance hardware platform to develop a secure cloud based POS. In addition to integrating existing transaction end functions (PED+MSR+SCR+contactless), simultaneously develop system products such as POS cloud payment applications and the corresponding terminal management system (TMS) to provide customers with more diverse choices that meet their comprehensive needs.
- (6) Provide a total solution for customers to optimize the Commerce Enabling Platform (XCE Platform), including Cloud DMS (terminal management systems, remote key injection systems, remote diagnostic systems, app stores, PCI SPoC/CPoC/MPoC backend systems, and Cloud gateways; obtain certification for PCI DSS, PCI P2PE, PCI PIN, PCI CPoC, and PCI MPoC.

(4) Long and Short-term Business Development Plans

1. Development Strategy

With the trend of mobile internet and the popularization of cloud systems, the development of cloud POS systems based on transaction automation products is the future direction of XAC Automation. The specific strategies are as follows:

(1) Product R&D

- Development of critical components.
- Payment software system technology: Focusing on ZAKUS, accelerate the establishment of payment systems and solution development capabilities through strategic alliances (Fiserv and DFS).
- Cloud business platforms and their required security management and control software systems (including cloud host software).
- Product design techniques for outdoor use specifications.

(2) High quality, elastic, and low-cost commercial product manufacturing system

- Establish the RMA system to provide fast after-sales product service and product quality improvement.
- The decisive point in terms of market share lies in quality.
- Establish a flexible delivery system to meet customer needs.

(3) Establish sales channels for the global market

- Establish strategic partnerships (PSP/SI/VAR) in Europe, US, Japan, and around the world.
- Develop markets in various regions around the world.
- Establish a relationship based on trust among large enterprise users.

2. Short-term Business Development Plan

- (1) The demand for EMV equipment due to the “Counterfeit Loss Responsibility Transfer” initiated by gas stations in 2020.
- (2) Bid for Commerce Enabling platforms/solutions.
- (3) Proactively promote the Android product line in the markets of the Middle East, Latin America, UK, France, US, Asia, and Africa through established channels.

3. Long-term Business Development Plan

Integration of omni channel system data in the retail industry to face the trend of competition in e-commerce is an urgent need. XAC’s “transaction promotion platform based on cloud computing” has officially transitioned to a business model of “providing systems and solutions”. Through this platform, small- and medium-sized retailers can implement optimized operating systems (payment/CRM/inventory) in a SAAS manner and achieve a multi-channel sales model through omni channel integration.

2. Overview of the Market and Production and Sales

(1) Market Analysis

1. Sales Regions of Key Products

Unit: Thousand NT\$

Sales region \ Year		2024		2025	
		Amount	%	Amount	%
Domestic sales		4,153	0.30	14,347	0.93
Export	Americas	957,979	69.83	1,121,902	73.01
	Europe	218,835	15.95	178,124	11.59
	Asia	190,982	13.92	222,314	14.47
	Other	-	-	-	-
Total		1,371,949	100.00	1,536,687	100.00

2. Market Share

The Company is mainly engaged in the research, manufacture, and sale of card reading and writing devices as well as devices for electronic financial trading. The market demand for related products has high growth potential. Currently, there is no specialized research institution in Taiwan to conduct market share surveys. Among similar types of products, the ECR POS has a long-term and close supply partnership with large system integration vendors such as IBM, which has resulted in the stable growth of XAC in the field of financial electronic trading terminal equipment. In the Payment POS sector, we have

collaborated with customers such as Fiserv and DFS (Dover Funding Solutions) and OMRON in recent years to develop new products with our own core technology modules. Although we still face competition in the payment POS sector from internationally renowned companies such as Verifone and Ingenico, due to our early entry into the market with our competitive niche in core technology modules, and our development capabilities in various new products that have gradually received recognition from customers, we can gradually increase our market share by combining customers' promotion of new applications with business in new territories.

As for the smart card and exchange data security module related products, because VISA and other card issuing organizations have jointly developed specifications, we can look forward to the opportunity for significant growth of related products in the coming years. VISA, Master Card, and JCB (the world's three major card issuing organizations) stipulate that their members, banks, and stores can only use products certified by PCI. We have successively passed PCI certification, and in recent years, in addition to our main customers, we have contacted customers in Japan, Central and South America, Europe, Australia, and South Africa regarding the supply of related products. The sales volume continues to grow steadily.

3. Future Supply and Demand Situation and Growth Potential of the Market

(1) Multi-functional Card Reading Integrated Platform

There is no specialized research institution in Taiwan that conducts surveys and studies on card readers/writers and security devices, so there is no objective statistical data on the development of this business. However, these electronic trading products are terminal components of various application systems, and market demand and future development are determined by the effectiveness of various application systems. The better-known applications in the current market include e-commerce, the Taipei City Bus Rapid Transit Ticket Certification System, access control management systems, banking and financial transaction systems, credit card transaction systems, and the national health insurance card and electronic payment systems, which the government vigorously promoted; all of these applications need to be matched with contactless card, IC card, or magnetic card transaction systems.

The global usage of IC cards continues to grow every year with the growth of smart card applications, mainly in finance, telecommunications, mass transportation, healthcare and identity authentication. In response to the growth of IC cards, the demand for card reading and writing devices has also increased at a considerable growth rate.

Due to their anti-counterfeiting and powerful computing and storage capabilities, IC cards can enhance the added functions of logistics and cash flow for stores. In addition, with the joint efforts in specification development by the three major credit card issuing organizations, including VISA, it is currently widely expected that the specifications will be successfully introduced, which will result in many business opportunities for related

products.

In recent years, due to the convenience of contactless cards, contactless card issuance has continued to rise. At the same time, domestic and foreign banks have plans to use the built-in NFC function of mobile phones to issue credit cards. We believe that in the near future, this will create a huge peripheral business opportunity for contactless transactions.

(2) Transaction Data Security Protection Equipment

Both automated trading systems and e-commerce rely on communication networks to transmit transaction data. Ensuring that transaction data is not stolen during online transactions is the main function of this product.

IC cards are currently the most secure storage media known, and in terms of security, they are the most suitable for general users. Their application in the currently popular e-commerce market should have huge development potential.

