Stock Code:6163

HWACOM SYSTEMS INC.

2025 Annual Report

Annual Report Website: Http://mops.twse.com.tw

Company Website: Http://hwacom.com

Printed on April 28, 2026

1. Company Spokesperson and Acting Spokesperson:

Spokesperson

Name: Simon Wang
Title: CEO
Tel: (02)2696-7155#9
Fax: (02)2696-7199
Email: hwacom.spokesperson@hwacom.com

Acting Spokesperson

Name: Minyeh Hsieh
Title: Vice President
Tel: (02)2696-7155#9
Fax: (02) 2696-7199
Email: hwacom.spokesperson@hwacom.com

2. Company Headquarters and Branch Offices:

Head Office

Address: 12F., No. 98, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan (R.O.C.)
Tel: +886-2-2696-7155

Chung-Li Offic

Address: 5F.-5B, No.121, Huansi Rd., Jhongli Dist., Taoyuan City, Taiwan (R.O.C.)
Tel: +886-3-401-6755

Hsin-Chu Office

Address: 16F-1, No.27, Guanxin Rd., Hsinchu City, Taiwan (R.O.C.)
Tel: +886-3-563-1108

Taichung Office

Address: 3F., No.658, Sec. 2, Liming Rd., Nantun Dist., Taichung City, Taiwan (R.O.C.)
Tel: +886-4-2258-1066

Kaohsiung Branch

Address: 14F, No. 55, Minsheng 2nd Road, Qianjin Dist., Kaohsiung City
Tel: (07) 336-8926

Hualien Office：

Address: Rm. D, 5F-1, No.148, Zhongmei Rd., Hualien City, Taiwan (R.O.C.)
Tel: +886-3-822-7699

Tainan Office

Address: 3F., No.191, Yuping Rd., East Dist., Tainan City, Taiwan (R.O.C.)
Tel: +886-6-205-6238

Taitung Office

Address: No. 10, Zhengtong 4th St., Dawu Township, Taitung County 965004, Taiwan (R.O.C.)
Tel: (089)792-561

3. Stock Transfer Agent:

Agent Name: CTBC Bank Co., Ltd., Stock Affairs Agent
Address: 5F, No. 83, Section 1, Chengde Road, Datong Dist., Taipei City
Tel: (02) 6636-5566
Website: https://ecorp.ctbcbank.com/cts/index.jsp

4. CPA Firm Auditing the Most Recent Financial Report:

Firm Name: KPMG Taiwan, Certified Public Accountants
Address: 68F, Taipei Nan Shan Plaza, No. 100, Songren Rd., Xinyi Dist., Taipei City
Tel: (02) 8101-6666
Website: https://www.kpmg.com

5. Overseas Stock Exchange Listings:

The Company has not listed or traded its shares on any overseas stock exchange.

6. Company Website:

http://www.hwacom.com

Table of Contents

Chapter 1：Letter to Shareholders

Business Report

I. 2025 Operating Performance:

(I) Business Plan Implementation Results:

The Company's net operating revenue of 2025 was NT$6,105,816 thousand, an increase of 10.94% over the NT$5,503,771 thousand in 2024. Net profit after tax was NT$104,653 thousand and EPS was NT$0.75.

(II) Budget Implementation: The Company did not disclose financial forecast in 2025.

(III) Financial Structure and Profitability Analysis

Unit: NT$ thousand

Item	Year	2025	2024	Increase (decrease) (%)
Financial revenues and expenses	Operating revenue	6,105,816	5,503,771	10.94
	Operating profit - gross	1,226,290	1,222,802	0.29
	Operating profit	129,855	164,864	(21.24)
	Non-operating income and expenses	6,624	4,907	34.99
Profitability	Return on assets (ROA)	1.92%	2.56%	(25.00)
	Return on equity (ROE)	3.95%	5.27%	(25.05)
	Pre-tax income to paid-in capital	9.61%	12.04%	(20.18)
	Net profit margin	1.71%	2.37%	(27.85)
	Earnings per share (NT$)	0.75	0.93	(19.35)
	Net profit after tax	104,653	130,580	(19.86)

(IV) Research and Development Status:

The Company continues to invest in various relevant R&D technologies. The R&D progress for this year is listed as the following:

1. R&D of value-added application platform used for IoV smart transportations and related equipment.
2. Developed cloud-based cyber security application services by utilizing big data.
3. Developed integrated monitoring platform for smart cities and smart buildings by utilizing artificial intelligence (AI) and big data technologies.
4. Researched and developed connected network application services by integrating 5G private network and AI technologies.

II. Overview of Business Plan for 2026:

(I) Operating Policy:

1. HWACOM will continue to focus on the business field of "Broadband Application Service Integrator". Continue to strengthen our R&D capabilities in AI, cloud services, big data technology, and application system integration.
2. Developing innovative services: Optimistic about the diversified development of IoT, ICT, and mobile markets, the Company will focus on developing five fields, namely, 5G private network application and integration service, information network service, IPTV, information security application and integration service, and smart services, etc. HWACOM aims to gradually evolve into a value-added innovative and integration service integrator to meet customers' needs and to build our core business values.
3. Drive digital transformation by consolidating internal organization and aligning them with external resources. Through enhancing technological integration and software development competencies and promoting project management and digitized service platform, we can become a service integrator of total solutions.
4. Strengthen brand promotion and establish a positive brand presence, and by conveying our brand value, HWACOM aims to gradually enhance brand recognition.
5. Fulfill the social responsibility as a corporate citizen by giving back to the society; the Company will collaborate with partners and customers to actively participate in charity and welfare in order to contribute to and to care for the society. We will also assume the responsibilities as a corporation and take actions to target material ESG issues.

(II) Expected sales volume, their basis, and major manufacturing and marketing strategy:

1. Enhance overall profitability and strengthen management over large-scale projects; accelerate project acceptance schedules to save costs.
2. Enhance sales capabilities by shifting from Product Sales to Business Solution-oriented sales approach so as to become a "Broadband Application Service Integrator."
3. Increase sales of value-added integration services in cloud-based IoT application and information security.
4. Drive profits while reducing costs; prioritize talent cultivation and growth, as well as overall employee welfare and incentives.
5. Continue to promote the building of information exchange platforms throughout the Company to effectively enhance work planning, thereby improving business performance.

III. Future Development Strategies

(I) Promote digital transformation and value-added services for cloud-based IoT.

(II) Build an infrastructure team for smart, ICT, smart buildings, IoT, and cybersecurity services.

(III) Strengthen relations with partners throughout the industry chain, and continue to invest in in-house R&D of niche products and services while formulating market sales and promotional plans.

(IV) Develop cloud-based IoT, cybersecurity, and big data in smart city governance by building a shared innovation service and applications platform.

IV. Impacts from external environment, regulatory environment, and overall business environment

In response to the competitive market trends and post-COVID industry changes, the Company will uphold the spirit of long-term commitment - which has won much of our customers' trust - to strengthen our company structure, financial standings, performance, technical capabilities, and most importantly, service quality, to strive for customer faith in our technical expertise and service, thereby awarding us with more projects.

Finally, the Company wishes to express our utmost gratitude to our shareholders, customers, partners, and all employees who have provided unwavering supports. The Company will continue to uphold the belief in sustainable operation and pursuit of excellence, hoping to achieve even better performance in the coming year.

We would like to wish everyone

Great health and prosperity,

Chairman Gary Chen

Chapter 2 Corporate Governance Report

I. Information on Directors, President, Vice Presidents, Senior VPs, head of each department, and branch officers

(I) Directors:

