

Favite, Inc.

2025 Annual Report



Your favorite AOI

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Favite, Inc. Annual Report is available at: <http://www.favite.com>

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VI. Corporate Website: <http://www.favite.com>

Favite, Inc.

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I. Letter to Shareholders

1 Letter to Shareholders: Confronting the Pains of Transformation; Deepening the Foundations of High-End Technology

Reflecting on 2025, Favite Inc. navigated a pivotal period of "technological transition" and "structural reshaping." Following our successful return to profitability and demonstrated operational resilience in 2024, 2025 was originally envisioned as a year to build on that momentum. However, due to a confluence of global macroeconomic volatility, a structural correction in capital expenditures within the display industry, and the extended verification cycles required for next-generation semiconductor inspection technologies, our financial performance for 2025 fell short of expectations. The fiscal year concluded with an operating loss and a significant decline in revenue compared to the previous year. The management team takes full responsibility for these results, which did not meet shareholder expectations, and we offer our most sincere apologies to all our shareholders.

As developers of high-end optical inspection equipment, we understand that in the long trajectory of the technology industry, temporary financial fluctuations are often leading indicators of technological shifts. The losses incurred in 2025 represent, in essence, the "strategic growing pains" of Favite's migration toward the high-end semiconductor and advanced packaging markets. Amidst the downturn of slowing capacity expansion in the traditional display sector, we did not choose to maintain the status quo blindly or improve short-term book value by slashing R&D expenses. Instead, we chose the most challenging yet forward-looking path: increasing investment in AI-driven intelligent platforms and 2.5D/3D advanced packaging inspection technologies.

We firmly believe that the depth of a company's technology determines the breadth of its survival. Our R&D strategy in recent years has not been about winning a single race, but about establishing a highly adaptive technological foundation for the "infinite game" of AI advanced packaging. By deepening our core metrology and inspection capabilities, we strive to be the steadfast guardian that helps customers redefine the limits of yield rate during every wave of industrial evolution. This resolve to "never retreat and never stagnate" began to yield results at the end of 2025. With December revenue showing a powerful nearly tenfold rebound and the realization of monthly profitability based on preliminary figures, we are seeing more than just an operational turning point—it is a preliminary validation of our technological transformation by the market.

Looking ahead to 2026, we will maintain a stance of prudence—as if "treading on thin ice"—while upholding pragmatic excellence in our execution. We do not seek superficial revenue expansion; instead, we remain focused on the accumulation of technological resources and the realization of value for our customers. With a leaner and more robust corporate structure, Favite is returning to its essence as a guardian of quality for the high-tech manufacturing industry, moving forward with steady and sure steps.

2 2025 Operational Results and In-depth Financial Analysis: Strategic Choices Amidst Market Correction

2.1 Impact of the Display Industry Downturn on Revenue

In 2025, the global display panel industry faced a severe cyclical correction. Weak demand for end-consumer electronics and reduced capacity utilization rates among major manufacturers led to more stringent procurement criteria for existing production lines. This resulted in significant delays in the recognition of orders for traditional AOI equipment.

- **Structural Causes of Revenue Contraction:** Consolidated revenue for 2025 was approximately NT\$459 million, representing a decline of roughly 31% from NT\$667 million in 2024. This decrease in revenue scale led to a higher allocation of fixed costs per unit, which served as the primary external factor behind this year's operating loss.
- **Financial Buffer and Health:** Despite the pressure on profitability, the Company has consistently maintained high current and quick ratios. Financial leverage remains controlled within a safe range, ensuring a solid foundation for continued R&D investment and eliminating concerns regarding short-term liquidity risks.

2.2 Contrarian Growth in R&D Expenses: Pre-deploying for Future Profitability

Despite the pressures of an operating loss, the Company's R&D expenditure as a percentage of revenue increased rather than decreased in 2025. This was not blind resource expansion, but a strategic consensus based on the high growth potential and technical barriers of the 2.5D/3D advanced packaging market. We understand that maintaining leadership during a "technological transition" is the only way to remain qualified to define excellence in the industry's long-term "infinite game."

The strategic depth of our R&D investment this year is reflected in three major areas:

- **Building R&D Barriers for Technological Substitution:** The technical complexity and stability requirements for semiconductor inspection equipment are significantly higher than those for the display grade. To develop high-end AOI technology capable of inspecting 2 μ m Redistribution Layers (RDL), the Company invested heavily in optical path simulation components, high-frequency image processing algorithms, and low-vibration precision transmission systems. These fundamental R&D investments are essential cornerstones for the Company to cross the semiconductor threshold and achieve a "generational gap" in technology.
- **Deepening High-Precision Advanced Packaging Metrology:** As heterogeneous integration technology evolves, customer requirements have shifted from simple defect detection to sub-micron data accuracy. The Company continues to invest in high-precision metrology equipment, developing measurement technologies for critical processes such as Die Location, Overlay, and 3D Measurement. By

integrating high-resolution sensing components with real-time feedback compensation systems, we aim to provide more accurate metrics for advanced packaging processes, helping customers maximize yield in shrinking process nodes.

- **Strategic Delays in Verification Cycles and Outlook:** Entering the supply chains of Tier-1 OSATs (Outsourced Semiconductor Assembly and Test) or major IC substrate manufacturers requires an exhaustive and rigorous verification period. While R&D investment in 2025 exerted immediate financial pressure, these efforts are expected to convert into tangible revenue over the coming years as various products enter the final stages of verification. This is a strategic marathon where we compete on technical depth; we are sprinting toward the finish line of the verification process to inject new growth momentum into the Company as quickly as possible

3 Evolution of Core Technologies: Deep Integration of AI with AOI and Metrology

In the field of Automated Optical Inspection (AOI), Favite Inc. is dedicated to redefining the dimensions of "inspection." We believe that future competitiveness lies not merely in discovering defects, but in possessing the capability to diagnose the entire manufacturing process.

3.1 Technological Evolution of the Horus Intelligent Platform

The Horus Intelligent Optical Inspection Platform, independently developed by the Company, underwent a cross-generational upgrade in 2025.

- **Multidimensional Optical Path Integration:** Utilizing next-generation illumination technology, the Horus platform can capture subtle characteristics of different materials within a single scanning cycle, significantly reducing the need for secondary scans.
- **Adaptive Image Processing Solutions:** To address fluctuating lighting and noise interference in production environments, Horus has introduced new CNN modules, achieving sub-pixel precision in defect localization.

3.2 Deep Evolution of the AOI and Metrology Dual-Track Strategy Driven by AI

Favite's R&D strategy adopts a parallel dual-axis approach—Inspection and Metrology—while fully integrating deep learning algorithms. This transforms our equipment from traditional rule-based judgment into sensing platforms with "intelligent cognition."

- **AI-Empowered AOI: Achieving Ultimate Detection of Real Defects.**

In advanced packaging processes, environmental noise and complex circuit backgrounds often cause traditional AOI to generate high false-alarm rates. Through AI-driven intelligent image enhancement and classification, the

Company not only pursues extreme scanning speeds but also significantly improves the recognition accuracy of Real Defects. Our AI algorithms automatically filter out False Alarms, precisely locking onto micron-level contaminants, open circuits, or line-width anomalies. This addresses the critical customer demand for "visibility and accuracy" while effectively reducing reliance on manual labor for backend re-judgment.

- **AI-Enhanced Metrology: Defining New Benchmarks for Sub-Micron Measurement.**

As process nodes shrink to their limits, the precise digitization of Critical Dimension (CD) and Overlay has become the core of yield control. The Company applies AI to feature judgment and coordinate fitting within metrology equipment. Through AI Feature Extraction, the equipment can perform precise feature localization and interpretation on targets with blurred structures or low contrast, eliminating fluctuations caused by manual settings. In 2.5D/3D packaging—where alignment accuracy is even more critical than defect detection—this AI-integrated high-precision metrology technology has become Favite's strategic edge in the high-end market.

3.3 Evolving from "Defect Detection" to "Yield Diagnostics"

In response to labor shortages and the high cost of manual re-judgment in the manufacturing sector, Favite's AI systems have realized Automated Classification and Root Cause Analysis (RCA).

- **Addressing Labor Shortage Pain Points:** Through AI Automated Defect Classification (ADC), we have helped customers reduce manual re-judgment labor by over 70%, effectively resolving labor bottlenecks on the production line.
- **Yield Enhancement:** The system provides real-time transmission of inspection data to the Manufacturing Execution System (MES). By using Big Data to analyze defect distribution trends, we help process engineers quickly locate equipment anomalies, shifting the role of inspection from backend quality filtering to front-end yield management.

4 New Industry Opportunities: Strategic Roadmap for 2.5D/3D Advanced Packaging

As Moore's Law approaches its physical limits, the thirst for computing power driven by AI chips and High-Performance Computing (HPC) has pushed the semiconductor industry into the new "Advanced Packaging" arena. For Favite, with our extensive technical reserves in large-format inspection, this represents an unprecedented "blue ocean" market

4.1 The Packaging Revolution Driven by AI Chips: 2.5D and 3D IC Packaging

With Generative AI driving the high integration of computing modules, 2.5D and 3D

packaging have become core processes determining computational performance.

- 2.5D Advanced Packaging: Connects silicon interposers and High Bandwidth Memory (HBM) in close proximity, with Redistribution Layer (RDL) traces shrinking to $2\ \mu\text{m}$ or below.
- 3D Vertical Stacking: Vertical interconnects between chips demand extremely stringent flatness and alignment precision, presenting optical metrology challenges that approach the very limits of physics.

4.2 The Uniqueness of Favite's Dual-Track Strategy: Wafer Form and Panel Form

Favite possesses a unique competitive advantage: the mastery of handling both Wafer-level and Panel-level carriers.

- Wafer-Form High-End Inspection Platform: Our high-speed intelligent inspection system for 12-inch semiconductor wafers has been successfully adopted by benchmark customers. Utilizing patented optical designs and adaptive algorithms, we provide fully automated solutions that offer both high throughput and sub-micron precision for detecting minute structural anomalies and topographic features. By focusing on critical "zero-tolerance" processes in advanced nodes, we help customers establish a stable yield-monitoring barrier during complex heterogeneous integration. This not only meets rigorous industrial requirements but also demonstrates our technical extensibility in the semiconductor metrology market.
- Panel-Form (FOPLP) Strategic Positioning: Fan-Out Panel-Level Packaging (FOPLP) is regarded as the next-generation key technology for reducing packaging costs and increasing capacity. Leveraging our deep experience in mechanical design and optical processing for large-scale glass substrates (LCD/OLED), we possess a natural advantage in integrating sub-micron precision with large-area, ultra-high-speed computational power.
 - Large-Format Processing Capability: Traditional wafer inspection tools struggle with panel-level carriers. Favite possesses profound expertise in handling large-format carriers with high deformation rates.
 - $2\ \mu\text{m}$ RDL Fine-Line Inspection: To address the increasingly fine RDL in advanced packaging, we developed a proprietary optical path and imaging system. This technology enables precise localization and capture of fine-wire defects amidst complex background interference, serving as a significant technological moat.
 - Ultra-High-Speed Computing Transferred from Panel Manufacturing: Favite's core strength lies in its ability to perfectly port the ultra-high-speed parallel image processing power—accumulated over years in the display industry—to advanced

packaging.

- **Maximizing Throughput without Compromising Accuracy:** Through our self-developed hardware acceleration architecture and high-performance algorithms, we process massive amounts of image data while maintaining sub-pixel accuracy. This "ultimate speed and absolute accuracy" allows our equipment to provide real-time, zero-omission quality assurance in high-volume manufacturing environments.
- **Leadership in Die Location Metrology:** In advanced packaging, the precise placement of chips on a substrate directly determines the success rate of subsequent electrical connections. We have developed high-precision metrology algorithms providing sub-micron alignment analysis. We are currently undergoing deep verification testing with renowned substrate and packaging customers. Once completed, this is expected to become a new engine for the Company's revenue growth.

5 Next-Generation Display Technologies: Opportunities and Commitment to Micro LED/OLED

While the scaling of new display technologies is currently constrained by costs and manufacturing complexity, Favite Inc. maintains a strategy of "readiness and leadership." We continue to build a comprehensive technological moat in anticipation of the market's inflection point.

5.1 Micro LED: Market Potential and Full-Process Solutions

Micro LED is widely recognized as the ultimate display technology due to its high brightness, long lifespan, low power consumption, and modular scalability.

- **The Inspection Barrier Post-Mass Transfer:** The primary pain point of Micro LED lies in the "Mass Transfer" of tens of millions of micron-sized LED chips. Favite has developed a series of high-precision, high-speed inspection systems that provide automated screening and repair suggestions for chip missing, polarity errors, and positional deviations following the transfer process.
- **Full Production Line Alignment:** Favite has established a proven track record ranging from upstream Epiwafer quality inspection and midstream mass transfer metrology to downstream trace inspection after panel module tiling. As major manufacturers across the Taiwan Strait establish new production capacities, we expect Micro LED projects to contribute steady revenue in the coming years.

5.2 Micro OLED: Potential in the AR/VR Market

Micro OLED (Silicon-based OLED) combines semiconductor and OLED technologies, making it the ideal choice for AR/VR and wearable devices.

- **The High-Resolution Challenge:** As pixel sizes shrink to the micron level, traditional inspection systems can no longer meet the requirements. Favite has successfully leveraged its experience in Semiconductor Wafer AOI to develop a product line specifically for Micro OLED front-end processes, such as Inline and Mask AOI.
- **Technological Moat:** The Company secured equipment orders from benchmark customers between 2024 and 2025 (Years 113-114). As new market capacity for Micro OLED is established, we anticipate this will generate an increasing contribution to our annual revenue.

6 2026 Business Guidelines and Long-term Outlook: Pragmatic Excellence and Prudent Stewardship

Looking ahead to 2026, Favite Inc. is not making overly optimistic assumptions regarding market recovery. Global geopolitical risks, supply chain restructuring, and industrial cyclical fluctuations remain variables that cannot be ignored.

6.1 Business Guidelines: Pragmatic Excellence, Pursuing Qualitative Change

The Company has designated 2026 as the "Year of Value Transformation." Our annual slogan is: "Pragmatic Excellence, Technology as the Foundation."

- **Converting Verifications into Orders:** We will accelerate the progress of high-end semiconductor and advanced packaging inspection/metrology tools that entered the verification stage in 2025. Our goal is to shorten project closure cycles and convert these efforts into tangible revenue as quickly as possible.
- **Aftermarket Service and Upgrades:** As our Installed Base continues to grow, we will strengthen our aftermarket services, software algorithm upgrades, and AI module retrofitting services. This high-stickiness recurring revenue will serve as a stable cornerstone for our business.
- **Driving Industrial Upgrades:** We will continue to monitor automation demands in niche markets such as E-paper, high-end displays, and IC substrates, leveraging our core AI technologies to rapidly extend and develop diversified product lines.

6.2 Long-term Outlook: Technological Accumulation is the Only Answer

Favite consistently adheres to our policy of "Technological Innovation, Quality Stability, Efficiency Enhancement, and Customer Satisfaction." We are acutely aware that in the technology equipment industry, there are no permanent smooth paths. The operating loss in 2025 serves as a mirror, reflecting the risks of over-reliance on a single industry cycle, but also reflecting our firm resolve to pivot toward high-end markets.

- **A Prudent Outlook:** We maintain a cautious outlook for 2026 operations. The

management team will manage operating costs with a mindset of "treading on thin ice," avoiding the expansion of low-efficiency business lines. Instead, every resource will be precisely allocated to R&D that provides long-term competitive advantages.

- The Goal of Profitability: The primary goal of the management team is to restore profitability as soon as possible. Through the patents and market validations accumulated in 2025, we are confident that we can create long-term, stable value for our shareholders amidst the sweeping trends of AI and advanced packaging.

We thank all our shareholders for choosing to trust and stand by Favite during this most critical moment of transformation. We will continue to strive for excellence and honor the trust you have placed in us.

Sincerely,

To all shareholders: Wishing you good health and prosperity.

Favite, Inc.

Chairman: CHEN, YUNG-HUA

II. Corporate Governance Report

2.1 Directors, Supervisors and Management Team

2.1.1 Directors and Supervisors

1. Directors and Supervisors

As of March 31, 2026 ; Unit: shares

Title	Nationality	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman & president	R.O.C	CHEN, YUNG-HUA	Male 61~70	2025.05.29	3	2004.07.01	1,900,813	2.40%	1,900,813	2.40%	-	-	-	-	Bachelor, National Tsing Hua University Department of Physics Master's, Tatung University Department of Business Management Chairman, Favite Inc.	Chairman, Favite Limited Chairman, FAVEPC INC. Director, YIELD MICROELECTRONICS CORP.	-	-	-	(Note 5)
Director	R.O.C	Utechzone Co., Ltd.	-	2025.05.29	3	2018.03.21	10,747,272	13.60%	8,971,272	11.35%	-	-	-	-	-	-	-	-	-	-
	R.O.C	Representative: WANG, JEN-CHIEH	Male 41~50	-	-	-	-	-	-	-	-	-	-	-	Department of Industrial Management, National Taiwan University of Science and Technology The vice president in charge of the automatic control technology department of Utechzone Co., Ltd.	The vice president in charge of the automatic control technology department of Utechzone Co., Ltd.	-	-	-	-
Director	R.O.C	Utechzone Co., Ltd.	-	2025.05.29	3	2018.03.21	10,747,272	13.60%	8,971,272	11.35%	-	-	-	-	-	-	-	-	-	-
	R.O.C	Representative: HSU, CHIH-CHAO	Male 41~50	-	-	-	-	-	-	-	-	-	-	-	Department of Law, National Chengchi University Head of Legal Affairs of Utechzone Co., Ltd.	Head of Legal Affairs of Utechzone Co., Ltd.	-	-	-	-
Director	R.O.C	LIN, HUNG-JEN	Male 61~70	2025.05.29	3	2022.06.24	1,394,000	1.76%	1,394,000	1.76%	2,000	0.00%	-	-	Bachelor, Tatung University Department of Mechanical Engineering. Chairman, Jie Kuen Precision Technologies Co., Ltd.	Chairman, Jie Kuen Precision Technologies Co., Ltd. Director, Jie Kuen Enterprise Inc.	-	-	-	-
Director	R.O.C	SHAN, HIS-CHI	Male 61~70	2025.05.29	3	2025.05.29	-	-	-	-	-	-	-	-	Department of Physics, National Tsing Hua University General Manager of Bright Future Technology Co., Ltd.	General Manager of Bright Future Technology Co., Ltd.	-	-	-	-
Independent Director	R.O.C	WANG, SHU-JANE	Female 61~70	2025.05.29	3	2025.05.29	-	-	-	-	-	-	-	-	Institute of Industrial Engineering, National Tsing Hua University Head of the Wang, Shu-Jane insurance broker firm	Head of the Wang, Shu-Jane insurance broker firm	-	-	-	-
Independent Director	R.O.C	SU, HSING-HWA	Female 41~50	2025.05.29	3	2025.05.29	-	-	-	-	-	-	-	-	Department of Accountancy, National Taipei University Partner of WeTec Internation CPAs Director of New Taipei Branch	Partner of WeTec Internation CPAs Director of New Taipei Branch	-	-	-	-
Independent Director	R.O.C	LEE, SHIH-CHENG	Male 51~60	2025.05.29	3	2019.06.12	-	-	-	-	-	-	-	-	Professor, National Central University Department of Finance. Professor, Department of Information Management, Yuan Ze University Independent Director, Wetrust Technology Co., Ltd.	Independent Director, Wetrust Technology Co., Ltd.	-	-	-	-
Independent Director	R.O.C	SHEN, HIS-WEN	Male 61~70	2025.05.29	3	2022.06.24	-	-	-	-	-	-	-	-	Master's, Tulane University Department of Business Management. Independent Director Unictron Technologies Corporation.	Independent Director Unictron Technologies Corporation.	-	-	-	-

Title	Nationality	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C	Utechzone Co., Ltd.	-	2022.06.24	3	2018.03.21	11,379,272	14.39%	8,971,272	11.35%	NA	NA	NA	NA	-	-	-	-	-	-
	R.O.C	Representative: CHANG, WEN CHIEH	Male 51~60	-	-	-	-	-	-	-	NA	NA	NA	NA	Shih Chien University Graduate School of Enterprise Innovation and Entrepreneurship Management noncompletion. Director, Utechzone Co., Ltd. General Manager, Utechzone Co., Ltd.	(Note 1)	-	-	-	(Note 4)
Director	R.O.C	YEH, SHENG-FA	Male 71~80	2022.06.24	3		300,000	0.38%	1,000	0.00%	NA	NA	NA	NA	Master's, City University of Seattle Department of Business Management. Chairman, Guangqiang Aquatic Products Co., Ltd.	(Note 2)				(Note 4)
Director	R.O.C	Utechzone Co., Ltd.	-	2022.06.24	3	2018.03.21	11,379,272	14.39%	8,971,272	11.35%	NA	NA	NA	NA	-	-	-	-	-	-
	R.O.C	Representative: LIN, FANG-LUNG	Male 61~70	-	-	-	-	-	-	-	NA	NA	NA	NA	Master's, National Sun Yat-Sen University Department of Business Management. Director, Utechzone Co., Ltd.	(Note 3)	-	-	-	(Note 4)
Independent Director	R.O.C	TSENG, HSIANG CHI	Male 61~70	2022.06.24	3	2009.09.23	-	-	-	-	NA	NA	NA	NA	PhD, National Tsing Hua University Department of Physics. Professor, Chung Yuan Christian University Department of Physics.	Professor, Chung Yuan Christian University Department of Physics.	-	-	-	(Note 4)
Independent Director	R.O.C	LO, CHIH-PING	Male 51~60	2022.06.24	3	2022.06.24	-	-	-	-	NA	NA	NA	NA	Bachelor, Fu Jen Catholic University Department of Electrical Engineering. Manager, East Prayer Industrial Vice President, Veton Tech Limited	Manager, East Prayer Industrial Vice President, Veton Tech Limited Director, Weideke New Technology Co., Ltd.	-	-	-	(Note 4)

Note 1: Director, Utechzone Co., Ltd., General Manager, Utechzone Co., Ltd., Director, KGKAZA CO., LTD., Director, ZF Investment Co., Ltd., Director of Utechzone Co., Ltd.

Note 2: Chairman, Natsume Smartech Co., Ltd., Chairman, SUNENGINE CORPORATION LTD., Chairman, Guangqiang Energy Co., Ltd., Independent Director, ACE PILLAR CO., LTD., Supervisor, Solomon Goldentek Display Corp., Director, KING ULTRASONIC CO., LTD., Director, SkyLine Technology Co., Ltd., Director, 3S Silicon Tech., Inc., Independent Director, TYNTEK Corporation °

Note 3: Director, Utechzone Co., Ltd., Supervisor, ZF Investment Co., Ltd., Supervisor, Xtreme Testek Inc.

Note 4: Step down on May 29, 2025.

Note 5: The chairman of the company and the general manager or equivalent (the top manager) are the same person, are relatives of each other, such as a spouse or one parent, should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors and should (More than half of the directors have not served as employees or managers, etc.) :

- (1) The chairman concurrently holding the position of President enables the Board of Directors better grasp the operating conditions of the Company, and the flat management can bring more efficiency to the decision implementation. In order to strengthen the independence of the board of directors, the company has actively trained suitable candidates.
- (2) The Company has established an Audit Committee which, except with its functions and powers as specified, can also improve and supervise the management mechanism of the Board of Directors. Meanwhile, Independent Directors account for 44.44% of the total Directors of the Company, which can strengthen the supervision and checks and balances mechanism, and reduce the concentration of power and loss of objectivity and failure of effective supervision for the reason of the chairman and general manager.

2. Major shareholders of the institutional shareholders

As of March 31, 2026

Name of Institutional Shareholders	Major Shareholders
Utechzone Co., Ltd.	HSBC Custody – Cambria Emerging Shareholder Yield ETF (3.00%) HSBC Bank (Taiwan) Limited Custody Goldman Sachs International Investment Account (2.51%) ZOU, JIA-JUN (1.85%) C SUN MFG. LTD. (1.83%) YE, HUI-DE (1.69%) ZENG, JI-HUI (1.67%) Rich Wing Co., Ltd. (1.67%) SAN-YE Co., Ltd. (1.48%) LongHua Group Capital Investment Co., Ltd. (1.33%) Citibank Custody - Barclays Capital SBL/PB Investment Account (1.23%)

3. Major shareholders of the Company's major institutional shareholders

As of March 31, 2026

Name of Institutional Shareholders	Major Shareholders
C SUN MFG. LTD.	GALLANT PRECISION MACHINING CO., LTD. (12.73%)
Rich Wing Co., Ltd.	ZOU, JIA-JUN (99.40%)
SAN-YE Co., Ltd.	YE, TING-YUAN (99.32%)
LongHua Group Capital Investment Co., Ltd.	LIU,SU-HUA(37.50%)

4. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

Name/ Title	Criteria	Professional Qualification Requirements and Work Experience	Independence Criteria (Note 1)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
CHEN, YUNG-HUA / Chairman	Possesses five or more years of work experience required for the Company's business; the founder of and currently serving as Favite Inc.'s chairman as well as the chairman and president of the Company; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-	
Utechzone Co., Ltd./ Director Representative: WANG, JEN-CHIEH	Possesses five or more years of work experience required for the Company's business; currently serving as the vice president in charge of the automatic control technology department of Utechzone Co., Ltd.; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-	
Utechzone Co., Ltd./ Director Representative: HSU, CHIH-CHAO	Possesses five or more years of work experience required for the Company's business; currently serving as head of legal affairs of Utechzone Co., Ltd.; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-	
SHAN, HIS-CHI/ Director	Possesses five or more years of work experience required for the Company's business; currently serving as president of Bright Future Technology Co., Ltd.; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-	
LIN, HUNG-JEN/ Director	Possesses five or more years of work experience required for the Company's business; currently serving as Chairman, Jie Kuen Precision Technologies Co., Ltd.; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-	
WANG, SHU-JANE /Independent Director	Possesses five or more years of work experience required for the Company's business; currently serving as head of the Wang,Shu-Jane insurance broker firm; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-	

Name/ Title	Criteria	Professional Qualification Requirements and Work Experience	Independence Criteria (Note 1)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
LEE, SHIH-CHENG /Independent Director		Possesses five or more years of work experience required for the Company's business; currently serving as professor, Department of Information Management, Yuan Ze University; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-
SHEN, HIS-WEN /Independent Director		Possesses five or more years of work experience required for the Company's business; had once worked as Vice president of Powertech Technology Inc.; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	1
SU, HSING-HWA /Independent Director		Possesses five or more years of work experience required for the Company's business; currently serving as Partner of WeTec Internation CPAs Director; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-

Note 1: Independence of the board of directors: The Company has 4 independent directors, accounting for 4/9 of the board of directors.

The board of directors of the Company meets the following independence criteria: The board of directors of the Company meets the following independence criteria:

1. Each director is not a family member of senior management who is employed by the Company or by a subsidiary of the Company.
2. Each director is (and is not affiliated with a Company that is) an adviser or consultant to the Company or a member of the Company's senior management. Only Chairmen CHEN, YUNG-HUA is the General Manager of the Company.
3. Each director is not affiliated with a significant supplier of the Company. Only Director WANG, JEN CHIEH and Director HSU, CHIH CHAO are affiliated with a significant supplier of the Company
4. Each director does not have any personal services contract with the Company or a member of the Company's senior management.
5. Each director is not affiliated with a not-for-profit entity that receives significant contributions from the Company.
6. Each director has not been a partner or employee of the Company's external auditor during the past three years.
7. Each director does not have any other conflict of interest that the board of directors determines to mean he or she cannot be considered independent.
8. The board of directors complies with the provisions of Article 26-3, Items 3 and 4 of the Securities and Exchange Act.

9. Each independent director meets the provisions of Article 3, Item 1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

5. Diversity of the Board of Directors:

(1) Diversity of the Board of Directors:

Based on the policy of diversification and strengthening of corporate governance in order to promote the sound development of the Company's board composition and structure, the nomination of candidates for directors of the Company shall be adopted by the candidate nomination system in accordance with the provisions of the Company's Articles of Incorporation. Each candidate's academic qualifications, work experience, professional background, integrity or relevant professional qualifications, and others are evaluated and considered. After the Board of Directors passes the resolution, the proposed nominees will be submitted to the Shareholders Meeting for election. With regard to the board composition, it is advisable that the number of directors who concurrently serve as the managers of the Company should not exceed one-third of the board seats. In addition, the Company has, based on its own operations, operational patterns and developmental needs, formulated appropriate diversification policies, including but not limited to the following:

A. Basic conditions and value: gender, age, nationality and culture.

B. Professional knowledge and skills: operational judgment capability, accounting and financial analysis capability, business management capability, risk management capability, industry knowledge, international market outlook, leadership capability, and decision-making capability.