In view of the fact that the theft of cardholder security information has been detected in the past few years, leading to numerous incidents of counterfeit card fraud, international card companies have formulated strict security testing standards specifically for machines with the password security input function to prevent the occurrence of malicious theft of the card's personal information. They further made it mandatory that stores with acquiring business provide the password input confirmation service, and must use a verified password input device to verify the cardholder. If a store fails to comply with the regulations, leading to theft incidents, the card issuing unit has the right to bear no responsibility for the losses caused by theft.

At present, the main unit in the global development of financial payment data security protection standards is PCI SSC, and the security standards already established include PCI DSS, PCI PA DSS and PCI PED.

VISA, MasterCard, and JCB (the world's three major card issuing organizations) stipulate that their members, banks, and stores may only use products certified by PCI. The transaction security platform used by our products has passed PCI certification and other local transaction security standards (CC, OSeC, GBIC, INTERAC, APCA, PNC, etc.), which is an important achievement of our R&D team in recent years.

(3) Electronic Financial Transaction Terminals and Peripheral Devices

Electronic financial transaction terminals are the end devices that provide financial transactions, which can transmit data to the mainframe, and these machines also have card reader functions. Due to the demand for security, reliability, privacy, and convenience in financial automation systems, they must have the ability to circulate around the world and connect through various networks. Products in this area can be roughly divided into those for banking purposes and those for store purposes (P.O.S).

For banking purposes, electronic financial transaction terminals are at the front of the banking business. They provide an environment that allows customers to complete financial transactions according to their requirements; at the same time, they are business tools that

allow banks to penetrate markets that branch resources cannot cover, for example, credit card authorization terminals.

For store purposes (P.O.S), there has been rapid growth in the transfer card business worldwide in recent years, laying the foundation for the future development of point-of-sale terminals. MasterCard's Maestro and VISA's Interlink systems have been developed abroad, and although Taiwan is still in the early stage, it is one of the regions with the highest penetration rates of ATMs in the Asia Pacific region.

The cash flow automation business is a niche product within the entire information industry, and the competition situation is not as fierce as that of information products. The core of this business is system integration companies, most of which focus on computer systems and application software, and cooperation through ODM is sought for peripheral devices. The applications of cash flow automation are diverse, and most system vendors have their own system standards, leading to the small-quantity but diverse characteristics that peripheral equipment must have. Moreover, the supply and demand relationship is established based on long-term partnerships with high quality and reliability, and the products have a long lifecycle and relatively low price sensitivity, differentiating them from information products, which utilize a quantity-based competition model. Related products such as smart card terminal devices will grow rapidly in the environment of counterfeit cards and other transaction risks, indicating considerable business opportunities. With the business advantage, XAC is actively developing various new technologies and products to attract new customers and markets.

4. Competitive Niches, Favorable and Unfavorable Factors of Development Prospects, and Countermeasures

(1) Favorable Factors

① Firm grasp of the market demand and marketing channels of the product

The management team has accumulated years of marketing experience in the financial automation product market, which targets the market development of this industry to fully grasp customer dynamics. The planning ability of forward-looking products is an important basis for the Company to seize business opportunities. In addition to establishing a good business relationship with Toshiba and Fiserv, we will increase our cooperation partners in the future to reduce risks.

② Understanding of critical components

This includes the development of specialized IC (ASIC), critical components, precision mechanism components, next-generation transaction automation platform technology, and transaction security technology, along with utilization of the infrastructure and precision machining technology of the information electronics industry in Taiwan and Suzhou, in order to maintain high profits and competitiveness through a high ratio for self-manufactured content.

③ Long product lifecycle

The life cycle of financial or store automation transaction related products usually exceeds 3 years, and the focus of product demands is on safe and reliable quality; accordingly, price sensitivity is low, the operational risk of product or inventory depreciation is relatively small, and the profit margin is relatively easy to grasp compared to general consumer products.

- ④ High quality product manufacturing technology and quality assurance system to meet customer needs

Due to the fact that software and hardware products related to financial automation are used in financial transactions with extremely high requirements for security and reliability, any error can cause significant losses. Therefore, product quality is an extremely important competitive condition in this industry. The Company's quality system passed the ISO9001 certification of the Bureau of Standards, Metrology and Inspection in March 1998. The management team has been collaborating with world-class companies such as IBM and Fiserv for many years to establish manufacturing technology for high-quality products. The Company will continue to strive for the improvement of product quality on this basis to ensure that customers are always satisfied.

- ⑤ The R&D team has been deeply cultivating core technologies in the field of transaction automation for a long time, and can grasp the timeliness of product development.

The management team has accumulated years of experience in the research and development of financial automation products, especially mastering electromechanical integration technology and fully understanding the world standards and product specification requirements of large system companies. This gives the Company a considerable advantage in product development time and cost. In the future, we will strengthen the development and promotion of our own products to meet the needs of more customers and a wider range of applications.

(2) Unfavorable Factors

- ① Some components need to rely on imports, such as the supply of magnetic heads being controlled by Japan.

Countermeasures:

- A. Maintain good relationships with suppliers and maintain stable supply conditions.
- B. Search for alternative manufacturers and diversify supply sources to reduce risks.

- ② Difficulty in obtaining professional talents

Due to Taiwan's past emphasis on mainstream electronic products such as computers and ICs, academic and research institutions in Taiwan have mostly developed in this direction, while also attracting numerous talents to be devoted to these fields. This has long led to the exclusion of talents from the financial automation industry, which has made it difficult to obtain talents in this industry in

the past.

Countermeasures:

A. By utilizing various channels to recruit professional talents, the Company established a US subsidiary (R&D base) in 2004 to engage in a technology platform that is more closely aligned with customer needs and industry development trends.

B. Implement an employee profit-sharing system and gradually use incentive tools such as employee stock options and treasury shares after OTC listing to attract new talent and inject new blood.

C. The Company has already imported the PLM system, which utilizes efficient tools to accumulate technical information, experience and knowledge.

③ Exchange rate risk

The demand for financial automation products mainly comes from system integration manufacturers. Many large foreign factories place orders with upstream card reader manufacturers on an OEM/ODM basis, and terminal equipment suppliers then produce and export according to the orders. Export sales (mainly in US dollars) account for a large proportion of the Company's sales, resulting in significant exchange rate risks.

Countermeasures: Strengthen foreign exchange hedging management.

At present, the Company strictly implements relevant procedures and strengthens the monitoring of the Company's net US dollar position assets for foreign exchange hedging in order to reduce the impact of exchange rate fluctuations on profit and loss.