1. Director Information

April 28, 2026

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Term	Date of first election	Shares held when elected		No. of shares currently held		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Education/work experience	Other positions currently held within the Company	Spouse or relatives within second degree of kinship acting as Directors, Supervisors, or other department heads			Note
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Gary Chen	Male Above 60	2025.6.20	3	1997.9.8	6,364,097	4.48%	6,390,097	4.31%	0	0%	0	0%	M.S. in Electronic & Information Industry R&D, NKUST President of Hand Information Co., Ltd.	President of the Company Representative of Hwakuan Systems Integration Technology (Shanghai) Co., Ltd. Chairman of Lutain Investment Co., Ltd. Representative of HwaCom Charity Foundation Chairman of S-Link Systems Inc. Chairman of Tarantula Networks Ltd. Chairman of Family plus technology Inc. Chairman of Open Information Security Inc. Chairman of Hua-Ai Human Resources Services Co., Ltd. Chairman, HWACOM SYSTEMS (H.K.) LIMITED Chairman, Aivid Technology Inc. Chairman, Hon Conn Innovation Corporation Chairman, Surewin Co., Ltd.	None	None	None	Note 1
Director	Republic of China	Advantech Investment Co., Ltd.	-	2025.6.20	3	2020.6.24	24,575,000	18.38%	20,341,000	13.81%	0	0%	0	0%	N/A	N/A	N/A	N/A	N/A	
		Representative: Michael Huang	Male 41~50	2025.6.20	3	2020.6.24	0	0.00%	0	0.00%	0	0%	0	0%	MS in Finance, CU Denver Section Mgr., Investment Mgmt. Dept., Sanyang Motor Co., Ltd.	Director of International Integrated Systems, Inc. Director of Huan Yan IoT Co., Ltd. Project Manager of Strategic Investment Dept., Advantech Co., Ltd.	None	None	None	
Director	Republic of China	Lutain Investment Co., Ltd.	-	2025.6.20	3	2022.6.23	3,008,427	2.12%	3,008,427	2.03%	0	0%	0	0%	N/A	N/A	N/A	N/A	N/A	
		Representative: Alex Yang	Male 50~60	2025.6.20	3	2022.6.23	202,000	0.14%	25,000	0.02%	0	0%	0	0%	Master in Electrical Engineering, NTU IP Network Management, Eastern Media Technology (EMT)	Vice President of the Company Supervisor of S-Link Systems Inc. Director of Family plus technology Inc. Director of Open Information Security Inc. Director of Hua-Ai Human Resources Services Co., Ltd. Director of Aivid Technology Inc. Supervisor of Hon Conn Innovation Corporation	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Term	Date of first election	Shares held when first elected		Current Shareholding		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Education/work experience	Concurrent positions held within the Company Concurrent positions in other companies	Spouse or relatives within second degree of kinship acting as Directors, Supervisors, or other department heads			Note
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Alex Huang	Male 50~60	2025.6.20	3	2009.6.10	193,975	0.14%	195,975	0.13%	0	0%	0	0%	Master in International Business, NCCU Sales Director of Stream Technologies Inc.	Vice President of the Company Director of Family plus technology Inc. Director of Aivid Technology Inc.	None	None	None	
Director	Republic of China	Ellen Weng	Female 50~60	2025.6.20	3	2019.6.28	58,688	0.04%	61,688	0.04%	0	0%	0	0%	EMBA in IM, NTU Sales Manager of Hand Information Co., Ltd.	Vice President of the Company	None	None	None	
Independent Director	Republic of China	Jason Lee	Male 60~70	2025.6.20	3	2016.6.21	0	0.00%	0	0.00%	0	0%	0	0%	Master of Business Administration, NTU President of Da Hwa International Securities Investment Consulting Co., Ltd	Member of the Company's Remuneration Committee	None	None	None	
Independent Director	Republic of China	Chorng-Shyong Ong	Male Above 70	2025.6.20	3	2022.6.23	0	0.00%	0	0.00%	0	0%	0	0%	Doctor of Business Administration, NTU Deputy Dean of College of Management, NTU Member of Board of Examiners of Civil Service Examinations	Member of Remuneration Committee of HwaCom Systems Inc. Adjunct Professor of Information Management, NTU	None	None	None	
Independent Director	Republic of China	CIlin Lin	Female 60~70	2025.6.20	3	2025.6.20	0	0.00%	0	0.00%	0	0%	0	0%	PhD of Electrical Engineering, NTU Professor of Department of Electronic Engineering and Dean of School of Engineering and Management, Huafan University	Adjunct Professor of Department of Technology for Smart Living, Huafan University Adjunct Professor, Department of Electrical Engineering, Asia Eastern University of Science and Technology Member of the Company's Remuneration Committee	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Term	Date of first election	Shares held when first elected		Current Shareholding		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Education/work experience	Concurrent positions held within the Company Concurrent positions in other companies	Spouse or relatives within second degree of kinship acting as Directors, Supervisors, or other department heads			Note
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Lu, Yang-Cheng	Male 60~70	2025.6.20	3	2025.6.20	233	0.00%	233	0.00%	0	0%	0	0%	Doctor of Business Administration, NTU Vice President and Acting President of Taiwan Academy of Banking and Finance Member of Risk Management Committee, Chunghwa Post Co., Ltd. Member of Index Commodity Review Committee, Taipei Exchange Review Committee Member, Industrial Development Administration / Small and Medium Enterprise and Startup Administration, MOEA Advisor of Public Service Pension Fund Management Board Chairman of Taiwan Financial Management Association Member of the Fund Review Committee of the Securities Investment Trust & Consulting Association of the R.O.C. Member of the Futures Trust Fund Risk Management Committee of the Securities Investment Trust & Consulting Association of the R.O.C.	Professor and Chief Sustainability Officer of Ming Chuan University Independent Director of Hua Nan Securities, Hua Nan Financial Holdings Co., Ltd. Member of the Labor Fund Supervision Committee, Ministry of Labor Member of Pension Investment Supervisory Committee, Bureau of Public Service Pension Fund, Ministry of Civil Service Member of Life Insurance Product Review Committee, Insurance Bureau, FSC	None	None	None	

Note 1: To enhance the efficiency of corporate governance and ensure prudent decision-making that aligns with maximizing the Company values, the Chairman concurrently serves as the President. This allows for smoother execution of decisions and reduces the likelihood of making unfavorable choices for the Company. In order to reduce the concentration of power in the Chairman-cum-President role, we are taking steps this year to amend the articles of Incorporation. These amendments include increasing the number of directors and planning for a certain proportion of independent Directors. We aim to maintain the normal functioning of the Board of Directors and mitigate any potential interference.

Note 2: The Company's current Board members have demonstrated outstanding performance in business strategy, risk management and market development, and all possess the core skills required for the Company's development. To ensure the stability and continuity of the Board's operations, we have continued to maintain the current membership composition, resulting in a gender ratio that is less than one-third. In order to optimize the Board structure, when assessing the possibility of introducing additional independent director seats in future years, the Company will prioritize "gender diversity" as a selection criterion.

Table I: Major shareholders of corporate shareholders

March 31, 2026

Name of corporate shareholders	Major shareholders of corporate shareholders
Advantech Investment Co., Ltd.	Advantech Co., Ltd.

Table II: Major shareholders in the above table who are institutional investors and their major shareholders

March 31, 2026

Name of corporate shareholders	Major shareholders of corporate shareholders
Advantech Co., Ltd.	ASUSTeK Computer Inc. (13.07%), Kechen Investment Co., Ltd. (11.59%), Yenben Investment Co., Ltd. (11.49%), K.C. Liu (3.11%), HSBC Bank (Taiwan) Limited in Its Capacity as Custodian for Far Eastern Partners Fund L.P. (2.92%), Advantech Foundation (2.83%), Chuanfei Investment Co., Ltd. (2.43%), Chuang, Yung-Shun (2.23%), Chunghwa Post Co., Ltd. (1.53%), Labor Pension Fund (New Scheme) (1.42%)

(II) Director Information

Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors:

Criteria / Name	Professional qualifications and experience (Note)	Independence status	Number of other public companies concurrently serving as an independent director
Chairman Gary Chen	M.S. in Electronic & Information Industry R&D, NKUST President of Hand Information Co., Ltd.	–	None
Corporate director Advantech Investment Co., Ltd. Representative: Michael Huang	MS in Finance, CU Denver Section Mgr., Investment Mgmt. Dept., Sanyang Motor Co., Ltd.		None
Corporate director Lutain Investment Co., Ltd. Representative: Alex Yang	Master in Electrical Engineering, NTU IP Network Management, Eastern Media Technology (EMT)		None
Director Alex Huang	Master in International Business, NCCU Sales Director of Stream Technologies Inc.		None
Director Ellen Weng	EMBA in Information Management, National Taiwan University Sales Manager of Hand Information Co., Ltd.		None
Independent Director Jason Lee	Master of Business Administration, NTU President of Da Hwa International Securities Investment Consulting Co., Ltd	None of the conditions set forth in Items 1 to 9, Paragraph 1, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" have been found, and conditions of independence have been met.	None
Independent Director Chorng-Shyong Ong	Doctor of Business Administration, NTU Deputy Dean of College of Management, NTU Member of Board of Examiners of Civil Service Examinations		1
Independent Director Cllin Lin	PhD of Electrical Engineering, NTU Professor of Department of Electronic Engineering and Dean of School of Engineering and Management, Huafan University		None
Independent Director Lu, Yang-Cheng	Financial Management Group, Department of Management Science, National Yang Ming Chiao Tung University Professor and Chief Sustainability Officer of Ming Chuan University Independent Director of Hua Nan Securities, Hua Nan Financial Holdings Co., Ltd. Member of the Labor Fund Supervision Committee, Ministry of Labor Member of Pension Investment Supervisory Committee, Bureau of Public Service Pension Fund, Ministry of Civil Service Member of Life Insurance Product Review Committee, Insurance Bureau, FSC		1

Note: No condition defined in Article 30 of the Company Act has appeared in any of the aforesaid directors.

II. Diversity and independence of the Board of Directors:

(I) Board Diversity: The members of the Company's Board of Directors are nominated and elected according to the Articles of Incorporation. All directors are elected using the candidate nomination system, which assesses the candidates' education and work experiences while following “Regulations Governing the Election of Directors” and “Corporate Governance Best Practice Principles” to ensure the diversity and independence of the Board members. The current Board is comprised of 9 directors (including 4 independent directors). The members are equipped with various professional capabilities including production and management, decision-making, knowledge of the Industry, global perspective and the ability to perform accounting and financial analysis.