To achieve the goal of board diversity, following the re-election of directors at the 2025 General Shareholders' Meeting, the number of female directors has increased from zero to two. Although this has not yet reached one-third of the total board seats, we will prioritize female candidates in future nomination processes and actively seek female professionals with industry experience to join us. The implementation of the Board Diversity Policy is summarized in the table below:

Diversity management objectives	Achievement status
The number of independent directors shall be no less than three and no less than one-fifth of the total number of directors.	Done
It is advisable that the number of directors who concurrently serve as managers of the Company should not exceed one-third of the board seats.	Done
Adequate and diverse professional knowledge and skills	Done

The implementation status of the board diversity policy is as follows:

Name/Title	Core of diversify						Professional background Professional knowledge and capabilities								
	Nationality	Employee	Gender	Age			Operational management and business judgement	Accounting	Finance and management	Business	Crisis handling	Industry knowledge	Global market perspectives	Leadership	Decision-making
				41-50	51-60	61-70									
CHEN, YUNG-HUA / Chairman	R.O.C	✓	Male	-	-	✓	✓	-	✓	✓	✓	✓	✓	✓	✓
Utechzone Co., Ltd./ Director Representative: WANG, JEN-CHIEH	R.O.C	-	Male	✓	-	-	✓	-	✓	✓	✓	✓	✓	✓	✓
Utechzone Co., Ltd./ Director Representative: HSU, CHIH-CHAO	R.O.C	-	Male	✓	-	-	✓	-	✓	✓	✓	✓	✓	✓	✓
LIN, HUNG-JEN / Director	R.O.C	-	Male	-	-	✓	✓	-	✓	✓	✓	✓	✓	✓	✓
SHAN, HIS-CHI / Director	R.O.C	-	Male	-	-	✓	✓	-	✓	✓	✓	✓	✓	✓	✓
WANG, SHU-JANE /Independent Director	R.O.C	-	Female	-	-	✓	✓	-	✓	✓	✓	✓	✓	✓	✓
SU, HSING-HWA /Independent Director	R.O.C	-	Female	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓
LEE, SHIH-CHENG /Independent Director	R.O.C	-	Male	-	✓	-	✓	✓	-	✓	✓	✓	-	✓	✓
SHEN, HIS-WEN /Independent Director	R.O.C	-	Male	-	-	✓	✓	-	✓	✓	✓	✓	✓	✓	✓

The Board of Directors of the Company consists of nine directors, of which four are independent directors. Currently, the 9 members of the Board of this term have professional backgrounds in industries, academia, and professional specialties in the scopes of management, leadership and policy decision, industrial knowledge, academy and financial. The relevant information is also disclosed on the Company's website. Among the Directors, one Director with employee identity accounts for 11%, and four Independent Directors account for 44% and have worked there for Within 3 years, Within 3 years, 3-9 years, and 3-9 years respectively. The age distribution of the Board members shows that there are three Directors aged 41~50, one Director aged 51~60 and five Directors aged 61~70.

As of 2025.12.31, In addition, all independent directors comply with the regulations of the Securities and Futures Bureau and none of the circumstances prescribed in paragraph 3 and paragraph 4, Article 26-3 of the Securities Exchange Act exist among the directors and independent directors. The Experience(Education), Gender and Work Experience. (Please refer to page 13-14 of this Annual Report - Information of directors)

2.2.2 Management Team

As of March 31, 2026; Unit: shares

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman and President	R.O.C	CHEN, YUNG-HUA	Male	2004.07.01	1,900,813	2.40%	-	-	-	-	Bachelor, National Tsing Hua University Department of Physics. Master's, Tatung University Department of Business Management. Chairman, Favite,Inc.	Chairman, Favite Limited Chairman, FAVEPC INC. Director, YIELD MICROELECTRONICS CORP.	-	-	-	(Note 1)
CEO	R.O.C	WANG, ZI-YUE	Female	2025.09.01	80,155	0.10%	-	-	-	-	Master's. Business Administration, Saint Leo University Vice President, Favite,Inc.	-	-	-	-	
Vice President of Research and Development	R.O.C	YEH, DONG-YI	Male	2025.09.01	17	0.00%	-	-	-	-	Master's,National Taiwan University. Department pf Institute of Applied Mechanics Senior manager, Favite,Inc.	-	-	-	-	
Financial &Accounting Officer and Corporate Governance Officer	R.O.C	TSENG, TSAI-WEI	Female	2023.02.24	-	-	-	-	-	-	Master's, Feng Chia University Department Account. Assistant Manager, Deloitte & Touche Taiwan	-	-	-	(Note 3)	
Corporate Governance Officer	R.O.C	KUO,LUNG-CHANG	Male	2023.05.05	-	-	NA	NA	NA	NA	Master's,University of Wales Department of Financial and Accounting. CFO ,Avision Inc.	-	-	-	(Note 2)	

Note 1: The chairman of the company and the general manager or equivalent (the top manager) are the same person, and are relatives of each other, such as a spouse or one parent, should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors and should (More than half of the directors have not served as employees or managers, etc.):

- (1) The chairman concurrently holding the position of President enables the Board of Directors better grasp the operating conditions of the Company, and the flat management can bring more efficiency to the decision implementation. In order to strengthen the independence of the board of directors, the company has actively trained suitable candidates.
- (2) The Company has established an Audit Committee which, except with its functions and powers as specified, can also improve and supervise the management mechanism of the Board of Directors. Meanwhile, Independent Directors account for 44.44% of the total Directors of the Company, which can strengthen the supervision and checks and balances mechanism, and reduce the concentration of power and loss of objectivity and failure of effective supervision for the reason of the chairman and general manager.

Note 2: Due to internal job rotation, Mr. Kuo,Lung-Chang stepped down from her position on May 9, 2025.

Note 3: Due to internal job rotation, Ms. Tseng, Tsai-Wei assumed the position of Corporate Governance Officer on May 9, 2025.

2.2. Remuneration of Directors, Independent Directors, Supervisors, President, and Vice Presidents

2.2.1 Remuneration of directors (including independent directors)

As of December 31, 2025 Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company		
		Base Compensation(A) (Note 1)		Pension(B) (Note 2)		Directors Compensation(C) (Note 3)		Business expenses (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Pension (F)		Employee Compensation (G) (Note 3)						
		The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	Cash	Stock	Cash	Stock		The company	Consolidated Entities
Chairman and President	CHEN, YUNG-HUA	-	-	-	-	-	-	42	42	(0.05)%	(0.05)%	4,038	4,038	-	-	-	-	-	-	(4.84)%	(4.84)%	-
Director	Utechzone Co., Ltd. Representative: WANG, JEN-CHIEH	-	-	-	-	-	-	18	18	(0.02)%	(0.02)%	-	-	-	-	-	-	-	-	(0.02)%	(0.02)%	-
Director	Utechzone Co., Ltd. Representative: HSU, CHIH-CHAO	-	-	-	-	-	-	18	18	(0.02)%	(0.02)%	-	-	-	-	-	-	-	-	(0.02)%	(0.02)%	-
Director	LIN, HUNG-JEN	-	-	-	-	-	-	42	42	(0.05)%	(0.05)%	-	-	-	-	-	-	-	-	(0.05)%	(0.05)%	-
Director	SHAN, HIS-CHI	-	-	-	-	-	-	18	18	(0.02)%	(0.02)%	-	-	-	-	-	-	-	-	(0.02)%	(0.02)%	-
Director	Utechzone Co., Ltd. Representative: CHANG, WEN-CHIEH	-	-	-	-	-	-	24	24	(0.03)%	(0.03)%	-	-	-	-	-	-	-	-	(0.03)%	(0.03)%	-
Director	Utechzone Co., Ltd. Representative: LIN, FANG-LUNG	-	-	-	-	-	-	24	24	(0.03)%	(0.03)%	-	-	-	-	-	-	-	-	(0.03)%	(0.03)%	-
Director	YEH, SHENG-FA	-	-	-	-	-	-	6	6	(0.01)%	(0.01)%	-	-	-	-	-	-	-	-	(0.01)%	(0.01)%	-
Independent Director	WANG, SHU-JANE	210	210	-	-	-	-	18	18	(0.27)%	(0.27)%	-	-	-	-	-	-	-	-	(0.27)%	(0.27)%	-
Independent Director	SU, HSING-HWA	210	210	-	-	-	-	18	18	(0.27)%	(0.27)%	-	-	-	-	-	-	-	-	(0.27)%	(0.27)%	-
Independent Director	SHEN, HIS-WEN	360	360	-	-	-	-	36	36	(0.47)%	(0.47)%	-	-	-	-	-	-	-	-	(0.47)%	(0.47)%	-
Independent Director	LEE, SHIH-CHENG	360	360	-	-	-	-	42	42	(0.18)%	(0.18)%	-	-	-	-	-	-	-	-	(0.18)%	(0.18)%	-
Independent Director	TSENG, HSIANG-CHI	150	150	-	-	-	-	24	24	(0.21)%	(0.21)%	-	-	-	-	-	-	-	-	(0.21)%	(0.21)%	-
Independent Director	LO, CHIH-PING	150	150	-	-	-	-	24	24	(0.21)%	(0.21)%	-	-	-	-	-	-	-	-	(0.21)%	(0.21)%	-

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:

The Independent Directors don't jointly participate in the compensation distribution with the Directors. The "Fixed Remuneration" was further paid to the Independent Directors on a monthly basis, in accordance with their specific duties and responsibilities. After review and discussion by the Remuneration Committee, this was all submitted to the Board of Directors for resolution. The rationality of relevant remuneration of Independent Directors will be reviewed from time to time according to the practical operation situation and related laws and regulations, to reach the balance between the sustainable operation and risk control of the Company.

2. In addition to the above remuneration, the remuneration received by the directors of the Company in the recent year for providing services to all companies included in the financial report (such as serving as a non-employee consultant for the parent company / all companies included in the financial report / investee companies, etc.): None.

Note 1: Base compensation for directors in 2025 (including director's salary, duty allowance, severance pay, bonus and reward, etc.)

Note 2: Allowance or funding of pension obligation.

Note 3: The company incurred the pre-tax net loss in 2025, therefore no made for director's compensation and employee compensation.

Note 4: The directors' professional practicing fees in the most recent year (including transportation allowance, special allowance, various allowances, and provisions of such tangible objects as dormitory and car, etc...). If a house, car and any other transportation means or exclusive personal allowance is provided, please disclose the nature and cost of the assets, rent imputed based on the actual value or fair value, fuel expenses and other benefits. If a driver is assigned, please specify the pay made by The Company to the driver, but exclude the same from the remuneration.

Note 5: It means the salary, duty allowance, severance pay, bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car received by the directors who acted as employees concurrently (including President, Vice President, managerial employee and employee) in the most recent year. If a house, car and any other transportation means or exclusive personal allowance is provided, please disclose the nature and cost of the assets, rent imputed based on the actual value or fair value, fuel expenses and other benefits. If a driver is assigned, please specify the pay made by The Company to the driver, but exclude the same from the remuneration. The salary expenses recognized in accordance with IFRS 2 "Share-based payment", including obtaining employee stock options, new restricted employee shares and participating in cash increase subscription shares, shall also be included in the remuneration.

Compensation Range Table

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Consolidated Entities	The Company	Consolidated Entities
Under NT\$ 1,000,000	CHEN, YUNG-HUA · Utechzone Co., Ltd., WANG, JEN-CHIEH · Utechzone Co., Ltd., HSU, CHIH-CHAO · LIN, HUNG-JEN · SHAN, HIS-CHI · Utechzone Co., Ltd., LIN, FANG-LUNG · Utechzone Co., Ltd., CHANG, WEN-CHIEH · YEH, SHENG-FA · WANG, SHU-JANE · SU, HSING-HWA · LEE, SHIH-CHENG · SHEN, HIS-WEN · TSENG, HSIANG-CHI · LO, CHIH-PING	CHEN, YUNG-HUA · Utechzone Co., Ltd., WANG, JEN-CHIEH · Utechzone Co., Ltd., HSU, CHIH-CHAO · LIN, HUNG-JEN · SHAN, HIS-CHI · Utechzone Co., Ltd., LIN, FANG-LUNG · Utechzone Co., Ltd., CHANG, WEN-CHIEH · YEH, SHENG-FA · WANG, SHU-JANE · SU, HSING-HWA · LEE, SHIH-CHENG · SHEN, HIS-WEN · TSENG, HSIANG-CHI · LO, CHIH-PING	Utechzone Co., Ltd., WANG, JEN-CHIEH · Utechzone Co., Ltd., HSU, CHIH-CHAO · LIN, HUNG-JEN · SHAN, HIS-CHI · Utechzone Co., Ltd., LIN, FANG-LUNG · Utechzone Co., Ltd., CHANG, WEN-CHIEH · YEH, SHENG-FA · WANG, SHU-JANE · SU, HSING-HWA · LEE, SHIH-CHENG · SHEN, HIS-WEN · TSENG, HSIANG-CHI · LO, CHIH-PING	Utechzone Co., Ltd., WANG, JEN-CHIEH · Utechzone Co., Ltd., HSU, CHIH-CHAO · LIN, HUNG-JEN · SHAN, HIS-CHI · Utechzone Co., Ltd., LIN, FANG-LUNG · Utechzone Co., Ltd., CHANG, WEN-CHIEH · YEH, SHENG-FA · WANG, SHU-JANE · SU, HSING-HWA · LEE, SHIH-CHENG · SHEN, HIS-WEN · TSENG, HSIANG-CHI · LO, CHIH-PING
NTD 1,000,000 (inclusive) ~NTD 2,000,000 (exclusive)	-	-	-	-
NTD 2,000,000 (inclusive) ~NTD 3,500,000 (exclusive)	-	-	-	-
NTD 3,500,000 (inclusive) ~NTD 5,000,000 (exclusive)	-	-	CHEN, YUNG-HUA	CHEN, YUNG-HUA
NTD 10,000,000 (inclusive) ~NTD 15,000,000 (exclusive)	-	-	-	-
NTD 10,000,000 (inclusive) ~NTD 15,000,000 (exclusive)	-	-	-	-
NTD 15,000,000 (inclusive) ~NTD 30,000,000 (exclusive)	-	-	-	-
NTD 30,000,000 (inclusive) ~NTD 50,000,000 (exclusive)	-	-	-	-
NTD 50,000,000 (inclusive) ~NTD 100,000,000 (exclusive)	-	-	-	-
Greater than or equal to NT\$100,000,000	-	-	-	-
Total	14	14	14	14

2.2.2 Officer's Compensation

As of December 31, 2025 Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Amount and Ratio of Total Compensation (A+B+C+D) and proportion of Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	The company		Consolidated Entities		The company	Consolidated Entities	
								Cash	Stock	Cash	Stock			
Chairman and President	CHEN, YUNG-HUA	9,946	9,946	281	281	1,653	1,653	-	-	-	-	(14.09)	(14.09)	-
CEO	WANG, ZI-YUE													
Vice President of Research and Development	YEH, DONG-YI													

Compensation Range Table

Compensation Range	Name of Officers	
	The company	Consolidated Entities
Under NTD 1,000,000	-	-
NTD 1,000,000 (inclusive) ~NTD 2,000,000 (exclusive)	-	-
NTD 2,000,000 (inclusive) ~NTD 3,500,000 (exclusive)	-	-
NTD 3,500,000 (inclusive) ~NTD 5,000,000 (exclusive)	CHEN, YUNG-HUA · WANG, ZI-YUE · YEH, DONG-YI	CHEN, YUNG-HUA · WANG, ZI-YUE · YEH, DONG-YI
NTD 5,000,000 (inclusive) ~NTD 10,000,000 (exclusive)	-	-
NTD 10,000,000 (inclusive) ~NTD 15,000,000 (exclusive)	-	-
NTD 15,000,000 (inclusive) ~NTD 30,000,000 (exclusive)	-	-
NTD 30,000,000 (inclusive) ~NTD 50,000,000 (exclusive)	-	-
NTD 50,000,000 (inclusive) ~NTD 100,000,000 (exclusive)	-	-
Greater than or equal to NT\$100,000,000	-	-
Total	3	3

2.2.3 Employee's Compensation for Officers

As of December 31, 2025 Unit: NT\$ thousands

	Title	Name	Stock	Cash	Total	Percentage of net income after taxes (%)
Executive Officer	Chairman and President	CHEN, YUNG-HUA				
	CEO	WANG, ZI- YUE(Note 1)				
	Vice President of Research and Development	YEH, DONG- YI(Note 1)	-	-	-	-
	Corporate Governance Officer	KUO, LUNG-CHANG(Note 2)				
	Financial &Accounting Officer and Corporate Governance Officer	TSENG, TSAI-WEI(Note 3)				

Note 1: CEO Wang, Zi-Yue and the Vice President of Research and Development Yeh, Dong-Yi were newly appointed on September 1, 2025.

Note 2: Corporate Governance Officer Kuo, Lung-Chang stepped down on May 9, 2025.

Note 3: Financial &Accounting Officer Tseng, Tsai-Wei was appointed as the Corporate Governance Officer on May 9, 2025.

2.2.4 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

2.2.4.1 The ratio of the total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

Unit: NT\$ thousands; %

Item	The company				Consolidated Entities			
	2024		2025		2024		2025	
	Total	Ratio to Net Income	Total	Ratio to Net Income	Total	Ratio to Net Income	Total	Ratio to Net Income
Remuneration of Directors (Excluding remuneration paid for positions as employees)	2,972	5.45%	1,794	(2.13)%	2,972	5.45%	1,794	(2.13)%
Remuneration of the President and Vice Presidents	8,336	15.30%	11,880	(14.09)%	8,336	15.30%	11,880	(14.09)%
Net Income	54,492		(84,299)		54,492		(84,299)	

2.2.4.2 The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

A. The Remuneration Committee was established on August 26, 2011 under the approval of the Board of Directors. The Committee's primary responsibilities include regularly reviewing the performance evaluations and the policies, systems, standards, and structures of remuneration for directors and executives. By comprehensively

considering company operating results, industry environment, corporate development strategies, and future risk factors, the Committee provides concrete recommendations for the Board's deliberation and resolution, ensuring the reasonableness of the remuneration system and the integrity of corporate governance.

- B. Directors' remuneration includes meeting attendance fees and remuneration distributed from earnings. Meeting attendance fees are paid based on the frequency of attendance at meetings. Pursuant to Article 19 of the Company's Articles of Incorporation, if the Company earns a profit for the year, the Board of Directors shall resolve to allocate no more than 2% of the pre-tax profit for that year as directors' remuneration. The individual distribution is determined based on each director's degree of participation, specific contributions, and prevailing industry standards, aiming to balance incentive effects with the Company's financial soundness.
- C. The remuneration for independent directors consists of a fixed monthly salary. They received a fixed remuneration of \$30,000 per month in 2025, along with meeting attendance fees paid based on their actual participation in meetings.
- D. The remuneration package for executives comprises fixed salary, performance-based bonuses, and employee remuneration (profit-sharing). The Company provides reasonable compensation based on market pay levels, the scope of job responsibilities, individual performance, and the degree of contribution to the Company's operational goals. This policy aims to attract and retain outstanding talent. According to Article 19 of the company's articles of association, if profits are made annually, 10% should be allocated for employee compensation. Of the total amount allocated, no less than 20% shall be distributed to frontline staff based on their performance evaluation results and contribution levels. This mechanism aims to share operational successes, strengthen team cohesion, and motivate employees to continuously enhance performance while pursuing the Company's long-term development.
- E. The remuneration of Directors and Executives is prudently reviewed by the Remuneration Committee and the Board of Directors. The guiding principles for determining remuneration take into account the Company's long-term operational performance, sustainable development strategies, and potential risk exposure, with timely reviews and adjustments made in response to industry cycles and changes in the business environment. This mechanism serves to balance short-term operational results with long-term risk control, safeguarding shareholder interests while ensuring transparency and fairness in corporate governance and remuneration policies.

2.3. Corporate Governance

2.3.1 Operation of the Board of Directors

Previous member's term of office: June 24, 2022 to June 23, 2025

Current member's term of office: May 29, 2025 to May 28, 2028

The Board of Directors held meetings 7 times in 2025. Attendance status of Directors is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate(%)	Remarks
Chairman	CHEN, YUNG-HUA	7	0	100%	
Director	Utechzone Co., Ltd. Representative: WANG, JEN-CHIEH	3	0	100%	Newly elected on May 29, 2025
Director	Utechzone Co., Ltd. Representative: HSU, CHIH-CHAO	3	0	100%	Newly elected on May 29, 2025
Director	LIN, HUNG-JEN	7	0	100%	

Director	SHAN, HIS-CHI	3	0	100%	Newly elected on May 29, 2025
Director	Utechzone Co., Ltd. Representative: CHANG, WEN-CHIEH	4	0	100%	Term expired on May 29, 2025
Director	Utechzone Co., Ltd. Representative: LIN, FANG-LUNG	4	0	100%	Term expired on May 29, 2025
Director	YEH, SHENG-FA	1	3	25%	Term expired on May 29, 2025
Independent Director	WANG, SHU-JANE	3	0	100%	Newly elected on May 29, 2025
Independent Director	SHEN, HIS-WEN	6	1	86%	
Independent Director	LEE, SHIH-CHENG	7	0	100%	
Independent Director	SU, HSING-HWA	3	0	100%	Newly elected on May 29, 2025
Independent Director	TSENG, HSIANG-CHI	4	0	100%	Term expired on May 29, 2025
Independent Director	LO, CHIH-PING	4	0	100%	Term expired on May 29, 2025

Other disclosures:

2.3.1.1 If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

- (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: Refer to the important resolutions of the Board of Directors.
- (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.

2.3.1.2 For execution status regarding matters bearing on the personal interests and recusal of directors due to conflict of interests, the name of the director, proposal, the reason for recusal and board resolution shall be stated:

Date	Name of Director	Subject	Reason for recusal	Voting results	Resolution
2025.01.17	CHEN, YUNG-HUA	2024 Year end bonus to managerial employees.			
2025.08.08	CHEN, YUNG-HUA , Utechzone Co., Ltd. WANG, JEN-CHIEH , Utechzone Co., Ltd. HSU, CHIH-CHAO , LIN, HUNG-JEN	The distribution of 2024 directors remuneration.	Interested in the directors	Did not vote	Other attending directors agreed accordingly
	CHEN, YUNG-HUA	The distribution of 2024 managerial employees'			

		compensation.			
	CHEN, YUNG-HUA	2025 managerial employees salary adjustments.			
2026.01.30	CHEN, YUNG-HUA	2025 Year end bonus to managerial employees.			
	WANG, SHU-JANE , SU, HSING-HWA , LEE, SHIH-CHENG , SHEN, HIS-WEN	Establishment of Director Compensation and Remuneration Payment Procedures.			

2.3.1.3 Board of Directors performance evaluation

- (1) Evaluation cycles: Conducting an internal board performance evaluation every year.
- (2) Evaluation periods: From Jan. 1, 2025 to Dec. 31, 2025
- (3) Scope and method of evaluation: The performance evaluation of the board as a whole, individual board members and functional committees, including the audit committee, remuneration committee, and nominating committee.
- (4) Method of evaluation: The internal evaluation of the board, self-evaluation by individual board members, and the internal evaluation of the audit committee, remuneration committee, and nominating committee. The units conducting evaluations is nominating committee.
- (5) Criteria of evaluation:
 - A. The board of directors performance evaluation
 - (1) Participation in the operation of the company;
 - (2) Improvement of the quality of the board of directors' decision making;
 - (3) Composition and structure of the board of directors;
 - (4) Election and continuing education of the directors;
 - (5) Internal control.
 - B. The board members' performance evaluation
 - (1) Alignment of the goals and missions of the company;
 - (2) Awareness of the duties of a director;
 - (3) Participation in the operation of the company;
 - (4) Management of internal relationships and communication;
 - (5) The director's professionalism and continuing education;
 - (6) Internal control.
 - C. Functional committee's performance evaluation
 - (1) Participation in the operation of the company;
 - (2) Awareness of the duties of the functional committee;
 - (3) Improvement of quality of decisions made by the functional committee;
 - (4) Makeup of the functional committee and election of its members;
 - (5) Internal control.
- (6) Performance evaluation results: The performance evaluation results were reported to the Board of Directors on January 30, 2026. The performance evaluation results for the Board of Directors for the year 2025 were 'Good,' while the performance

evaluation results for the board members were ' Good.' The performance evaluation results for the Audit Committee and the Compensation Committee were ' Excellent.' These performance evaluation results will be used as a reference for the remuneration and re-nomination of individual directors or functional committee members.

2.3.1.4 The goals for strengthening the powers of the board of directors and performance evaluation:

- (1) Set up functions committees: For the purpose of developing supervisory functions and strengthening management mechanisms, the Company has set up an audit committee, remuneration committee, and nominating committee.
- (2) Enhance corporate governance: The Company has established corporate governance best practice principles, risk management policy, and regulations governing the board performance evaluation, and also discloses corporation governance information in accordance with the relevant laws.

2.3.2 Operation of Audit Committee meetings:

2.3.2.1 The Committee is composed of all Independent Directors. For details regarding the professional qualifications, experience, and independence of each member, please refer to the "Information on Professional Qualifications, Experience, and Independence of Independent Directors" on page 16-19 of this annual report.

2.3.2.2 The Committee assists the Board of Directors in fulfilling its oversight of the quality and integrity of the Company's accounting, auditing, financial reporting, and internal control practices. The powers and duties of the Committee are as follows:

- The adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- Assessment of the effectiveness of the internal control system.
- The adoption or amendment of the procedures for handling material financial or operational actions, including the acquisition or disposal of assets, derivative transactions, lending of funds to others, and endorsements or guarantees for others, pursuant to Article 36-1 of the Securities and Exchange Act.
- Matters involving conflicts of interest or transactions in which a Director has a personal interest.
- Material asset or derivative transactions.
- Material lending of funds, endorsements, or provision of guarantees.
- The offering, issuance, or private placement of equity-type securities.
- The appointment, dismissal, or remuneration of a CPA.
- The appointment or dismissal of a financial, accounting, or internal audit officer.
- Annual financial reports signed or sealed by the Chairman, managerial officers, and accounting officers, as well as second-quarter financial reports subject to audit and certification by a CPA.
- Other material matters as stipulated by the Company or the competent authorities.

2.3.2.3 Operation of Audit Committee

Previous member's term of office: June 24, 2022 to June 23, 2025

Current member's term of office: May 29, 2025 to May 28, 2028

The Audit Committee held meetings 6 times in 2025. Attendance status of Independent Directors is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate(%)	Remarks
Independent Director	WANG, SHU-JANE	2	-	100%	Newly elected on May

					29, 2025
Independent Director	SHEN, HIS-WEN	5	1	83%	
Independent Director	LEE, SHIH-CHENG	6	-	100%	
Independent Director	SU, HSING-HWA	2	-	100%	Newly elected on May 29, 2025
Independent Director	TSENG, HSIANG-CHI	4	-	100%	Term expired on May 29, 2025
Independent Director	LO, CHIH-PING	4	-	100%	Term expired on May 29, 2025

Other disclosures:

1. In the event of any of the following in the audit committee, the dates of audit committee meetings, sessions, contents of motions, the dissenting opinion, qualified opinion, or significant suggestions of the independent director, resolutions of the audit committee meetings, and the Company's response to audit members' opinion should be specified.

1.1 Securities and Exchange Act §14-5 resolutions

Date	Resolutions	The Opinions of All Independent Directors and the Company's Actions to the Opinions
2025.01.17	1.Addition of the "Procedures for the Preparation and Assurance of Sustainability Reports."	All independent directors approved
2025.03.07	1. The company's 2024 parent company only financial and consolidated financial statements. 2. The company's 2024 earnings distribution proposal. 3. The company's 2024 business report and 2025 business plan. 4. Amendment to the "Articles of Incorporation." 5. Evaluation of the Independence and Competence of the Certified Public Accountant for 2025. 6. Appointment and Remuneration of the Certified Public Accountant for 2025.	
2025.04.18	1. Removal of the non-compete clause for the company's directors and their representatives.	
2025.05.09	1. 2025Q1 consolidated financial statements. 2. Change of the Corporate Governance Officer. 3. Establishment of the "Non- assurance Services, NAS ".	
2025.08.08	1. 2025 Q2 consolidated financial statements. 2. The proposed renewal of the "Liability Insurance of Directors, Supervisors, and Managerial Officers". 3. The Board of Directors authorizes Independent Director SHEN, HIS-WEN to supervise the Internal Audit Department and sign off on audit reports. 4. Amendments to the Internal Control System for the 'Payroll	

	<p>Cycle' and certain provisions of the 'Internal Audit Implementation Rules - Payroll Cycle.'</p> <p>5. Amendment to the "Approval authority table".</p> <p>6. Amendment to the "Procedures for the Preparation and Assurance of Sustainability Reports."</p>	
2025.11.07	<p>1. 2025 Q3 consolidated financial statements.</p> <p>2. 2026 Audit Plan.</p> <p>3. Designation of senior management personnel responsible for the supervision and control of derivative transactions.</p> <p>4. Amendment to the "Approval authority table".</p>	

1.2 There was no resolution that was not approved by the Audit Committee but was approved by two-thirds or more of all Directors.

2. Execution of the independent directors' interests evasion: None.

3. The communication between the independent directors and the internal audit manager and the CPA:

(1) The Company's independent directors communicate with the CPA by way of meetings, discussions, telephone calls or e-mails through the audit committee or separately to discuss the review results of the financial statements and related laws and regulations such as accounting, taxation, and securities management. If major issues occur, a meeting can be convened at any time.

(2) The Audit Officer will periodically submit audit reports to the Independent Directors for review. The Company's independent directors communicate with the internal Audit Officer by way of meetings, discussions, telephone calls or e-mail through the audit committee or separately to discuss the company's audit-related works, audit reports, and the condition of discovering problems and tracking improvements. If major issues occur, a meeting can be convened at any time.

A. The major items of communication between the independent directors and the CPA

Date	The Major Items of the Communication	The suggestions of independent directors and the Company's action to the suggestions
2025.03.07 (individual meeting)	Report of regulatory developments Any review problems or difficulties and management's response in connection with 2024 Year financial statements	No suggestion from independent directors
2025.05.09 (individual meeting)	Report of regulatory developments Any review problems or difficulties and management's response in connection with 2025 first-quarter financial statements	No suggestion from independent directors
2025.08.08 (individual meeting)	Report of regulatory developments Any review problems or difficulties and management's response in connection with 2025 second-quarter financial statements	No suggestion from independent directors

2025.11.07 (individual meeting)	Report of regulatory developments Any review problems or difficulties and management's response in connection with 2025 third-quarter financial statements	No suggestion from independent directors
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Result: All the above matters were reviewed or approved by the Audit Committee, and the independent directors expressed no objection.