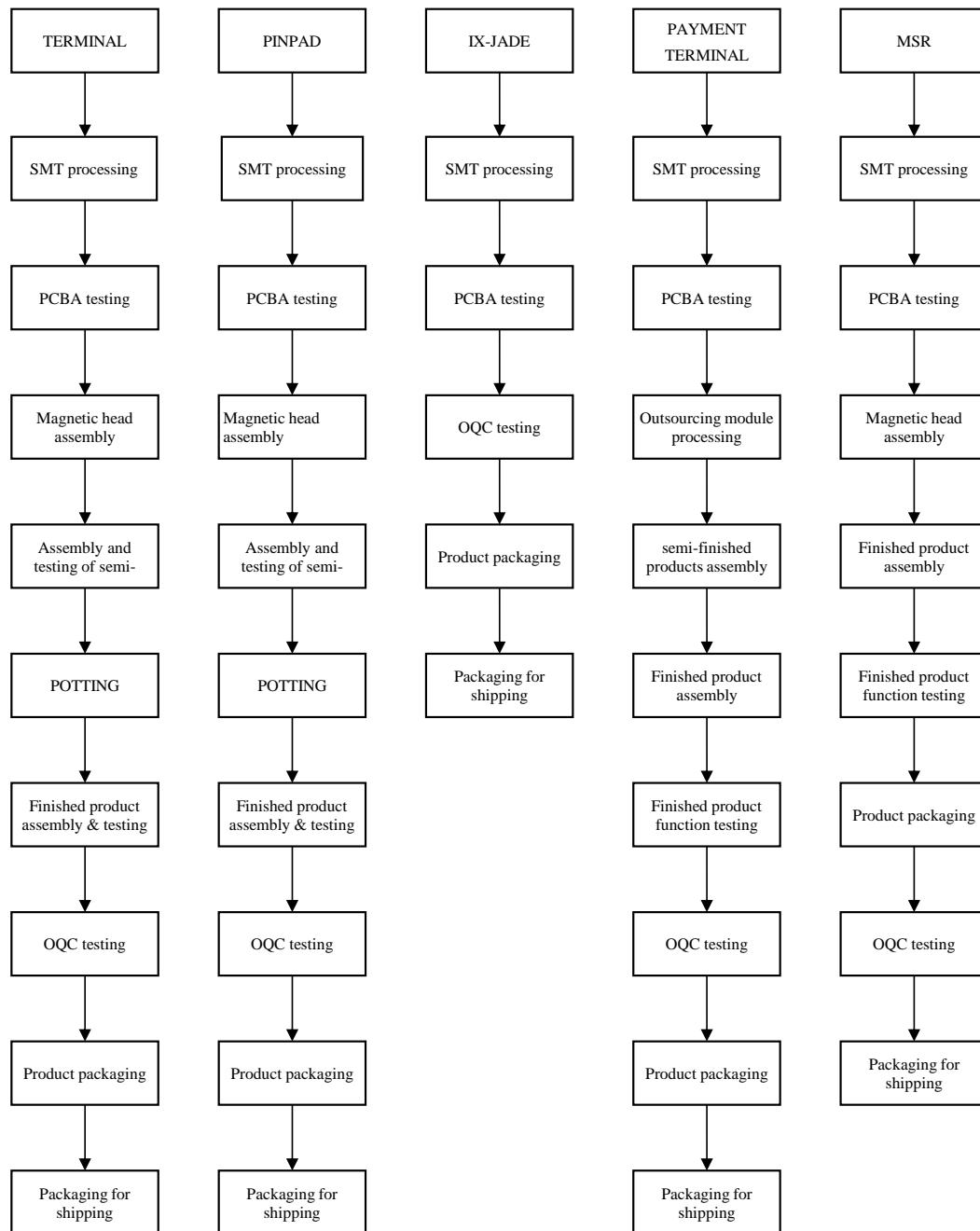
(2) Important Applications and Production Processes of Key Products

1. Important Applications of Key Products

Category	Key product	Applications
Card readers/writers	TTL Reader	Used for writing, reading, and confirming data in passbooks and magnetic cards. Credit card authorization terminals and password input devices.
	Motorized Hybrid Reader and Terminal	Financial card readers/writers, IC cards, and secure data processing; used for financial transactions, access control and password entry devices.
	Manual Insertion Reader	The read/write IC card is used for identity authentication and payment functions of public telephones, gas dispensers, network terminals, etc.
	Smart Card Reader (SCR)	Reads/writes data from IC cards, ATM cards, credit cards, and magnetic strips on passbooks, and transfers the read data to the main computer for processing and utilization.

Transaction data security protection equipment	Kiosk	Non-cash financial transactions, using passbooks, financial cards, IC cards, and electronic wallets for fund transfer.
	Transaction Security Product (TSP)	The main function of this product is to ensure that transaction data is not stolen during online transactions, as both automated trading systems and electronic commerce systems rely on communication networks to transmit transaction data. It encrypts the entered personal password according to DES/RSA standards and sends it to the main computer to prevent personal password theft.
Electronic financial transaction terminals and peripherals	P.O.S. Keyboard Card	Used on keyboards for P.O.S. terminals; can connect magnetic cards and IC card readers to accept credit and financial cards.
	Credit Card Authorization Terminal	Credit card credit investigation and authorized procurement for financial use.
	Electronic Fund Transaction Terminal (EFTT)	Electronic Fund Transaction Terminals (EFTTs) provide terminal devices for conducting financial transactions, which can transmit data to the main frame for processing and utilization.

2. Key Product Production Process



(3) Supply Status of Main Raw Materials

Main Raw Materials	Supply Status
System on Module(SOM)	Good
Plastic Components	Good
LCM	Good

(4) The names of suppliers and customers accounting for more than 10% of total purchases (sales)

in any of the past 2 years (disclosed only by code due to confidentiality contracts signed between the Company and customers), as well as the amount and proportion of their purchases (sales).