Diversity Items / Name	Basic composition									Professional knowledge and skills				
	Gender	Nationality	Title	Age			Independent director office term			Ability to manage a business	Decision-making ability	Knowledge of the industry	Global perspective	Ability to perform accounting and financial analysis
				Under 50	50 to 60	Above 60	Below 3 years	3 to 6 years	Over 6 years					
Gary Chen	Male	Republic of China	Chairman and President			V				V	V	V	V	
Advantech Investment Co., Ltd. Representative: Michael Huang	Male	Corporate director	-	V						V	V	V	V	
Corporate director Lutain Investment Co., Ltd. Representative: Alex Yang	Male	Corporate director	Vice President		V					V	V	V	V	
Alex Huang	Male	Republic of China	Vice President		V					V	V	V	V	V
Ellen Weng	Female	Republic of China	Vice President		V					V	V	V	V	
Jason Lee	Male	Republic of China	-			V			V	V	V	V	V	V
Chorng-Shyong Ong	Male	Republic of China	-			V	V			V	V	V	V	V
CIlin Lin	Female	Republic of China				V	V			V	V	V	V	
Lu, Yang-Cheng	Male	Republic of China	-			V	V			V	V	V	V	V

(II) Board independence: Currently, the Company has 9 directors (including 4 independent directors) and the ratio of independent directors accounts for 44.44%, and the ratio of female directors accounts for 22.22% among all directors. The two female independent directors have each served for more than 6 years. All independent directors comply with the regulations set by the Financial Supervisory Commission (FSC) regarding independent directors, and there are no relationships among any of the directors as specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(II) Information on President, Vice Presidents, Senior VPs, head of each department, and branch officers

April 28, 2026

Title	Nationality	Name	Gender	Date of election/appointment	first elected		Shares held by spouse and underage children		Shareholding by nominee arrangement		Education/work experience	Concurrent job position in other companies	Managerial officer who is a spouse or a relative within second degree of kinship			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
President	Republic of China	Gary Chen	Male	1994.5.4	6,390,097	4.31%	0	0%	0	0%	M.S. in Electronic & Information Industry R&D, NKUST President of Hand Information Co., Ltd.	President of the Company Representative of Hwakuan Systems Integration Technology (Shanghai) Co., Ltd. Chairman of Lutain Investment Co., Ltd. Representative of HwaCom Charity Foundation Chairman of S-Link Systems Inc. Chairman of Tarantula Networks Ltd. Chairman of Family plus technology Inc. Chairman of Open Information Security Inc. Chairman of Hua-Ai Human Resources Services Co., Ltd. Chairman, HWACOM SYSTEMS (H.K.) LIMITED Chairman, Aivid Technology Inc. Chairman, Hon Conn Innovation Corporation Chairman, Surewin Co., Ltd.	None	None	None	Note 1
COO	Republic of China	Simon Wang	Male	2022.2.9	220,000	0.15%	0	0%	0	0%	Masters degree from Industrial Engineering and Management Department, National Tsing Hua University San Jose State University VP, Business Development & Operations/Supermicro Computer Inc. Assistant Professor, Department of Business Management, Ming Chi University of Technology.	Director of HWACOM SYSTEMS (H.K.) LIMITED Director of Hua-Ai Human Resources Services Co., Ltd. Director of Hon Conn Innovation Corporation	None	None	None	
Service Contract Sales Div. Vice President	Republic of China	Jademond Kuan	Male	1994.5.4	257	0.00%	0	0%	0	0%	Bachelor in ECS, Feng Chia University Senior VP of Hand Information Co., Ltd.	Director of S-Link Systems Inc.	None	None	None	
President's Office Vice President	Republic of China	Albert Ko	Male	2000.11.27	5,000	0.00%	0	0%	0	0%	Department of Accounting, NCCU Holds CPA qualification Finance Director of APEX Science & Engineering Co.	None	None	None	None	
Marketing & Information Div. Vice President	Republic of China	MingYeh Hsieh	Male	2006.10.2	104,789	0.07%	0	0%	0	0%	Department of Computer Science and Information Engineering, Tamkang University CalinforiaStateUniversityComputer-Science Vice President of Chunghwa Mobile Entertainment Corporation	Director of S-Link Systems Inc. Supervisor of Open Information Security Inc.	None	None	None	
Smart Integration Service Div. Vice President	Republic of China	Ellen Weng	Female	1994.7.26	61,688	0.04%	0	0%	0	0%	EMBA in Information Management, NTU	Director of HwaCom Systems Inc.	None	None	None	

Title	Nationality	Name	Gender	Date of elec-tion/ap-pointment	first elected		Shares held by spouse and under-age children		Shareholding by nom-inee arrangement		Education/work experience	Concurrent job position in other companies	Managerial officer who is a spouse or a relative within second degree of kinship			Note
					Number of shares	Share-holding ratio	Number of shares	Share-holding ratio	Number of shares	Share-holding ratio			Title	Name	Rela-tionship	
Multimedia Inte-gration Div. Vice President	Republic of China	Alex Huang	Male	2004.11.1	195,975	0.13%	0	0%	0	0%	Master in International Business, NCCU Sales Director of Stream Technologies Inc.	Director of HwaCom Systems Inc. Director of Family plus technology Inc.	None	None	None	
Products Manage-ment and Cyberse-curity Div. Vice President	Republic of China	Joe Cheng	Male	2010.10.1	17,000	0.01%	0	0%	0	0%	Ph.D., Institute of Management of Tech-nology, National Chiao Tung University President of Telcordia Technologies Tai-wan	Director of Open Information Security Inc. President of Open Information Security Inc.	None	None	None	
Mobile Sales Div. Vice President	Republic of China	Tony Wang	Male	2009.6.1	48,390	0.03%	0	0%	0	0%	WestcoastUniversityMMIS Sales Manager of Avant Telsystem Inc.	Representative of Corporate Director Acom Net-works Technology Co., Ltd.	None	None	None	
Information Com-munication System Integration Div. Vice President	Republic of China	Alex Yang	Male	2017.5.19	25,000	0.02%	0	0%	0	0%	Master in Electrical Engineering, NTU IP Network Management, Eastern Media Technology (EMT)	Representative of Corporate Director Lutain In-vestment Co., Ltd. Supervisor of S-Link Systems Inc. Director of Family plus technology Inc. Director of Hua-Ai Human Resources Services Co., Ltd. Director of Open Information Security Inc.	None	None	None	
Sales Div. II Vice President	Republic of China	MI Tu	Male	2017.5.19	54,000	0.04%	0	0%	0	0%	State University of New York computer science Senior Regional Manager of the Corpo-rate BU, IBM	None	None	None	None	
Software R&D Div. Vice President	Republic of China	YH Leu	Male	2004.9.3	22,179	0.01%	0	0%	0	0%	Master of Computer Systems, Institute of Electrical Engineering, National Chung Cheng University R&D at First International Computer	Director of Family plus technology Inc. Director of Hon Conn Innovation Corporation	None	None	None	
ICT Service Busi-ness Group Chief Technology Officer and Vice President	Republic of China	Hsieh-Heng Lin	Male	2017.3.1	Note 2	-	-	-	-	-	Master of Automation and Control Engi-neering, NCTU Vice President of Stark Technology Inc. Vice President of Eastern Media Interna-tional Co., Ltd. Assistant Researcher at Chunghwa Tele-com Research Institute	None	None	None	None	
Sales Div. III Vice President	Republic of China	East Wu	Male	1998.9.15	117,500	0.08%	0	0%	0	0%	Department of Electronics, NTUT Assistant Manager at Mercuries Data Sys-tems Ltd.	None	None	None	None	
Smart City Control Solution Integra-tion Div. Vice President	Republic of China	Sky Yang	Male	2010.4.12	110,000	0.07%	0	0%	0	0%	Master of Transportation and Logistics Management, FCU Director of Vsprite Technology Co., Ltd.	None	None	None	None	
Vice President	Republic of China	Chun-Cheng Chen	Male	2022.2.10	1	0.00%	0	0%	0	0%	Master of Business Administration, NTU Vice President, GIGA-BYTE Technology Co., Ltd. Director, Micro-Star International Co., Ltd.	None	None	None	None	