B. The major items of communication between the independent directors and the internal audit manager

Date	The Major Items of the Communication	The suggestions of independent directors and the Company's action to the suggestions
2025.01.17 (individual meeting)	Internal Auditor's report.	No suggestion from independent directors
2025.03.07 (individual meeting)	Internal Auditor's report. 2024 Internal Control System Statement	No suggestion from independent directors
2025.04.18 (individual meeting)	Internal Auditor's report.	No suggestion from independent directors
2025.05.09 (individual meeting)	Internal Auditor's report.	No suggestion from independent directors
2025.08.08 (individual meeting)	Internal Auditor's report.	No suggestion from independent directors
2025.11.07 (individual meeting)	Internal Auditor's report. Proposal for the 2026 Annual Audit Plan.	No suggestion from independent directors

2.3.3 The state of the company's implementation of corporate governance, and deviation of such implementation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The company has established the 'Corporate Governance Best Practice Principles' in accordance with the 'Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.' Investors can find relevant corporate governance regulations in the corporate governance section of the company's website.	No significant deviation
2. Shareholding Structure and Shareholders' Rights (1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The Company has set up a spokesperson system and appointed a professional stock transfer agency to handle matters such as shareholder suggestions or doubts.	No significant deviation
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		The Company has a good grasp of the shareholding status of major shareholders, directors, and managers by referencing the shareholder register on the book closure date that is provided by the stock agent. In addition, the Company files the shareholding changes of insiders (directors, managers, and shareholders holding no less than 10 percent of the Company's shares) with the competent authority through its designated Market Observation Post System on a monthly basis.	No significant deviation
(3) Does the Company establish and implement the risk management and firewall system between related companies?	✓		The business transactions between the Company and affiliated companies are implemented and controlled in accordance with relevant internal control systems, and laws and regulations.	No significant deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.																
	Yes	No	Summary Description																	
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	✓		<p>The Company has established the "Procedures for Handling Material Inside Information and Prevention of Insider Trading" to ensure the consistency and accuracy of information disclosed to the public and to strengthen the prevention of insider trading. Newly appointed directors, managers, and employees are provided with training and awareness programs within one month of taking office. In 2025, the Company conducted two awareness sessions on the prevention of insider trading, with a total of 8 person-times of attendance by the current directors.</p> <p>Since 2022, the company has incorporated "Prevention of Insider Trading and Integrity Operation" into the mandatory training program for all employees. The curriculum covers relevant regulations of securities trading laws regarding insider trading, responsibilities and case studies, as well as the importance of integrity operation. Presentation materials and procedural documents for the training are stored in a public folder for all employees to access at any time. When new directors and managers take office, the Company also provides them with relevant regulatory information in advocacy thereof and reminds them of matters to be noted with regard to insider trading. The company regularly assigns employees from different departments to participate in internal and external education and training related to the prevention of insider trading and integrity operation. These training sessions include courses on integrity operation regulations, legal practices, advanced financial management, insider trading, and internal controls. The aim is to enhance employees' awareness of and compliance with regulations. The total duration of related education and training was 58 hours, with a total of 36 employees participating in the courses in 2025. Detailed training records are provided in the table below.</p> <table border="1"> <thead> <tr> <th>Course Name</th> <th>Number of people</th> <th>Length of the curriculum</th> <th>Completion rate</th> </tr> </thead> <tbody> <tr> <td>Integrity Management and Prevention of Insider Trading.</td> <td>25</td> <td>25</td> <td>100%</td> </tr> <tr> <td>2025 Insider Trading Prevention Awareness Session (Online).</td> <td>5</td> <td>15</td> <td>100%</td> </tr> <tr> <td>2025 Internal Personnel Stock Trading Legal Compliance Awareness Seminar (Online)</td> <td>6</td> <td>18</td> <td>100%</td> </tr> </tbody> </table>	Course Name	Number of people	Length of the curriculum	Completion rate	Integrity Management and Prevention of Insider Trading.	25	25	100%	2025 Insider Trading Prevention Awareness Session (Online).	5	15	100%	2025 Internal Personnel Stock Trading Legal Compliance Awareness Seminar (Online)	6	18	100%	No significant deviation
Course Name	Number of people	Length of the curriculum	Completion rate																	
Integrity Management and Prevention of Insider Trading.	25	25	100%																	
2025 Insider Trading Prevention Awareness Session (Online).	5	15	100%																	
2025 Internal Personnel Stock Trading Legal Compliance Awareness Seminar (Online)	6	18	100%																	
3. Composition and Responsibilities of the Board of Directors																				

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
(1) Has the Board established a diversity policy, and specific management goals and implemented them accordingly?	✓		Please take a reference to the Board Diversity Policy and Implementation Status on page 16-19 of this Annual Report.	No significant deviation
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	The Company has set up the Remuneration Committee and the Audit Committee according to the law. Additionally, a Sustainability Committee was established on November 7, 2025; the establishment of other committees is under evaluation.	No significant deviation
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	✓		To implement corporate governance and improve its Board's functions, the Company has established various performance goals to enhance the Board's operating efficiency. The Company already formulated its "Regulations Governing Performance Evaluation of Board of Directors", by which it completed the performance evaluation of the Board of Directors of 2025 in January 2026 and submitted the evaluation results to the Board of Directors to serve as a reference, both for discussion and determination of the remuneration for the Board of Directors of 2025, and for re-nomination of directors in future Board elections.	No significant deviation
(4) Are external auditors' independence assessed on a regular basis?	✓		The Company's Audit Committee regularly reviews the independence of the independent auditors and reports the result to the Board of Directors. The nearest evaluation results submitted by the Audit Committee to the Board of Directors were on March 6, 2026. The Company's Audit Committee regularly evaluates the independent auditor's independence and suitability every year by means of either demanding that the independent auditors provide a "Statement of Independence" and the Accounting firm provide an Audit Quality Index (AQIs). With reference to Quality Control Standard No. 1, Article 47 of the Accountant Law, and Accountant Professional Ethics Code No. 10 Bulletin, the "Accountant Independence and Competency Evaluation Form" was formulated to assess items that may affect independence one by one. After evaluation, the Company believes it true that the independent auditors have no business or financial relationship with the Company, except the fees for their attestation and taxation service, evidencing the requirement for independence and suitability.	No significant deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
4. Does the Company have an adequate number of corporate governance personnel with appropriate qualifications, and appoint a chief corporate governance employee who takes charge of the corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders' meetings according to the laws, and producing minutes of board meetings and shareholders' meetings, etc.)?		✓	Although the Company does not reach the standard of establishing a chief corporate governance employee, every unit of the Company takes charge of corporate governance-related affairs according to their job functions: The Financial and Accounting Department is responsible for handling the operation of the Board of Directors, Audit Committee and Shareholders' Meeting; Human Resource Department is responsible for the works related to meetings of the Compensation Committee; President Office is the top leading unit for the scope of ethic corporate management, risk management, and corporate sustainable development which is responsible for coordinating the target of corporate social responsibility and formulate the sustainable development policies, and annually report to the Board of Directors.	No significant deviation
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has set up a stakeholder section on our website with a dedicated email for stakeholder communication and contact. Any question, suggestion, or voice can be channeled through this mailbox for open and effective communication.	No significant deviation
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed the Stock-Affairs Agency Department of Taishin International Bank as its agent to carry out tasks relevant to Shareholders' Meetings.	No significant deviation
7. Information disclosure				
(1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The Company has a corporate website to disclose both financial standings and the status of corporate governance.	No significant deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		The Company had built a corporate website and appointed designated people to handle information collection and disclosure; carried out the spokesman system; participated in the investor conference held by the external institutes without a fixed schedule. The information for the investor conference had been disclosed on the Market Observation Post System and the corporate website.	No significant deviation
(3) Does the Company announce and report the annual financial statements within two months of the end of the fiscal year, and announce and report the first, second, and third-quarter financial statements and the monthly operating results ahead of time and within the specified time limit?		✓	The Company reports the annual/quarterly financial statements and operating results within the specified time limit.	No significant deviation

Evaluation Item	Implementation Status		Summary Description	Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No		
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, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✓		<p>1. Employee rights: The Company ensures employees' legal rights by adhering to the Labor Standards Act and its personnel regulations. It also regularly holds labor-management meetings to harmonize its labor relations.</p> <p>2. Employee care: The Company upholds the philosophy of a friendly workplace in recruiting and retaining talents. It strives to provide a good work environment: Apart from the establishment of the Employee Benefits Committee, to which it regularly contributes employee benefit funds, it also contributes a certain amount of employee retirement funds as required by law, purchases group insurance for employees, and arranges health check-up for them, so as to maximize the employees' benefits it can provide.</p> <p>3. Investor relation: The Company has a spokesperson system and an acting spokesperson system, through which it communicates with outsiders. Aside from updating its operating results, the Company also assigns dedicated personnel to disclose its information on the Market Observation Post System as required by law.</p> <p>4. Supplier relations: Through activities such as ongoing exchange of opinions with the management, the Company works closely with key suppliers and contractors, and maintains productive relationships that would ensure better performance in the future.</p> <p>5. Stakeholders' interests: The Company has maintained a smooth communication channel with employees, customers, suppliers, and contractors, and respects and upholds their legal rights. Stakeholders may communicate their opinions to the Company at any time. The Company values their opinions and will use them as reference for future work implementation.</p> <p>6. Continuing education of directors and supervisors: The Company has established the Audit Committee to assume the duties of supervisors. All the Company's directors are experts in certain areas; they also regularly take part in continuing education courses as required by law and have obtained certificates. Please refer to Note 1 for details regarding continuing education.</p> <p>7. Risk management policies, practices, and risk assessment standards: The Company has established internal policies in accordance with laws to manage and assess risks.</p> <p>8. Execution of customer policy: The Company has assigned a dedicated unit to handle customers' complaints and issues. The unit is responsible for appropriately addressing issues that concern customers, and in doing so, maintains a good relationship with customers, thereby creating profits for the Company.</p> <p>9. The Directors and manager had been insured for liabilities and this is disclosed on the Market Observation Post System.</p>	No significant deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.</p> <p>Every year, the company reviews the indicators that have not yet met the scoring standards based on the recent corporate governance evaluation results and the corporate governance evaluation indicators released in the most recent year, arranges improvement schedules, and has completed the improvement of most of the projects that did not meet the standards.</p>				

Note1 : Continuing education of the Company's Directors in 2025:

Title	Name	Date	Organizer	Course Name	Length of the curriculum
Director	CHEN, YUNG-HUA	2025.07.09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit Forum	6 hours
Director	Utechzone Co., Ltd. Representative: HSU, CHIH-CHAO	2025.07.09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit Forum	6 hours
		2025.07.25	Securities and Futures Institute	2025 Internal Personnel Stock Trading Legal Compliance Awareness Seminar	3 hours
		2025.08.22	Chinese National Federation of Industries	2025 Taishin Shin Kong Net Zero Summit Forum	3 hours
Director	Utechzone Co., Ltd. Representative: WANG, JEN-CHIEH	2025.07.09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit Forum	6 hours
		2025.07.25	Securities and Futures Institute	2025 Internal Personnel Stock Trading Legal Compliance Awareness Seminar	3 hours
		2025.08.22	Chinese National Federation of Industries	2025 Taishin Shin Kong Net Zero Summit Forum	3 hours
Director	SHAN, HIS-CHI	2025.10.31	Securities and Futures Institute	2025 Internal Personnel Stock Trading Legal Compliance Awareness Seminar	3 hours
		2025.11.07	Chinese Corporate Governance Association	Corporate Governance Officer and Board Evaluation and Development	3 hours
		2025.11.13	Chinese Corporate Governance Association	Financial Impact of ESG Risks and Opportunities	3 hours
		2025.12.08	Taipei Financial Research and Development Foundation	Business Value and Digital Risks of Generative AI	3 hours
Director	LIN, HUNG-JEN	2025.08.22	Chinese National Federation of Industries	2025 Taishin Shin Kong Net Zero Summit Forum	3 hours
		2025.09.26	Securities and Futures Institute	2025 Prevention of insider trading publicity meeting	3 hours
Independent Director	WANG, SHU-JANE	2025.07.09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit Forum	6 hours

Title	Name	Date	Organizer	Course Name	Length of the curriculum
		2025.07.25	Securities and Futures Institute	2025 Internal Personnel Stock Trading Legal Compliance Awareness Seminar	3 hours
		2025.08.22	Chinese National Federation of Industries	2025 Taishin Shin Kong Net Zero Summit Forum	3 hours
Independent Director	LEE, SHIH-CHENG	2025.05.02	Securities and Futures Institute	2025 Prevention of insider trading publicity meeting	3 hours
		2025.07.09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit Forum	3 hours
Independent Director	SHEN, HIS-WEN	2025.04.11	Taiwan Institute of Directors	Corporate Governance Upgrade: Creating a New Landscape for Talent Competitiveness	3 hours
		2025.08.28	Securities and Futures Institute	Digital Finance Revolution: Principles of Stablecoins and Development Trends of Blockchain Virtual Currency Assets	3 hours
		2025.10.03	Securities and Futures Institute	2025 Prevention of insider trading publicity meeting	3 hours
Independent Director	SU, HSING-HWA	2025.09.26	Securities and Futures Institute	2025 Prevention of insider trading publicity meeting	3 hours
		2025.11.13	Chinese Corporate Governance Association	Financial Impact of ESG Risks and Opportunities	3 hours

2.3.4. Composition, Responsibilities and Operations of the Remuneration Committee

The Compensation Committee assists the Board in discharging its responsibilities relating to the Company's compensation and benefits policies, plans and programs, and the evaluation of the directors' and executives' compensation.

1. Information of Remuneration Committee Members

Title	Criteria Name	Professional Qualification and Experience	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director (Convener)	WANG, SHU-JANE	Please take a reference to the professional qualification and experience & status of independence of Independent Directors on page 16-18 of this Annual Report.		-
Independent Director (Member)	SU, HSING-HWA			-
Independent Director (Member)	LEE, SHIH-CHENG			-
Independent Director (Member)	SHEN, HIS-WEN			1
Independent Director (Member)	TSENG, HSIANG-CHI			-
Independent Director (Member)	LO, CHIH-PING			-

2. Information on Compensation Committee Operations

- (1) The Company's Compensation Committee had 4 members.
- (2) Previous member's term of office: June 24, 2022 to June 23, 2025.

Current member's term of office: May 29, 2025 to May 28, 2028.

A total of 2 Compensation Committee meetings were held in 2025. The attendance of independent directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	WANG, SHU-JANE	1	-	100	Newly elected on May 29, 2025
Member	SU, HSING-HWA	1	-	100	Newly elected on May 29, 2025
Member	LEE, SHIH-CHENG	3	-	100	
Member	SHEN, HIS-WEN	3	-	100	
Member	TSENG, HSIANG-CHI	2	-	100	Term expired on May 29,

					2025
Member	LO, CHIH-PING	2	-	100	Term expired on May 29, 2025

Other disclosures:

1. If the advice of the Remuneration Committee was not adopted or modified by the Board of Directors, the meeting date, period, content of proposals, meeting resolution, and the Company's action to the advice of the Remuneration Committee should be disclosed: None.
2. If resolutions of the Remuneration Committee were objected or reserved with records or written statements by any member, the meeting date, period, content of proposals, opinions of all members, and action to the member's opinions should be disclosed: None.
3. The discussion item and resolution results of the Remuneration Committee, and the Company's action to the advice of the Remuneration Committee:

Date	Content of proposals	Resolution results	The Company's action to the advice of the Remuneration Committee
2025.1.17	1.2024 Year end bonus to managerial employees.	Approved by all members of the committee.	Processed as the resolution results of the remuneration committee.
2025.3.7	1.Proposal for the Accrual and Distribution of 2024 Employees' and Directors' Remuneration.	Approved by all members of the committee.	Processed as the resolution results of the remuneration committee.
2025.8.8	1.The distribution of 2024 directors remuneration. 2.The distribution of 2024 managerial employees' compensation. 3. Promotion of Executive Officers of the Company. 4.2025 managerial employees salary adjustments.	Approved by all members of the committee.	Processed as the resolution results of the remuneration committee.

2.3.5 Promotion of Sustainable Development, Status, and Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
1. Whether the Company has established a management structure for promoting sustainable development and set up an exclusively (or concurrently) dedicated unit handled by senior management employee(s) authorized by the Board of Directors, and under the supervision of the Board of Directors?	✓		<p>To fulfill our corporate social responsibility and promote progress in the economy, environment, and society, aiming for sustainable development, our company established the "Corporate Sustainability Practices Guidelines" in 2020 for compliance.</p> <p>The Company originally established the "Sustainable Development Promotion Team" in December 2023, composed of representatives from various departments, with the General Management Office serving as the dedicated unit. To further strengthen the governance level, the Board of Directors approved the formal establishment of the "Sustainable Development Committee" on November 7, 2025. Authorized by the Board, senior management handles ESG-related matters and coordinates material issues concerning corporate governance, environment, and society. The first meeting of the first term of the Sustainable Development Committee was subsequently convened on December 30, 2025.</p> <p>The dedicated unit maintains a mechanism for quarterly reporting to the Board of Directors, which oversees, reviews, and adjusts work objectives. For the fiscal year 2025, reports were submitted to the Board on March 7, May 9, August 8, and November 7, respectively, to ensure the effective implementation of the Company's sustainability initiatives.</p>	No significant deviation
2. Has the Company conducted a risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?	✓		<p>In 2022, the Company's Board of Directors approved the formulation of the "Risk Management Policy and Procedures", the highest level guidelines on risk management within the Company. Relevant policies and procedures, management scope, organizational structure, and operating status have been disclosed on the Company's website.</p>	No significant deviation

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
			Since 2022, our company has been actively promoting the implementation of a risk management mechanism. This involves conducting operational management meetings chaired by the General Manager or relevant operational executives to assess the risks associated with various operational plans and projects. Personnel from dedicated departments identify potential risks within their scope of authority, conduct assessments, and formulate response and control measures. On November 7, 2025, a report on the operation of risk management was presented to the board of directors. The report outlined the various risks faced by the company during the year, including the risk environment, key risk management focuses, risk assessments, and corresponding measures, providing an overview of the operational status of risk management.	
3. Environmental Issues				
(1) Does the Company establish proper environmental management systems based on the characteristics of its industries?	✓		The Company establishes environmental management systems and policies in accordance with environmental regulations issued by the Ministry of Environment and relevant authorities (such as the Waste Disposal Act). We rigorously implement waste classification, temporary storage, and outsourced disposal operations. Waste removal and disposal are entrusted to qualified service providers. Through source reduction and sorted recycling mechanisms, the Company enhances reuse rates to mitigate environmental impacts during operations. With "Waste Reduction, Recovery, and Reuse" as our core objectives, we prioritize the use of recyclable packaging materials to reduce resource consumption and prevent secondary pollution, continuously promoting the greening and sustainability of our business operations.	Our company primarily engages in the assembly and testing of mechanical equipment, generating no harmful substances or wastewater. Hence, we have not undergone verification from international standards or adhered to sustainable development best practices. No significant deviation
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have a low impact on the environment?	✓		The Company continuously invests resources in energy-saving improvements and the implementation of green manufacturing processes. In 2025, a total of NT\$5,995 thousand was invested in equipment replacement and the	No significant deviation

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
(3) Does the Company monitor the impact of climate change on present and future operations and evaluate related opportunities? Does it establish measures to respond to climate change related impacts?	✓		<p>optimization of energy monitoring systems. The overall energy-saving performance is as follows:</p> <ul style="list-style-type: none"> ● Annual Electricity Savings: 170,012 kWh ● Annual Carbon Reduction: 80.59 metric tons (tCO_{2e}) <p>The key implementation measures are as follows:</p> <ul style="list-style-type: none"> ● Energy Management Measures: Replaced aged or inefficient power supply equipment, including high-voltage transformers and split-type inverter air conditioners, to enhance overall energy efficiency. ● Energy Monitoring System: Established an energy usage monitoring mechanism to analyze and manage the usage periods of utility equipment at the headquarters (such as chillers and air compressors), successfully reducing electricity consumption by 134,000 kWh. <p>Looking forward, the Company will continue to refine its energy monitoring and improvement plans. We intend to appropriately integrate renewable energy or low-carbon equipment to reduce our operational carbon footprint and further optimize energy efficiency.</p> <p>The Company recognizes that climate change poses long-term potential risks and challenges to business operations. Accordingly, these factors have been integrated into our corporate governance framework, with ongoing management and response through the following measures:</p> <ul style="list-style-type: none"> ● Strengthening Governance Framework: Established the Sustainable Development Committee under the Board of Directors to regularly track the progress of climate actions and carbon reduction targets, ensuring that relevant strategies remain aligned with the Company's overall development goals. ● Enhancing Strategic Resilience: Conducted climate scenario analysis to assess the operational and financial impacts under various temperature increase 	No significant deviation

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons											
	Yes	No	Summary												
(4) Does the Company take inventories of greenhouse gas emissions, water use, and waste volume during the past two years? Does it adopt guidelines to conserve energy and reduce carbon and greenhouse gas emissions, water use, and waste generation?	✓		<p>scenarios. These findings serve as a basis for rolling adjustments to mid-to-long-term strategies and resource allocation.</p> <ul style="list-style-type: none"> ● Optimizing Risk Management Mechanisms: Integrated climate risks into the Enterprise Risk Management system and established supply chain backup measures to enhance Business Continuity Planning in response to extreme weather events. <p>The Company deeply recognizes that climate change and environmental sustainability are critical global issues. To this end, we have established the "Energy Saving, Carbon Reduction, and Resource Management Policy" to systematically improve performance in energy, water, and waste management year by year.</p> <p>Key initiatives are as follows:</p> <ul style="list-style-type: none"> ● Implementing Carbon Reduction Targets: We promote comprehensive Greenhouse Gas (GHG) inventories across Scopes 1, 2, and 3, and are setting Science Based Targets (SBTi). Our goal is to reduce carbon emission intensity annually and advance toward the Net Zero emissions target. Greenhouse gas emissions for the past two years are as follows: <table border="1"> <thead> <tr> <th>Year</th> <th>Organizational Boundaries (Headquarters, Taichung Office, and Tainan Office)</th> <th>Total Greenhouse gas emissions</th> </tr> </thead> <tbody> <tr> <td rowspan="2">2024</td> <td>Direct (Scope 1/Category 1)(tons)</td> <td>68.8606</td> </tr> <tr> <td>Indirect (Scope 2/Category 2)(tons)</td> <td>634.5331</td> </tr> <tr> <td></td> <td></td> <td>1375.0772</td> </tr> </tbody> </table>	Year	Organizational Boundaries (Headquarters, Taichung Office, and Tainan Office)	Total Greenhouse gas emissions	2024	Direct (Scope 1/Category 1)(tons)	68.8606	Indirect (Scope 2/Category 2)(tons)	634.5331			1375.0772	No significant deviation
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	Yes	No	Summary	
			<p>by an average of approximately 50,000 sheets per year—a reduction of more than 20%—thereby minimizing resource consumption and enhancing operational efficiency.</p> <p>The Company will continue to deepen its climate performance management and information disclosure in accordance with ISO 14001 and international sustainability reporting standards (such as ISSB and TCFD). Through these efforts, we aim to practice green management and fulfill our corporate sustainability responsibilities.</p>	
<p>4. Social Issues</p> <p>(1) Does the Company comply with relevant laws and regulations and the International Bill of Human Rights? Does it adopt relevant management policies and processes?</p>	✓		<p>The Company adheres to international human rights standards, including the United Nations Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the ILO Core Labour Standards. We strictly comply with domestic regulations regarding labor, occupational safety and health, gender equality, personal data protection, and other relevant laws. To protect the fundamental human rights of employees, suppliers, contractors, customers, and other stakeholders, the Company has established its Human Rights Policy as a guiding principle. The Corporate Social Responsibility Group under the Sustainable Development Promotion Task Force coordinates all human rights management matters, integrating human rights issues into the corporate governance and sustainable development framework. We regularly review implementation progress and continuously refine our management measures.</p> <p>To fulfill our responsibility to protect human rights, the Company has established a human rights due diligence process based on the potential risks identified within our business operations and internal management. Through management mechanisms—including risk identification,</p>	No significant deviation

Assessment Item	Implementation Status (Note 1)			Deviation from the ‘Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies’ and Reasons
	Yes	No	Summary	
			<p>risk assessment, prevention and mitigation, grievance and remediation, and tracking and disclosure—we aim to minimize potential negative impacts on human rights throughout our operations and value chain. The focus of our human rights due diligence covers key issues such as discrimination and unequal treatment, prohibition of child labor, prohibition of forced labor, prevention of workplace sexual harassment and unlawful infringement, working hours and compensation management, occupational safety and health, personal data protection, and employee physical and mental well-being.</p> <p>The Company’s human rights due diligence process is structured as follows:</p> <p>1. Risk Identification The Company identifies potential human rights risk issues across its business operations, internal management systems, and value chain partnerships. These include, but are not limited to, discrimination and unequal treatment, forced labor, child labor, workplace sexual harassment, unlawful infringement, working hours and compensation, occupational safety and health, personal data protection, and the physical and mental well-being of employees.</p> <p>2. Risk Assessment Material human rights issues are evaluated based on the likelihood of occurrence, the severity of impact, and the scope of affected parties. This risk analysis is supported by data from regulatory compliance, grievance cases, employee opinion surveys, occupational injury records, training outcomes, and supplier management information.</p> <p>3. Prevention and Mitigation Measures To address identified human rights risks, the Company establishes corresponding management measures and procedures. These include policies regarding anti-discrimination, the prohibition of child and forced labor, sexual harassment prevention, occupational safety and</p>	

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
			<p>health management, and personal data protection. Implementation is sustained through continuous training, internal communication, internal audits, and management reviews.</p> <p>4. Grievance and Remediation Mechanisms The Company provides multiple channels for employee feedback and grievances, including dedicated hotlines, email accounts, and formal complaint procedures. In the event of a suspected human rights infringement, the Company initiates investigation, handling, correction, and follow-up procedures in accordance with internal regulations. Necessary remediation is provided based on the nature of the incident to safeguard the legal rights of the parties involved.</p> <p>5. Tracking and Disclosure The Company periodically reviews the effectiveness of its human rights policies and management measures. The Sustainable Development Promotion Group compiles implementation status, improvement actions, and key issues for regular reporting to the Board of Directors. Relevant information is disclosed in the Annual Report, Sustainability Report, and on the corporate website.</p> <p>The implementation of the Company's human rights management is as follows:</p> <p>1. Building an Equal and Diverse Employment Environment: In all human resources management practices—including recruitment, appointment, compensation, benefits, training, performance evaluation, and promotion—the Company prioritizes professional competence, job performance, and role requirements. We ensure equal employment opportunities and uphold the principle of fair treatment.</p> <p>2. Implementing Anti-Discrimination and Equal Pay for Equal Work: The Company prohibits any form of discrimination based on gender, age, race, color, nationality, religion, disability, marital status, family status, political</p>	

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
			<p>affiliation, union membership, or any other factors unrelated to job performance. Adhering to the spirit of equal pay for equal work, we provide fair and reasonable compensation as well as career development opportunities.</p> <p>3.Prohibition of Child Labor and Forced Labor: The Company strictly complies with labor laws and does not employ personnel under the legal working age. We also prohibit all forms of forced labor, debt bondage, withholding of identity documents, or any other illegal restrictions on personal freedom, ensuring that employees retain the right to freely enter and leave employment in accordance with the law.</p> <p>4.Strengthening Workplace Respect and Prevention of Unlawful Infringement: The Company has established "Measures for Preventing Sexual Harassment, and Procedures for Grievance and Disciplinary Action." We publicly disclose this information, conduct regular training and awareness campaigns, and provide diverse, confidential grievance channels to ensure all cases are handled in a timely, fair, and discreet manner.</p> <p>5.Protection of Personal Data and Privacy Rights: The Company collects, processes, and utilizes personal data in accordance with the Personal Data Protection Act and relevant regulations. We have implemented essential management and security measures to safeguard the privacy and information security of our employees and stakeholders.</p> <p>6.Maintaining Workplace Safety and Health: In alignment with occupational safety and health regulations and the ISO 45001 management system framework, the Company continuously promotes hazard identification, risk assessment, education and training, health examinations, work environment monitoring, and emergency response drills. Dedicated personnel are assigned to track employee health management, as we strive to build a safe and healthy working environment.</p> <p>7.Regular Review and Board Oversight: The Company</p>	

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
			<p>annually reviews the implementation and effectiveness of its human rights policy and related measures. Key management highlights, risk issues, and improvement actions are reported to the Board of Directors to ensure the continuous refinement of our human rights protection mechanisms.</p> <p>In the event of an incident involving human rights violations, the Company will follow established grievance, investigation, and handling procedures. We will review the root causes, implement improvement measures, and undertake remedial actions. When necessary, appropriate assistance and redress will be provided to affected stakeholders to mitigate impacts and prevent the recurrence of similar incidents.</p> <p>In the event of an incident involving human rights violations, the Company follows established grievance, investigation, and handling mechanisms. We conduct comprehensive reviews of root causes, improvement measures, and remedial actions. When necessary, appropriate assistance and remedies are provided to affected stakeholders to mitigate impact and prevent recurrence.</p> <p>The Company conducts annual human rights risk assessments. In 2025, no material human rights violations occurred. The performance of human rights-related training in 2025 is summarized below:</p> <ul style="list-style-type: none"> ● Total Sessions: 42 ● Total Participants: 135 ● Total Training Hours: 411.5 <p>Supplier Human Rights Due Diligence. The Company plans to systematically establish a supply chain human rights management mechanism through the "Supplier Corporate Social Responsibility (CSR) Self-Assessment Questionnaire" and "Site Audits."</p> <p>The specific process is as follows:</p> <p>1. Risk Identification — CSR Self-Assessment Questionnaire</p> <p>The top 20 suppliers and providers of critical materials are</p>	

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
(2) Does the Company establish and implement appropriate remuneration mechanisms (including wages, vacation, and other benefits) and reflect the corporate business performance or achievements in the employee remuneration policy?	✓		<p>required to complete the "Supplier CSR Self-Assessment Questionnaire." Evaluation criteria include fundamental human rights clauses such as the execution of labor contracts, prohibition of child and forced labor, and implementation of gender equality and diversity & inclusion.</p> <p>2.Assessment and Verification — Site Audits and Rating For items identified as not yet implemented in the self-assessments, the Company plans to initiate Site Audits or third-party audits. A supplier rating system will be progressively established based on these results.</p> <p>3.Mitigation and Improvement — Guidance and Follow-up</p> <ul style="list-style-type: none"> ● Preferred Suppliers: Granted preferential procurement status or designated as long-term strategic partners. ● High-Risk Suppliers: Required to submit improvement plans and undergo re-evaluation within a specified timeframe. In cases of material non-compliance (e.g., employment of child labor), the business relationship will be terminated. <p>The Company highly values employee rights and well-being, maintaining a fair compensation system and diverse welfare measures. To achieve profit-sharing and ensure talent retention, we appropriately reflect operational performance in employee compensation. According to the Company's Articles of Incorporation, if the Company records a profit for the year, no less than 10% shall be allocated as employee remuneration. Furthermore, to support entry-level employees, no less than 20% of the total allocated remuneration shall be distributed to them. Additionally, the Remuneration Committee provides regular professional recommendations. By synthesizing the Company's operating results, industry market standards, and individual performance, the Company determines annual salary adjustments, year-end bonuses, employee remuneration, and various incentive bonuses. These</p>	No significant deviation