1. List of main purchasing customers: None.

2. List of main sales customers:

Unit: Thousand NT\$; %

Item	2024				2025				2026 up to the previous quarter (Note 1)			
	Name	Amount	Proportion of net annual sales (%)	Relationship with the issuer	Name	Amount	Proportion of net annual sales (%)	Relationship with the issuer	Name	Amount	Proportion of net annual sales up to the previous quarter (%)	Relationship with the issuer
1	B	435,864	32	None	B	864,373	56	None	B	316,271	72	None
2	C	308,488	22	None	C	168,148	11	None	C	3,803	1	None
3	E	149,718	11	None	E	182,809	12	None	E	65,118	15	None
6	Other	477,879	35	None	Other	321,357	21	None	Other	55,683	12	None
	Net sales	1,371,949	100		Net sales	1,536,687	100		Net sales	440,875	100	

Note 1: As of the date of publication of the annual report, if a company that is listed or whose stock is traded on securities firm's business premises has had its most recent financial data audited, certified, or reviewed by a CPA, the data shall also be disclosed.

3. Employees

Information on employees in the last two years and as of the publication date of the annual report

Item	Year		2024	2025	Financial information as of March 31, 2026
	2024	2025			
Employee No.	Direct labor		72	76	78
	Indirect labor		281	290	297
	Total		353	365	375
Average age			40	40.33	41
Average seniority			9.65	9.98	10.13
Education Background	Ph. D		0%	0%	0%
	Master		16%	16%	16%
	University/ College		58%	58%	58%
	Senior high school		15%	15%	15%
	Below senior high school		11%	11%	11%

4. Environmental Expenditure Information

(1) For the year 2025 and up to the printing date of the annual report, any losses incurred due to environmental pollution (including compensation and findings of violations of environmental

protection regulations) must be disclosed. This includes specifying the date of the penalty, penalty reference number, violated regulations, violation details, and penalty content. Additionally, disclose the estimated current and future amounts and response measures for any potential incidents. If these are not reasonably estimable, explain the reasons for the inability to provide a reasonable estimate: For the year 2025 and up to the printing date of the annual report, the Company did not incur any losses or penalties due to environmental pollution.

- (2) The impact of the current pollution situation and improvements to it on the company's earnings, competitive position, and capital expenditure, as well as the major environmental capital expenditures expected in the next two years: For the year 2025 and up to the printing date of the annual report, the Company has not experienced any environmental pollution incidents.
- (3) In response to the EU environmental directive (ROHS), whether the company directly or indirectly exports to Europe or is not involved in the EU environmental directive: The Company has fully implemented lead-free materials and lead-free product production in response to the EU environmental directive (ROHS).
- (4) The Company is in a part of the high-tech industry with low pollution levels. Coupled with the presence of sewage treatment plants and other environmentally friendly pollution prevention and control equipment in the Science Park, the living and working environment is excellent.

5. Labor-Management Relations

- (1) Employee benefits, continuing education, training, retirement system, and implementation status, as well as labor-management agreements and employee rights protection measures:
 1. Compensation system: The Company offers a competitive compensation structure, including monthly salaries, year-end bonuses, employee compensation/salary adjustment policies, and employee stock ownership trust based on the Company's annual profitability.
 2. Education and recreation: Employees receive full subsidies for training courses, along with group travel subsidies, holiday bonuses, year-end banquets, bonuses for the three major festivals, birthday bonuses, and financial support for marriage, childbirth, and bereavement events. The Company also provides club activity subsidies, encouraging employees to participate in all sorts of leisure and sports clubs.
 3. Diversity and equality: The Company is committed to providing a dignified and safe work environment. An anonymous suggestion box is available to facilitate communication and allow employees to express their suggestions and concerns. The Company ensures non-discrimination based on race, gender, religion, age, or political beliefs. Furthermore, clear measures for the prevention of sexual harassment have been established, including a complaint and disciplinary mechanism, which is regularly communicated in labor-management meetings.
 4. Implementation of the retirement system:

The Company has established a retirement plan in accordance with the Labor Standards Act. We allocate 2.5% of total employee salaries to a retirement fund, which is deposited in a dedicated account at Taiwan Bank under the Labor Retirement Reserve Supervisory Committee's name, in compliance with Article 2 of the Ministry of the Interior's Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds.

The Labor Pension Act, effective July 1, 2005, adopts a defined contribution system. Employees may choose to follow the retirement provisions under the Labor Standards Act or opt for the new pension system under the Labor Pension Act, while retaining their service years accrued before its implementation. For employees under the Labor Pension Act, the Company contributes 6% of their monthly wages to their individual labor insurance pension accounts on a monthly basis.

(2) Employee Continuing Education and Training System:

To ensure that all Company operations are carried out by well-trained and skilled personnel, and thus to guarantee the quality of work and improving efficiency, the Company has formulated employee continuing education and training policies based on the ISO principles. In accordance with these policies, we develop training plans for employees and review the outcomes of different training programs.

1. Annual Training Plan and Budget Allocation

The accumulation of employee education and training or work experience, and verification of employee compliance with qualification standards, is reviewed by the immediate supervisor and approved by the head of the corresponding department to grant specializations. The department supervisor, at the end of each year, in accordance with the operational needs for the following year, plans the annual employee training program, and compiles different training courses and training budgets. These include technical trainings compiled by specific business units, and management courses compiled by the HR department. The implementation of different education and training programs primarily consists of pre-employment training for new recruits and training for current employees.

2. Review of Training Results

At the end of each quarter, the Company conducts reviews of each department's training results. These reviews serve as the basis for organizing training courses and making adjustments for the following quarter. Additionally, an annual review of training results is conducted at the end of each year, providing reference for compiling the next year's training plan.

3. Employee Training Expenditure in 2025

In 2025, the Company incurred a total of approximately 3,471.5 hours of employee training for an annual expenditure of approximately NT\$410,000.

4. Estimated Employee Training Budget for 2026

The budget for 2026 annual employee training is approximately NT\$283,000, which is lower than last year's training expense level, primarily due to adjustments in the annual training plan.

The Company will remain committed to providing comprehensive training programs in alignment with our development needs and talent cultivation plans.

- (3) The Company's personnel related to financial information transparency have obtained the following certifications designated by regulatory authorities:

Certificate of Competency in Basic Internal Control Assessment for Enterprises organized by the Securities and Futures Institute (SFI), obtained by: HSU, JEN-CHIEN, Corporate Governance Officer and Accounting Supervisor; CHANG, MENG-YI, Financial Supervisor and Acting Accounting Supervisor

- (4) In the most recent year and up to the date of printing of the annual report, if there have been losses incurred due to labor disputes (including violations of the Labor Standards Act), details regarding the date of penalty, penalty reference number, violated articles of regulations, the content of violations, penalty content, current or future estimated amounts, or mitigation measures must be disclosed. If it is impossible to provide a reasonable estimate, the reason for such outcome must be stated: There have been no losses incurred due to labor disputes, including due to violations of the Labor Standards Act.