Title	Nationality	Name	Gender	Date of election/appointment	first elected		Shares held by spouse and underage children		Shareholding by nominee arrangement		Education/work experience	Concurrent job position in other companies	Managerial officer who is a spouse or a relative within second degree of kinship			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
CFO	Republic of China	Sophia Wang	Female	2022.3.22	7,000	0.00%	0	0%	0	0%	MBA, National Chengchi University. Senior Director, Super Micro Computer, Inc. Chief of Finance, HP Enterprise Taiwan and Hong Kong.	Supervisor of Aivid Technologies Inc.	None	None	None	
Internal Audit Officer Senior VP	Republic of China	Caroline Hsiao	Female	2001.2.12	14,950	0.01%	0	0%	0	0%	Accounting, Tamkang University Accounting Officer, APEX Science & Engineering Co.	None	None	None	None	
Finance & Accounting Div. Accounting supervisor Senior VP	Republic of China	Stephanie Chang	Female	2024.12.4	0	0.00%	0	0%	0	0%	Department of Accounting, Soochow University Certified public accountant (AICPA) Assistant Accounting Manager of Ally Logistics Property Co., Ltd. Senior Manager of Deloitte Taiwan;	None	None	None	None	
Multimedia Integration Div. Senior VP	Republic of China	Watson Huang	Male	2008.12.1	143,092	0.10%	0	0%	0	0%	Master of Information Science, NCTU Project Manager, Grandview Video Technology Co., Ltd.	Director of Family plus technology Inc.	None	None	None	
Multimedia Integration Div. Senior VP	Republic of China	Jerry Huang	Male	2010.11.1	Note3	-	-	-	-	-	Computer Science, SCU Project Manager, Information Flow Technology Co., Ltd.	Supervisor of Family plus technology Inc.	None	None	None	
Products Management and Cybersecurity Div. Senior VP	Republic of China	Jerry Yang	Male	2011.9.30	25,802	0.02%	0	0%	0	0%	Department of Physics, Tamkang University pAsia Co., Ltd.	None	None	None	None	
Corporate Governance Office Senior VP	Republic of China	Iris Chen	Female	2015.8.4	80,000	0.05%	0	0%	0	0%	Department of Accounting, Fu Jen Catholic University Senior Manager of Lite-on Technology Corporation CPA, BDO Taiwan	None	None	None	None	
Mobile Sales Div. Senior VP	Republic of China	Tina Wang	Female	2014.5.14	Note 4	-	-	-	-	-	Mechanical Drawing at Yongping Senior High School. Sales Assistant at T-Plus Solutions Limited	None	None	None	None	
Digital Transformation Div. Senior VP	Republic of China	Warten Pan	Male	2019.5.13	Note 5	-	-	-	-	-	MBA, University of North Alabama NokiaSiementsNetworkIPPlanner	None	None	None	None	
Sales Div. III Senior VP	Republic of China	James Yang	Male	2019.5.13	Note 6	-	-	-	-	-	EMBA, National Taiwan University of Science and Technology Director of Ring Line Co., Ltd. Director of Genesis Technology, Inc.	None	None	None	None	
Software R&D Div. Senior VP	Republic of China	Johnson Hsu	Male	2016.1.6	Note 7	-	-	-	-	-	Department of Computer Science and Information Engineering, Dayeh University Technical Lead of Stark Technology Inc. Software Engineer, Giantene Technology Co., Ltd.	None	None	None	None	

Title	Nationality	Name	Gender	Date of election/appointment	first elected		Shares held by spouse and underage children		Shareholding by nominee arrangement		Education/work experience	Concurrent job position in other companies	Managerial officer who is a spouse or a relative within second degree of kinship			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Multimedia Integration Div. Senior VP	Republic of China	Stanley Lin	Male	2011.9.30	Note 8	-	-	-	-	-	Master of Information Management, Aletheia University Project Manager, Twoway Communications, Inc.	None	None	None	None	
Products Management and Cybersecurity Div. Senior VP	Republic of China	Yuchia Chen	Male	2015.1.15	Note 9	-	-	-	-	-	Department of Chemical Engineering, Southern Taiwan University of Science and Technology Network Engineer of Symphox Information Co., Ltd.	None	None	None	None	
Information Communication System Integration Div. Senior VP	Republic of China	Tzu-Hao Chen	Male	2015.1.15	18,167	0.01%	0	0%	0	0%	Information Communication System Integration Div. Senior VP	None	None	None	None	
Sales Div. III Senior VP	Republic of China	Fisher Chung	Female	2018.10.3	Note 10	-	-	-	-	-	Sales Div. III Senior VP	None	None	None	None	
Smart Integration Service Div. Senior VP	Republic of China	Lynn Chung	Female	2019.8.2	Note 11	-	-	-	-	-	Smart Integration Service Div. Senior VP	None	None	None	None	
Sales Div. III Senior VP	Republic of China	Jackie Chang	Male	2019.10.14	Note 12	-	-	-	-	-	Sales Div. III Senior VP	None	None	None	None	
Information Communication System Integration Div. Senior VP	Republic of China	Andy Yu	Male	2020.9.1	Note 13	-	-	-	-	-	Information Communication System Integration Div. Senior VP	None	None	None	None	
ICT Service Business Group Senior VP	Republic of China	Chaqe Chu	Male	2020.9.1	Note 14	-	-	-	-	-	ICT Service Business Group Senior VP	None	None	None	None	
Logistics Div. Senior VP	Republic of China	Carol Chao	Female	2020.9.1	Note 15	-	-	-	-	-	Department of Secretarial Science, NTUB	None	None	None	None	
ICT Service Business Group Senior VP	Republic of China	Athena Tsai	Female	2020.9.1	Note 16	-	-	-	-	-	Master of Applied Mathematics, NCHU Providence University Mercuries Data Systems Ltd.	None	None	None	None	
Smart Integration Service Div. Senior VP	Republic of China	Laurence Jih	Male	2021.10.1	Note 17	-	-	-	-	-	Chinese Culture University Project Manager of MBA TECHNIQUE CO., LTD.	None	None	None	None	
Sales Div. III Senior VP	Republic of China	Mathew Yu	Male	2021.10.1	Note 18	-	-	-	-	-	Newport University MBA Assistant Manager of ATEAM Technology CO.	None	None	None	None	
Software R&D Div. Senior VP	Republic of China	Titan Lee	Male	2022.5.1	Note 19	-	-	-	-	-	Department of Information Communications, CCU System Analyst of Altrust Inc.	None	None	None	None	
Sales Div. III Senior VP	Republic of China	Evan YH Lai	Male	2022.5.1	Note 20	-	-	-	-	-	Master of Financial Engineering, King's College, University of London	None	None	None	None	

Note 1：Due to the nature of the Company's business, the Chairman currently also serves as the General Manager to enhance operational efficiency. This dual role ensures smoother execution of decision-making and fosters prudent oversight to avoid actions detrimental to the Company, thereby aligning closely with the principle of maximizing corporate value.

To mitigate the concentration of authority arising from the Chairman concurrently serving as General Manager, the Company has initiated amendments to its Articles of Incorporation this year. In addition to increasing the number of seats on the Board of Directors, the Company plans to establish a specified proportion of Independent Directors, with the goal of ensuring the proper operation of the Board and preventing any unwarranted interference.

Note 2：VP Hsieh-Heng Lin was dismissed on February 19, 2025.

Note 3: Senior VP Jerry Huang was dismissed on January 13, 2026.

Note 4：Senior VP Tina Wang was dismissed on March 28, 2025.

Note 5: Senior VP Warten Pan was dismissed on December 12, 2025.

Note 6: Senior VP James Yang was dismissed on January 13, 2026.

Note 7: Senior VP Johnson Hsu was dismissed on July 11, 2025.

Note 8：Senior VP Stanley Lin was dismissed on January 15, 2025.

Note 9: VP Yuchia Chen was dismissed on January 13, 2026.

Note 10: Senior VP Fisher Chung was dismissed on December 12, 2025.

Note 11：VP Lynn Chung was dismissed on March 28, 2025.

Note 12: VP Jackie Chang was dismissed on January 13, 2026.

Note 13: Senior VP Andy Yu was dismissed on January 13, 2026.

Note 14: Senior VP Chaqe Chu was dismissed on July 11, 2025.

Note 15: Senior VP Carol Chao was dismissed on July 11, 2025.

Note 16: Senior VP Athena Tsai was dismissed on July 11, 2025.

Note 17：VP Laurence Jih was dismissed on March 28, 2025.

Note 18: VP Mathew Yu was dismissed on May 16, 2025.

Note 19: VP Titan Lee was dismissed on March 28, 2025.

Note 20: VP Evanyh Lai was dismissed on July 11, 2025.

III. Remunerations to Directors, President, and Vice Presidents in the most recent year

(I) Remunerations to Directors (including Independent Directors)

As of Wednesday, December 31, 2025 (unit: NT$ thousand; thousand shares)

Title	Name	Director's remuneration								Ratio of total compensation (A+B+C+D) to net income		Remuneration for directors who concurrently serve as employees								Percentage of the total sums of A, B, C, D, E, F, and G on the net profit after tax		Compensation from investments other than subsidiaries or the parent company
		Remuneration (A)		Severance pay and pension (B)		Director's remuneration (C)		Business expenses (D)				Salary, bonuses, and allowances (E)		Severance pay and pension (F)		Employee remuneration (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Cash amount	Share amount	Cash amount	Share amount			
Chairman	Gary Chen	300	300	0	0	1,560	1,560	21	21	1,881 1.79%	1,881 1.79%	32,846	32,846	0	0	300	0	300	0	35,027 33.25%	35,027 33.25%	None
Director	Advantech Investment Co., Ltd.																					
Director	Lutain Investment Co., Ltd.																					
Director	Ellen Weng																					
Director	Alex Huang																					
Independent Director	Jason Lee	2,100	2,100	0	0	0	0	48	48	2,148 2.04%	2,148 2.04%	0	0	0	0	0	0	0	0	2,148 2.04%	2,148 2.04%	None
Independent Director	Li Ming-juinn																					
Independent Director	Chorng-Shyong Ong																					
Independent Director	CIlin Lin																					
Independent Director	Lu, Yang-Cheng																					

1. Please describe the policy, system, standards and structure of the compensation of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment:

In accordance with the Company's Remuneration Committee Charter, the Remuneration Committee, is responsible for establishing and periodically reviewing policies, systems, standards, and structures related to the evaluation of directors and managers' performance and compensation. Recommendations regarding director's remunerations are submitted to the Board of Directors for discussion, and are limited to those specified in the Company's Articles of Incorporation or authorized by the Shareholders' Meeting for the Board to execute through a resolution. According to the Company's Articles of Incorporation, the remuneration of the Chairman and directors is determined by the Board of Directors, taking into account their level of involvement and contribution in the Company's operations while also in reference to domestic and international industry standards. In the event of annual profits, the Board of Directors may allocate no more than one percent of the profit as remuneration to directors in a resolution from the Board meeting, while proposals for employee remuneration and director remuneration should also be reported to the Shareholders' Meeting. However, an amount shall be set aside in advance to compensate for cumulative losses, if any, before employee and director remuneration could be allocated according to the aforementioned ratio.