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
			<p>measures ensure that the compensation system remains fair, reasonable, and motivating. Adhering to the principle of equal treatment, the Company ensures that compensation decisions do not vary based on gender, race, age, or any other factors unrelated to job performance.</p> <p>The Company has established an Employee Welfare Committee to plan and promote diverse benefit programs. These initiatives include leave policies that exceed statutory requirements (such as four days of paid "Vitality Leave" annually), company-paid group insurance and overseas business travel insurance, and regular health check-ups that surpass legal standards. We also employ professional nursing staff to provide health consultation services, strengthening our commitment to employee care.</p> <p>Furthermore, the Company provides a comprehensive range of welfare measures, including subsidies for marriage, funerals, and childbirth; gift vouchers for birthdays and festivals; travel and club activity subsidies; departmental dinners; year-end or spring banquets; meal ordering services; business travel dormitories; and free parking for cars and motorcycles. Through these efforts, we strive to foster a friendly, healthy, and stable working environment. Starting from 2026, the Company has further introduced a diversified welfare system centered on four key pillars: "New Hire Care," "Family-Friendliness," "Self-Growth," and "Social Contribution." This system includes leave policies that exceed statutory requirements, such as providing 4 days of paid "Vitality Leave" immediately upon joining, as well as paid Volunteer Leave, paid Growth & Recharge Leave, and paid Family Care Leave. Additionally, the Company has increased Marriage Leave by one day, Pregnancy Check-up Leave by one day, and Paternity & Companion Pregnancy Check-up Leave by one day.</p> <p>Furthermore, to actively support employees in balancing work and family needs, the Company provides a Friendly Childcare Subsidy of NT\$2,500 per month for each child</p>	

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
(3) Does the Company provide safe and healthful work environments for employees, and does it organize training on safety and health for employees on a regular basis?	✓		<p>aged 0 to 6. Regarding the retirement system, the Company complies with all statutory retirement regulations. For employees under the Defined Benefit Plan (the "Old System"), the Company has established a Labor Pension Reserve Supervisory Committee in accordance with the Labor Standards Act, and makes monthly contributions to a dedicated retirement reserve fund. For employees under the Defined Contribution Plan (the "New System"), the Company, in accordance with the Labor Pension Act, contributes no less than 6% of each employee's monthly wage to an individual pension account at the Bureau of Labor Insurance, thereby ensuring financial security for employees' post-retirement life.</p> <p>1. The Company prioritizes the personal safety and health of our employees. We are dedicated to providing a safe and healthy working environment and continuously promoting various occupational safety and health management measures. These efforts are designed to mitigate operational risks and prevent the occurrence of occupational accidents. The Company has implemented rigorous measures, including access control, safety management for critical equipment, work environment monitoring, and hazard prevention. To enhance safety awareness and emergency response capabilities, we conduct regular occupational safety and health training for all employees. Furthermore, we provide annual health examinations that exceed statutory requirements. Through regularly scheduled on-site services provided by occupational nurses and physicians, we track and assess employee health conditions while offering professional health consultations and management recommendations. To further strengthen holistic care, the Company hosts various physical and health promotion activities, as well</p>	No significant deviation

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
(4) Does the Company establish effective training programs to foster employees' career skills?	✓		<p>as mental health courses, fostering the overall physical and mental well-being of our workforce.</p> <p>2. 2025 Occupational Accident Statistics:</p> <ul style="list-style-type: none"> ○ Number of occupational accidents: 0 ○ Number of affected employees: 0 ○ Percentage of total employees: 0% ○ To sustain high performance in occupational safety and health, the Company continues to strengthen accident prevention education and awareness. We are refining our risk assessment and on-site auditing mechanisms, while rigorously implementing hazard identification and preventive management procedures to uphold our "Zero Accident" goal. <p>3. 2025 Fire Incident Statistics:</p> <ul style="list-style-type: none"> ○ Number of fire incidents: 0 ○ Number of affected employees: 0 ○ Percentage of total employees: 0% ○ To enhance disaster response capabilities, the Company conducts self-defense fire brigade training and drills semi-annually. Furthermore, a comprehensive inspection of fire safety equipment across the entire plant is performed every November. The inspection results are submitted to the fire department for official record-keeping. Through these efforts, we continuously strengthen our fire safety management and emergency response mechanisms to ensure employee safety and maintain a secure working environment. <p>The Company regards talent development as a cornerstone of sustainable business operations. We have established "Education and Training Management Procedures" and allocate an annual budget dedicated to training. In alignment with our corporate development strategy, organizational needs, and job competencies, we design and implement development plans to enhance employees' professional capabilities. These initiatives aim to foster an excellent environment for career growth and establish an effective</p>	No significant deviation

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
			<p>mechanism for talent cultivation. Specific measures include:</p> <ol style="list-style-type: none"> 1. Professional Skills and Functional Training: Based on job responsibilities and career development needs, the Company arranges departmental professional training and one-on-one On-the-Job Training (OJT). Curricula cover various dimensions, including technology, quality, project management, and leadership, to assist employees in enhancing their professional expertise and work efficiency. 2. Job Rotation and Cross-Functional Exchange: We encourage employees to expand their practical experience and multidisciplinary perspectives through job rotations and exchanges across different departments or roles. This initiative strengthens cross-departmental collaboration and cultivates high-potential individuals for future leadership pipelines. 3. Personalized Onboarding Programs: For new employees, the Company designs individualized training plans that include orientation, corporate culture and policy alignment, job-specific skill training, mentorship by senior staff, and phased performance evaluations. These measures are designed to help new hires integrate into the team and adapt to the working environment as quickly as possible. 4. Subsidies for External Training: The Company provides financial subsidies for external training, encouraging employees to participate in professional seminars, certification courses, and new technology training. These incentives aim to continuously strengthen professional knowledge and core competencies. 5. General Education and Soft Skills Development: The Company occasionally offers courses in general education and soft skills, such as communication, emotional intelligence (EQ) management, and time management. These programs support the holistic 	

Assessment Item	Implementation Status (Note 1)			Deviation from the ‘Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies’ and Reasons
	Yes	No	Summary	
(5) Does the Company follow the laws and regulations of the government and international guidelines in relation to customer health, safety, and privacy, as well as sales and labeling of its products and services? Does the Company establish policies to protect consumer rights and interests and provide a clear and effective procedure for accepting consumer complaints?	✓		<p>development of our employees while enhancing teamwork and workplace resilience.</p> <p>To continuously refine our talent development mechanism, the Company plans to integrate competency frameworks, Individual Development Plans (IDPs), training hours, and training effectiveness evaluation indicators. We will progressively strengthen our tracking of training outcomes, system reviews, and management efficiency. These efforts aim to fulfill our commitment to enhancing employees' career capabilities and fortifying the overall organizational competitiveness.</p> <p>To uphold Corporate Social Responsibility (CSR) and safeguard customer rights, the Company established the "Policy for the Protection of Customer Rights in Products and Services" on December 23, 2025, to serve as a definitive guideline for compliance.</p> <p>Throughout the stages of research and development, manufacturing, after-sales service, marketing, and labeling, the Company strictly adheres to relevant regulations and international standards. We have established rigorous processes for product safety design, testing and verification, and quality management to ensure that our products meet all safety specifications and customer requirements.</p> <p>Regarding safety, marketing, and labeling, the Company adheres to all relevant regulations to ensure that marketing information is truthful, transparent, and not misleading to consumers. Furthermore, based on product characteristics, we disclose essential safety warnings and usage precautions within our labeling.</p> <p>In terms of customer privacy and information security, the Company complies with the Personal Data Protection Act and our Information Security Management System (ISMS). We have established strict access control and technical protection measures for customer data to prevent data breaches or unauthorized access. Additionally, the Company</p>	No significant deviation

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
(6) Does the Company establish policies to assess whether suppliers adhere to environmental, occupational health and safety, and labor rights laws and regulations, then follow up on implementation status?	✓		<p>has implemented a complaint-handling mechanism to properly receive and respond to any inquiries or grievances regarding our products and services.</p> <p>The Company has established Supplier Collaboration and Evaluation Procedures and integrated Environmental, Social, and Governance (ESG) requirements into our management framework. Environmental sustainability, occupational safety and health, and labor human rights are formally included as key assessment criteria for supplier management.</p> <p>In alignment with the principles of ISO 45001 and other international management systems, we require our critical suppliers to comply with applicable laws and international standards. These include the prohibition of child labor and forced labor, the provision of a safe and healthy working environment, and the implementation of effective waste and pollution management. Through qualification screening, periodic evaluations, and necessary auditing actions, we ensure the overall compliance and risk resilience of our supply chain.</p>	No significant deviation
5. Does the Company adopt internationally recognized standards or guidelines when producing corporate social responsibility reports and other related reports to disclose the status of implementing non-finance-related policies? Does the Company obtain a third party assurance or verification for the reports to enhance the reliability of the information in the reports?		✓	<p>The company has prepared the 2024 Sustainability Report based on the framework of the Global Sustainability Standards Board (GSSB) issued "GRI Standards 2021." This report systematically discloses non-financial information related to the company's economic, environmental, and social aspects, and is written in accordance with the Taiwan Stock Exchange's "Procedures for Preparation and Reporting of Sustainability Reports by Listed Companies." The report is publicly available on the company's website under the "Corporate Sustainability" section for stakeholders to review.</p> <p>To enhance the transparency and credibility of the report, our company's 2024 Sustainability Report has been self-checked according to GRI standards and confirmed to meet</p>	No significant deviation

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
			relevant disclosure requirements. However, this year we have not yet commissioned an external assurance agency for third-party verification, and thus have not obtained third-party verification statements or assurance opinions. In the future, the company will evaluate the introduction of third-party verification procedures based on the maturity of sustainability information disclosure and stakeholder expectations, to continuously strengthen the credibility and decision-making value of sustainability information.	
<p>6. If the company has established its corporate social responsibility code of practice according to 'Sustainable Development Practice Principles for TWSE-GTSM-Listed Companies,' please describe the operational status and differences: In accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," the Company has established its own "Sustainable Development Best Practice Principles." This framework covers key dimensions, including corporate governance, environmental protection, social public welfare, and multi-stakeholder communication. On November 7, 2025, the Sustainability Development Committee was established, with the Board of Directors holding ultimate oversight responsibility. The operational principles of the Company's sustainability code are consistent with the spirit of the official Best Practice Principles. The Sustainability Development Committee, under the Board's jurisdiction, periodically reviews relevant policies, targets, and performance results. Material issues and improvement progress are reported to the Board at least once a year to continuously refine the effectiveness of our sustainability management.</p> <p>7. Other important information to facilitate a better understanding of the company's implementation of corporate social responsibility:</p> <p>(1) Workplace Environment and Employee Safety Measures:</p> <ol style="list-style-type: none"> The Company prioritizes the working environment and the personal safety of our employees. Our safety-related departments conduct identification and assessment of significant environmental aspects and occupational health and safety risks. Based on these results, we develop prioritized improvement programs through action plan management, progressively elevating workplace safety standards and environmental quality. <p>(2) Subsequent Environmental and Occupational Safety and Health Promotion Activities:</p> <ol style="list-style-type: none"> Establishment of ISO45001 System: By implementing and operating the Occupational Health and Safety management system, the Company establishes Standard Operating Procedures and work guidelines. This ensures that personnel operate in accordance with specifications and perform regular equipment inspections, thereby mitigating the risk of occupational accidents caused by improper operation. On-Site Work Environment Measurement: The Company continuously commissions certified professional agencies to execute environmental monitoring programs. Monitored parameters include carbon dioxide concentration, illumination levels, and noise levels. Should any results fall short of regulatory requirements, an improvement plan is promptly initiated with subsequent tracking of effectiveness to ensure full compliance Employee Health Promotion: The Company continues to conduct annual health examinations for all employees. Through regular on-site services provided by contracted occupational nurses and physicians, we consistently track health conditions and offer professional consultation services. In 2025, we organized a company-wide sports day and health promotion activities to fulfill health management regulations mandated by labor laws. <p>(3) Our Company Actively Promotes Sustainable Development, Including:</p> <ol style="list-style-type: none"> Energy Conservation and Carbon Reduction Initiatives: In March 2025, the Company responded to the global "Earth Hour" movement by synchronized 				

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
			lights-off actions across all office locations in Taiwan, saving approximately 53 kWh of electricity in a single day. Additionally, an environmental knowledge quiz was held on our official social media platforms to enhance the awareness and engagement of internal and external stakeholders regarding energy-saving and carbon-reduction issues.	
			2. Supporting Social Welfare Organizations through Family Day Activities: In August 2025, the Company hosted a company-wide Family Day. For the event's souvenir sets, we specifically selected marigold hand soap from the "Nantou Angel Organization" and mosquito repellent spray from the "Prader-Willi Syndrome Association (Taiwan)." Through these proactive procurement actions, the Company provides tangible support to social welfare organizations, conveying our care for vulnerable groups and fulfilling our commitment to Corporate Social Responsibility.	
			3. Community Engagement and Social Responsibility Practice: The Company attaches great importance to the potential impact of our operational activities on the community. We have designated the neighborhoods and townships surrounding our Hsinchu Zhubei Headquarters and Tainan Branch Office as our core community areas. We regularly conduct risk and opportunity assessments regarding the potential effects of our business operations on these communities. Regarding risks, the Company has identified that personnel movement and daily operations at our sites may have minor impacts on local traffic order, environmental hygiene, and the overall quality of life in the surrounding neighborhoods ; regarding opportunities, the Company evaluates ways to leverage corporate resources, employee volunteerism, and local connections. We aim to invest in ecological conservation, community environmental maintenance, and educational support for the underprivileged, thereby enhancing community recognition and promoting local sustainable development. Based on the aforementioned assessment results, the Company has implemented several corresponding measures: <ul style="list-style-type: none"> ○ In terms of community environmental stewardship: In April and May 2025, the Company organized a beach cleanup at the Qigu sandbar in Tainan and a river cleanup at the Touqian River in Hsinchu. We mobilized employees and their families to participate, contributing a total of 45 participants and 114 service hours. Through these tangible actions, we are committed to protecting the local coastal and riverbank environments. ○ In terms of local educational care: The Company provided educational grants to underprivileged students in Taihe Village, Zhubei City—where our headquarters is located. These donations were facilitated through the Village Office, with a cumulative annual contribution of NT\$20,000. This initiative aims to support the right to education for children from vulnerable families. ○ In terms of community co-prosperity and environmental hygiene: In December 2025, the Company collaborated with Taihe Village to organize a street-sweeping event. Involving 17 employees alongside local residents, the initiative accumulated 25.5 volunteer hours and collected 81.7 kg of waste. Through active participation in community maintenance, we aim to alleviate concerns regarding the environmental footprint of our operational sites while deepening community interaction and fostering harmonious neighborly relations. Moving forward, the Company will continue to monitor the impact of our operations on the community. We will conduct rolling reviews of our community engagement measures and resource allocation to ensure the effective fulfillment of Corporate Social Responsibility (CSR) and to foster the sustainable, mutually beneficial development of our communities.	

2.3.6 Climate-related information for TWSE/TPEX Listed Companies and the reason for deviation.

Item	Implementation Status
<p>1. Describe the supervision and governance by the board of directors and management on climate-related risks and opportunities.</p>	<p>The Board of Directors serves as the highest supervisory body for climate-related risk management in our company. Prior to November 7, 2025, the Sustainability Promotion Task Force was responsible for daily execution, cross-departmental coordination, and periodic reporting. To further strengthen the sustainability governance framework, the Board of Directors approved the "Proposal to Establish the Sustainability Development Committee and Formulate the Organizational Rules for the Sustainability Development Committee" on November 7, 2025, and appointed the inaugural committee members. The committee held its first meeting on December 30, 2025, officially commencing its operations.</p> <p>The management team, led by the Chief Sustainability Officer oversees coordination across relevant functional units. Following the TCFD framework, the Company is progressively advancing initiatives such as greenhouse gas (GHG) inventory, energy-saving improvements, climate risk identification, and low-carbon management. These actions are designed to consolidate the Company's governance foundation and resilience regarding climate issues. For further details, please refer to Chapter 2 of the 2025 Sustainability Report.</p>
<p>2. Describe how identified climate-related risks and opportunities affect the business, strategy, and finances of the company (short-term, medium-term, long-term).</p>	<p>The company has identified various climate-related risks and opportunities in accordance with the TCFD framework. These have been categorized by time horizon into short-term (1–3 years), medium-term (3–5 years), and long-term (over 5 years), and assessed for their potential impacts on our business, strategy, and financial performance.</p> <p>In the short term, extreme weather events—such as heavy rainfall, power outages, and extreme heat—may impact operational sites, equipment performance, logistics, and delivery schedules. These factors could increase the risk of business disruption and impose short-term cost burdens.</p> <p>In the medium term, As carbon fees, energy-saving regulations, client carbon disclosure requirements, and supply chain management standards become increasingly stringent, the Company may face rising compliance costs. However, by proactively implementing carbon inventories, energy-saving improvements, and management systems, we can enhance operational efficiency and strengthen our competitive advantage in client collaborations.</p> <p>In the long term, should the international market continues its transition toward low-carbon supply chains and green manufacturing, the Company must consistently reinforce its low-carbon management capabilities and product design adjustments. This ongoing transformation will facilitate the expansion into new markets, enhance brand trust, and fortify long-term competitiveness.</p> <p>For more details, please refer to Chapter 2, Section 2-1 “Climate Action” of the 2025</p>

Item	Implementation Status
<p>3. Describe the financial impact of extreme weather events and transition actions.</p>	<p>Sustainability Report, titled “Advancing with Green Light.”</p> <p>The Company evaluates that extreme climate events—such as heavy rainfall, earthquakes, heatwaves, or power outages—may impact our primary operational sites, supply chain stability, and shipping schedules. These factors could increase short-term costs related to repairs, backups, delivery delays, and business disruptions, while introducing uncertainty regarding the timing of revenue recognition. To mitigate these impacts, the Company has progressively established Business Continuity Planning (BCP) and off-site backup mechanisms to enhance our response capabilities to emergencies.</p> <p>Regarding risk identification, the Company maps climate-related physical and transition risks through departmental interviews, regulatory reviews, issue questionnaires, and internal discussions. For risk assessment, we conduct preliminary evaluations based on the likelihood of occurrence and degree of impact, integrating these into our annual risk inventory procedures. In terms of risk management, we have initiated environmental data collection and internal management via the ISO 14064-1 inventory mechanism. Moving forward, we will progressively enhance cross-departmental tracking, reporting, and rolling adjustment mechanisms based on the maturity of our implementation to institutionalize our climate risk management.</p> <p>For more details, please refer to Chapter 2, Section 2-1 “Climate Action” of the 2025 Sustainability Report, titled “Advancing with Green Light.”</p>
<p>4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.</p>	<p>The Company has progressively integrated climate-related issues into our overall risk management framework. The Sustainability Promotion Task Force (or Sustainable Development Steering Committee) serves as the coordinating body, working in conjunction with respective functional units to identify, assess, and manage these risks.</p> <p>Regarding risk identification, we map climate-related physical and transition risks through departmental interviews, regulatory monitoring, thematic questionnaires, and internal deliberations. In terms of risk assessment, preliminary evaluations are conducted based on likelihood and impact, which are then integrated into our annual risk inventory procedures. For risk management, we have leveraged the ISO 14064-1 inventory mechanism to initiate environmental data collection and internal controls. Depending on our operational maturity, we will progressively enhance cross-departmental tracking, reporting, and rolling adjustment mechanisms to further institutionalize our climate risk management.</p> <p>For more details, please refer to Chapter 1, Section 1-4 “Risk Management” of the 2025 Sustainability Report, titled “Illuminating Sustainable Governance.”</p>
<p>5. If using scenario analysis to assess resilience to climate change risks, it should outline the scenario, parameters,</p>	<p>The Company has not yet formally adopted scenario analysis to assess the impact of climate change risks on our operational resilience. This is primarily because our climate risk management</p>

Item	Implementation Status
<p>assumptions, analysis factors, and major financial impacts used in the analysis.</p>	<p>system and foundational data are still in the development and accumulation stage; as such, comprehensive climate parameters, scenario assumptions, and financial impact simulation models have yet to be fully established.</p> <p>However, the Company has been progressively identifying physical and transition risks in alignment with the TCFD framework. By conducting greenhouse gas (GHG) inventories and internal risk identification processes, we have established foundational management data on climate issues to serve as the basis for subsequent assessments.</p> <p>As scenario analysis has not been applied to this topic, please refer to Chapter 2, Section 2-1 “Climate Action” of the 2025 Sustainability Report, titled “Advancing with Green Light,” for further explanation.</p>
<p>6. If there is a transformation plan to address climate-related risks, explain the plan's content and the indicators and objectives used to identify and manage physical and transitional risks.</p>	<p>The company has not yet established a comprehensive climate transition plan; however, it has gradually initiated preliminary actions related to climate risk management and is conducting phased management and tracking for specific issues.</p> <p>Key initiatives include:</p> <ol style="list-style-type: none"> 1. Initiate organizational greenhouse gas (GHG) inventories to establish a baseline for emissions data. 2. Conduct an inventory of primary energy consumption and high-energy-consuming equipment to serve as the basis for energy-saving improvement assessments. 3. Conduct preliminary identification of physical and transition risks, including extreme weather, carbon pricing, regulatory adjustments, and client requirements for carbon disclosure. <p>Our current management indicators primarily include: organizational greenhouse gas emissions (tCO₂e), facility electricity consumption, electricity intensity, the number of energy-saving equipment upgrades, and the carbon inventory coverage rate. While explicit quantitative reduction targets have not yet been set at this stage, the Company will progressively establish mid-to-long-term transition pathways and management goals based on internal data accumulation, regulatory trends, and client requirements.</p> <p>For more information, please refer to Chapter 2, Section 2-1 “Climate Action” of the 2025 Sustainability Report, titled “Advancing with Green Light.”</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.</p>	<p>The Company has not yet implemented Internal Carbon Pricing (ICP) as a planning tool. This is primarily because our carbon inventory system and management processes are still in the early stages of development. At this point, our priority is to define inventory boundaries, collect emissions data, and strengthen internal management procedures; as such, a comprehensive foundation for establishing an internal carbon price is not yet in place.</p>

Item	Implementation Status
<p>8. If climate-related targets are set, the covered activities, scope of greenhouse gas emissions, planning timeframe, annual progress towards achievement, etc., should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, the source and quantity of carbon offset credits or RECs exchanged should be clarified.</p>	<p>The Company has not yet set specific long-term carbon reduction targets or a Net Zero emissions timeline. However, we have established a preliminary climate management framework and phased action items to serve as the foundation for future target setting.</p> <p>At this stage, the coverage of activities and scopes primarily focuses on Scope 1 and Scope 2, encompassing direct emissions and energy indirect emissions from corporate offices, R&D centers, and key operating units. Related activities include organizational greenhouse gas (GHG) inventories, energy consumption management, and energy-saving equipment assessments.</p> <p>In terms of the planning timeline: 2025 was marked by the completion of Scope 1 and Scope 2 inventories, alongside the establishment of reporting systems and internal verification mechanisms. For 2026, the focus is on expanding inventory coverage, conducting emissions hotspot analysis, and identifying energy-saving opportunities. From 2027 onwards, the Company will evaluate the inclusion of Scope 3 and the setting of incremental reduction targets, depending on regulatory developments and implementation progress.</p> <p>As of the end of 2025, the Company has finalized its organizational boundaries and emission scopes, compiled energy consumption statistics for major operating sites, and established carbon inventory reporting forms along with internal audit procedures. At this stage, the Company does not utilize carbon offsets or Renewable Energy Certificates (RECs) as tools to achieve its goals, nor have any carbon credits or RECs been purchased. Future utilization will be carefully evaluated based on regulatory policies, client requirements, and the Company’s overall transition progress.</p> <p>For detailed information and indicator data, please refer to Chapter 2, Section 2-1 “Climate Action” of the 2025 Sustainability Report, titled “Advancing with Green Light.”</p>
<p>9. Greenhouse gas inventory and verification findings, along with reduction targets, strategies, and specific action plans, should be provided (also filled in Sections 1-1 and 1-2).</p>	<p>In response to climate change trends and both domestic and international carbon management regulations, the company has officially launched its organizational greenhouse gas (GHG) inventory operations starting in 2025, in accordance with the ISO 14064-1:2018 standard. This initiative covers the operational activities of the Zhubei headquarters and includes the completion and verification of the 2025 carbon emissions inventory.</p> <p>At the beginning of 2026, the company commissioned a third-party independent verification body—Fact Value International Certification Co., Ltd.—to conduct GHG verification. The scope of verification includes emissions from Scope 1 to Scope 4. The verification results were found to be in compliance with relevant international standards, and a verification report was obtained.</p> <p>For details regarding the Company’s greenhouse gas (GHG) inventories, assurance status, reduction targets, strategies, and specific action plans, please refer to Section 1-1, 'GHG Inventory and Assurance Status for the Most Recent Two Years,' and Section 1-2, 'GHG Reduction Targets, Strategies, and Specific Action Plans' of this annual report.</p>

1-1 Greenhouse Gas Inventory and Assurance Status of the Company in the Past Two Years.

1-1-1 Greenhouse Gas Inventory Information

Summary of GHG emissions, intensity, and coverage for the past two years.

The Company's greenhouse gas (GHG) inventory is conducted in accordance with the ISO 14064-1:2018 standard. The organizational boundaries are defined based on operational control, covering the headquarters of Favite Inc., as well as the Taichung and Tainan offices. The primary users of this inventory are the Company's management and clients. Using 2025 as the baseline year, the results allow us to monitor the current status and trends of greenhouse gas emissions across all operating sites, serving as the basis for formulating future carbon reduction targets and management strategies. The GHG emissions and emission intensities for each scope in 2025 are as follows:

Scope (Category)	Year	2024	2025
Scope1/Category1		68.8606	74.4825
Scope2/Category2		634.5331	557.7744
Total Emissions (tCO ₂ e)		703.3937	632.2569
metric tons CO ₂ e per million NTD		1.05	1.37
Scope4		671.6835	2045.5658

※Note:

1. Emission intensity is defined as: Scope 1 (direct) and Scope 2 (energy indirect) GHG emissions (metric tons CO₂e) divided by annual consolidated revenue (in million NTD). This metric reflects the emission intensity per million NTD of revenue."

2. In addition to disclosing Scope 1 and Scope 2, the Company also inventories other significant indirect emissions. Category 4 primarily includes indirect GHG emissions related to product use and operational activities, such as purchased energy (electricity, gasoline, diesel, and water consumption) and emissions from purchased goods and services. This initiative aims to progressively expand our inventory boundaries to better reflect our actual carbon footprint

1-1-2 Greenhouse Gas Assurance Information

Provide a description of the greenhouse gas 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.

To enhance the credibility and transparency of our greenhouse gas (GHG) inventory information and reports, the Company commissioned Fact Value International Certification Co., Ltd, an independent third-party organization, to perform an external verification for 2025. This process was conducted in accordance with the ISO 14064-1:2018 standard and relevant verification criteria.

The scope of assurance encompasses the headquarters, Taichung office, and Tainan office of Favite Inc. The primary addresses are as follows:

Headquarters: No. 197, Sec. 2, Huanbei Rd., Zhubei City, Hsinchu County

Taichung Office: No. 8, Ln. 5, Hongfu, Sec. 3, Xitun Rd., Xitun Dist., Taichung City

Tainan Office: 3F., No. 139, Sanmin St., Xinshi Dist., Tainan City

According to the Verification Statement, reasonable assurance was applied to direct and energy indirect emissions (Categories 1 and 2, corresponding to Scope 1 and Scope 2). Other indirect emissions (Categories 3 to 6, corresponding to Scope 3) were verified at a limited assurance level to balance operational feasibility with information reliability.

Starting from 2024, the Company has established an annual inventory mechanism. In principle, the internal greenhouse gas inventory for the preceding year is completed by the first quarter (Q1) of each year. This process confirms emission levels across all scopes and continuously updates baseline data, providing management with a reliable reference for operational decision-making and the adjustment of decarbonization strategies.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Action Plans

Describe the greenhouse gas (GHG) reduction base year and its data, reduction targets, strategies and specific action plans, as well as the progress toward achieving the reduction targets.

The Company has designated 2025 as the baseline year for greenhouse gas management. Integrating business growth with decarbonization trends, we have established mid-to-long-term reduction targets and implementation strategies. These goals are realized through concrete actions in energy management, waste management, water resource management, and the digitization of resources.

I. Energy Management:

The Company has implemented an energy monitoring system for utility equipment across its facilities. This system performs power consumption behavior analysis on high-energy-demand equipment, including chillers, air compressors, and lighting/HVAC systems. By adjusting peak-load periods and optimizing equipment operational parameters, we have successfully reduced both electricity consumption and greenhouse gas emissions.

Our original target for 2025 was to achieve a 3% reduction in annual electricity usage compared to the previous year. The actual result was an approximate 12.5% reduction, significantly exceeding the initial goal. This demonstrates the remarkable effectiveness of our energy-saving measures and serves as a foundation for our continuous improvement efforts.

II. Waste Management:

The Company manages waste based on the principles of pollution prevention and resource efficiency, emphasizing "source reduction, sorting for recycling, and safe disposal" to minimize the environmental impact of our operations.

We are committed to ensuring that all industrial waste is handled in a safe manner that complies with environmental regulations. General industrial waste is managed by licensed environmental service companies (holding Class A or Class B waste removal and disposal permits) to prevent any improper discharge that could lead to environmental pollution.

Furthermore, we have set a management target to achieve a waste recycling rate of 0.5% or higher. We aim to progressively increase the proportion of recycling and reuse through collaboration with suppliers and internal process improvements to enhance circular economy outcomes.

The Company's original target for 2025 was to achieve a 3% reduction in annual electricity consumption compared to the previous year. The actual result was a 12.5% reduction, significantly exceeding the target. This demonstrates the effectiveness of our energy-saving measures and provides a solid foundation for continuous improvement.