(5) Continuing Education and Training for Managerial Officers Corporate Governance Issues:

Job Title	Name	Training Date	Organizer	Course Name	Training Hours
Corporate Governance Officer and Accounting Supervisor	HSU, JEN-CHIEN	Sep. 12, 2025	Accounting Research and Development Foundation	Management of Sustainability-related Information: Focuses for Internal Controls/Auditing and Practical Case Studies	6
		Sep. 24, 2025	Accounting Research and Development Foundation	Workshop on Sustainability Reporting and Filing Practices	6
		Oct. 17, 2025	The Institute of Internal Auditors-Chinese Taiwan	Key Internal Control and Audit Considerations You Need to Know Regarding IFRS S1 S2 and Associated Impacts	6
		Oct. 1, 2025	The Institute of Internal Auditors-Chinese Taiwan	Analyzing Regulatory Compliance and Audit Focuses for Boards and Functional Committees (Audit & Compensation)	6
		Nov. 21, 2025	Accounting Research and Development Foundation	Analyzing Internal Control Management Practices for Corporate GHG Inventories	6
		Nov. 21, 2025	The Institute of Internal Auditors-Chinese Taiwan	Case Analysis for Audit, Finance, and Accounting Professionals' Legal Breaches, and the Way to Respond	6

		Dec. 3, 2025	The Institute of Internal Auditors-Chinese Taiwan	The Latest Revisions to the Regulations Governing Establishment of Internal Control Systems and Related Internal Audit/Control Compliance Practices When Preparing Financial Statements	6
Financial Supervisor	CHANG, MENG-YI	Aug. 14, 2025 -Aug.15, 2025	Accounting Research and Development Foundation	Continuing Training for Principal Accounting Officers in Issuers, Securities Firms, and Securities Exchanges	12

(6) Agreements between Labor and Management:

The Company adheres to all labor laws and regulations to uphold employee rights, demonstrating integrity and a sincere commitment to humane management practices. With mutual trust and respect between the Company and its employees, we maintain a positive labor-management relationship, free from major disputes. Additionally, the Company has established an Employee Welfare Committee responsible for handling different employee welfare matters, and regularly organizes activities to foster a harmonious work environment and enhance employee morale.

(7) Status of Measures to Protect Employee Rights:

The Company has well-established regulations to safeguard employee rights, and regularly reviews and enhances different welfare measures to ensure maximum protection of employee rights.

(8) Measures to Protect Workplace Environment and Employee Personal Safety:

Item	Content
Access Security	<ol style="list-style-type: none"> 1. A strict access control surveillance system is in place day and night. 2. Security companies are contracted to maintain office and factory area security during nights and holidays. 3. Regularly review the authorized access list, to ensure access card validity.
Equipment Maintenance and Inspection	<ol style="list-style-type: none"> 1. In accordance with the Regulations for Certification and Reporting of Building Public Safety Inspections, a professional company is commissioned every two years to conduct safety inspections. 2. In accordance with the Fire Services Act, external fire safety inspections are conducted annually. 3. Following the company's Occupational Health and Safety Guidelines, equipment such as electrical, air conditioning, fire protection, elevators, and compressors are maintained and inspected on a daily, monthly, quarterly, semi-annual, and annual basis. 4. Environmental testing is conducted semi-annually. 5. A contract with an external specialized vendor is established for the maintenance and emergency response of electrical equipment.
Disaster Prevention Measures and Response	<ol style="list-style-type: none"> 1. The Company has established a fire protection team, and conducts fire drills every six months. 2. The Company is a member of the Civil Defense Protection Team, and sends representatives to participate in training seminars annually. 3. The Company has developed comprehensive guidelines for disaster prevention and emergency response and related accident reporting procedures such as the Fire

	<p>Safety Plan, Hazard Communication Plan, Disaster Emergency Response Plan, Occupational Safety and Health Work Rules, and Workplace Environment Monitoring Plan. These will help us respond to major disasters and accidents.</p>
Physiological Health	<ol style="list-style-type: none"> 1. Health examination system: To ensure employee health, new employees are required to undergo a physical examination. Current employees receive regular general health check-ups and special occupational health examinations in accordance with the Occupational Safety and Health Act, ensuring continuous monitoring and management of their health status. 2. Workplace Hygiene: Smoking bans in the workplace are implemented as required; health seminars and CPR training sessions are organized; daily office environment cleaning and regularly workspace disinfection is performed. 3. Regular On-site Medical and Nursing Services: On-site physician and nurse visits are scheduled on a monthly basis. Health risk and workplace risk assessments are conducted based on employee health check-up results. Case management and four major health management programs are implemented, including maternal health protection and prevention of work-related illnesses.
Mental Health	<ol style="list-style-type: none"> 1. Education and Training: Employees are provided with internal and external training courses on psychological adjustment, stress management, communication skills, workplace bullying prevention, and gender equality to enhance their psychological resilience and adaptability. 2. Club activities: Annual subsidies are provided for club activities, encouraging employees to participate in all sorts of recreational and sports clubs to promote physical and mental well-being as well as peer interaction. 3. Feedback and support mechanism: A suggestion box is established to provide an anonymous communication channel to encourage employees to share their suggestions and express their emotions. New employees receive supportive counseling to help them smoothly adapt to the workplace environment. 4. Prevention of Sexual Harassment: Measures are implemented in accordance with Ministry of Health and Welfare regulations. Advocacy discussions and announcements are conducted during labor-management meetings. Procedures are established for reporting and disciplining sexual harassment, and complaint channels are provided. 5. Prevention of Workplace Bullying: A declaration and complaint mechanism to prohibit workplace violence is established in accordance with regulations outlined in Occupational Safety and Health Act.
Insurance and Medical Assistance	<ol style="list-style-type: none"> 1. Employees are insured under Labor Insurance (including Occupational Accident Insurance) and National Health Insurance in accordance with legal requirements to ensure basic protection. 2. In collaboration with insurance companies, the Company provides employees with group life insurance, accident insurance, medical insurance, and cancer insurance, to enhance coverage. 3. Preferential insurance plans covering accident insurance, medical insurance, and cancer insurance are offered for employees' dependents, strengthening family protection.