2. Except as disclosed above, remuneration received by directors in the most recent year for services rendered to all companies in the financial statement (e.g. acting as a non-employee consultant to parent company/all companies in the financial statements/investees): None.

Range of Remuneration

Range of remuneration paid to the Company's directors	Name of director	
	Total amount for the preceding four remunerations (A+B+C+D)	Total amount for the preceding seven remunerations (A+B+C+D+E+F+G)
	The Company	All companies in the financial statements
Under NT$1,000,000	Jason Lee, Li Ming-juinn, Chorng-Shyong Ong, CIlin Lin, Alex Huang, Gary Chen, Ellen Weng, Lu, Yang-Cheng, Advantech Investment Co., Ltd., Lutain Investment Co., Ltd.	Jason Lee, Li Ming-juinn, Chorng-Shyong Ong, CIlin Lin, Lu, Yang-Cheng, Advantech Investment Co., Ltd., Lutain Investment Co., Ltd.
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)		
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)		
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)		
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)		Ellen Weng, Alex Huang
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)		Gary Chen
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)		
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)		
Greater than NT$100,000,000		
Total	10	10

(II) Remunerations paid to Supervisors in the most recent year (2025): The Company has established an Audit Committee, so there is no remuneration for Supervisors.

(III) Remunerations to President and Vice President

As of Wednesday, December 31, 2025 (unit: NT$ thousand; thousand shares)

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance pay and pension (B)</th><th colspan="2">Bonus and special allowance, etc. (C)</th><th colspan="4">Amount of employee remuneration (D)</th><th colspan="2">Ratio of total compensation (A+B+C+D) and to net profit after tax (%)</th><th rowspan="3">Remuneration from reinvestments other than subsidiaries or the parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements</th><th colspan="2">The Company</th><th colspan="2">All companies in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements</th></tr>
<tr><th>Cash amount</th><th>Share amount</th><th>Cash amount</th><th>Share amount</th></tr>
<tr><td>President</td><td>Gary Chen</td><td rowspan="16">70,826</td><td rowspan="16">74,618</td><td rowspan="16">0</td><td rowspan="16">0</td><td rowspan="16">41,212</td><td rowspan="16">42,158</td><td rowspan="16">2,868</td><td rowspan="16">0</td><td rowspan="16">2,908</td><td rowspan="16">0</td><td rowspan="16">114,906
109.07%</td><td rowspan="16">119,684
113.60%</td><td rowspan="16">0</td></tr>
<tr><td>COO</td><td>Simon Wang</td></tr>
<tr><td>CFO</td><td>Sophia Wang</td></tr>
<tr><td>Service Contract Sales Div.
Vice President</td><td>Jademond Kuan</td></tr>
<tr><td>President's Office
Vice President</td><td>Albert Ko</td></tr>
<tr><td>Marketing & Information Div.
Vice President</td><td>MingYeh Hsieh</td></tr>
<tr><td>Smart Integration Service Div.
Vice President</td><td>Ellen Weng</td></tr>
<tr><td>Multimedia Integration Div.
Vice President</td><td>Alex Huang</td></tr>
<tr><td>VP, Product Management and Cybersecurity Div.</td><td>Joe Cheng</td></tr>
<tr><td>Mobile Sales Div.
Vice President</td><td>Tony Wang</td></tr>
<tr><td>Information Communication System Integration Div.
Vice President</td><td>Alex Yang</td></tr>
<tr><td>Sales Div. II
Vice President</td><td>MI Tu</td></tr>
<tr><td>Software R&D Div.
Vice President</td><td>YH Leu</td></tr>
<tr><td>Sales Div. III
Vice President</td><td>East Wu</td></tr>
<tr><td>Smart City Control Solution Integration Div.
Vice President</td><td>Sky Yang</td></tr>
<tr><td>Vice President</td><td>Chun-Cheng Chen</td></tr>
</table>

Range of Remuneration

Range of remuneration paid to Company's President And Vice Presidents	Name of President and Vice Presidents	
	The Company	All companies in the financial statements
Under NT$1,000,000	Joe Cheng	
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)		
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)		
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Jademond Kuan, MingYeh Hsieh, Chun-Cheng Chen	Jademond Kuan, MingYeh Hsieh, Chun-Cheng Chen
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Alex Huang, Sky Yang, Sophia Wang, MI Tu, Ellen Weng, Albert Ko, Tony Wang, YH Leu	Alex Huang, Joe Cheng, Sky Yang, Sophia Wang, MI Tu, Ellen Weng, Albert Ko, Tony Wang, YH Leu
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	East Wu, Alex Yang, Simon Wang	East Wu, Alex Yang, Simon Wang
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	Gary Chen	Gary Chen
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)		
Greater than NT$100,000,000		
Total	16	16

(IV) Managers' Name and the Distribution of Employee Remuneration

Wednesday, December 31, 2025; Unit: NT$ thousand

	Title	Name	Share amount	Cash amount	Total	Percentage of total bonuses to net profit after tax (%)
Managers	President	Gary Chen	0	8,026	8,026	7.62%
	Vice President	Jademond Kuan				
	Vice President	Albert Ko				
	Vice President	MingYeh Hsieh				
	Vice President	Ellen Weng				
	Vice President	Alex Huang				
	Vice President	Joe Cheng				
	Vice President	Tony Wang				
	Vice President	Alex Yang				
	Vice President	MI Tu				
	Vice President	YH Leu				
	Chief Technology Officer and Vice President	Hsieh-Heng Lin				
	Vice President	East Wu				
	Vice President	Sky Yang				
	COO	Simon Wang				
	Vice President	Chun-Cheng Chen				
	CFO	Sophia Wang				
	Senior VP in Accounting	Caroline Hsiao				
	Senior VP	Watson Huang				
	Senior VP	Jerry Huang				
	Senior VP	Jerry Yang				
	Senior VP	Iris Chen				
	Senior VP	Tina Wang				
	Senior VP	Warten Pan				
	Senior VP	James Yang				
	Senior VP	Fisher Chung				
	Senior VP	Andy Yu				
	Senior VP	Stanley Lin				
	Senior VP	Chaqe Chu				
	Senior VP	Carol Chao				
	Senior VP	Athena Tsai				
	Senior VP	Ting-Chuan Chang				
	Senior VP	Yuchia Chen				
	Senior VP	Tzu-Hao Chen				
	Senior VP	Johnson Hsu				
	Senior VP	Lynn Chung				
	Senior VP	Jackie Chang				
	Senior VP	Laurence Jih				
	Senior VP	Mathew Yu				
	Senior VP	Titan Lee				
	Senior VP	Evan YH Lai				

(V) Comparison and analysis of remunerations to directors, supervisors, President, and Vice Presidents as a percentage of net profit after tax in the last two years and description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance and future risks:

1. Analysis of total remuneration of Directors, President and Vice Presidents as a percentage of net income during the past two fiscal years:

Unit: NT$ thousand

Percentage of total bonuses to net profit after tax (%)	2025			2024		
Title	Total remuneration	Net profit after tax	Percentage of total remuneration to net profit after tax	Total remuneration	Net profit after tax	Percentage of total remuneration to net profit after tax
Director	37,175	105,354	35.29%	52,229	130,580	39.99%
President and Vice Presidents	114,906		109.07%	128,214		98.18%

There have been no changes in the method of paying remunerations to Directors, President, and VPs in the most recent two years.

2. The policies and standards of paying remunerations, and packages of remuneration; the procedure for making such decisions; and relation to business performance and future risks

(1) The policies and standards of paying remunerations, and packages of remuneration

The remuneration for directors and supervisors of the Company is paid in accordance with the provisions of the Company's Articles of Incorporation:

Article 16: "The Board of Directors is authorized to determine remunerations for the Chairman, directors, and supervisors based on their level of participation and contribution to the Company's operations, taking into account industry standards."

The salary structure for the President and Vice Presidents of the Company is executed in accordance with the "Salary and Bonus Management Regulations," with recommendations submitted to the Board of Directors by the Remuneration Committee.

The remuneration for directors and supervisors includes allowances for transportation expenses, remuneration for performing their duties, and for dividend distributions. If directors also hold concurrent positions as employees of the Company, they may also receive employee remuneration. In addition to the base salary, the President and Vice Presidents may also receive additional allowances for managers and employee remuneration based on their positions, duties, and performance.

(2) The procedures for setting remuneration

According to the Article 20 of the Company's Articles of Incorporation:

"If the Company makes a profit for the year, 10% to 20% of the profit shall be allocated as employee compensation, and remuneration for directors and supervisors shall not exceed 1%. Furthermore, no less than 1% of the profit shall be allocated for salary adjustments or compensation distribution for entry-level employees, the method of which is authorized to be determined by the Board of Directors. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses."