III. Water Resource Management:

The Company prioritizes the efficient use and quality management of water resources. To ensure high-quality drinking water for employees, we replace filters in drinking water equipment regularly every three months. Additionally, we have implemented measures such as internal water-saving awareness campaigns and the installation of self-closing faucets to minimize unnecessary water consumption.

We have set an annual management target to reduce total water consumption by 1%. By continuously monitoring water usage data and improving equipment efficiency, we aim to progressively lower the water intensity per unit of output.

IV. Paper Reduction and Digital Management:

The Company is actively promoting process digitalization and the adoption of online approval systems to progressively replace traditional paper-based forms.

It is estimated that these initiatives reduce paper consumption by approximately 50,000 sheets per year, representing a decrease of over 20% in total paper usage. This not only enhances operational efficiency and information traceability but also indirectly reduces energy consumption and carbon emissions associated with paper production, fulfilling our goals for resource conservation and carbon reduction.

2.3.7 Status of Ethical Corporate Management Implementation and Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
1. Establishment of ethical corporate management				
(1) Does the company establish its ethical corporate management policies approved by the board of directors, and clearly specify in their rules and external documents the ethical corporate management policies and practices, and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies?	✓		Per approval by the Board of Directors, the Company has established integrity management policies, integrity management codes, integrity management operating procedures and behavior guidelines and other integrity management related regulations, and announced them in the corporate governance section of the Company website for directors, managers all employees to adhere to in conducting business with integrity.	No significant deviation
(2) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope that are at a higher risk of being involved in unethical conduct, and establish prevention programs that at least include preventive measures against the conducts listed in article 7, paragraph 2 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		The Company's formulating the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethics" ensures its ethical corporate management. The Company also regularly holds education and training on corporate governance for directors, irregularly disseminates corporate ethics, specifies awards and disciplinary actions in its "Work Rules" to prevent employees' from conducting unethical conduct, and implements ethical corporate management through an internal approval process and the internal control system.	No significant deviation
(3) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties, and grievance systems as part of its preventive measures against dishonest conduct? Are the above measures reviewed and revised on a regular basis?	✓		As stated above, the Company also disseminates "ethical corporate management" internally; In addition, the Company's internal and external websites both provide a channel for whistleblowing/complaint/opinion submissions, which will be transmitted by their nature to the dedicated department and the Company's highest-level manager.	No significant deviation

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management BestPractice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
2. Implement ethical corporate management				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		All of the Company's transaction counterparties are subject to this supplier management mechanism. With suppliers and contractors already under a partnership with the Company, the Company also regularly audits and assesses them, and includes provisions of business ethics in the contracts with them.	No significant deviation
(2) Does the company establish an exclusively dedicated unit under the board of directors, which reports to the board of directors on a regular basis (at least once a year), on the establishment and supervision of the implementation of ethical corporate management policies and prevention programs?	✓		The Company's Present Office is responsible for promoting the integrity of the business, and the relevant units are responsible for the implementation, and the Internal Audit unit is independently responsible for auditing to ensure the implementation of the Company's integrity management philosophy, the results of which are reported to the Board of Directors at least once a year. (The execution result were reported to the Board of Directors on November 7, 2025)	No significant deviation
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement the policies?	✓		Those having a personal interest when involved in certain business activities, shall report to their supervisor and recuse themselves from such activities in order to prevent conflict of interest. When any motion where a director's interest is at odds with their obligations to the Company is considered, all directors concerned recuse themselves from consideration and voting in accordance with the principle for avoidance of conflict of interest.	No significant deviation
(4) Does the company establish effective systems for both accounting and internal control systems to facilitate ethical corporate management, and does the internal?	✓		The Company has established accounting systems, internal control systems, and internal auditing systems in accordance with various regulations. The auditors, based on the result of assessment of the risk of involvement in unethical conduct, devise relevant audit plans to examine compliance with the prevention programs against unethical conducts, and report to the board of directors on a regular basis.	No significant deviation

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management BestPractice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
(5) Does the company regularly hold internal and external educational training on ethical corporate management?	✓		The Company has established a “code of integrity management”, “integrity management operating procedures and behavior guidelines”, “a code of ethics and conduct”, and other relevant measures, which are published on the company’s website to provide information for directors, employees, and stakeholders. In addition, the Company continues to carry out relevant education and training on integrity management and ethical behavior for employees and supervisors. The contents include regulations of ethical management, legal practice, advanced financial management, behaviors, etc., so as to promote the integrity management philosophy and ensure it is implemented in daily work. The total hours related to integrity management education were 58 hours in 2025, and a total of 36 people participated in the courses.	No significant deviation
3. Implementation status of the whistle-blowing system				
(1) Does the company establish a concrete whistle-blowing system and incentive measures, create a convenient way for reporting, and appoint appropriate designated personnel for reported cases?	✓		The Company has established measures to report illegal or unethical behavior, created a way for reporting, and appointed an appropriate designated unit for reported cases.	No significant deviation
(2) Does the company establish standard operating procedures, follow-up measures to be taken after the investigation is completed, and related confidentiality measures for reported cases?	✓		The Company will take the necessary protective measures for the whistle-blowers, and promises that the Company's employees will not be subject to inappropriate disciplinary actions due to their whistleblowing.	No significant deviation
(3) Does the company adopt measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?	✓		The Company is responsible for the confidentiality of the informer and has taken measures to informer from improper treatment or reprisal.	No significant deviation
4. Strengthening information disclosure Does the company disclose its ethical corporate management principles and the results of performance on the company’s website and MOPS?	✓		The Company’s integrity management code, integrity management operating procedures and behavior guidelines, and other relevant regulations, as well as the implementation and operation of integrity management are disclosed on the Company’s website and MOPS, and are operated scrupulously.	No significant deviation
5. If the Company has established Principles of Ethical Corporate Management based on Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation between the implementation and the principles.: None.				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management implementation: (e.g., review and amend the company’s principles) The Company complies with related laws and regulations including Company Act, Securities and Exchange Act, Business Entity Accounting Act, etc. to implement ethical corporate management.				

2.3.8 Other important information to facilitate a better understanding of the state of the company's implementation of corporate governance may also be

disclosed:

The company's corporate governance operations can be found at the MOPS or the company's website.

2.3.9 Internal Control Status

1. Statement of internal control

Favite, Inc.

Statement of Internal Control System

Date: March 6, 2026

Based on the findings of a self-assessment, Favite, Inc. (Favite) states the following with regard to its internal control system during the year 2025:

1. Favite's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Favite takes immediate remedial actions in response to any identified deficiencies.
3. Favite evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the 'Regulations').
The Criteria adopted by the Regulations identify five key components of internal managerial control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. Favite has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Favite believes that, as of December 31, 2025, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Favite's annual report for the year 2021 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was passed by the board of directors in their meeting held on March 6, 2026, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this statement.

Favite, Inc.

Chairman: CHEN, YUNG-HUA

President: CHEN, YUNG-HUA

2. The Company's Internal Control System Audit Report by External Auditors: None.

2.3.10 Major resolutions of the shareholders' meeting and the board meetings from last year to the date of the annual report printed:

1. Major resolutions of the 2025 shareholders' meeting:

Date	Proposals	Resolution Results And Implementation
2025.05.29	Ratification Items 1. 2024 Business Report and Financial Statements.	Approve.
	2. Distribution of 2024 Retained Earnings	Approved. Dividend record date: 2025/08/23 Payment date: 2025/09/12 Amount: NT\$39,526,178
	3. Amendment to the Articles of Incorporation.	Approved. Approved by the Ministry of Economic Affairs on Passed amendments to the Company's July 22, 2025; disclosed on the company website
	4. Election of Directors (including Independent Directors)	Election results are as follows: Director: CHEN, YUNG-HUA Utechzone Co., Ltd. Representative: CHIEHWANG, JEN-CHIEH Utechzone Co., Ltd. Representative: HSU, CHIH-CHAO LIN, HUNG-JEN SHAN, HIS-CHI Independent Directors: WANG, SHU-JANE LEE, SHIH-CHENG SU, HSING-HWA SHEN, HIS-WEN
	5. Release the Prohibition on Directors from Participation in Competitive Business.	Approved.

2. Major Resolutions of Board Meetings

Date	Summary of Major Resolutions	Resolution Results
2025.05.09	1. 2025 Q1 consolidated financial statements. 2. Change of the Corporate Governance Officer. 3. Proposed Increase of Bank Credit Facilities 4. Establishment of the "Non- assurance Services, NAS ".	Approved by all attending directors
2025.05.29	1.The election of the Chairman of the 10th term. 2.The employment proposal for the 6th term of the Remuneration Committee	Approved by all attending directors
2025.08.08	1. 2025 Q2 consolidated financial statements. 2. The distribution of 2024 directors remuneration. 3. The distribution of 2024 managerial employees' compensation. 4. Managerial Promotions.	Approved by all attending directors

Date	Summary of Major Resolutions	Resolution Results
	5. 2025 managerial employees salary adjustments. 6. Proposal for the Renewal of Directors and Officers Liability Insurance. 7. Proposal for the Renewal of Bank Loan Facility. 8. The Board of Directors authorizes Independent Director SHEN, HIS-WEN to supervise the Internal Audit Department and sign off on audit reports. 9. Amendments to the Internal Control System for the 'Payroll Cycle' and certain provisions of the 'Internal Audit Implementation Rules - Payroll Cycle.' 10. Amendment to the "Approval authority table". 11. Amendment to the "Procedures for the Preparation and Assurance of Sustainability Reports." 12. 2024 Sustainability Report.	
2025.11.07	1. 2025 Q3 consolidated financial statements. 2. The application for bank financing facilities. 3. 2026 annual audit plans 4. Establishment of the "Sustainability Committee" and the adoption of the "Charter of the Sustainability Committee." 5. Appointment of the members of the Company's first Sustainability Committee. 6. Designation of senior management personnel responsible for the supervision and control of derivative transactions. 7. Amendment to the "Approval authority table".	Approved by all attending directors
2026.1.30	1. 2024 Year end bonus to managerial employees. 2. The budget plan for the year 2026. 2. The budget plan for the year 2026. 3. Change of the attesting CPAs of Deloitte & Touche. 4. Definition of the Company's Non-managerial Employees. 5. Establishment of Director Compensation and Remuneration Payment Procedures. 6. 2026 Material Topics 7. 2026 Sustainability Strategy Blueprint	Approved by all attending directors
2026.3.6	1. The company's 2025 parent company only financial and consolidated financial statements. 2. 2025 Deficit Compensation. 3. -The company's 2025 business report and 2026 business plan. 4. The 2025 statement on the internal control system 5. Proposal for the Renewal of Bank Loan Facility. 6. Evaluation of the Independence and Competence of the Certified Public Accountant for 2026. 7.Appointment and Remuneration of the Certified Public Accountant for 2026. 8.Proposal for Setting the Date, Venue, and Agenda of the 2026 Annual General Shareholders' Meeting. 9.Proposal to Set the Location and Period for Accepting Nominations and Proposals from Shareholders Holding 1% or More of the Company's Shares for the 2026 Annual General Shareholders' Meeting.	Approved by all attending directors

2.3.11. Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

2.4 Information Regarding Audit Fees

Unit: NTD thousands

Accounting firm	Name of CPA	Audit fee	Non-audit fee	Audit period	Remark
Deloitte & Touche	Su-Li Fang Tung-Hui Yeh	2,090	357	2025/01/01~2025/12/31	Note

Note: Others include NT\$280 thousand for a tax payment for the corresponding contribution to an application for technical services, NT\$30 thousand for the fee for audit of the salary of full-time non-managerial employees, and NT\$47 thousand printing costs for financial reports, totaling NT\$357 thousand.

2.4.1 Change of accounting firms with audit fee paid in the year of change being less than the previous year: None.

2.4.2 Over 10% decrease in audit fee on a year-to-year basis: None.

2.5 Replacement of CPA: None.

2.6 If the Company's Chairman, President, Managers in charge of finance or accounting operations held positions within the auditor's firm or its affiliates during the last year, the name, title, and period of holding positions should be disclosed: None.

2.7 Share transfer or share pledge of Directors, Officers and major shareholders holding more than 10% of shares from last year to the date of the annual report printed.

2.7.1 Changes in shareholding of Directors, Supervisor, Officers and major shareholders

Unit: shares

Title	Name	2025		As of March 31, 2026	
		Shares increased (decreased)	Pledge shares increased (decreased)	Shares increased (decreased)	Pledge shares increased (decreased)
Chairman and President	CHEN, YUNG-HUA	—	—	—	—
Director/ major shareholders	Utechzone Co., Ltd.	(1,686,000)	—	(90,000)	—
	Representative: WANG, JEN-CHIEH	—	—	—	—
	Representative: HSU, CHIH-CHAO	—	—	—	—
Director	YEH, SHENG-FA	—	—	—	—
Director	SHAN, HIS-CHI	—	—	—	—
Director	LIN, HUNG-JEN	—	—	—	—
Independent Director	WANG, SHU-JANE	—	—	—	—
Independent Director	SU, HSING-HWA	—	—	—	—
Independent Director	TSENG, HSIANG-CHI	—	—	—	—
Independent Director	LEE, SHIH-CHENG	—	—	—	—
Independent Director	SHEN, HIS-WEN	—	—	—	—
Independent Director	LO, CHIH-PING	—	—	—	—
Vice President	WANG, ZIH-YUE	—	—	—	—
Senior Director	YEH, DONG-YI	—	—	—	—
Corporate Governance Officer	KUO,LUNG-CHANG (Note 1)	—	—	N/A	N/A

Financial & Accounting Officer and Corporate Governance Officer	TSENG, TSAI-WEI (Note 1)	—	—	—	—
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Note 1: Mr. Lung-Chang Kuo stepped down as Corporate Governance Officer on May 9, 2025, due to a job reassignment. He was succeeded by Ms. Tsai-Wei Tseng, who assumed the role on May 9, 2025. The shareholding information reflects the status at the time of their respective appointments.

2.7.3 Information on pledge of shares to related parties : None.

2.8 The relationship between any of the Company's top ten shareholders:

As of March 31, 2026 Unit: shares ; %

Name	shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Top Ten Shareholders who are Related Parties, Spouse, or Second-Degree Relatives		Note
	Shares	%	Shares	%	Shares	%	Name	relationship	
Utechzone Co., Ltd.	8,971,272	11.35%	—	0.00%	—	0.00%	—	—	—
HUANG, HSU-CHI	3,948,000	4.99%	—	0.00%	—	0.00%	—	—	—
CHEN, YUNG-HUA	1,900,813	2.40%	—	0.00%	—	0.00%	—	—	—
Mizuho Securities Co., Ltd. Investment Account In Custody of SCB (Taiwan) Ltd., Business Dept	1,491,000	1.89%	—	0.00%	—	0.00%	—	—	—
LIN, HUNG-JEN	1,394,000	1.76%	2,000	0.00%	—	0.00%	—	—	—
TSENG, LIEH-HIS	1,015,000	1.28%	—	0.00%	—	0.00%	—	—	—
Investment Account of UBS Europe SE Custodied by Citibank (Taiwan) Ltd.	648,089	0.82%	—	0.00%	—	0.00%	—	—	—
Barclays Capital SBL/PB Investment Account In Custody of Citibank (Taiwan) Ltd.	646,000	0.82%	—	0.00%	—	0.00%	—	—	—
Merrill Lynch International Investment Account In Custody of HSBC Bank (Taiwan) Ltd.	502,172	0.64%	—	0.00%	—	0.00%	—	—	—
TSAI, HUNG-JEN	400,000	0.51%	—	0.00%	—	0.00%	—	—	—

2.9 The consolidated shareholdings and percentage of investments held by the Company, Directors, Officers, and the companies controlled directly or indirectly by the Company.

As of December 31, 2025 Unit: NT\$ thousands/ %

Investments	Investments of the Company		Investments directly or indirectly held by Directors, Officers, and the companies controlled directly or indirectly by the Company Director		Consolidated Investments	
	Share	%	Share	%	Share	%
Favite Limited	2,000	100%	—	—	2,000	100%
FAVITE(SHANGHAI) Co.,LTD	—	100%	—	—	—	100%

Note: The aforementioned are long-term investments under the equity method.

III. Capital Raising

3.1. Capital and Shares

3.1.1 Source of Capital

3.1.1.1 Process of Capital Formation

Unit: thousand shares / NT\$ thousands

Year & Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital (Amount)	Capital Increased by Assets Other than Cash (Amount)	Other
2000.03	10	100	1,000	100	1,000	Set up Capital	None	Approved by the Ministry of Economic Affairs March 10, 2000 Jin (089) Sun Tzu No. 392266
2000.05	10	5,000	50,000	5,000	50,000	Cash Offering	None	Approved by the Ministry of Economic Affairs June 10, 2000 Jin (089) Sun Tzu No 436229
2002.04	28	5,800	58,000	5,800	58,000	Cash Offering	None	Approved by the Ministry of Economic Affairs, April 29, 2002 MOE No. 09132041160
2003.01	10	10,000	100,000	10,000	100,000	Cash Offering	None	Jing Shou Shang No. 09201018260 on January 22, 2003.
2004.03	10	15,000	150,000	15,000	150,000	Cash Offering	None	Approved by the Ministry of Economic Affairs, March 17, 2004 MOE No. 09331825840
2004.11	10	20,000	200,000	20,000	200,000	Cash Offering	None	Approved by the Ministry of Economic Affairs, November 19, 2004 MOE No. 0933304899.
2005.08	10	25,000	250,000	25,000	250,000	Cash Offering	None	Approved by the Ministry of Economic Affairs, August 25, 2005 MOE No. 09432728210.
2006.06	10	50,000	500,000	30,000	300,000	Cash Offering	None	Approved by the Ministry of Economic Affairs, August 7, 2006 MOE No. 09532612320.
2006.11	40	50,000	500,000	38,000	380,000	Cash Offering	None	Approved by the Securities and Futures Bureau, Financial Supervisory Commission, SFB FSC (95) No. 0950140080.

Year & Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital (Amount)	Capital Increased by Assets Other than Cash (Amount)	Other
2007.08	10	50,000	500,000	41,830	418,300	Capitalization of Profits and Employee Bonus	None	Approved by the Securities and Futures Bureau, Financial Supervisory Commission, SFB FSC (96) No. 0960034050.
2008.02	27	50,000	500,000	46,674	466,740	Cash Offering	None	Approved by the Ministry of Economic Affairs, February 15, 2008 MOE No. 09731727570
2008.06	0	100,000	1,000,000	46,674	466,740	Increase the Authorized Capital	None	Approved by the Ministry of Economic Affairs, June 25, 2008 MOE No. 09732506560
2008.09	10	100,000	1,000,000	57,028	570,288	Capitalization of Profits and Employee Bonus	None	Jing Shou Shang No. 09707887870 on September 05, 2008.
2008.11	10	100,000	1,000,000	58,773	587,738	Exercise of Employee	None	Jing Shou Shang No. 09701294670 on November 19, 2008.
2009.03	10	100,000	1,000,000	58,934	589,348	Exercise of Employee	None	Jing Shou Shang No. 09801041060 on March 06, 2009.
2009.05	10	100,000	1,000,000	59,008	590,088	Exercise of Employee	None	Jing Shou Shang No. 09801101010 on May 21, 2009.
2009.08	10	100,000	1,000,000	77,819	778,196	Capitalization of Profits and Employee Bonus	None	Jing Shou Shang No. 09801174880 on August 04, 2009.
2009.10	0	150,000	1,500,000	77,819	778,196	Increase the Authorized Capital	None	Jing Shou Shang No. 09801245410 on October 27, 2009.
2011.08	10	150,000	1,500,000	78,597	785,978	Capitalization of Profits	None	Jing Shou Shang No. 10001186910 on August 12, 2011.
2017.04	10	150,000	1,500,000	79,052	790,524	Conversion of corporate bonds	None	Jing Shou Shang No. 10604047000 on April 18, 2017.

3.1.1.2 Type of share

As of March 31, 2026 Unit: thousand shares

Type of share	Authorized Capital			Remark
	Outstanding Shares	Un-issued Shares	Total	
Common stock	79,052	70,948	150,000	-

3.1.1.3 Shelf Registration: Not Applicable.

3.1.2 List of Major Shareholders

As of March 31, 2026 Unit: shares

Shareholder	Shareholding	Shareholdings	Percentage of Shareholding
Utechzone Co., Ltd.		8,971,272	11.35%
HUANG, HSU-CHI		3,948,000	4.99%
CHEN, YUNG-HUA		1,900,813	2.40%
Mizuho Securities Co., Ltd. Investment Account In Custody of SCB (Taiwan) Ltd., Business Dept		1,491,000	1.89%
LIN, HUNG-JEN		1,394,000	1.76%
TSENG, LIEH-HIS		1,015,000	1.28%
Investment Account of UBS Europe SE Custodied by Citibank (Taiwan) Ltd.		648,089	0.82%
Barclays Capital SBL/PB Investment Account In Custody of Citibank (Taiwan) Ltd.		646,000	0.82%
Merrill Lynch International Investment Account In Custody of HSBC Bank (Taiwan) Ltd.		502,172	0.64%
TSAI, HUNG-JEN		400,000	0.51%

3.1.3 Dividend Policy and Implementation Status

3.1.3.1 Dividend Policy

In the event of surplus earnings after closing annual accounts, due taxes shall be paid per the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remaining surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with accumulated undistributed earnings for profits to shareholders' meeting for resolution on the distribution of shareholders' dividend and bonus.

The company's dividend policy is based on the capital, financial structure, overall environment and industrial growth characteristics of the current year to achieve the company's goal of sustainable operation and stable business performance. Therefore, the board of directors reserves the company's dividend distribution according to operational needs. Distributed at a rate not exceeding 90% of the company's distributable earnings. According to the future capital expenditure budget and capital needs, the company's dividends are distributed in stock dividends (including surplus capital increase, and capital reserve capital increase) and cash dividends. The cash dividends shall not be less than 5% of the total dividends.

3.1.3.2 Proposed Distribution of Dividend

The Deficit Compensation plan for the fiscal year 2025 has been decided by the board of directors on March 6, 2026, to not distribute dividends. The final decision awaits approval at the shareholder's annual meeting on May 29, 2026.

3.1.3.3 Anticipation of Future Change in Dividend Policy: None.

3.1.4 Effect upon Business Performance and Earnings per Share of Any Stock Dividend

Distribution

Proposed or Adopted at the Most Recent Shareholders' Meeting: Not applicable.

3.1.5 Compensation of Employees and Directors

3.1.5.1 Information Relating to Compensation of Employees and Directors in the Articles of Incorporation:

If the company makes a profit for the year, it shall allocate 10% as employee compensation. The board of directors decides to pay in stocks or cash. The recipients may include employees of controlled or subsidiary companies meeting certain specific criteria. Within this appropriation, no less than 20% shall be allocated as compensation for entry-level employees. The amount of profit that the company is able to open up is determined by the board of directors to approve the remuneration of directors and supervisors not higher than 2%.

Employee compensation and remuneration of directors shall be reported to the shareholders' meeting.

However, when the company still has accumulated losses, it shall reserve the amount of compensation in advance, and then allocate employee compensation and remuneration of directors in proportion to the preceding paragraph.

3.1.5.2 The basis for the accrual of employee and director compensation for the current period, the calculation basis for the number of shares distributed as employee compensation, and the accounting treatment in the event of any discrepancy between the estimated and actual distributed amounts:

such discrepancy is regarded as a change in accounting estimate and is recognized in the profit or loss of the year in which the resolution is approved by the shareholders' meeting.

3.1.5.3 Distribution of Compensation Approved in the Board of Directors Meeting

a. Recommended Distribution of Compensation of Employees and Directors:

Unit: NT\$

Employee Compensation – in Cash	0
Employee Compensation – in Stock	0
Remuneration of directors	0
Whether it differs from the amount estimated in the financial statements of the expense recognition year	No difference

b. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.

3.1.5.4 The actual distribution of employees' compensation and directors' remuneration for the previous fiscal year (with an indication of the number of

shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee's compensation and directors' remuneration, additionally the discrepancy, cause, and how it is treated.

Unit: NT\$

Item	Amount for Distribution Resolved by the Board of Directors	Estimation in the Year of Recognition Difference	Difference	
			Variance amount	Treatment
Employees' Compensation	6,192,273	6,192,273	None	Not applicable
Remuneration to Directors	1,238,455	1,238,455	None	Not applicable

3.1.6 Status of Treasury Stocks: None.

3.2 Status of Corporate Bonds: None.

3.3 Status of Preferred Stocks: None.

3.4 Status of Global Depository Receipts (GDRs): None.

3.5 Status of Employee Stock Warrants: None.

3.6 Status of Employee Restricted Stocks: None.

3.7 Status of Mergers or Acquisitions, or as assignee of new shares issued by other companies: None.

3.8 Status of Implementation of Fund Utilization Plan: None.

IV. Operations Overview

4.1. Business Overview

4.1.1. Business Scope

4.1.1.1 The businesses of the Company are as follows:

- I301010 Service of information software.
- F213040 Retail Sale of Precision Instruments.
- CB01010 Machinery and Equipment Manufacturing.
- CE01010 General Instrument Manufacturing.
- CC01080 Electronic Parts and Components Manufacturing.
- CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
- CE01030 Optical Instruments Manufacturing.
- E603050 Automatic Control Equipment Engineering.
- E604010 Machinery Installation.
- F113010 Wholesale of Machinery.
- F113030 Wholesale of Precision Instruments.
- F113050 Wholesale of Computers and Clerical Machinery Equipment.
- F118010 Wholesale of Computer Software.
- F401010 International Trade.
- I501010 Designing.
- JE01010 Rental and Leasing Business.
- ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

4.1.1.2 Revenue composition

Unit: NT\$ thousands

Product	2025	
	Revenue	Percentage of Operating Revenue
AOI and Maintenance	428,104	93.09%
Other	31,757	6.91%
Total	459,861	100.00%

4.1.1.3 Current Products

Application	Product
TFT Array, TP, LTPS, 3D lens Inspection & Metrology Equipment	Low Resolution AOI
	High Resolution AOI
	Bare Glass AOI
	Tokki AOI
	Mask AOI
	Automated Dimension Metrology Machine
	Film Thickness Measurement Machine
	LTPS High Resolution AOI
Color Filter Inspection & Metrology Equipment	Color Filter AOI
	Automated Image Capture Machine
	Tokki AOI

Application	Product
	Digital Marco Inspection
	CD/OL Metrology Machine
	Chroma/Film Thickness/OD Measurement Machine
Touch Panel Inspection & Metrology Equipment	Touch Panel Low Resolution AOI
	Touch Panel High Resolution AOI
TFT Cell Inspection & Metrology Equipment	PI AOI
	Seal AOI
	Cut Panel/Panel AVIX
	Burr Check AOI
	Glass Thinner AOI
OLED/AMOLED Inspection & Metrology Equipment	OLED Mask AOI
	OLED Frit AOI(with frit metrology)
	OLED Cell AOI(with cell gap metrology)
	Micro OLED TFE Inspection Machine
	Micro OLED IJP Inspection Machine
	Micro OLED Photomask Inspection Machine
Semiconductor /Package & Testing Equipment	Wafer-Level 2.5D Advanced Packaging Die Location Metrology Tool
	Wafer-Level 3D IC Die Location Metrology Tool
	Panel-Level 2.5D Advanced Packaging Die Location Metrology Tool
	Wafer Automatic AI OM/AVI
	Wafer Automatic AI Optical Inspection Machine
	Wafer Automatic Optical Inspection Machine
	FOPLP Multi-layer RDL Fine Line Defect Inspection System
	TGV Post-Drilling Inspection & Metrology System
	Inline Chip-on-Tray Misalignment Inspection & Sorting System
	Various professional customized equipment
Mini/Micro LED Inspection & Metrology Equipment	Chip on Wafer/Carrier Grain Inspection and Measurement Machine
	Micro LED Backplane Grain/Circuit Inspection and Measurement Machine
Mini/Micro OLED Inspection & Metrology Equipment	Micro OLED TFE & CF Defect Inspection System
	Micro OLED Mask Defect Inspection & Metrology System
	Micro OLED Cover Glass Defect Inspection System
Others	AI Defect Classification System
	Multifunction Auto OM
	Yield Management System
	Spare Parts and Maintenance Services

4.1.2 Industry Overview

1. Industry Current Status and Development

Development Trends in the LCD Display Panel Industry

In 2025, the global LCD panel market entered a "value transformation period." Driven by the replacement cycle for AI PCs and laptops, IT panel shipments grew steadily. Concurrently, leveraging policy subsidies and large-sizing strategies, Chinese panel manufacturers are expected to see a 3% increase in large-size LCD shipping area for the year. However, affected by global inflationary volatility and rising component costs (such as memory prices), demand for small-to-medium-sized panels has diverged, shifting the market's competitive focus from "production scale" to "high-value-added products."

Looking ahead to 2026, the industry will be characterized by the following three key trends:

1. Intergenerational Display Specification Upgrades:
As AI applications materialize, PC and tablet panels are moving toward high refresh rates, low power consumption, and ultra-thin designs. This transition is driving demand for high-end inspection and measurement equipment.
2. Continuous Expansion of Large-Sizing and Specialized Applications:
TV panels are further evolving toward ultra-large sizes of 75 inches and above. Driven by smart cockpits, multi-screen and curved designs are becoming standard features in automotive displays.
3. Process Efficiency Optimization:
After completing depreciation periods, panel manufacturers are pivoting toward intelligent transformation. They are utilizing AI-powered optical inspection (AOI) technologies to reduce production loss and safeguard profit margins.

Trends in Micro LED Development

As the supply chain technologies of Taiwanese manufacturers such as PlayNitride, AUO, and Innolux reach maturity, 2025 marks a pivotal inaugural year for Micro LED moving toward "material mass production." Micro LED has evolved beyond mere laboratory prototypes and officially entered the high-end wearable device and ultra-large-size TV markets. According to market research, the global Micro LED market is projected to grow to US\$1.84 billion in 2025, triggering a wave of specification upgrades for smartwatches and automotive Head-Up Displays (HUDs). Due to its ultra-high brightness and temperature resistance, Micro LED demonstrates an overwhelming advantage in automotive transparent display applications, becoming the preferred technology for next-generation smart cockpits.