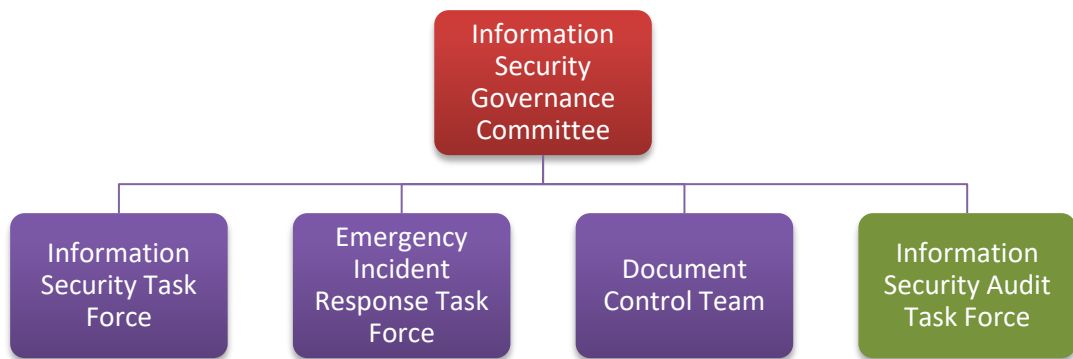
6. Cyber Security Management

(1) Cyber Security Management Strategy and Framework:

In order to maintain the effective implementation of the information security management system, ensure the continuous and stable operation of information security management, and improve overall information security, the Company has established an information security management organization to guide the development direction of the Company's information security and demonstrate support at the management level. We have also formulated an information security organizational structure and information security responsibilities of relevant personnel for their reference and compliance.

In order to establish a complete Information Security Management System (ISMS) and promote the continuous certification of the international information security management system in various factories, the Company introduced ISO27001 in 2014 and obtained the certificate in 2015, and has been continuously maintaining its effectiveness. The most recent certificate is valid from September 2024 to September 2027.

1. Information Security Governance Organizational Chart



2. Information security governance roles and responsibilities chart

Members and qualifications/selection requirements of the information security governance committee:

Role	Number of members		Responsibilities
Information Security Governance Committee	Convener	1 member	Position held by the Chief Information Security Officer (CISO).
	Committee members	9 members	Position held by department-level supervisors. When necessary, the convener of the Information Security Governance Committee may adjust the number of members.
Information Security Task Force	Team Leader	1 member	Position held by a suitable candidate designated by the Information Security Department or the convener of the Information Security Governance Committee.

	Team members	42 members	Position held by personnel familiar with the department's core operations, designated by each member of the Information Security Governance Committee. If necessary, other departmental staff may also assume the role concurrently.
Emergency Incident Response Task Force	Team Leader	1 member	Appointed by the convener of the Information Security Governance Committee.
	Team members	Multiple members	Organized as a task force, with actual composition determined in accordance with the Information Security Incident Management Procedures.
Information Security Audit Task Force	Team Leader	1 member	Appointed by the convener of the Information Security Governance Committee.
	Team members	6 members	(1) Appointed by the Team Leader of the Information Security Audit Task Force. (2) Members must meet the training requirements for Designated Operations Personnel as specified in the Employee Training Procedure or otherwise be appropriate personnel.
Document Control Team			Position held by the Design Service Management Department.

3. The main responsibilities of Information Security Governance Committee and the specific Task Forces:

- A. Convener of the Information Security Governance Committee:
- Approve information security policies and common guiding principles.
 - Coordinate and promote information security management matters across departments.
 - Make decisions and manage resource allocation for information security management affairs.
 - Review the implementation status of the information security management system and oversee non-compliance issues.
 - Coordinate and promote information security management matters across departments.
 - Serve as the statutory information security officer.
- B. Members of the Information Security Governance Committee:
- Assist the Convener of the Information Security Governance Committee in handling matters related to the information security management system.
 - Supervise and review the effectiveness of information security management system implementation in each department.
 - Implement tasks related to the information security management system as assigned by the Convener of the Information Security Governance Committee.
- C. Information Security Promotion Task Force:
- Formulate and revise management documents related to the information security management system.
 - Develop operational procedures and measures for information security.
 - Conduct risk management operations for information assets.
 - Promote information security education and training initiatives.
 - Maintain records, forms, and inventories related to information security.
 - Review and track the preservation and management of various records.

The task force leader serves as the statutory information security officer.

Handle operations related to information security incident management.

D. Emergency Incident Response Task Force:

Handle operations related to information security incident management.

Develop and conduct drills for the information security business continuity plan.

E. Information Security Audit Task Force:

Conduct audits related to information security.

Review and track implementation of corrective and preventive measures.

Report on the implementation of information security audit-related matters.

F. Document and Data Management Center:

Implement tasks related to the control, version management, numbering, issuance, preservation, and decommissioning of documents within the information security management system.

Maintain the accuracy of the information security management system documents and document structure.

(2) Major information security incidents in the most recent fiscal year and up to the date of annual report publication: The Company has had no such incidents.

7. Important Contracts

None.

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

1. Financial Position

Comparative analysis for financial position

Unit: Thousand NT\$

Item \ Year	2024	2025	Variation	
			Amount	%
Current assets	1,721,697	1,548,473	(173,224)	(10.06)
Non-current liabilities	244,437	228,400	(16,037)	(6.56)
Total assets	1,966,134	1,776,873	(189,261)	(9.63)
Current liabilities	660,531	363,252	(297,279)	(45.01)
Non-current liabilities	71,364	62,039	(9,325)	(13.07)
Total liabilities	731,895	425,291	(306,604)	(41.89)
Common share- share capital	961,522	961,522	—	0.00
Capital reserve	82,291	82,291	—	0.00
Retained earnings	265,252	392,071	126,819	47.81
Other Equity	7,992	(1,484)	(9,476)	118.57
Treasury share	(82,818)	(82,818)	—	0.00
Total shareholders equity	1,234,239	1,351,582	117,343	9.51
<p>The major reasons for major changes in assets, liabilities, and shareholders' equity in the recent most two years (changes of more than 20% between a previous and later period where the amount of changes reaches NT\$10 million) and their impacts and future response plans shall be explained:</p> <ol style="list-style-type: none"> (1) Current liabilities: Decreased mainly due to the payment of arbitration losses, resulting in a reduction in provisions - current. (2) Retained earnings: Increased due to profit for the current period. (3) Other equity: Decreased mainly due to a reduction in exchange differences arising from the translation of foreign operations' financial statements. (4) With other items, as the changes did not reach 20% and the amount of change reached NT\$10 million, they are therefore exempt from analysis in accordance with the regulations. 				