"If the Company has earnings to be distributed, taxes shall be reserved and paid first, followed by offsetting accumulated losses. Then, 10% shall be allocated as the legal reserve, and special reserves shall be set up in accordance with the law. If necessary, a portion of the earnings may be retained, and the remainder shall be distributed as dividends to shareholders. Among the dividends distributed in the current year, the proportion of cash dividends shall be no less than 10%, and the rest may be distributed in the form of stock dividends."

(3) Correlation with business performance and future risks

In line with the Company's Articles of Incorporation, remuneration of directors and supervisors is determined according to the dividend distribution proposal approved by the Shareholders' Meeting, and it is closely related to the Company's operational performance. The Remuneration Committee regularly reviews the remuneration system based on the contributions of individual directors to the Board and the Company's operations.

The remuneration of the President and Vice Presidents is managed in accordance with the "Salary and Bonus Management Regulations," taking into account their contributions to the Company's operations, including future business risks, environmental considerations, and corporate social responsibility. These factors serve as the basis for calculating their remuneration, and the reasonableness of which is also periodically reviewed by the Remuneration Committee.

Therefore, the Company's operational performance is closely linked with the remuneration of directors and supervisors, as well as the remuneration of the President and Vice Presidents.

IV. Implementation of Corporate Governance

(I) Operating Status of the Board of Directors: A total of 9 (A) meetings of the Board of Directors were held in the past year. The attendance of Directors was as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Note
Chairman	Gary Chen	9	0	100.00%	-
Director	Representative of Advantech Investment Co., Ltd.: Michael Huang	8	1	88.89%	-
Director	Representative of Lutain Investment Co., Ltd.: Alex Yang	9	0	100.00%	-
Director	Ellen Weng	8	0	88.89%	-
Director	Alex Huang	7	0	77.78%	-
Independent Director	Jason Lee	8	1	88.89%	-
Independent Director	Chorng-Shyong Ong	8	1	88.89%	-
Independent Director	CIlin Lin	9	0	100.00%	-
Independent Director	Lu, Yang-Cheng	4	2	66.67%	2025.6.20 Elected

Other matters that require reporting:

I. Should any of the following take place in a Board meeting, the date and number of the meeting, the content of proposal, independent director's opinions, and the Company's response to such opinions should be recorded:

(I) Items specified in Article 14-3 of the Securities and Exchange Act: None.

(II) Aside from the above matters, other resolutions adopted by the Board of Directors to which an independent director has expressed objections or qualified opinions on record or in writing: None.

II. Details, including names of directors, proposals, reasons for conflict of interest, and voting, of circumstances where directors recuse themselves due to conflict of interest: None.

III. TWSE/TPEx listed companies shall disclose the frequency and period, scope, method and content of evaluation of their Board of Directors' self- (or peer) evaluation, and fill in the attached Table (2) on evaluation of the Board of Directors.

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Note

Evaluation cycle	Once every year
Evaluation period	Evaluation of the performance of the Board of Directors between Wednesday, January 1, 2025 and Wednesday, December 31, 2025
Evaluation scope	Performance evaluation of the Board of Directors, individual directors, and functional committees
Evaluation method	Internal evaluation of the Board of Directors, self-evaluation of Board members, internal evaluation of functional committees
Evaluation contents	The evaluation content shall include at least the following items based on their respective scope of evaluation: (1) Board Performance Evaluation: Including at least the degree of participation in the Company's operations, the quality of Board decisions, the composition and structure of the Board, the selection and continuing education of directors, internal control, etc. (2) Performance evaluation of individual directors: Including at least the mastery of Company goals and duties, awareness of director responsibilities, degree of participation in company operations, internal relationship management and communication, profession and continuing education of directors, internal control, etc. (3) Performance evaluation of functional committees: Degree of participation in the Company's operations, awareness of duties, decision-making quality, composition and selection of members, internal control, etc.

IV. An evaluation of the goals set for strengthening the functions of the Board and implementation status during the current and immediately preceding fiscal years:

1、Board Meeting Efficiency and Evaluation:
The Company has established the "Rules and Procedures for Board of Directors Meetings" in accordance with the guidelines of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies". In order to enhance the efficiency of Board meetings, the Board of Directors has developed the "Board of Directors Performance Evaluation Guidelines" for evaluation by the Remuneration Committee, which also provides specific improvement recommendations.

2、Directors' continuing education:
To encourage continuous professional development among directors, the Company designates dedicated personnel to arrange training courses and continuing education programs for directors on an irregular basis.

3、Directors' liability insurance:
To mitigate the risks faced by directors and managerial officers in the performance of their duties, the Company purchases "Directors and Officers Liability Insurance" (D&O Insurance) for all directors and managerial officers on an annual basis.

(II) Operating Status of the Audit Committee:

In the recent fiscal year, the Audit Committees convened 9 meetings (A), and the attendance of directors was as follows:

Title	Name	Actual attendance (B)	Actual attendance rate (%) (B/A)	Note
Independent Director	Jason Lee	8	88.89%	-
Independent Director	Chorng-Shyong Ong	8	88.89%	-
Independent Director	CIlin Lin	9	100.00%	-
Independent Director	Lu, Yang-Cheng	4	66.67%	2025.6.20 Elected

Other matters that require reporting:

I. The date of the Audit Committee meeting, the term, contents of the proposals, dissenting or qualified opinions given by independent directors or contents of major proposed items, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting.

(I) Items specified in Article 14-5 of the Securities and Exchange Act:

Date of meeting (Period)	Proposal content	Independent directors' dissenting opinions, qualified opinion, or significant recommendations	Resolutions from the Audit Committee and the Company's responses to the opinions of the Audit Committee
Eighteenth session of the first term 2025.3.12	(I) The Company's completed business report and financial statements for 2024. (II) The consolidated and individual financial statements of the Company for 2024. (III) Review of the Company's "Statement on Internal Control" for 2024. (IV) The distribution proposal of director and employee remuneration for 2024. (V) The Company's accounting estimate changes have taken effect as of January 1, 2025.	None	Passed with the approval of all members in attendance
Nineteenth session of the first term 2025.3.25	(I) Proposal to issue fifth domestic unsecured convertible corporate bonds.	None	Passed with the approval of all members in attendance
Twentieth session of the first term 2025.5.8	(I) The Company's consolidated financial report for Q1 2025. (II) The 2024 dividend distribution proposal. (III) Proposal to submit the list of nominated directors (including independent directors) for review by the Board of Directors. (IV) Proposal to lift the restrictions on competition for newly appointed directors and their representatives. (V) Proposal to amend certain articles of the Company's “Rules and Procedures for Board of Directors Meetings. (VI) Proposal for share reduction in investee VeriSilicon Holdings Co., Ltd. (VII) Proposal to convene the 2025 Shareholders' Meeting.	None	Passed with the approval of all members in attendance
First session of the second term 2025.6.20	(I) Proposal to elect a convener of the second term of the Audit Committee.	None	Passed with the approval of all members in attendance
Second session of the second term 2025.7.1	(I) Proposal to revise the conversion method for the fifth domestic unsecured convertible corporate bond.	None	Passed with the approval of all members in attendance

Third session of the second term 2025.8.12	(I) The Company's consolidated financial report for Q2 2025. (II) Proposal to invest NT$10 million in Hon Conn Innovation Corporation.	None	Passed with the approval of all members in attendance
Fourth session of the second term 2025.9.30	(I) Proposal to define the scope of the Company's entry-level employees. (II) Proposal to establish a subsidiary, "Aivid Technologies Inc."	None	Passed with the approval of all members in attendance
Fifth session of the second term 2025.11.10	(I) The Company's consolidated financial report for Q3 2025. (II) Drafted the audit plan for the fiscal year 2026. (III) Proposal to amend certain articles in the Company's internal control system and certain articles of the Enforcement Rules of Internal Audit. (IV) Proposal to purchase property located at 11th Floor, No. 106, Building B, Section 1, Xintai Fifth Road. (V) The change of the Company's Spokesperson. (VI) Proposal to amend certain articles of the Company's "Sustainable Committee Organizational Rules." (VII) Proposal to amend certain articles of the Company's "Code of Practice for Sustainable Development."	None	Passed with the approval of all members in attendance
Sixth session of the second term 2025.12.19	(I) Proposal to amend the general principles for the Company's policy on pre-approval of non-assurance services. (II) Assessment of independence and competency of CPAs who audit the Company's financial statements. (III) Proposal to amend certain articles in the Company's internal control system. (IV) Proposal to set the buyback and capital reduction base date for the Company's RSU. (V) Periodic review of the Company's Value Enhancement Plan.	None	Passed with the approval of all members in attendance

(II) In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors: In the past fiscal year, the Company convened 9 Audit Committee meetings, and all of which were attended by all members of the Audit Committee, and all resolutions were passed unanimously.

II. When there are recusals of independent directors due to conflicts of interests, names of the independent directors, contents of resolutions, reasons of recusal, and voting participation should be stated: None.

III. Independent directors' communication with internal auditors and CPAs (shall include major matters, methods, and results of communication regarding the Company's financial position and business operations):

(I) The Company's internal audit supervisor regularly communicates results of the audit report to the Audit Committee and presents internal audit reports during quarterly Audit Committee meetings. In case of any special circumstances, immediate reporting is also made to the Audit Committee members. There were no such special circumstances during 2025. The communication between the Audit Committee and the internal audit supervisor of the Company has been good.