Looking ahead to 2026, the industry will enter a period of explosive growth characterized by "cost optimization and process standardization":

1. Mass Transfer and Inspection Yield Improvements:
In 2026, the core of market competition will shift toward process yield control. As the cost of mass transfer technology further declines, demand for high-speed automated optical inspection (AOI) is expected to experience exponential growth.
2. Application Scope Expanding to AI Glasses and XR:
By 2026, micro-LED-on-Silicon (LEDoS) technology is expected to achieve breakthroughs in AR/XR wearable devices, demanding extreme PPI (pixels per inch) and alignment precision.

3. Vertical Supply Chain Integration:

Leading brands will deepen collaboration with equipment manufacturers to develop customized inspection and measurement solutions.

Trends in Micro OLED Development

In 2025, the global Micro OLED (OLED-on-Silicon) industry officially transitioned from a "technology exploration phase" to an "application expansion phase." Driven by the Apple Vision Pro and its ecosystem, Micro OLED has solidified its dominant position in high-end XR (Extended Reality) devices, leveraging its advantages of over 3,000 PPI high resolution, high contrast, and lightweight design. The market focus in 2025 lies in the implementation of Tandem OLED (dual-stack) technology to significantly enhance brightness and address previous pain points regarding shorter lifespans. As panel manufacturers such as BOE and SeeYA Technology expand their production capacity, Micro OLED module costs are expected to decline toward the end of 2025, driving adoption in more consumer-grade smart glasses and e-sports headsets.

Looking ahead to 2026, the industry is expected to demonstrate the following key development trends:

1. **Shift Toward Semiconductor-Grade Processes and Precision Inspection Demand**
Micro OLED technology involves a deep integration of CMOS driving backplanes and OLED evaporation processes. As resolutions advance toward 4K and beyond in 2026, there will be an explosive surge in demand for wafer-level, sub-micron defect inspection equipment.
2. **Integration of AI and Optical Algorithms**
To meet the unique near-eye display (NED) requirements of XR devices, 2026 will see inspection equipment evolve beyond simple "defect detection." It will increasingly require the integration of AI algorithms for real-time image correction and visual perception simulation to ensure a truly immersive experience for end-user products.
3. **Expansion into Diversified Applications**
Beyond consumer electronics, Micro OLED will expand its penetration in 2026 into high-end professional fields, including medical surgical helmets, military simulations, and industrial remote collaboration systems.

Trends in the Semiconductor Packaging and Testing Market

In 2025, fueled by the relentless surge in demand for AI computing power, Advanced Packaging has emerged as the pivotal driver for extending Moore's Law. With wafer-level advanced packaging capacity remaining in short supply, the industry supply chain is accelerating its transition toward FOPLP and 2.5D/3D Heterogeneous Integration.

Throughout 2025, high-end AI chips began the mass adoption of HBM4 and Chiplet architectures. This shift has led to an increase in layer counts and a further reduction in line width/spacing for high-end IC substrates and Silicon Interposers. Consequently, these advancements have imposed unprecedentedly stringent requirements on defect inspection and alignment precision during the manufacturing process.

Looking ahead to 2026, the industry is poised to reach a strategic inflection point characterized by 'Large-form-factor Packaging' and 'Glass Substrates':

1. **Mass Production Scaling of FOPLP**
2026 will mark the pivotal year for FOPLP (Fan-out Panel-level Packaging) to transition from pilot runs to high-volume manufacturing. Large-form-factor panel carriers offer significantly higher production efficiency and are expected to reduce costs by over 30%.

2. The Rise of Glass Substrates

To address thermal management and warpage challenges, high-end server chips will begin adopting glass substrate technology in 2026. This transition will trigger a massive replacement wave for next-generation optical metrology and Automated Optical Inspection (AOI) equipment.

3. Intelligent Process Monitoring

In response to the yield rate challenges posed by expanding package sizes, equipment providers will deeply integrate AI-driven predictive maintenance and real-time yield analysis by 2026 to ensure manufacturing stability.

2. Competitive Landscape

As a premier Taiwan-based provider of AOI (Automated Optical Inspection) equipment, Favite Inc. leverages its deep-seated expertise in TFT-LCD, AMOLED, and Micro LED color filter and display industries. The company has further expanded its strategic footprint into Advanced Packaging (Semiconductor) and the IC Substrate industry. The following SWOT analysis evaluates our industry positioning and the current competitive landscape:

Strengths

A. Comprehensive AOI Inspection Product Line Covering Multiple Industries

The company possesses AOI equipment development capabilities across various fields, including TFT-LCD, AMOLED, Micro LED, semiconductor packaging and testing, and IC substrates, with a wide range of product applications. It has mature AOI inspection technologies for TFT-LCD and AMOLED, and has established partnerships with major panel manufacturers in Taiwan and China.

B. High-Resolution AOI and AI-Powered Intelligent Inspection Technology

The company continuously enhances its high-resolution AOI systems to improve defect detection capabilities, addressing the needs of applications such as Micro LED color printing and FOPLP (Fan-Out Panel Level Packaging). It has also introduced AI-powered AOI technologies to increase inspection accuracy, and is developing AI-based classification and defect prediction features to enhance the added value of its products.

C. First-Mover Advantage in the Micro LED Industry

In recent years, the company has actively invested in inspection equipment for Micro LED color printing technology, collaborating with Taiwanese panel manufacturers and the Chinese LED display supply chain. It has developed defect inspection and measurement systems for Micro LED mass transfer processes, effectively filling a gap in the market.

D. Gradual Expansion into the Advanced Semiconductor Packaging and IC Substrate Markets

The development of our wafer-level/panel-level 2.5D advanced packaging die location metrology systems, FOPLP ultra-fine RDL circuit AOI inspection equipment, and TGV (Through Glass Via) post-drilling inspection/metrology solutions has enabled the company to progressively penetrate the supply chains of advanced packaging and high-end IC substrates.

E. Strong Local Taiwanese Brand with Close Ties to the Panel and Semiconductor Supply Chains

The company has deeply cultivated the AOI market in the Greater China region, establishing long-term partnerships with major panel manufacturers across Taiwan and China. It is also gradually expanding into the semiconductor and PCB industries,

becoming a qualified supplier within the supply chain.

Weaknesses

A. Lack of Global Brand Influence

Compared to international AOI competitors such as KLA, Onto Innovation, Camtek, and Hitachi, the company has lower brand recognition and slower overseas market expansion. Its primary markets remain Taiwan and China, with relatively low penetration in North America, Europe, and Japan.

B. R&D Competitiveness Needs Improvement

Compared to AOI suppliers from the U.S. and Japan, the company has more limited R&D capital and must identify and focus on its niche markets.

C. Lack of In-House Core Optical Component Supply

The company mainly relies on international suppliers for optical components and camera modules. It still depends on external vendors for core optical technologies, making cost control more challenging.

D. Limited Product Price Competitiveness

Compared to Chinese AOI manufacturers, the company's equipment is priced higher, facing pressure from low-cost competition in the Chinese market. It needs to enhance AI AOI intelligence and high-resolution technology to maintain its competitive edge.

Opportunities

A. Emerging Market Opportunities from Micro LED Industry Development

The global Micro LED market is expected to enter mass production between 2025 and 2027, requiring high-resolution AOI inspection and repair technologies. Starting in 2025, applications such as Micro LED TVs, automotive displays, and AR/VR are expected to scale up, driving rapid growth in AOI equipment demand.

B. Trend Toward AI-Based Automated Inspection

The integration of AI deep learning into AOI enhances inspection accuracy and reduces human error, helping to improve competitiveness. Customer demand is shifting toward AI AOI with automated classification, intelligent defect recognition, and real-time repair. The company can increase added value through software development.

C. Continued Growth in Advanced Semiconductor Packaging

From 2025 to 2030, rapid development in HBM (High Bandwidth Memory) and chiplet design will require higher-precision AOI equipment. The expansion of advanced packaging capacity by TSMC, Samsung, and Intel will drive demand for FOPLP/FOWLP AOI systems.

D. Recovery in the IC Substrate (ABF/BT) Market

The growing demand for AI servers and HPC from 2024 to 2025 is boosting ABF substrate demand, expanding the AOI market for IC substrates. As substrate line widths shrink below 2 μ m, inspection equipment must be upgraded, benefiting the company's positioning in high-precision AOI product lines.

E. China's Localization Policies for Panels and Semiconductors

While China's policies support domestic AOI equipment suppliers in the panel and semiconductor industries, there remains strong demand for Taiwanese AOI products.

The company can increase its market share in China through various forms of collaboration.

Threats

A. Competitive Pressure from International Giants

Global AOI leaders such as KLA, Onto Innovation, and Camtek hold significant market share in the semiconductor inspection sector, with advanced technologies and strong financial resources, creating intense competitive pressure. These international players are actively expanding into the Micro LED and FOPLP AOI markets, which may limit the growth potential for the company.

B. Price Competition from Chinese Domestic AOI Manufacturers

Chinese AOI vendors offer lower-cost options for entry-level equipment, intensifying market competition. Given the cost-sensitive nature of the Chinese market, Taiwanese AOI companies must rely on technological differentiation to maintain competitiveness.

C. Market Volatility in Panel and Semiconductor Industries

The TFT-LCD market experiences rapid shifts in supply and demand, which may impact equipment investment plans by panel manufacturers. Additionally, the cyclical nature of the semiconductor industry affects demand for FOPLP and IC substrate inspection equipment.

D. Dependence on External Suppliers for Key Components

The company still relies on foreign suppliers for critical components such as optical lenses, cameras, and AI chips, which poses limitations on the supply chain.

Favite, Inc. possesses a comprehensive AOI product line and maintains competitiveness in markets such as TFT-LCD, AMOLED, Micro LED, advanced semiconductor packaging, and IC substrates. However, facing competition from international giants and low-price threats from Chinese manufacturers, the company must strengthen its AI AOI technologies, Micro LED repair solutions, and semiconductor inspection product lines. Additionally, it should actively expand into overseas markets to sustain its competitive advantage.

4.1.3 Technology and R&D Outlook

4.1.3.1. R&D expenses in the previous year to the date this report was printed

Unit: NT\$ thousands

Item	2025	As of March 31, 2026
R&D expense	196,151	51,274

4.1.3.2. Technologies or products successfully developed

Year	Item
2009	Bright Point Laser Repair: Using Femtosecond Laser to carbonize the defects on the photoresist of Color Filter so that bright points could be repaired. 48W LED: As light source supplies high brightness for appearance inspection used on high-end applications of AOI. Array Open/Short Testing: Applied on open and short testing during the process of TFT Array. RFID Inlay & Tag: Through optical positioning technique and real-time inspection applied for RFID packaging and testing.
2010	AOI for High/Low Resolution of Touch Panel: Using long period and multi-period matching modes to spot the defects of Touch Panel Pattern. 81W LED: As light source supplies high brightness for appearance inspection used on high-end applications of AOI. AOI for 3D LCP Lens: Applied for 3D LCP Lens to spot the defects during the process. AOI for OLED Mask: Applied for OLED Mask to spot the defects.
2011~2013	AOI for high resolution of AMOLED: Using 1 μ m period matching mode to spot the defects of AMOLED Panel Pattern, TFT-LCD and AMOLED outer circuitry. 180W LED: As light source supplies high brightness for appearance inspection used on high-end applications of AOI. AOI for Glass Slimming: Applied for Glass Slimming to spot the defects. AOI for OGS: Applied for OGS to spot the defects.
2014	AOI for high resolution of LTPS 1. Uses multi-period matching modes to spot the defects of LTPS Panel Pattern. 2. Spots the defects of outer circuitry on TFT-LCD LTPS.
2016	AOI for auto wafer inspection in the semiconductor industry Using the high resolution of Golden to Die matching mode to spot the defects of Pattern Wafer.
2018	AOI for G10.5 in the industry of FPD Uses an efficient algorithm with a high resolution corresponding to the needs of mass production producing large-generation panels.
2016~2019	A+ Industrial Innovation R&D Program Successfully developed AOI for Fan-out Panel Level (ultra fine: L/S = 2 μ m/2 μ m) and completed the program.
2020~2022	HORUS AI inspection and measurement Compared to traditional AOI, it has the capability of AI inspection, re-judging defects, sorting and auto 2D/3D measurement, which is all in one for the yield control of Wafer, PCB, IC substrate and packaging during the process.
2023~2025	Die Location Measurement System for Advanced Packaging.
2026	High-precision, high-speed MicroLED metrology equipment

4.1.4 Long/Short-Term Business Development Plan

To ensure the company's competitive advantage in the Automated Optical Inspection (AOI) equipment industry, we have developed short-, medium-, and long-term development plans across four key areas: marketing strategy, product strategy, production strategy, and business management strategy. These plans are designed to support continuous growth and expand our market influence.

4.1.4.1 Marketing Strategy

1. Short-Term: Increase Market Penetration and Deepen Customer Relationships
 - A. Strengthen Brand Influence: Participate in major global exhibitions to enhance company visibility.
 - B. Enhance Target Market Development: Deepen market presence in regions such as Taiwan, China, and Japan.
 - C. Digital Marketing and Precision Customer Development: Establish professional technical content marketing (e.g., white papers, technical seminars, webinars).
 - D. Leverage AI Data Analytics: Improve the accuracy of identifying potential customer needs.
2. Medium-Term: Global Market Expansion and Strategic Alliances
 - A. Establish Overseas Technical Support Centers: Provide real-time service and technical support based on market development.
 - B. Strengthen Alliances with Upstream and Downstream Equipment Suppliers: Offer comprehensive packaging and testing solutions.
 - C. Deepen Collaboration with Major Semiconductor Packaging and Testing Companies: Accelerate equipment adoption.
3. Long-Term: Global Brand Development and Diversified Industry Applications
 - A. Build Regional Marketing and Customer Service Centers: Enhance global customer satisfaction.
 - B. Brand Upgrade: Position the company as a globally recognized provider of "Intelligent AOI Inspection Solutions."

4.1.4.2 Product Strategy

1. Short-Term: High-Resolution and Intelligent Inspection Technology Upgrades
 - A. Develop High-Resolution AOI Equipment: Enhance inspection accuracy for Micro-bump, RDL, and Chiplet packaging.
 - B. Enhance AI-Based Intelligent Inspection: Improve adaptive AI inspection technology to enable intelligent defect analysis and boost inspection efficiency. Increase the speed and capability of AI-based automatic inspection and classification to improve accuracy.
 - C. Expand Product Line: Introduce 3D AOI equipment to meet the demands of advanced packaging technologies such as CoWoS, Fan-Out, and TSV.
2. Medium-Term: Modular and Automated Products
 - A. Develop Modular AOI Equipment: Reduce customization costs and improve market adaptability.
 - B. Integrate Multiple Optical Inspection and Measurement Technologies: Provide comprehensive inspection solutions for heterogeneous integration packaging.
3. Long-Term: Intelligent Automated Inspection and Lights-Out Manufacturing
 - A. Develop Fully Automated AOI Solutions for Lights-Out Factories: Combine AI

and machine learning to enable automatic optimization of inspection parameters.

- B. Advance Quantum Computing and Optical Component Inspection Technologies: Expand into emerging technology fields.

4.1.4.3 Production Strategy

1. Short-Term: Enhance Production Capacity and Supply Chain Efficiency
 - A. Optimize Supply Chain Management: Strengthen partnerships with key component suppliers in Taiwan, Japan, and the United States to ensure stable supply of critical optical and motion control components. Promote supply chain diversification to reduce the impact of geopolitical risks on component procurement.
2. Medium-Term: Smart and Lean Manufacturing
 - A. Implement Smart Manufacturing: Use AI analytics and automation to improve yield and efficiency. Establish regional production centers with assembly and testing facilities to enhance local market delivery capabilities.
 - B. Continuously Optimize Production Processes: Adopt lean manufacturing practices to reduce production costs.
3. Long-Term: Green Manufacturing
 - A. Advance Automation and Intelligence in Production: Strengthen ESG strategies and promote green manufacturing by adopting low-carbon production technologies, reducing energy consumption and waste. Establish a carbon footprint management system to comply with international environmental standards.
4. Business Management Strategy
 1. Short-Term: Improve Internal Management Efficiency and Strengthen Digital Management
 - A. Enhance R&D and Technical Team Capabilities: Recruit specialists in AI algorithms, optical design, and mechanical control to strengthen technological development.
 - B. Optimize Organizational Structure: Ensure efficient operations across marketing, R&D, and production departments.
 2. Medium-Term: Internationalization and Talent Development
 - A. Strengthen International Management: Establish regional operation centers to improve responsiveness in international markets.
 - B. Promote Internal Innovation: Set up a technology innovation lab to encourage breakthroughs and cross-department collaboration.
 - C. Enhance Talent Development Programs: Implement internal technical certification and professional training to build strong R&D and sales teams.
 3. Long-Term: Global Operations and ESG Management
 - A. Global Operations and Corporate Social Responsibility (ESG): Establish a global operations management system to enhance operational flexibility and risk resilience.
 - B. Improve ESG Policies: Strengthen performance in environmental protection, social responsibility, and corporate governance to boost international competitiveness.
 - C. Expand into Emerging Technology Fields: Ensure the company maintains a leadership position in future technology trends.

Through the implementation of short-, medium-, and long-term strategies, we will ensure the company's steady growth and establish a competitive edge in the global AOI equipment market. We will continue to invest in technological innovation, market expansion, production upgrades, and management optimization to achieve sustainable development and create greater value for our shareholders and customers.

4.2. Marketplace and Production Overview

4.2.1 Market Analysis

1. Major Product Sales Regions

Unit: NT\$ thousands

Sales Region \ Year	2025		2024	
	Sales Amount	Percentage	Sales Amount	Percentage
Domestic	179,597	39.05	201,669	30.21
Export	280,264	60.95	465,918	69.79
Total	459,861	100.00	667,587	100.00

2. Market share percentage

2.1 TFT-LCD / AMOLED

From 2024 to 2025, Mainland Chinese panel manufacturers achieved a 71% market share in the global LCD market. This absolute dominance was solidified through the capacity expansion of high-generation lines (G8.5, G8.6, and G10.5) and strategic market consolidation, such as TCL CSOT's acquisition of LGD's Guangzhou plant. In the OLED sector, China's production capacity for mobile applications has reached nearly 70%. Although South Korean manufacturers maintain a leading 80% share in high-end TV panels, Chinese competitors are aggressively expanding capacity to challenge this leadership and seek a market breakthrough.

Amid the sustained capital expenditure and robust demand for inspection and metrology solutions in the Mainland Chinese market, the Company has benefited from significant market momentum. However, we simultaneously face intense competition from local equipment manufacturers regarding both pricing and technical capabilities. To navigate geopolitical pressures and competitive landscapes, we are proactively securing repeat orders from our established customer base while implementing two primary breakthrough strategies:

1. Optimizing Product Mix and Price-Performance Ratios to Enhance Competitiveness

2. Retrofitting and upgrading AOI systems not originally manufactured by our company, effectively transforming the existing installed base into a new engine for growth.

In the Taiwan market, the two leading panel manufacturers ("The Panel Giants") are aggressively pivoting toward new display technologies and non-

panel business sectors. While demand for new LCD equipment is limited, the need for software and hardware upgrades for existing systems remains steady.

The Company will adopt a strategy of "Optimizing the Installed Base while Positioning for Emerging Sectors" to maintain long-term operational stability.

2.2 New Display Technologies (Micro LED / Micro OLED)

Micro LED technology is expected to see widespread adoption across various sectors, including consumer electronics, automotive, entertainment/sports, advertising, aerospace, and defense. In particular, demand for Micro LED will significantly increase in smartphones, wearable devices, and automotive displays. Leveraging its long-standing expertise in inspection and measurement technologies, Jingcai Technology has launched a comprehensive range of inspection and measurement solutions for the Micro LED production process. These solutions have been well received by several key industry-leading customers and continued to grow steadily and contribute to revenue in 2025.

Favite's comprehensive suite of inspection and metrology solutions is currently undergoing performance iterations and enhancements through close collaboration with key strategic customers. The Company is on track to launch its next-generation high-speed models in 2026. We are confident that as customers in both Taiwan and Mainland China expand their new pilot lines and production capacities, these advancements will significantly bolster Favite's revenue growth within the Micro LED sector.

The Micro OLED market is also expected to grow rapidly, especially in applications such as AR/VR devices, head-mounted displays (HMDs), electronic viewfinders (EVFs), and projectors. By 2030, the global Micro OLED market is projected to reach USD 1.99 billion, indicating broad application potential and significant market opportunities in the coming years.

Favite, Inc. began shipping Micro OLED equipment in 2024, and production has since stabilized. The company will continue to monitor industry developments closely, with the expectation that this segment will contribute steadily to future revenue.

2.3 Semiconductor Applications (Advanced Packaging / High-End Substrates)

As the global semiconductor industry moves into the More-than-Moore era, advanced packaging technology has emerged as the core driver for enhancing chip performance and reducing power consumption. According to forecasts from research firm Yole Group, the global advanced packaging market is projected to grow at a Compound Annual Growth Rate (CAGR) of 11% from 2023 to 2029, with the market size expected to expand to US\$69.5 billion.

Driven by surging demand for AI and High-Performance Computing (HPC), the 2.5D and 3D packaging segments are particularly well-positioned for growth. Their combined output value is expected to reach US\$25.37 billion by 2030, representing a robust CAGR of 17.2%.

As AI and 5G chip sizes continue to expand, traditional packaging technologies are encountering significant bottlenecks in cost and thermal management. This has catalyzed the transition of Fan-Out Panel-Level Packaging (FOPLP) from the proof-of-concept stage to mass production, positioning it as the next mainstream in advanced packaging.

This technological paradigm shift has directly fueled a massive, inelastic demand for high-end inspection and metrology equipment. These systems serve as the critical gatekeepers in ensuring yield rates and performance for high-value chips throughout the complex packaging process.

Product Strategic Roadmap: Total Leadership from 2.5D/3D to FOPLP

Favite Inc. is proactively investing in advanced inspection and metrology technologies. Leveraging our profound expertise in optical inspection, we have achieved tangible progress across multiple critical manufacturing processes:

- **2.5D and 3D Advanced Packaging Inspection:** In the field of Fan-Out Wafer-Level Packaging (FOWLP), the Company's existing equipment has been successfully integrated into the production lines of world-renowned OSAT (Outsourced Semiconductor Assembly and Test) leaders. Addressing the complexities of multi-chip heterogeneous integration, we have developed the "High-Precision Die Location Metrology System." Its technical advantage lies in the ability to support simultaneous precision measurement for various stacking configurations, including both Face-up and Face-down orientations. We are currently undergoing in-depth validation with clients to capture the vast opportunities within the high-end packaging market.
- **FOPLP and RDL Fine Line Inspection:** Leveraging over 20 years of expertise in glass substrate inspection from the display industry, the Company has transformed this technological moat into a competitive edge for FOPLP. For the RDL-First (Redistribution Layer First) process on glass substrates, we have introduced the "FOPLP RDL Fine Line AOI," capable of inspecting multi-layer RDL with ultra-fine line widths down to 2 μ m. This system has already passed rigorous validation tests by a leading substrate manufacturer.
- **Forward-Looking Applications for TGV Glass Substrates:** Regarding the TGV (Through-Glass Via) substrate market—while short-to-medium-term process bottlenecks persist—the Company remains optimistic about its superior dimensional stability and signal integrity. We have proactively established a leadership position with inspection and metrology solutions tailored for TGV processes. From the R&D and pilot stages to full-scale mass production, our equipment provides real-time feedback and root cause analysis (RCA), assisting clients in optimizing process parameters and solidifying our role as an indispensable strategic partner for glass substrate manufacturers.

3. Market future supply and demand status and growth

Looking ahead to 2026, the flat panel display (FPD) industry has shifted from a phase of "capacity expansion" toward a new landscape defined by "technology premiums" and "application-driven growth." The industry's supply-demand dynamics and growth momentum are primarily reflected in the following dimensions:

3.1 AI Hardware Upgrade Wave Drives Recovery in the Installed Base Market

The Consumer Electronics Cycle 2.0 is expected to reach its zenith in 2026. The proliferation of AI PCs and AI smartphones demands display specifications with lower power consumption and higher refresh rates, consistently driving up the penetration rates of mid-to-high-end IT panels and AMOLED technologies. As the replacement cycle arrives, the market has successfully moved beyond the stagnation of previous years, exhibiting a trend of robust and steady growth.

3.2 Commercialization of Next-Generation Display Technologies at Scale

- Micro LED and Mini LED: By 2026, Micro LED has successfully surmounted technical barriers, achieving commercial mass production in automotive transparent displays and high-end wearable devices.
- Micro OLED: Benefiting from the maturation of Spatial Computing and the XR (Extended Reality) supply chain, Micro OLED has become the standard configuration for high-end head-mounted devices (HMDs). This trend is driving robust demand for related precision inspection equipment.

3.3 Supply-Demand Dynamics and Geopolitical Shifts Toward "Supply Chain Resilience"

While Chinese panel manufacturers maintain absolute dominance in terms of production capacity, geopolitical risks and regional trade barriers have accelerated the diversification of production bases. In 2026, the focus of competition has shifted toward "flexible manufacturing" and "nearshoring." Simultaneously, companies are mitigating labor cost risks and enhancing operational resilience through investments in process upgrades and automated optical inspection (AOI).

3.4 Market Scale and Long-Term Growth Potential

The global flat panel display (FPD) market established a solid foundation in 2025. Starting in 2026, the market valuation is expected to be further propelled by the exponential growth in automotive displays, outdoor digital signage, and foldable devices. It is projected that through 2034, the Compound Annual Growth Rate (CAGR) will maintain a level above 6.2%. Notably, the contribution of high-end display technologies to this growth is expected to increase significantly, becoming a primary driver of market value.

3.5 Competition and Cross-Domain Innovation

The focus of corporate R&D has shifted from traditional "resolution" competition toward "form factor innovation" (such as rollable and foldable displays) and "functional integration" (such as under-display sensing and ultra-thin packaging). In response to the precision inspection requirements of these innovative processes, the Company has proactively established its AI-powered vision solutions to secure a competitive first-mover advantage in the post-2026 era.

Summary: The flat panel display industry in 2026 will mark the harvest period for the "Technology Dividend." To secure a leading position amidst the converging waves of AI and emerging display technologies, manufacturers must strike a strategic balance between agile capacity planning and forward-looking technological investment.

Development of the Panel Industry in Mainland China and South Korea

1. Liquid Crystal Display (LCD): Absolute Monopoly of Production Capacity in Mainland China

Entering 2025, the dominance of Mainland Chinese panel manufacturers in the global LCD market has further intensified. It is projected that BOE and TCL CSOT will collectively hold a 52.6% market share in global production capacity for Gen 5 lines and above. Furthermore, the overall market share of Chinese manufacturers by LCD surface area has climbed to 72.7%. As major Chinese players continue to pursue cost optimization and capacity consolidation through G8.5 and G10.5 high-generation lines, the global center of gravity for both panel production and related inspection and metrology equipment demand has become highly concentrated in the Chinese market.

2. Mobile Panels: AMOLED Becomes the Mainstream Amidst Supply Chain Restructuring

2025 marked a pivotal inflection point for mobile panel technology. Leveraging its advantages in being thin, lightweight, and superior color representation, flexible AMOLED has officially surpassed a-Si LCD (Amorphous Silicon LCD) in market share.

- BOE: Shipment volume is projected to grow to 630 million units in 2025, consistently securing its position as the global leader.
- Samsung Display (SDC): Despite maintaining its edge in high-end technology, SDC's 2025 shipment volume is expected to decline to 365 million units (a 3.5% YoY decrease), influenced by Apple's supply chain diversification strategy.
- Tier-2 Chinese Manufacturers: HKC has secured the third-place position by leveraging the cost advantages of its G8.6 lines. TCL CSOT is driving growth through a deep strategic alliance with Xiaomi. Tianma is accelerating its transition from LTPS LCD to AMOLED, with 2025 shipments projected to grow 10% YoY fueled by surging AMOLED demand.

Industry Trend: In 2026, the mid-to-low-end LTPS LCD market will continue to contract, compelling suppliers to accelerate their transition toward AMOLED or high-end Oxide technologies across the board.

3. TV Panels:

In the TV market, Chinese and South Korean manufacturers exhibit a distinct strategic competition over technological roadmaps:

- **China Camp (Mini LED):** Chinese brands are leveraging their comprehensive upstream supply chain and "trade-in" policy subsidies to aggressively drive the adoption of Mini LED backlit TVs. The penetration rate of Mini LED in the Chinese market surpassed 10% in 2024. It is projected that between 2025 and 2026, as backlight module costs decline, Mini LED will fully penetrate the mid-range mass market, fueling demand for high-end LCD panels.
- **South Korea Camp (OLED):** South Korean brands remain committed to their OLED technological stronghold, focusing on perfect black levels and ultra-thin designs.
- **High Refresh Rates and Large-Sizing:** The global penetration rate for high-refresh-rate TVs is expected to exceed 15% in 2025. Additionally, the average shipment size continues to expand, effectively driving up both the Average Selling Price (ASP) and the technical threshold for inspection and metrology precision.

In summary, competition in 2026 will no longer be limited to "production capacity," but will instead shift toward "technology penetration rates." Leveraging policy dividends (such as home appliance subsidies) and vast domestic demand, Mainland China has become the epicenter for the large-scale commercialization of Mini LED and AMOLED. Conversely, South Korea is striving to carve out a breakthrough within high-margin markets protected by patent barriers.

In response to these regional competitive dynamics, the Company will flexibly adjust its cost-performance (P/P) solutions for the Chinese market, while simultaneously targeting the demand for high-end R&D inspection equipment in South Korea,

Development of Taiwan's Panel Industry

Industry Environment and Competitive Landscape: Pivoting from Price Wars to Value Competition

In recent years, Mainland Chinese panel manufacturers have captured over 70% of global production capacity, exerting absolute pricing power in the large-scale LCD and LTPS mobile panel markets. This has subjected Taiwanese manufacturers to intense price competition.