2. Financial performance

(1) Financial performance analysis

Unit: Thousand NT\$

Item	Year		Increase (decrease) amount	Variation ratio%
	2024	2025		
Net operating revenue	1,371,949	1,536,687	164,738	12.01
Operating cost	900,839	867,896	(32,943)	(3.66)
Gross operating profit	471,110	668,791	197,681	41.96
Operating expense	443,228	473,779	30,551	6.89
Net operating profit	27,882	195,012	167,130	599.42
Non-operating revenue and expense	12,681	(4,188)	(16,869)	(133.03)
Net profit before tax	40,563	190,824	150,261	370.44
Income tax expense	7,708	32,969	25,261	327.72
Net profit for the period	32,855	157,855	125,000	380.46
Other comprehensive income for the period	26,289	(7,909)	(34,198)	(130.08)
Total comprehensive income for the period	59,144	149,946	90,802	153.53

Analysis of changes in the proportion of increase and decrease over the past 2 years:

- (1) Gross profit and operating income: Increased mainly due to a higher proportion of high-margin products sold during the period.
- (2) Non-operating income and expenses: Increased mainly due to foreign exchange losses.
- (3) Income tax expense: Increased mainly due to profit for the current period.
- (4) Other comprehensive income (loss) for the period: Decreased mainly due to a reduction in exchange differences arising from the translation of foreign operations.
- (5) For other items, the changes did not reach 20%, and they are therefore exempt from analysis in accordance with the regulations.

(2) Expected sales volume and its basis, potential impact on the Company's future financial operations, and countermeasures:

The Company does not need to compile a public financial forecast, so this is not applicable.

3. Cash flow

(1) Analysis status for the cash flow changes during the most recent year:

Unit: Thousand NT\$

Beginning of year cash balance	Net cash outflow used in operating activities for the whole year	Net cash outflow from investing and financing activities for the whole year	Impact of exchange rate changes	Cash surplus	Remediation measures of estimated cash insufficiency	
					Investment	Wealth management
743,132	(189,798)	(30,409)	(47,896)	475,029	—	—

- Analysis of changes in cash flow for the current year
 1. Cash Inflow from Operating Activities – NT\$189,798,000: Mainly due to the payment of arbitration compensation.
 2. Cash Inflow from Investing Activities – NT\$14,970,000: Mainly due to a decrease in financial assets measured at amortized cost.
 3. Cash Outflow from Financing Activities – NT\$45,379,000: Mainly due to the distribution of cash dividends.

(2) Cash liquidity analysis for the next year:

The Company plans to continue investing in research and development in 2026, with net profit expected to contribute to an increase in net cash inflows from operating activities. Additionally, as of now, both accounts receivable and inventory turnover efficiency are well managed. Therefore, there is no concern of cash shortages in the coming year.

4. Impact of significant capital expenditures on financial operations in the recent fiscal year: None.

5. Recent investment policies, main reasons for profit or loss, improvement plans, and investment plans for the next year

- (1) Reinvestment policy: Consider the perspective of the entire company, make good use of subsidiary resources, and pursue synergy through layout planning. The management policy is in compliance with that formulated by the parent company, and the operational details are authorized to be tailored to the local conditions by the subsidiary. However, responsible personnel will oversee the integration of various functions. Among internal control related procedures, the “Procedures for Acquisition or Disposal of Assets” and the “Subsidiary Supervision Measures” are used as the management basis for reinvestment businesses.
- (2) Main reasons for the profit or loss in reinvestment businesses in the most recent fiscal year and improvement plans:

Reinvestment Analysis Table

Explanation Item	Amount	Policy	Main reasons for profit or loss	Improve ment plans	Other future investment plans the next year
Value Investment Ltd.	168,889	Established a second manufacturing base in mainland China through the holding company to reduce manufacturing costs.	The investee recorded a net loss of NT\$20,795,000 for 2025, and the Company recognized an investment loss of NT\$25,167,000.	None.	None.
XAC Suzhou	165,841	Established a second manufacturing base in mainland China through the holding company to reduce manufacturing costs.	The investee recorded a net loss of NT\$20,763,000 for 2025, which was recognized as an investment loss by the subsidiary (Value Investment Ltd.).	None.	None.
Zakus Inc.	37,145	R&D center and market research related services.	The investee recorded a net profit of NT\$3,405,000 for 2025, and the Company recognized an investment gain of NT\$3,405,000.	None.	None.

6. Risk Analysis and Evaluation

(1) Impacts of interest rate change, exchange rate fluctuation, and inflation on the Company's profit and loss, and future countermeasures:

1. Interest rate change: If the Company holds cash and cash equivalents at a variable interest rate, a 0.25% increase or decrease in interest rates, assuming all other variables remain constant, would result in a NT\$770,000 increase or decrease in net profit before tax for FY2025. The impact of interest rate fluctuations on the Company is not significant
2. Exchange rate fluctuation: The Company's purchases and sales are mainly denominated in foreign currencies, exposing our existing foreign currency assets and liabilities to market exchange rate fluctuation. Therefore, the Company engages in derivative financial product trading to hedge exchange rate risks of our foreign currency assets or liabilities. The gains and losses generated by exchange rate fluctuations are offset by the hedged items, so the market risk is usually low.
3. Inflation: Since 2025, the Company has not been directly or significantly affected by inflation.

(2) Policies on high-risk and highly leveraged investments, lending of funds to others, endorsements and guarantees, and derivatives trading; main reasons for profits or losses; and future countermeasures:

1. High-risk and high-leverage investments: The Company does not engage in financial operations related to high-risk and high-leverage investments.
2. Lending of funds to others: The Company has established the "Procedures for Lending of Funds to Others", which has been approved by the Board of Directors and the shareholders meeting.
3. Endorsements and guarantees: The Company has established the "Procedures for Endorsements and Guarantees", which has been approved by the Board of Directors and

the shareholders meeting.