(II) The Company's CPAs report the results of their audit or review of the financial statements for each quarter during the Audit Committee meetings. They also communicate any other matters related to legal requirements. In case of any special circumstances, immediate reporting is made to the Audit Committee members. There were no such special circumstances during 2025. The communication between the Audit Committee and the CPAs has been good.

(III) Functions and powers and continuing education for Corporate Governance Officer:

The Company has appointed Senior VP Iris Chen as the dedicated Corporate Governance Officer by the resolution of the Board of Directors on June 12, 2023 to protect the interests of shareholders and strengthen the functions of the Board of Directors. Senior VP Iris Chen has obtained the qualification to practice as a certified public accountant (CPA). The main responsibilities of a Corporate Governance Officer are handling matters related to the Board of Directors and the shareholders' meeting in accordance with the law, prepare Board of Directors meeting and the shareholders' meeting minutes, assist the directors in their appointment and continuing education, facilitating the directors with the information needed to perform their business, and assist the directors in compliance with laws and regulations.

Continuing education in 2025 was as follows:

Date of Training		Organizer	Course name	Hours of training	The total number of training hours in 2024
Starting on	Ending on				
2025/12/11	2025/12/11	International Project Management Association (IPMA)	Case Studies on Enterprise Digital Transformation	3	12
2025/12/18	2025/12/18	Securities & Futures Institute	How Directors/Supervisors Supervise Company Establishment and Promotion of Comprehensive Risk Management Systems	3	12
2025/12/23	2025/12/23	Taiwan Corporate Governance Association	Directors and Senior Executives of Listed Companies' Understanding of Supervision by Competent Authorities	3	12
2025/12/30	2025/12/30	International Project Management Association (IPMA)	Corporate Sustainability and Lean Production	3	12

(III) Corporate governance practices and discrepancies with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof

Evaluation item	Implementation status			Discrepancies from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary	
I. Has the company defined and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established its corporate governance principles pursuant to the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and disclosed such principles on the Company website.	No significant difference.
II. Shareholding structure & shareholders' equity (I) Has the company set internal operations procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures through the proper procedures? (II) Does the company have a list of major shareholders of companies over which the company has actual control and the list of ultimate owners of those major shareholders? (III) Has the company established and implemented risk control/management and firewall mechanisms between it and affiliated corporations? (IV) Does the company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	V V V V		(I) The Company has appointed a spokesperson and deputy spokesperson to handle shareholder proposals or disputes. (II) The Company has entrusted a professional share handling agency for related matters. A dedicated person is responsible for handling these matters and reporting the shareholding from directors, managers, and major shareholders holding 10% or more of the Company's shares on a monthly basis. This ensures that we can stay on top of major shareholders with actual control over the Company. (III) The Company has established the "Transaction Procedures with Related Parties, Specific Companies, and Companies of the Group" as a set of guidelines governing financial transactions with related entities. Additionally, the "Subsidiary Monitoring Regulations" have been put in place to establish appropriate risk management mechanisms and prevent irregular transactions with related entities. (IV) The Company has implemented the "Operating Procedures for Handling Material Insider Information and Preventing Insider Trading" to prohibit insiders from trading securities based on undisclosed material information in the market.	No significant difference. No significant difference. No significant difference. No significant difference.
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors devised and implemented a plan for a more diverse composition of the Board with concrete management goals? (II) In addition to establishing a Remuneration Committee and an Audit Committee, which are required by law, is the company willing to voluntarily establish other types of functional committees? (III) Has the company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors? (IV) Does the company periodically evaluate the level of independence of the CPA?	V V V V		(I) I. The Company has formulated a "Corporate Governance Best Practice Principles", and indicated that the composition of the Board of Directors should take into account diversity in the "diversity policy of the Board composition." In addition, basic conditions (gender, age, nationality and culture) and professional background, skills and industry experiences should also be taken into consideration based on its operations, business model, and development needs. Board members shall be equipped with knowledge, skills, and attainments generally required for performing their tasks. In order to accomplish the preferred governance goals of the Company, the Board of Directors as a whole shall generally be equipped with the following capabilities: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to manage the business. 4. Ability to handle crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Leadership ability. 8. Decision-making ability. The Company's directors all have different expertise in various fields and are of great help to the Company's development and operations. II. Concrete management goals for the diverse composition of the Board: The Board of Directors of the Company shall direct Company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements	No significant difference.

Evaluation item	Implementation status			Discrepancies from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary	
			of its corporate governance system shall ensure that, in exercising its authority, the Board of Directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders' meetings. The concrete management goals are as follows: 1. Our Board of Directors also pays attention to gender equality among its members, and at least one female director should be included among the Board members. 2. The Company's Board of Directors focuses on operational judgment, management and crisis management capabilities, and at least two-thirds of all Board members should possess the relevant core business capabilities. 3. The members of the Company's Board of Directors are nominated and elected according to the Articles of Incorporation. All directors are elected using the candidate nomination system, which assesses the candidates' education and work experiences while following "Regulations Governing the Election of Directors" and "Corporate Governance Best Practice Principles" to ensure the diversity and independence of the Board members. III. Diversification of Board members Of the Company's 9 directors in the 12th term of the Company is listed, including 2 female members, and those equipped with leadership, operational judgment, business management, crisis management and professional knowledge and international market observers are: Gary Chen, Ellen Weng, Alex Huang, Alex Yang, Michael Huang. While the independent directors are respectively good at financial affairs, industry knowledge and the ability to perform accounting and financial analysis. Including: Jason Lee, Chorng-Shyong, CIlin Lin, Yang-Cheng Lu. The ratio of the Company's directors who concurrently serve as employee is 33%, independent directors account for 44%, and female directors account for 22%. Two independent directors have a term of less than 3 years, two have had a term of less than 6 years. In addition, three independent directors are over 60 years old, four are between 50 and 60 years old, and two are under 50 years of age. The Company places a great emphasis on gender equality within the composition of the Board, and the target female representation is 30% or more. The diversity policy formulated by the Board of Directors regarding its composition is disclosed on the Company's website. (II) The Company's Board of Directors have approved the establishment of the "Remuneration Committee", "Audit Committee" and "Sustainable Development Management Committee". (III) The Board of Directors and Remuneration Committee are in charge of determining director remuneration based on the Company's operational performance through referencing industry standards. The Company also continues to improve the level of corporate governance in each year. Starting from the year 2020, we have formulated	No significant difference. No significant difference. No significant difference.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Discrepancies from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>the Board of Directors Performance Evaluation Guidelines and conduct regular assessments in each year accordingly. The results of these performance evaluations are also reported to the Board.
(IV) The Company's Audit Committee evaluates the independence and competence of its certified public accountants (CPAs) every year. In addition to requiring the CPAs to provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)", the evaluation is conducted in accordance with the standards in Note. It has been confirmed that the CPAs and the Company have no other financial interests or business relationships except for the audit and financial tax-related fees. The results of the evaluation from the most recent year have been discussed and approved by the Audit Committee on December 19, 2025, and submitted to the Board of Directors on December 19, 2025, which has approved the evaluation on the independence and competence of the CPAs.
<table>
<tr><th>Evaluation item</th><th>Evaluation results</th></tr>
<tr><td>1. The certifying CPA has no direct or material indirect financial interest relationship with the Company.</td><td>■Yes □No</td></tr>
<tr><td>2. The certifying CPA has no significant close business relationship with the Company.</td><td>■Yes □No</td></tr>
<tr><td>3. There is no potential employment relationship between the certifying CPA and the Company when auditing the Company.</td><td>■Yes □No</td></tr>
<tr><td>4. The family members within the second degree of kinship of the certifying CPA do not serve as directors, supervisors, managers of the Company or in any position that has a direct and material impact on the audit work.</td><td>■Yes □No</td></tr>
<tr><td>5. The certifying CPA has no familial relationship within the second degree of kinship a director, supervisor or manager of the Company.</td><td>■Yes □No</td></tr>
<tr><td>6. The certifying CPA does not perform management consulting or other non-audit business for the Company that may affect its independence.</td><td>■Yes □No</td></tr>
<tr><td>7. The certifying CPA has complied with the regulations of the competent authority for its business undertaking regarding the rotation of CPAs, handling of accounting matters on behalf of others, or other matters that may affect its independence.</td><td>■Yes □No</td></tr>
</table></td><td></td></tr>
<tr><td>IV. Does the TWSE/TPEx listed company have a corporate governance unit and sufficient staff as well as a corporate governance officer responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, assisting the board and supervisors in legal compliance, organizing board meetings and annual general meetings as required by</td><td>V</td><td></td><td>To ensure shareholders' equity and to strengthen the functions of the Board, pursuant to resolution from the Board of Directors meeting on June 12, 2023, Senior VP Iris Chen has been appointed to serve as the Corporate Governance Officer. The main responsibilities of this role are handling matters related to the Board of Directors meetings and the Shareholders' Meetings in accordance with the law, prepare minutes to Board meetings and Shareholders' Meetings, assist the directors in their</td><td>No significant difference.</td></tr>
</table>