However, as the industry transitioned toward orderly production between 2024 and 2025—coupled with the recovery in demand for AI PCs and high-end automotive displays—Taiwanese panel makers have successfully moved beyond

the shadows of consecutive losses. In the first half of 2025, AUO successfully achieved a turnaround to profitability, while Innolux also realized gains through product portfolio optimization. These results demonstrate that the Taiwanese manufacturers' transformation strategy of "de-capacity and value enhancement" has begun to yield tangible results.

Key Strategies: Plant Closures, Asset Revitalization, and Asset-Light Transformation

In response to the scale advantages held by high-generation production lines in China, Taiwanese manufacturers are no longer blindly pursuing capacity expansion. Instead, they have adopted an "asset-light" strategy.

- Plant Closures and Asset Disposal: AUO and Innolux have proactively closed inefficient, older-generation facilities and disposed of idle plants to leading semiconductor firms (such as TSMC, Micron, and PTI). This strategy not only generates gains from disposal to improve financial structures but also effectively concentrates resources on high-value manufacturing processes.
- Biaxial Transformation: AUO is driving a "Biaxial Transformation" strategy, extending display technology into vertical sectors such as smart retail, healthcare, and green energy. Meanwhile, Innolux is implementing its "More than Panel" philosophy, aggressively expanding its footprint into the semiconductor sector.

Cross-Domain Growth Engines: Semiconductor Packaging and Next-Generation Displays

Leveraging their deep-seated expertise in glass substrate processing, Taiwanese manufacturers have successfully pioneered new ventures beyond the traditional panel business:

- Semiconductor Advanced Packaging (FOPLP): Innolux has successfully transformed its legacy Gen 3.5 facility into a Fan-Out Panel-Level Packaging (FOPLP) production hub. As of 2025, the facility has entered the mass production phase with a yield rate exceeding 90%, establishing itself as a new revenue pillar for the company.
- Micro LED and Smart Mobility: Taiwanese manufacturers have bypassed the capital-intensive construction of OLED production lines to go "all-in" on Micro LED. Through vertical integration, AUO has successfully entered the supply chains of global tier-1 automakers. In 2025, the company demonstrated formidable competitiveness in Smart Cockpits and automotive HMI (Human-Machine Interface), effectively transforming panels into highly integrated intelligent systems.

Looking ahead to 2026, the Taiwanese panel industry will be defined by the following key characteristics:

1. Profitability First: Moving away from cyclical commodity competition, the proportion of non-display revenue will increase significantly, marking a shift toward more stable income streams.
2. AI and Smart Cockpits: Intelligent display systems integrated with AI computing will become the mainstream for automotive applications.
3. Technological Moats: Leveraging first-mover advantages in Micro LED, FOPLP, and high-end display systems, Taiwanese manufacturers will play an indispensable role in the supply chains of the AI PC and Electric Vehicle (EV) waves.

3.2 Development Trends and Future Market Potential of Micro LED Technology

Core Technology and Industry Advantages: Defining the Ultimate Form of Display Technology

Micro LED is globally recognized as the "Crown Jewel" of next-generation display technologies. Its core value lies in the miniaturization and matrix-array integration of LED structures, with chips typically measuring less than 50 μ m. This technology combines the high brightness, high efficiency, high reliability, and nanosecond-level response speed of inorganic LEDs, while offering characteristics such as self-emissivity, miniaturized form factors, ultra-thin profiles, and ultra-low power consumption.

Compared to current mainstream OLED technology, Micro LED completely resolves the critical pain points of screen burn-in and brightness degradation. Its significantly higher brightness ceilings and wider temperature tolerances provide a formidable competitive edge in applications such as smartphones, wearables, smart cockpits, AR/VR immersive devices, and large-scale TVs.

While previously constrained by "Mass Transfer" yield rates and "defect inspection and repair" costs, the industry has officially transitioned from the technical validation phase to the inaugural year of mass production in 2025, driven by the establishment of process standardization and the upgrading of critical equipment.

Global Regional Competitive Landscape: Regionalization Strategies and Technical Division of Labor

The strategic footprint of the world's major display supply chains in Micro LED has revealed a distinct regional division of labor and diverse competitive strategies:

1. Taiwanese Manufacturers: Transformation Pioneers and Ecosystem Integration Hub

Lagging behind South Korean and Chinese competitors in OLED deployment, Taiwanese firms have aggressively channeled their success in Mini LED into momentum for Micro LED development. Led by a core alliance including AUO, Innolux, and PlayNitride, Taiwan has established the world's most comprehensive Micro LED ecosystem.

In 2025, Taiwanese manufacturers achieved significant breakthroughs in mass transfer processes onto both PCB and glass substrates, resulting in a marked increase in yield rates. Furthermore, ITRI (Industrial Technology Research Institute) has successfully bridged the full technology chain—from light-emitting materials and transfer processes to defect detection and repair—by integrating industry and research institutions. Looking ahead to 2026, by combining their dual strengths in semiconductor packaging and panel technology, Taiwanese firms are poised to secure their positions as global leaders in R&D and foundry services, specifically targeting high-margin automotive markets and high-end IT displays.

2. Mainland Chinese Manufacturers: Scale Advantages and Full-Chain Penetration

Leveraging the world's largest panel production capacity and government subsidies, Chinese manufacturers have demonstrated formidable catch-up capabilities. BOE and TCL CSOT have already ascended to the global forefront in terms of patent applications. China's competitive edge lies in its full-chain vertical integration, spanning upstream chips and midstream packaging/testing to downstream terminal applications.

While a gap remains compared to Taiwanese firms regarding transfer precision for ultra-small dimensions, Chinese manufacturers are achieving an extraordinarily fast cost-reduction curve in large-scale signage and mid-range consumer products. By 2026, it is projected that Chinese suppliers will utilize high-value (cost-effective) solutions to accelerate the penetration of Micro LED into the large-format commercial display and mainstream display markets.

3. South Korean Manufacturers: High-End Brand Defense and Strategic Alliances

The South Korean giants, Samsung and LGD, adopted a "tiered competition" strategy in 2025. While their current profitability remains centered on OLED, they are proactively promoting the "The Wall" series of modular TVs to target the home theater and ultra-luxury markets to prevent a technological vacuum.

South Korean firms currently lean toward strategic collaborations with the Taiwanese technology supply chain. By leveraging their powerful end-brand influence, they aim to define the premium specifications for Micro LED by 2026.

4. Western and Japanese Manufacturers: Patent Portfolios and Pioneers in Niche Applications

Japan's SONY continues to maintain its leadership in the field of large-scale, high-definition displays. Meanwhile, Western companies—including Apple and various startups—are focusing on academic innovation as well as the patent licensing and acquisition of micro-displays (such as LEDoS, LED on Silicon).

The strategy of the Western camp primarily involves acquiring critical technological nodes and concentrating on the development of miniaturized

optical engines for the XR (Extended Reality) industry. Their products are largely focused on medical, military simulation, and wearable device applications, predominantly utilizing a co-development model with Asian manufacturers.

Looking ahead to 2026, the Micro LED market is set to witness an explosion of inelastic demand driven by two major inflection points:

1. XR Device Demand in the Spatial Computing Era

According to research institution data, the global AR (Augmented Reality) market value is expected to surpass US\$60 billion by 2026. Micro LED is currently the most suitable display technology for AR and MR (Mixed Reality) requirements due to its superior brightness, high resolution, and extremely compact form factor. As major players like Meta and Apple launch more lightweight smart glasses in 2026, the demand for Micro LED chip miniaturization and high-PPI (Pixels Per Inch) inspection will see exponential growth.

2. Implementation of Smart Driving and Transparent Display Applications

Global demand for smart cockpits is set to climb in 2026. Micro LED's high transparency and resilience to extreme environments make it the standard configuration for transparent window displays and Head-Up Displays (HUDs). The four-year collaborative projects between Taiwanese manufacturers and international automakers will enter their verification and harvest phase in 2026. This transition will generate orders for equipment suppliers characterized by higher gross margins and elevated technical barriers, effectively transforming panels from simple display components into highly integrated intelligent systems.

In summary, the 2025–2026 period marks a critical pivot for Micro LED, moving from technological leadership toward market adoption. Although costs remain relatively high compared to OLED, advancements in process equipment—such as AOI (Automated Optical Inspection), defect repair, and mass transfer systems—will drive yield improvements, pushing costs down by an estimated 20% to 30% annually.

In the wave of convergence between the global semiconductor and display industries, Micro LED is no longer just a display technology; it is a cross-disciplinary achievement integrating optoelectronics, precision machinery, and AI algorithms. The Company will continue to invest in the development of high-precision inspection and metrology equipment, specifically targeting yield rate pain points in Micro LED critical processes. By empowering our customers to take the lead in the post-2026 mass production wave, we aim to create long-term value growth for our shareholders and the entire industry chain.

3.3 Micro OLED Technology Development Trends and Future Market Potential

Core Technology and Strategic Positioning

Micro OLED (also known as Silicon-based OLED or OLEDoS) is an emerging display technology that deeply integrates traditional OLED emissive

layers with semiconductor CMOS driver backplanes. Its core advantages lie in achieving extreme resolutions (exceeding 3,000 PPI), ultra-high contrast, and microsecond-level response times within a compact form factor. Coupled with low power consumption and ultra-thin profiles, it has become the premier solution for high-end XR (VR/AR/MR) near-eye displays.

As Apple Vision Pro establishes the industrial trajectory for "Spatial Computing," Micro OLED is entering a period of technical explosion. It serves as the critical hardware for delivering ultimate immersion and eliminating the Screen-Door Effect (SDE).

2025–2026 Development Status: Scaling from R&D Lines to Mass Production

In 2025, the Micro OLED industry officially overcame the initial challenges of unstable yields and fragmented supply chains. Driven by global display giants, the manufacturing process has transitioned from 8-inch wafers to 12-inch wafer mass production, significantly enhancing production efficiency and reducing unit costs.

- **Technological Iteration:** Starting in 2025, the adoption of "Tandem OLED" (two-stack) structures has become the technical mainstream. This innovation effectively addresses previous pain points regarding insufficient brightness and short lifespans in Micro OLED, making it significantly more competitive in outdoor AR application scenarios.
- **Market Momentum:** With a new wave of consumer-grade XR devices expected to launch in 2026, the Micro OLED market is experiencing exponential growth. According to research institution forecasts, the 2026–2027 period will be the critical node for Micro OLED capacity expansion, with shipment volumes poised to rival those of Micro LED, together capturing the high-end display market.

Dominance and Supply Chain Layout of Mainland Chinese Manufacturers

Currently, Mainland Chinese manufacturers are the most aggressive in terms of investment momentum and capacity layout within the Micro OLED sector, establishing themselves as the core drivers of global production growth. Among them, SeeYA Technology stands as the leading pioneer, continuously deepening its expertise in high-resolution micro-display technology and maintaining a significant position in the XR market.

Furthermore, Sidtek's strategic deployments in Anhui and Mianyang have begun to yield results. Its 12-inch Micro OLED production line achieved product light-up in 2024 and entered mass production in 2025, substantially elevating the technical visibility of the regional display industry. Overall, Mainland China has established a comprehensive industrial chain—spanning from upstream driver ICs and emissive materials to downstream terminal modules—attracting massive investment into the next-generation display sector.

Essential Demand for Inspection Equipment and Market Opportunities

The manufacturing of Micro OLED converges semiconductor precision engineering with display technology, imposing unprecedentedly stringent requirements on wafer-level inspection. As industry leaders such as Sidtek and

See YA expand their 12-inch production lines, the procurement demand for synchronized automated inspection and metrology equipment is surging.

The Company is strategically targeting this essential demand. Leveraging our high-precision optical algorithms, we provide Micro OLED manufacturers with comprehensive solutions spanning from initial process development to mass-production yield optimization.

Looking ahead to 2026, Micro OLED will demonstrate immense potential in fields such as high-end wearables, medical surgical helmets, and military simulation. Although the technology is currently on the cusp of mass adoption, its market growth potential should not be underestimated as manufacturing processes mature and major players continue their deployments. The Company will continue to deepen its strategic footprint in the Micro OLED inspection sector, securing core influence and a leadership position in next-generation display technologies.

3.4 Advanced Packaging Market and Development Trends

As demand for AI (Artificial Intelligence) and HPC (High-Performance Computing) enters a period of explosive growth, the global semiconductor industry has evolved from pure "process scaling" to an era of Advanced Packaging centered on Heterogeneous Integration.

According to the latest data from research institutions IDC and Yole, the global advanced packaging market is projected to grow from US\$44.3 billion in 2023 to US\$57.6 billion by 2026. A pivotal crossover point is expected in the second half of 2025, when the output value of advanced packaging will officially surpass that of traditional packaging for the first time. This symbolizes that packaging technology has transitioned from a back-end process into the strategic core that determines the performance of AI chips.

Among these, 2.5D/3D stacking technologies—represented by CoWoS and SoIC—have demonstrated the strongest performance. Their market scale is projected to surpass US\$7.5 billion by 2026, with a Compound Annual Growth Rate (CAGR) exceeding 18%.

This surge is primarily driven by the inelastic demand from industry giants such as NVIDIA, Broadcom, and AMD for high-density packaging of High Bandwidth Memory (HBM) and computing cores.

Capacity Expansion of International Giants: Global Waves of Expansion and Strategic Technology Positioning

As the global technological trendsetter in advanced packaging, TSMC is expanding at a staggering pace. In the second half of 2025, its AP8 facility in Southern Taiwan (acquired from Innolux) will officially commence production, helping to alleviate the chronic supply shortage of CoWoS capacity. A recent Morgan Stanley survey indicates that TSMC's planned monthly CoWoS capacity will further scale to 125,000 wafers by 2026. Furthermore, SoIC (System on Integrated Chips), the next-generation 3D packaging technology, will enter a period of explosive mass production in 2026, with capacity projected to grow by over 120% YoY, specifically targeting 2nm-generation AI servers and Edge AI

chips.

To ensure the stability of the AI supply chain, Intel, Samsung, and Micron have also launched global expansion initiatives. Intel's large-scale production lines in New Mexico (USA) and Penang (Malaysia) are now operational. Meanwhile, Samsung is leveraging its turnkey advantage (integrating memory and foundry services) to aggressively build 2.5D packaging capabilities in South Korea. Memory leaders SK Hynix and Micron have selected Indiana (USA) and Taiwan, respectively, to establish dedicated advanced packaging bases for HBM.

Taiwanese OSATs: Pivotal Roles in Overflow Orders and Heterogeneous Integration

Regarding Taiwan's packaging and testing sector, Taiwanese OSAT (Outsourced Semiconductor Assembly and Test) providers play a critical role in the global advanced packaging landscape, specifically in handling "overflow orders" and driving "heterogeneous integration." ASE Technology Holding (ASE), for instance, aims to double its advanced packaging revenue in 2026 compared to 2025, surging toward a target of over US\$3.2 billion.

Leveraging its VIPack™ platform and FoCoS technology, ASE has successfully secured outsourced back-end testing and WoS (Wafer-on-Substrate) orders from TSMC. By further expanding its production capacity in North America and Southeast Asia, ASE continues to solidify its position as the global leader in packaging and testing.

Meanwhile, Powertech Technology Inc. (PTI) has adopted a "Capacity-First" (Space-First) strategy, focusing on the layout of FOPLP (Fan-Out Panel-Level Packaging) and high-end HBM testing. These moves are designed to proactively prepare for glass substrate applications expected to gain traction after 2027.

Looking ahead to 2026, the advanced packaging industry will undergo two major transformations:

1. Scalability of FOPLP: While traditional 12-inch wafer packaging is constrained by limited surface area, FOPLP (Fan-Out Panel-Level Packaging) leverages large-scale glass substrates to enhance packaging density and reduce costs. It is projected to officially penetrate the high-end smartphone and edge AI processor markets by 2026.

2. Surging Demand for Inspection and Metrology Equipment: According to a TrendForce report, as advanced packaging processes become increasingly complex, the demand for High-Precision Optical Inspection is expected to drive equipment manufacturers' revenue to an annual growth rate of over 20% between 2025 and 2026.

In 2026, the semiconductor industry has fully entered the era of "AI Packaging Determinism." Leveraging TSMC's leadership and the operational agility of the OSAT (Outsourced Semiconductor Assembly and Test) sector, Taiwanese manufacturers will continue to serve as indispensable pillars of the global AI ecosystem—particularly in the fields of 2.5D/3D integration, FOPLP, and related inspection and metrology equipment.

4. Competitive Advantages

Since its establishment, our company has continuously advanced its R&D capabilities in line with the evolution of panel technologies. Initially centered on 24-bit full-color imaging technology, we have expanded into areas such as color

image recognition algorithms, optical imaging technologies, lighting systems, precision mechanical design, opto-mechatronic integration, digital image processing circuits, and intelligent defect classification.

We provide our clients with fully customized inspection systems that are full-color, high-resolution, accurate, fast, and tailored to specific needs. All of our developed products have been certified and recognized by major domestic and international panel manufacturers, enabling us to generate revenue through both upgrades to existing equipment and new equipment purchases based on emerging technologies, helping to mitigate the impact of the pandemic on the industry.

4.1 Talent

Since its founding, the company has built a strong R&D team by integrating talent from diverse fields such as physics, mathematics, mechanical engineering, automation, optoelectronics, and information technology. This multidisciplinary expertise enables continuous innovation and improvement across various technical domains, allowing the company to meet customer development needs and maintain a technological edge over domestic competitors.

In terms of management talent, the company actively provides external professional training and industry education for employees, enhancing their knowledge in emerging fields relevant to their roles. This approach ensures that theoretical knowledge is effectively applied in practice and keeps the company aligned with industry evolution. These skilled professionals are the driving force behind the company's ongoing innovation and growth.

4.2 Technology

In the field of inspection equipment development, the company not only leads in core image recognition technologies but also excels in optical system design. It has pioneered multi-channel optical designs required for high-resolution inspection of thin-film transistors (TFTs), making it the only domestic company certified by clients for high-resolution inspection equipment.

In measurement equipment development, the company has, through years of effort, mastered core technologies. These include high-precision CD/OL measurement for panels and next-generation displays, as well as technologies for chromaticity, film thickness, light intensity density, and white light interferometry. This positions the company as one of the few in Taiwan with a complete set of core technologies in this field.

4.3 Products

Leveraging years of technical experience, the company has developed a comprehensive product line for inspection and measurement. These products primarily serve TFT manufacturers, color filter manufacturers, and AMOLED panel assembly plants. Many of these products have been certified and recognized by major domestic and international panel makers. With growing sales performance, the company has become the market leader in Taiwan for high-resolution inspection equipment and TP (touch panel) inspection systems.

Milestones in Technological Development and Industry Expansion

2017: Entered the semiconductor industry and launched an automated glass wafer inspection system, which was successfully adopted by a leading domestic semiconductor company.

2019–2020: Continued innovation led to customer recognition and breakthroughs in high-end panel technologies, including Mini LED and automotive displays, resulting in new orders. Additionally, the company was awarded a flagship technology project by the Ministry of Economic Affairs, focusing on the development of a 2µm ultra-fine RDL AOI system for FOPLP multi-layer RDL applications.

2021: Introduced an AI-based real-time automated optical inspection (AOI) system, which was adopted in collaboration with leading PCB and Micro LED pioneers.

2022: Released a FOWLP Die Location measurement system, which was adopted by a major OSAT (Outsourced Semiconductor Assembly and Test) company.

2023: Launched a full series of AOI systems for Micro LED/OLED inspection and measurement, which were adopted by a leading next-generation display panel manufacturer.

2024: Developed Die Location measurement systems and TGV AOI solutions for advanced packaging and glass substrates.

4.4 Pricing

Our company independently develops all the core technologies required for equipment development, giving us a competitive edge over other manufacturers. For key components—such as specialized inspection light sources—we not only develop them in-house but also collaborate with professional suppliers to enhance technology and reduce costs. As our products have now reached economies of scale, we are able to significantly lower both procurement and production costs. As a result, we can offer inspection and measurement equipment at more competitive prices than foreign suppliers, benefiting both domestic and international panel manufacturers.

4.5 Service

We have established service centers in Taiwan and Mainland China, enabling us to provide convenient and comprehensive maintenance services and technical support. This ensures that customer issues can be resolved promptly. We also offer timely software and hardware adjustments to meet customer needs, enhancing product functionality and competitiveness, and earning the trust of our clients.

5. Favorable and Unfavorable Factors for Future Development and Response Strategies

5.1 Favorable Factors

A. Rapid Development of TFT-LCD, AMOLED, Mini LED, and Micro LED Industries in Mainland China

Between 2015 and 2019, there was a surge in the construction and expansion of TFT-LCD and AMOLED production facilities in Mainland China. Despite concerns over overcapacity and uncertainties from the pandemic, China remains the primary market for investments in both traditional TFT-LCD and emerging

technologies such as AMOLED, Mini LED, and Micro LED. A vast flat panel display industry chain has already been established in China, creating significant opportunities for the development of new technologies (e.g., AMOLED, Mini LED, Micro LED) and new applications (e.g., 8K TVs, automotive displays, wearable devices).

Building on years of experience and achievements in TFT-LCD and LTPS, our company is actively aligning with this trend to seize growth opportunities and capture market potential in a timely manner.

B. Products Certified by Major Clients

Since its inception, our company has been dedicated to the development of FPD panel equipment, including inspection and measurement systems. These products have been certified by major panel manufacturers in Taiwan and Mainland China. Many of these clients are also key players in the development of LTPS TFT-LCD, AMOLED, Mini LED, and Micro LED technologies. This positions our company favorably to compete in the emerging technology markets of both domestic and international panel manufacturers.

C. Strong R&D Team with Advanced Technical Capabilities

Our company boasts a highly skilled R&D team composed of experts from diverse fields such as physics, mathematics, mechanical engineering, automation, optoelectronics, and information technology. Our core technology development spans a wide range of areas, including AOI algorithm-based inspection, AI real-time inspection, intelligent defect recognition, irregular shape inspection, long-period and non-periodic pixel design inspection, 2D measurement, and 3D height measurement. These capabilities place us ahead of domestic competitors in the inspection and measurement field and enable us to deliver fully customized professional equipment tailored to each client's needs.

5.2 Unfavorable Factors and Response Strategies

A. Emergence of Local AOI Competitors in Mainland China Using Low-Price Strategies, Hindering Product Promotion

Since 2015, the rapid growth of the TFT-LCD industry in Mainland China has led to the rise of local AOI (Automated Optical Inspection) manufacturers. Supported by government subsidies, these companies are able to offer highly competitive pricing. As a result, they have gained a foothold in the AOI market, particularly in non-high-end processes and lower-resolution defect inspection.

Response Strategy:

Leverage our existing customer base to continue developing high-end process and high-resolution defect inspection systems. Proactively enter the Mini LED and Micro LED sectors to gain early insight into key process requirements and customer needs. Focus on advancing optical systems and inspection algorithms, and maintain a strong service-oriented approach and positive client relationships to build trust in our technology and services. This will help shorten the time required to promote new products.

B. Long Payment Cycles from Customers, Hindering Efficient Use of Company Funds

In the TFT-LCD equipment industry, payments are typically made upon delivery and final acceptance, which can take over a year. Given the company's relatively small capital base, the rapid growth in revenue requires careful planning to manage the substantial demand for working capital.

Response Strategy:

Continuously improve product quality, service quality, and installation efficiency to shorten the payment cycle. At the same time, strengthen relationships with financial institutions, stay attuned to financial market trends, and enhance the effectiveness of financial resource management.

Our company is one of the very few in Taiwan with comprehensive core technologies capable of independently developing inspection and measurement equipment across the TFT-LCD, AMOLED, TP (Touch Panel), and LTPS panel industries. Our products have been certified and successfully deployed by major panel manufacturers such as AUO, Innolux, and several TFT-LCD panel makers in Mainland China.

Since 2006, we have received a large volume of orders, and in 2008, we achieved the No. 1 market share in Taiwan for G8.5 Array process equipment. From 2009 onward, we successfully entered the Chinese panel market, and by 2019, we had become one of the main suppliers of automated optical inspection (AOI) and imaging equipment for the Array process at major panel manufacturers in China.

In addition, our AOI solutions for TP sensors, AMOLED, and LTPS have also been well recognized by customers, gradually replacing foreign suppliers in these areas.

In recent years, we have proactively transformed and expanded into diverse professional fields, including advanced semiconductor packaging, glass substrates, and Micro LED/Micro OLED. We provide customers with high-precision, high-quality automated optical inspection (AOI) and metrology equipment, as well as comprehensive yield monitoring solutions.

4.2.2 Key purpose and manufacturing process of main products

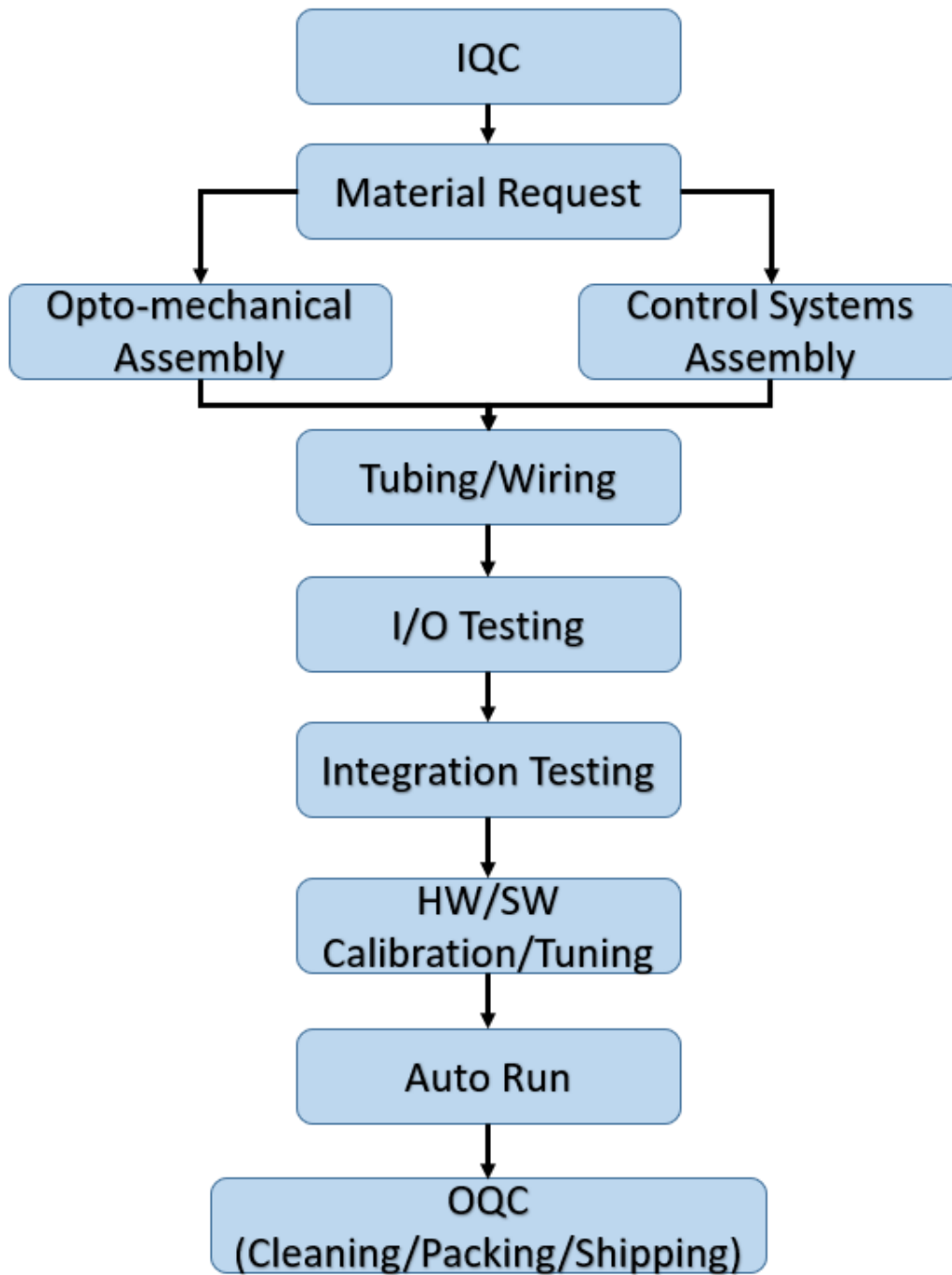
1. Key purpose of main products

Category	Product	Main Application
TFT Array, TP, LTPS, 3D lens Inspection & Metrology Equipment	Thin-film transistor low-resolution AOI machine	Comprehensive defect inspection for each process stage of the thin-film transistors. Although the resolution is relatively lower, full testing can be performed.
	Thin-film transistor high-resolution AOI machine	Defect random inspection during each process stage of thin-film transistors. Resolution is relatively higher, but the testing time is long; therefore, the random inspection method is normally adopted.

Category	Product	Main Application
	Bare Glass AOI	Bare glass defect inspection.
	Mini LED AOI machine	Random inspection of defects in each process stage of Mini LED, capable of overcoming product diversity and performing long cycle comparison of inspection core.
	Mask AOI	Quartz mask and OLED metal mask defect inspection.
	ADSI automatic line width measurement machine	Measurement of line width and gauge for each process stage of thin-film transistors.
	Film Thickness Measurement Machine	Film thickness measurement for each process stage of thin-film transistors.
Color Filter Inspection & Metrology Equipment	Color Filter AOI	Color filter defect inspection.
	High-speed defect VRS (virtual rescan)	Use a high-resolution camera to photograph defects detected by the AOI machine in order to allow personnel or computer to perform defect rescan and re-inspection.
	Tokki AOI	Inspection for color filter glass protrusions in order to prevent scratch damage of expensive masks due to protrusions on the glass.
	DigitalMarco AOI machine	Panel uneven color (Mura) defect inspection.
	CD/OL Metrology Machine	Measurement of line width and gauge for each process stage of color filter.
	Chroma/Film Thickness/OD Measurement Machine	Chroma measurement for RGB process of color filter, film thickness measurement for PS/MVA/OC/ITO processes, and optical density measurement for BM process.
Touch Panel Inspection & Metrology Equipment	Touch Panel low-resolution AOI machine	Touch Panel low-resolution defect automatic optical inspection.
	Touch Panel high-resolution AOI machine	Touch Panel high-resolution defect automatic optical inspection.
	CD/OL Metrology Machine	Touch Panel CD/OL measurement.
TFT Cell Inspection & Metrology	PI AOI	PI defect inspection.
	Seal AOI	Sealant defect inspection.
	BurrCheck dicing AOI machine	Dicing defect inspection.