4. Derivative product trading: The Company has established the “Procedures for Acquisition or Disposal of Assets”, which already covers the relevant regulations for engagement in derivatives trading.

(3) Future R&D plans and expected R&D expenses:

Please refer to page 69 of this annual report: V. Operations Overview - (3) Technology and R&D Overview.

(4) Impact of important domestic and foreign policies and legal changes on the Company's financial operations and countermeasures:

An internationalized and liberalized open trading system is an important trend that helps to explore international markets. The Company will strive to seize this very favorable opportunity for the development of our industry.

On the issuance and application of International Financial Reporting Standards (IFRS), the Company has applied the new and revised standards and interpretations.

(5) The impact of technological changes (including information security risks) and industrial changes on the Company's financial operations and countermeasures:

XAC is a knowledge-based instead of a capital intensive or labor-intensive enterprise, and has established a sound information security framework. We strictly control information network security and contingency measures. Technological changes (including information security risks) and industrial changes have no significant impact on the Company's financial operations.

(6) Impact of corporate image change on crisis management and countermeasures:

The Company adheres to the consistent philosophy of bottom-up, team spirit, sustainable operation, and shared prosperity and is committed to our core business. Our corporate image is good, but crisis management remains an important part of enterprise risk management. We have a complete set of emergency response plans, which are the basis for effective response and actions.

(7) Expected benefits, potential risks, and countermeasures for mergers and acquisitions: Not applicable.

(8) Expected benefits, potential risks, and countermeasures for factory expansion: The Company did not expand its factories in 2024 or as of the date of annual report publication, so this is not applicable.

(9) Risks faced by concentration of purchasing or sales and countermeasures: The Company has diversified its sales products, developed new sources of purchasing, and made good use of favorable resources in the supply chain across the Taiwan Strait and in the Greater China region, so there is no risk of purchasing concentration.

(10) Impact and risks of large-scale transfer or replacement of shares by directors, or major shareholders holding more than 10% of the shares on the Company and countermeasures: This does not apply as the Company does not have any major shareholder holding more than 10% of the shares.

(11) Impact and risks of changes in management rights on the Company and countermeasures: This is not applicable as the Company does not have this situation.

(12) For major litigation, non-litigation, or administrative disputes of directors, the president, substantive responsible persons, major shareholders holding more than 10% of the shares, and

affiliated companies of the Company, which have been determined by judgment or are still pending and where the results may have a significant impact on shareholder equity or securities prices, state the disputed facts, target amount, start date of litigation, main parties involved in the litigation, the handling situation as of the date of annual report publication, and countermeasures:

On April 12, 2021, the Company received a notice from the Singapore International Arbitration Centre regarding an arbitration case. The arbitration pertains to product development and design under a sales contract signed between E LA CARTE, INC. and the Company in October 2015. E LA CARTE, INC. initially sought US\$35 million in damages from the Company. The Company engaged legal counsel to handle the matter and proceed with the necessary legal actions to protect the Company's interests. A hearing was held in April 2022, during which both parties presented their arguments and evidence before the arbitration tribunal. E LA CARTE, INC. subsequently reduced its claim to US\$17.36 million. On June 28, 2022, the arbitration tribunal rendered its decision, ruling that the Company must pay US\$11.17 million in compensation and SG\$187,000 in arbitration fees. The Company recognized the corresponding liability provisions. On August 12, 2022, the arbitration tribunal notified the Company that it had accepted the Company's objection and reduced the compensation amount by US\$70,000, thereby adjusting the total compensation to US\$11.10 million. On April 11, 2023, the Company was informed by its legal counsel that the High Court of Singapore dismissed the Company's petition to annul the arbitration award, which had been filed on November 11, 2022. On February 15, 2024, the Company received a decision from the Court of Appeal of Singapore, rejecting the Company's appeal against the annulment petition, which had been filed on October 23, 2023. On April 10, 2024, the Company received a notice from Hsinchu District Court, stating that Presto Automation LLC had filed a petition for recognition and correction of the arbitration award, claiming it had succeeded E LA CARTE, INC.'s rights in the compensation matter. On April 10, 2024, the Company received a notice from the Hsinchu District Court regarding a petition filed by Presto Automation LLC for recognition and correction of an arbitral award, asserting that it had succeeded to all rights in the liability dispute between E LA CARTE, INC. and the Company. On March 4, 2025, the Company received a ruling from the Hsinchu District Court granting recognition of the foreign arbitral award applied for by Presto Automation LLC. On March 13, 2025, the Company obtained confirmation of all rights that Presto Automation LLC may assert against the Company based on the final arbitral award issued by the Singapore International Arbitration Center and the correction of such award under the same case number. The Company completed payment on March 14, 2025. The obligation has been extinguished and the related obligation provisions have been written down.

(13) Other important risks and countermeasures:

To ensure effective implementation for the information security management system and continuously improve overall information security, the Company has established information security governance offices that are charged with directing information security

development and highlighting areas that need support from management. In addition, an information security framework has been established, with clear roles and responsibilities defined for all personnel.

In addition, with the aim of establishing a comprehensive ISMS (Information Security Management System) and ensuring that all factory sites maintain international certification, we implemented the ISO 27001 system in 2014, achieved certification in 2015, and continue to maintain ISMS operations to ensure ongoing effectiveness.

7. Other important matters: None

VI. Special items to be included

1. Information related to affiliates

Affiliates' consolidated business report, financial statements, relationship report :

The Company has disclosed the information on the Market Observation Post System, in accordance with the law. For relevant details, please refer to the following index:

Market Observation Post System > Single Company > Electronic Document Download > Affiliated Enterprises - Three Statements Disclosure Section

Website: https://mopsov.twse.com.tw/mops/web/t57sb01_q10

2. Private placement of securities in the most recent year up to the date of publication of the annual report:

The Company has disclosed the information on the Market Observation Post System, in accordance with the law. For relevant details, please refer to the following index:

Market Observation Post System > Thematic Section > Investment Section > Private Placement Section > Private Placement Section

Website: <https://mops.twse.com.tw/mops/#/web/t116sb01>

3. Subsidiaries' holding or disposal of the Company's shares in the most recent year and up to the date of publication of the annual report:

No such situation exists.

4. Other required supplementary notes: None.

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