Category	Product	Main Application
Equipment	Particle Counter	Particle inspection.
PCB & Testing Equipment	Fan-Out Panel level RDL ultra-fine line inspection machine	Fan-Out Panel level RDL Fine Line AOI.
	Wafer level Chip Dicing AVI	Inspect edge chipping defects and surface defects after chip dicing.
	Various professional customized equipment	Provide professional customized inspection solutions to different PCB and packaging/testing manufacturers.
Mini/Micro LED Inspection & Metrology Equipment	Horus AI Auto OM	Mini/Micro LED process quality inspection, including 2D measurement (dimension/deviation/rotation), 3D measurement (inclination), appearance dimension measurements of various objects, and abnormal defect inspection.
	AI Defect Classification System	Implement defect detection training and recognition in conjunction with Horus.
Others	Multifunction Auto OM and Various professional customized equipment	Provide comprehensive solutions to satisfy customers' demands for magnified observation.
	AI Defect Classification System	It can be installed on FAVITE's different inspection equipment to perform real-time defect classification, screening, and filtering.

2. Main Applications for Major Products and Production Process



4.2.3 Supply of Key Materials

Item	Supply condition
Optics and photoelectric component	Good
Electrical machine component	Good
Transmission component	Good

4.2.4 Suppliers' Name of purchase equal to or over 10% of the total purchase in any of the last two years

1. Major suppliers in the last two years

Unit: NT\$ thousands

Item	2024				2025				As of March 31, 2026			
	Name	Amount	% of Total Purchase	Relation to the Compan	Name	Amount	% of Total Purchase	Relation to the Compan	Name	Amount	% of Total Purchase	Relation to the Compan
1	A	26,539	13.82	None	B	41,570	11.39	None	C	26,316	30.63	None
2	B	10,906	5.68	None	C	33,011	9.04	None	D	11,346	13.21	None
3	C	4,400	2.29	None	D	24,768	6.79	None	B	5,765	6.71	None
4	D	1,992	1.04	None								
5	Other	148,154	77.17	None	Other	265,638	72.78	None	Other	42,486	49.45	None
	Total	191,991	100.00		Total	364,987	100.00		Total	85,913	100.00	

Note: Suppliers A is the OEM of the company's automation equipment. This year, the company's production capacity is sufficient to support orders, so the amount of commissioned OEMs has decreased.

2. Major customers in the last two years:

Unit: NT\$ thousands

Item	2024				2025				As of March 31, 2026			
	Name	Amount	% of Total Operating revenue	Relation to the Compan	Name	Amount	% of Total Operating revenue	Relation to the Compan	Name	Amount	% of Total Operating revenue	Relation to the Compan
1	A	345,242	51.71	None	E	151,521	32.95	None	F	232,880	71.59	None
2	B	99,555	14.91	None	F	77,680	16.89	None	C	49,426	15.19	None
3	C	92,674	13.88	None	D	51,323	11.16	None	E	39,879	12.26	None
4	D	6,805	1.02	None	C	49,174	10.69	None	B	553	0.17	None
5	E	843	0.13	None	A	31,663	6.89	None	A	290	0.09	None
6					B	11,757	2.56	None				
7	Other	122,468	18.34	None	Other	86,743	18.86	None	Other	2,271	0.70	None
	Total	667,587	100.00		Total	459,861	100.00		Total	325,299	100.00	

Note: The company sells AOI machines based on the needs of customers. Depends on whether the customer has expansion or equipment replacement plans in the current year, which will affect the sales amount of the company.

4.3 Human Resources

Year		2024	2025	As of March 31, 2026
Number	Direct staff	75	73	73
	Indirect staff	137	137	136
	Total	212	210	209
Average Age		41.21	40.7	40.9
Average Years of Service		7.95	8.83	9.03
Education(%)	Ph.D.	1	1	1
	Master'ss	31	33	33
	Bachelor's Degree	62	61	61
	Senior High School	6	5	5
	Below Senior High School	-	-	-

4.4. Environmental Protection Expenditure

Any losses suffered by the company in the previous year to the date this report was printed due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: The Company has neither been penalized for environmental violations nor incurred any losses related to fines, damages, or environmental remediation costs.

4.5. Labor-Management Relations

4.5.1 Summary of the Company's employee benefits, continuing education, training, pension plan and implementation results, as well as labor agreements and measures to uphold employee rights.

4.5.1.1 Employee Welfare Measures

The company upholds the philosophy of sharing its business results with employees and has established the "Employee Welfare Committee" according to law. It also plans employee welfare measures according to the "Regulations for Various Welfare Allowances and Subsidies," to ensure the stability of our employees' livelihoods and safeguard their rights and interests. The main welfare measures are as follows:

- (1) Year-end performance bonus
- (2) Employee profit-sharing bonus
- (3) Annual salary adjustment
- (4) Overtime pay or compensatory time off
- (5) Dragon Boat Festival/Mid-Autumn Festival vouchers and birthday vouchers
- (6) Marriage, funeral, and maternity subsidies
- (7) Research and development patent bonus
- (8) Enjoy full company-paid group insurance (life insurance, accident insurance, medical insurance, and cancer insurance)
- (9) Group overseas business travel accident insurance
- (10) Enjoy labor insurance, health insurance, and 6% contribution to labor pension

- (11) Better than statutory – Company provides 1 day of vitality leave every quarter (New employees are granted leave upon joining)
- (12) Better than statutory – Annual diverse employee health checkups
- (13) Special leave
- (14) Professional nurse consultation services
- (15) Welfare committee club activities and club subsidies
- (16) Annual employee travel or travel subsidy
- (17) Departmental dinners
- (18) Annual year-end banquet or Spring Festival gathering
- (19) Periodically organize various competitions or activities
- (20) Convenient and free car/motorcycle parking
- (21) Exclusive parking spaces for pregnant employees and injured colleagues
- (22) Employee lactation room
- (23) Provision of employee uniforms
- (24) Employee meal ordering service
- (25) Provision of accommodation for business trips

4.5.1.2 Employees' continuing learning and training status

(1) Recognizing employees as our most valuable assets, the Company allocates an annual budget for education and training. We plan internal and external courses in accordance with our "Education and Training Management Procedures" to help employees continuously refine their professional skills and management capabilities. This commitment enables us to adapt to rapid industry and technological changes, improve work performance and product service quality, and strengthen both individual and organizational competitiveness.

(2) Implementation of 2025 training:

					Unit: NTD
Item	Number of Courses	Total participants	Total Hours	Expenses	Total Expenses
General Training	19	358	941.5	0	1,227,160
Management	11	187	1,427.5	1,035,000	
Vocational Training	70	392	1,190	108,000	
Environmental Safety Training	75	311	1,085.5	84,160	

4.5.1.3 Retirement system and the status of its implementation

To ensure the financial security of employees after retirement, the Company has established a dual-track retirement system in accordance with relevant laws and regulations. Pension contributions are managed under both the Labor Standards Act and the Labor Pension Act:

- (1) In accordance with the Labor Standards Act, the Company has established a Labor Retirement Reserve Fund Supervisory Committee. We make monthly contributions to the retirement reserve fund account at the Bank of Taiwan. Additionally, we have formulated the "Labor Retirement Regulations" to serve as the basis for the calculation and disbursement of pensions under the old system.
- (2) In accordance with the Labor Pension Act, the Company contributes 6% of each employee's monthly wage to their individual labor pension account at the Bureau of Labor Insurance. These pension funds are owned by the employees. Additionally,

employees may choose to make voluntary contributions to further strengthen their retirement savings.

4.5.1.4 Labor Agreements and Upholding Worker Rights

- (1) The Company highly values labor-management harmony. We operate in full compliance with the law, with many of our internal policies exceeding statutory requirements. We hold quarterly Labor-Management Meetings and Occupational Safety and Health Committee meetings to ensure thorough communication and coordination between both parties on key issues. In recent years, there have been no significant labor disputes or conflicts.
- (2) Establish Employee Welfare Committee, and provide various welfare measures, ensuring the continuous enhancement of our employee benefits.
- (3) Encourage employees to actively participate in internal and external training and skill development programs to enhance their professional competencies and career development opportunities.
- (4) Provide Labor Insurance, Health Insurance, and Group Insurance. For employees traveling abroad on business, supplementary Group Business Travel Insurance is provided to ensure comprehensive risk protection.
- (5) Conduct annual employee health check-ups and arrange subsequent health tracking and management based on the results.
- (6) Given modern lifestyles and workplace stress, the 2025 health check-ups specifically focused on cardiovascular disease risks, helping employees identify abnormalities early through screening data. For high-risk groups, occupational nurses and physicians provide health education and consultation services. In the same year, an all-employee sports day was held to encourage regular exercise and healthy eating, fostering a culture of workplace wellness.

4.5.2 Loss deriving from labor-management dispute (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions) in the last two years to the date this report was printed, disclose the amount possibly incurred for the time being and in the future, and the responding measures. If this amount cannot be reasonably estimated, specify the reasons:

The Company has incurred no losses due to labor disputes, nor are there any significant pending labor dispute cases until the date of publication of this Report. Consequently, no disclosure of estimated amounts or corresponding countermeasures is required.

4.6. Cyber security management

4.6.1. Describe the cyber security risk management architecture, cyber security policy, specific management solution and resources invested in cyber security management.

1. Cyber security risk management architecture:

The Company's information security management is centralized under the Information Technology (IT) Department, which is responsible for establishing internal information security regulations and systems. The IT Department plans and executes information security operations, promotes the implementation of security policies, and reviews and updates these policies in a timely manner based on regulatory requirements and operational needs.

Every year, the Internal Audit Department conducts information security audits to evaluate the design and operational effectiveness of internal controls for information systems. These audits serve as the basis for the continuous improvement of our information

security management.

2. Information security policy:

The Company has established the "Information Security Management Policy," the key points of which are as follows:

- (1) Purpose: To enhance information security management, to ensure the confidentiality, integrity, and availability of the company's information assets, we strive to provide a stable and secure information environment. This supports continuous business operations, meets the requirements of laws, regulations, and internal/external stakeholders, and mitigates risks arising from intentional or accidental threats, whether internal or external.
- (2) Objective: Ensure that the Company's information operations are accurate, complete, and continuous, and to maintain high availability for critical information systems. Ensure the confidentiality and access security of the Company's vital information; through appropriate access control mechanisms, information is only accessible to authorized personnel based on job requirements, preventing unauthorized access or misuse.
- (3) Regulatory Compliance: Adhere to domestic and international laws, regulations, and contractual obligations regarding information security, personal data protection, and related fields. We regularly review our systems and practical operations to ensure they align with the latest laws and requirements from regulatory authorities.

3. Specific management program:

- (1) Personnel Education and Awareness: New employees are required to participate in information security training to establish basic security awareness and protection concepts. Current employees also receive regular awareness briefings and courses to continuously strengthen their security consciousness and compliance behavior.
- (2) Secure Information Systems Environment: Establish a safe and stable information system and network environment. By adopting appropriate access controls, identity authentication, and system protection mechanisms, we support the Company's business continuity and sustainable operations.
- (3) Critical System Redundancy and Monitoring: Establish appropriate redundancy, backup, and monitoring mechanisms for key information systems and equipment. Periodic drills and recovery tests are conducted to ensure that reasonable service availability is maintained during unforeseen incidents or abnormal events.
- (4) Endpoint Device Management: All employee personal computers must have legally licensed anti-virus software installed and updated regularly with the latest virus definitions. The installation or use of unauthorized software is strictly prohibited to mitigate the risks of malware intrusion and copyright infringement.
- (5) Account and Password Management: Employees are responsible for the proper safekeeping of their personal accounts, passwords, and system access rights. Passwords should be changed regularly, and lending or transferring accounts to others is strictly prohibited to prevent unauthorized access.
- (6) Information Security Incident Reporting and Response: We have established standardized procedures for incident reporting and response, clearly defining reporting workflows, division of responsibilities, and handling timeframes. In the event of a security abnormality or incident, these procedures ensure immediate response, containment of impact, thorough investigation, and subsequent improvements to prevent further damage.
- (7) Information Security Risk Assessment and Audit: The Company conducts annual information security risk assessments and audits to review the suitability and effectiveness of our security controls, developing improvement plans based on the results. Based on current risk assessments, information security risks have not reached the level of a material operational risk. Therefore, there is currently no immediate need

to purchase cybersecurity insurance; however, we will continue to perform rolling reviews of this requirement.

4. Resources invested for cyber security management:

(1) Management Systems and External Assessments:

The Company has achieved ISO 27001 Information Security Management System (ISMS) certification. In 2025, we successfully completed the ISO 27001 surveillance audit and underwent reviews by external professional institutions (such as IT audits by certified public accountants) to verify the operational status of our information security management system.

The Company also periodically reviews employee information usage behavior and internal regulations to ensure alignment with the evolving operational environment and technological advancements, revising our systems as necessary.

(2) Technical Protection and Drills:

To guard against external cybersecurity threats, the Company has implemented multi-layered security systems (such as firewalls, intrusion detection/prevention systems, and email/web filtering) to enhance the overall security of our information environment.

In 2025, we completed the implementation of Manufacturing (MFG) Network Isolation and the 802.1x NPS-authenticated secure wireless network mechanism. Additionally, social engineering drills were conducted to test employee alertness to phishing emails and social engineering risks, strengthening our personnel's ability to defend against security threats through practical exercises.

(3) Talent Cultivation and Professional Training:

The Company designs annual information security training programs to enhance security awareness and foundational protection capabilities among all employees.

In 2025, dedicated information security personnel completed a total of 14 hours of professional training, covering the latest security threat trends, regulatory requirements, and technical control measures to refine their expertise and support continuous optimization of security management. Additionally, general information security awareness training was conducted for all employees, reaching 163 participants with a total of 489 hours. These efforts aim to deepen security awareness throughout the organization and fulfill a culture where "information security is everyone's responsibility."

4.6.2. Losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: In the most recent fiscal year and up to the annual report publication date, the Company has experienced no significant cyber security incidents; therefore, there have been no material losses or significant adverse impacts on operations or financial position resulting from such incidents.

4.7. Significant Agreements

Agreement Type	Signatory	Contract Validity	Summary	Limitations
Mortgage	Cathay United Bank	2023.12.19~2028.12.19	Financing with land and buildings as collateral	None

V. Financial Status, Financial Performance, and Risk Management

5.1 Financial Status

Unit: NT\$ thousands

Item \ Year	2025	2024	Difference	
			Amount	%
Current Assets	1,183,170	1,168,067	15,103	1.29
Property, Plant and Equipment	417,122	412,369	4,753	1.15
Other Assets	50,839	58,990	(8,151)	(13.82)
Total Assets	1,651,131	1,639,426	11,705	0.71
Current Liabilities	436,065	282,801	153,264	54.19
Long term loan	172,672	185,543	(12,871)	(6.94)
Other non-current Liabilities	7,755	11,272	(3,517)	(31.20)
Total Liabilities	616,492	479,616	136,876	28.54
Capital Stock	790,523	790,523	0	0.0
Capital Surplus	98,490	98,490	0	0.0
Retained Earnings	150,388	274,020	(123,632)	(45.12)
Other Equity	(4,762)	(3,223)	(1,539)	(47.75)
Total Equity	1,034,639	1,159,810	(125,171)	(10.79)
Explanation of changes: (only for variations exceeding 20% and amounting to more than NT\$10 million)				
1. Increase in Current Liabilities: Mainly due to an increase in short-term borrowings and accounts payable.				
2. Increase in Total Liabilities: Mainly due to an increase in short-term borrowings and accounts payable.				
3. Decrease in Retained Earnings: Primarily attributable to pre-tax net loss in fiscal year 2025.				

5.2 Financial Performance

5.2.1. Comparative analysis of operating performance

Unit: NT\$ thousands

Item \ Year	2025	2024	Difference	
			Amount	%
Net Sales	459,861	667,587	(207,726)	(31.12)
Cost of Sales	274,152	350,186	(76,034)	(21.71)
Gross Profit	185,709	317,401	(131,692)	(41.49)
Operating Expenses	276,669	291,926	(16,257)	(5.57)
Operating Income	(89,960)	25,475	(115,435)	(453.13)
Non-operating Income and Expenses	5,399	28,971	(23,572)	(81.36)
Net Income Before Income Tax	(84,561)	54,446	(139,007)	(255.31)
Income Tax Expense	(262)	(46)	(216)	(469.57)
Net Income	(84,299)	54,492	(138,791)	(254.70)
Other Comprehensive Income	(1,346)	2,581	(3,927)	(152.15)
Total Comprehensive Income	(85,645)	57,073	(142,718)	(250.06)
Explanation of changes: (only for variations exceeding 20% and amounting to more than NT\$10 million)				
1. Decrease in Operating Revenue, Operating Costs, and Gross Profit: Mainly due to an decrease in orders in fiscal year 2025.				
2. Operating net loss: Mainly attributable to the decrease in operating revenue in fiscal year 2025.				
3. Decrease in Non-operating Income and Expenses: Primarily due to a decrease in				

exchange gains resulting from the appreciation of the New Taiwan Dollar in fiscal year 2025.

4. Decrease in Pre-tax Profit, Net Profit for the Year, and Total Comprehensive Income for the Period: Mainly due to the decrease in operating revenue in fiscal year 2025.
5. Potential Impact on Future Financial Operations: No significant impact.
6. Future Response Plan: Not applicable.

5.2.2. Sales forecast and basis:

Sales volume is estimated based on the Company's sales targets, market demands, growth trends, customers' performance, and existing sales orders after taking production capacity into consideration. The Company expects sales to grow at a consistent rate, which will affect financial and business performance in a positive way.

5.3 Analysis of Cash Flow

5.3.1 Analysis of cash flow changes for the year:

Unit: NT\$ thousands

Item	Year	2025	2024	Difference	
				Amount	%
Net cash operating activities (used in) generated from		23,352	126,559	(103,207)	(81.55)
Net cash investing activities (used in) generated from		(114,662)	(461,684)	347,022	75.16
Net cash financing activities (used in) generated from		45,430	(74,084)	119,514	161.32

Analysis of Changes equal to or over 20%:

1. Decrease in Net Cash Inflows from Operating Activities: Mainly due to a decrease in revenue in fiscal year 2025 compared to the same period last year.
2. Decrease in Net Cash Outflows from Investing Activities: Mainly due to a decrease in financial assets measured at amortized cost in fiscal year 2025 compared to the same period last year.
3. Increase in Net Cash Outflows from Financing Activities: Due to an increase in short-term loan repayments.

5.3.2 Remedial Actions for Liquidity Shortfall: Not applicable.

5.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities(2)	Estimated Net Cash Used in Investing Activities and Financing Activities (3)	Cash Surplus (Deficit) (1) + (2) - (3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
151,561	250,316	(100,341)	301,536	-	-

1. Analysis of cash flow variation for the next year:

- (1) Operating Activities: Mainly due to the expected continuous business growth and stable revenue and profitability over the coming year, which drive related operating cash inflows.
- (2) Investing and Financing Activities: Mainly due to the purchases of fixed assets and intangible assets and the repayment of bank loans.

2. Remedy for Cash Deficit and Liquidity Analysis: Not applicable.

5.4 Major Capital Expenditure Items:

5.4.1 Major Capital Expenditure Items and Source of Capital: None.

5.4.2 Expected Benefits: Not applicable.

5.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Unit: NT\$ thousands

Item	Explanation	Original Investment Amount	Investment Policy	Share of Profit (Loss)	Main reasons for profit or loss	Improvement Plan	Other future investment plans
Camels Vision Technologies Inc.		13,000	close to the market	(716)	Affected by business cycle fluctuations	Strengthen operation management	None
Wakom Semiconductor Corporation		101,471	close to the market	book value is zero	Affected by business cycle fluctuations	N/A	None
Favepc Inc.		41,975	close to the market	book value is zero	Affected by business cycle fluctuations	N/A	None
Taishin 1699 Money Market Fund		10,000	Increase in financial income	159	Income affected by market transactions	N/A	None
Favite Limited		61,470	Invested in FAVITE(SHANGHAI) Co.,LTD	(12,109)	Mainly recognized the investment income of FAVITE(SHANGHAI) Co., LTD	N/A	In consideration of the operation scale to evaluate the need for increased investment.
FAVITE (SHANGHAI) Co., LTD		61,470	Provide customer services nearby	(12,109)	Recognized as investment loss because the invested company has largely invested in R&D, and the product gross was still low.	N/A	

5.6. Analysis of Risk Management

5.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Interest rate

Unit: NT\$ thousands;%

Item/Year	2025	2024
The net amount of interest income (expense) (A)	6,081	4,838
Net Sales (B)	459,861	667,587
Operating Income (C)	(89,960)	25,475
% of Net Sales (A/B) %	1.32	0.72
% of Operating Income(A/C) %	(6.76)	18.99

Based on sound and conservative financial management principles, the company will keep in close touch with the banks to keep up to date with the relevant information on interest rate changes to lessen the impact of interest rate fluctuations.

2. Foreign exchange rates

The exported sales quotation and overseas raw materials purchases of the Company are both traded in U.S. dollars. Because the recurring offset of sales and purchases has the effect of a hedge against exchange rate changes, the revenue and profit should not be greatly affected. In order to strengthen the risk management of exchange rate fluctuations, the following countermeasures have been taken:

- A. By nature hedging, the foreign currency receivables from the sales are used to pay for the foreign currency payables for the purchases. Accordingly, the assessment shall focus only on foreign currency. The forecast of the exchange rate trend shall allow settling or paying off foreign currency purchases and operating financial instruments promptly, reducing exchange rate risks.
- B. The financial staff shall keep track of exchange rate fluctuations by monitoring international financial situations, maintaining close contact with bank exchange personnels, and collecting financial information provided by banks and investment institutions.
- C. When the business staff offers price and bargains, he/she shall also weigh the exchange rate fluctuations and adjust the product price accordingly.

3. Inflation

A. The impact on the company's profit and loss

If inflation is still uncontrollable, the Fed may adopt a tightening monetary policy, resulting in an increase in interest rates, which will increase the interest expense of the company's financial debts. On the contrary, the interest income of the company's cash and equivalent cash will increase.

B. Measures to be taken in the future

The company pays close attention to changes in the relevant economic situation and market conditions to avoid adverse effects of inflation on the company's profit and loss.

5.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to Highrisk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions: The Company has established “Lending Funds to Other Parties Procedures”, “Endorsement and Guarantee Procedures”, “Procedures for the Acquisition or Disposal of Assets”, and “Procedures for Derivative Transactions”, to serve as guidance within the Company. The Company had not engaged in any high-risk or highly leveraged investment or transactions such as lending funds to other parties, endorsement, or guarantee as of the publication date of the annual report.

5.6.3 Future Research & Development Projects and Corresponding Budget

The company expects to invest another NT\$30 million in 2026, but it will plan and adjust in due course depending on the global market conditions and the company's actual operating conditions. A summary of the company's future R&D plans is as follows:

Project Name	Project Description
High-Precision Measurement Equipment	Capable of supporting die location measurement for advanced packaging.
AI-Powered Classification and Inspection Solutions	AI-powered classification can be integrated into various inspection equipment from Favite Inc. to perform real-time defect classification and filtering. AI-powered inspection can be customized and integrated into machines according to customer requirements.

5.6.4 The impacts of changes on important domestic and foreign policies and laws on the Company's finance and business, and the countermeasures:

The Company complies with local and foreign regulations for all daily operations. It pays constant attention to political and regulatory developments locally and abroad, and gathers relevant information that the management may use to make informed decisions. The Company also consults experts from various fields to keep up-to-date on market changes, and adjusts operational strategies at times deemed appropriate. The Company encountered no change in local or foreign policy/regulation that affected its financial or business performance in the last year up until the printed date of this annual report.

5.6.5 Effects of and Response to Changes in Technology (Including information security risks) and the Industry (Relating to Corporate Finance and Sales):

The company is one of the few vertically integrated inspection, measurement and repair equipment suppliers in the domestic flat panel display industry. In addition to obtaining a number of patent protections, the products produced have also been highly appraised and recognized by domestic and foreign panel manufacturers. This shows the company's research and development and ability to respond to technological and industrial changes. In the future, the company will continue to increase investment in research and development, and closely grasp the trend and pulse of the market to adapt to the evolution and changes of related industries. In addition, for information on the company's cyber security risk management structure, cyber security policies, specific management plans, and resources invested in cyber security management, etc., please refer to page 117-119 of this Annual Report. In conclusion, technological changes and industrial changes will not have a significant impact on the company's financial business.

5.6.6 Crisis management, impacts, and response measures in the event of a change in corporate image

The Company has been dedicated to maintaining its corporate image and complying with regulations since it was founded. As of the printed date of the annual report, there had been no change in corporate image that would put the Company in crisis.

5.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

5.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.

5.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

1. Concentrated purchases

The Company's major suppliers are long-term partners, and both parties maintain a sound and stable cooperative relationship. To mitigate supply concentration risks, the Company maintains two or more sources of supply for each item to ensure the stability of procurement.

2. Concentrated sales

2.1 Risks

a. High Customer Dependence: If a single customer accounts for a large proportion of sales, changes in that customer's demand or financial condition could significantly impact the company's revenue.

b. Market Volatility: Concentrated sales in a specific market may expose the company to greater risk from economic fluctuations in that market.

c. Competitive Pressure: If the company's main sales are focused on a particular product or service, the entry of competitors or changes in market demand could create pressure on the company.

2.2 Mitigation Measures

a. Expanding the Customer Base: Increase the number and diversity of customers in traditional

panel, next-generation display, and semiconductor sectors to reduce reliance on any single customer.

b. Market Diversification: In addition to Taiwan and Mainland China, begin expanding into different regions and markets to spread risk.

c. Product Diversification: The company's main revenue comes from the sale of automated optical inspection (AOI) equipment. In recent years, the company has shifted toward production equipment for industries such as Advanced semiconductor packaging, Micro LED, and Micro OLED. This strategic move aims to establish a comprehensive presence of AOI and measurement equipment across the optoelectronics, electronics, and semiconductor sectors, diversifying the product portfolio to attract a broader customer base and reduce the risk of product concentration.

5.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

5.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

5.6.12 For any litigation or non-litigation cases, the company must disclose any major lawsuits, non-litigation, or administrative disputes that have been finalized or are still pending, involving the company, its directors, supervisors, general manager, de facto responsible persons, major shareholders holding more than 10% of shares, or subsidiaries, if the outcome may have a significant impact on shareholders' equity or the price of the company's securities. The disclosure should include the facts of the dispute, the amount involved, the date the litigation commenced, the main parties involved, and the status of the case as of the date of the annual report: In 2025, the company was not involved in any major litigation, non-litigation, or administrative disputes that were either concluded with a final judgment or still pending.

5.6.13 Other Major Risks: None.

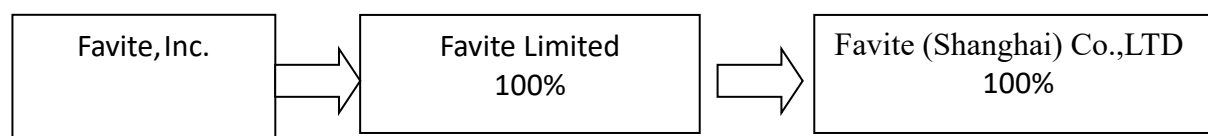
5.7 Other Materiality: None.

VI. Special Disclosure

6.1 Summary of Affiliated Companies

6.1.1 Affiliated business merger report

6.1.1.1 Organizational chart of affiliated companies:



6.1.1.2 Basic information of each affiliate:

December 31, 2025 ; Unit: NT\$ thousands

Name of entity	Date of incorporation	Address	Capital	Main Businesses and Products
Favite Limited	2011.05	Samoa	61,470	Holding company
Favite (Shanghai) Co., LTD	2012.03	Shanghai	61,470	Software design

6.1.1.3 In accordance with Article 369-3 of the Company Act, Disclose if There is a Presumption of Controlling and Subordinate Relationship: None.

6.1.1.4 Industries covered by the overall business of the related company: Please refer to 6.1.1.2 Basic information of each affiliate.

6.1.1.5 List of Directors, Supervisors and Presidents of the Company's Affiliated Companies:

December 31, 2025 Unit: shares thousands; NT\$; %

Name of entity	Job title	Name or Representative	Shareholding	
			Number of shares	Proportion
Favite Limited	Director	Favite, Inc, Representative: CHEN, YUNG-HUA	2,000,000	100%
Favite (Shanghai) Co., LTD	Director	Favite Limited, Representative: HU, YU-LIN	—	100%

6.1.1.6 Performance of affiliated companies:

December 31, 2025; Unit: NT\$ thousands (Except EPS: NT)

Name of entity	Capital Stock	Assets	Liabilities	Net Worth	Net Sales	Operating Income	Net Income (After Tax)	EPS
Favite Limited	61,470	25,474	—	25,474	—	—	(12,109)	(6.05)
Favite (Shanghai) Co., LTD	61,470	36,412	10,999	25,413	44,026	(12,046)	(12,109)	Not applicable.

6.1.2 Consolidated Financial Statements: Please refer to page 128 of this Annual Report.

In 2025 (from January 1 to December 31, 2025), the affiliated companies required to be included in the consolidated financial statement of affiliated companies under the 'Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises' are the same as those included in the consolidated financial statement of the parent company and subsidiaries prescribed by the International Financial Reporting Standards No. 10 (IFRS 10), which is recognized by Financial Supervisory Commission ROC. All the relevant information to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the consolidated financial statement of the parent company and the subsidiaries. Thus, the consolidated financial statements of affiliated companies are not reported separately.

6.1.3 Relationship report: Not applicable.

6.2 Status of private placement of securities during the most recent fiscal year and up to the date of publication of the annual report: None.

6.3 Other supplementary information: None.

6.4 Situations listed in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, have occurred during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report, such situations shall be listed: None.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Favite, Inc. and Subsidiaries do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Favite, Inc.

By

CHEN, YUNG-HUA

Chairman

March 6, 2026

Favite, Inc.

Chairman: CHEN, YUNG-HUA