Evaluation item	Implementation status			Discrepancies from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary	
law, and compiling minutes of board meetings and annual general meetings) on a full-time or part-time basis?			appointment and continuing education, provide the directors with the information needed to perform their business, and assist the directors in compliance with laws and regulations. Implementation status of relevant tasks in 2025 include the following: 1. Handle matters related to Board meetings and prepare minutes of Board meetings in accordance with the law. 2. Review whether the Board resolution constitutes a major announcement. 3. Assist directors with matters related to their continuing education (all directors' continuing education has been reported to the Market Observation Post System (MOPS)). 4. Assist in meeting procedures of the Shareholders' Meeting and compliance matters related to resolutions. 5. Pre-registration of Shareholders' Meeting dates is carried out in accordance with the law, meeting notices, meeting handbook and minutes are prepared within the legal period, and registration changes are handled after the amendment of the Articles of Incorporation and election of directors. 6. Promote the achievement of corporate governance goals and review the scoring requirements for each year's Corporate Governance Evaluation. 7. Arrange for communications between independent directors and internal auditors and CPAs. 8. Purchase liability insurance for directors, supervisors, and key staff members.	
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including without limitation shareholders, employees, customers, suppliers, etc.), and properly respond to corporate social responsibility issues that stakeholders are concerned about?	V		The Company has set up a designated section for stakeholders on our website, providing timely and sufficient information for stakeholders to make informed judgments. Additionally, stakeholders can also communicate with us through channels such as telephone or email.	No significant difference.
VI. Has the company designated a professional shareholder service agency to deal with matters of the shareholders' meeting?	V		Matters related to Shareholders' Meeting, including the scheduling of the Shareholders' Meeting agenda and the completion of relevant reporting procedures is arranged and planned by the Shareholder Agency Department of CTBC Bank.	No significant difference.
VII. Information disclosure				
(I) Has the company established a corporate website to disclose information regarding the company's financial, business, and corporate governance status?	V		(I) The Company has dedicated personnel to maintain and update our corporate website, ensuring timely disclosure of financial and business-related information for shareholders and the general public. Company website: http://www.hwacom.com.	No significant difference.
(II) Has the company established other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, or webcasting investor conferences on the company website)?	V		(II) The Company has appointed dedicated personnel to collect and disclose company information, and a spokesperson and deputy spokesperson system has been established to ensure the timely and proper disclosure of information that may affect the decision-making of shareholders and stakeholders.	No significant difference.
(III) Does the company announce and file the annual financial report within two months after the end of the fiscal year, and announce and declare the Q1, Q2 and Q3 financial reports and operating status of each month within the prescribed deadline?		V	(III) The Company completes the announcement and filing of annual and quarterly financial reports within the statutory deadlines, and submits monthly reports on the operational performance of each month.	Not specified.

Evaluation item	Implementation status			Discrepancies from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary	
VIII. 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, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		(I) Employee rights and interests: The Company has always treated employees with honesty and integrity, and safeguards their legal rights in accordance with the Labor Standards Act and the Company's personnel regulations. (II) Employee relations: The Company provides diverse channels for employees to express their opinions, fostering a sense of engagement. It establishes a positive, mutually-trusting relationship with employees through enriching and stabilizing employee welfare systems, providing excellent education and training programs. For instance, We provide allowances for employee club activities, employee travel allowances, group insurance coverage, health check-up services, parking subsidies, and transportation allowances. (III) Investor relations: The Company aims to maximize shareholders' interests and treats all shareholders fairly. It promptly discloses material information, such as financial and business updates, and insider shareholding changes, through the "Market Observation Post System (MOPS)" The company's spokesperson and shareholder services personnel are responsible for addressing shareholder suggestions. (IV) Supplier relations: The Company has always maintained a good relationship with suppliers and handles procurement related matters in accordance with the relevant procurement management procedures. (V) Stakeholder interests: The Company and our transacting banks fulfill rights and obligations based on contracts and relevant operational rules, ensuring the protection of both parties' legal interests. The Company provides sufficient information for stakeholders to understand its operations and financial conditions. Stakeholders may protect their lawful interests through communicating with the Company and making suggestions.	No significant difference. No significant difference. No significant difference. No significant difference. No significant difference.

6. Continuing education of directors and supervisors:

Title	Name	Required hours of training	Training unit	Training time	Course name	Hours	Note
Chairman	Gary Chen	6	International Project Management Association (IPMA)	2025/12/11 2025/12/18 2025/12/24	Case Studies on Enterprise Digital Transformation Financial Statement Analysis and Financial Accounting Trends Application of Generative AI and ChatGPT	9	Completed
Director	Ellen Weng	6	Securities & Futures Institute	2025/07/10	Challenges and Opportunities of Sustainable Development Paths and an Introduction to Greenhouse Gas Inventory Legal Obligations and Responsibilities of Directors and Supervisors and Workplace Prevention	6	Completed
Director	Alex Huang	6	International Project Management Association (IPMA)	2025/12/05 2025/12/09	Artificial Intelligence and Applications Generative AI and Integrated Applications	6	Completed
Representative of corporate director	Michael Huang	6	Taiwan Institute of Directors Corporate Operating and Sustainable Development Association	2025/01/17 2025/02/14 2025/03/07 2025/05/13 2025/07/04	Merger and Acquisition Strategy and Post-merger Integration Mergers and Acquisitions Experience Sharing and Strategic Organizational Integration Mergers and Acquisitions Transactions and Corporate Valuation and Verification Corporate Governance and Securities Regulations Secrets to Successful Corporate Investment and Mergers	15	Completed
Representative of corporate director	Alex Yang	6	Taiwan Corporate Governance Association	2025/09/30 2025/10/17	Corporate Innovation Growth and Artificial Intelligence Corporate Governance Officer and Sustainable Governance	6	Completed
Independent Director	Jason Lee	6	Taiwan Academy of Banking and Finance Taiwan Corporate Governance Association	2025/10/03 2025/11/13	Corporate Governance Forum Impact of ESG Risks and Opportunities on Financial Performance	6	Completed
Independent Director	Chorng-Shyong Ong	6	Securities & Futures Institute Taiwan Corporate Governance Association	2025/11/11 2025/11/13	Risks Related to Ethical Business Management, Employee Fraud, and Whistleblowing (Incl. Gender Equality) Impact of ESG Risks and Opportunities on Financial Performance	6	Completed
Independent Director	Cllin Lin	6	Securities & Futures Institute International Project Management Association (IPMA)	2025/07/25 2025/08/20	Battle of the Wafer: The Impact of TSMC's Key Technologies and Global Footprint on the Semiconductor Industry Analysis of Artificial Intelligence Trends and Enterprise Risk Management Strategies	6	Completed
Independent Director	Lu, Yang-Cheng	6	Independent Director Association Taiwan	2025/07/14 2025/08/04	Latest Developments and Practices in Money Laundering Prevention and Combating Terrorist Financing Forward-looking Development of Financial Supervision and Financial Innovation	6	Completed

7. Implementation of risk management policies and risk assessment standards: The Company has established internal regulations in accordance with applicable laws to conduct various risk management and assessments.

(1) Risk management policies

- ■ Promoting a risk management-oriented business model.
- ■ Establishing mechanisms for early identification, accurate measurement, effective monitoring, and strict control over risks.
- ■ Constructing a comprehensive risk management system across the entire company to keep risks within tolerable or controllable limits.
- ■ Deploying best practices in risk management and achieving continuous improvement.

(2) Risks and management framework

Major risks	Level 1 Control Mechanisms Responsible risk management units	Level 2 Control Mechanisms Risk Assessment Mechanism	Highest Decision-making and Supervisory Mechanisms
Operational Risk	Business Units, Technical Support Units	Business Development Management Committee	Highest Decision-making Mechanism: Board of Directors Supervisory Mechanism: Audit Dept.
Technological and Industry Changes	Marketing Units, Technical Support Units		
Cybersecurity Risk	Information Unit		
Market risk ■ Competitors' Actions ■ New Service Development	Marketing Units, Technical Support Units		
Policies and Compliance	President's Office		
Maintaining Corporate Image	Marketing Units		
Investment and Reinvestment	Finance Unit		
Employee Safety, Employee Conduct, Ethics, and Integrity	Administrative Unit		
Interest Rate, Exchange Rate, and Financial Risks	Finance Unit		
Fund Loans to Others, Endorsements and Guarantees, Derivative Financial Instruments, and Capital Management	Finance Unit		
Expression of Financial Statements	Accounting Unit		
Litigation and Non-Litigation Matters	Legal Units		
Changes in Shareholding of Directors, Supervisors, and Major Shareholders	Shareholders Services Unit		
Board Meeting Management	Shareholders Services Unit		

8. The execution of customer relations policies: The Company maintains a strong and stable relationship with customers, providing them with exceptional services to generate profits for the Company and creates synergistic growth for both parties.
9. Status of purchase of liability insurance by the company for directors and supervisors: The Company has purchased liability insurance for directors and supervisors.
10. Licenses and certificates held by personnel involved in transparency of financial information:
  (1) President's Office: 2 CPA.
  (2) Accounting and Management Department: 2 CPA, 3 Bookkeepers who have passed the general professional examination.
11. Participation of managers in training and continuing education related to corporate governance:

Title	Name	Organizer	Training time	Course name	Hours of training	Note
President	Gary Chen	International Project Management Association (IPMA)	2025/12/11 2025/12/18 2025/12/24	Case Studies on Enterprise Digital Transformation Financial Statement Analysis and Financial Accounting Trends Application of Generative AI and ChatGPT	9	
Vice President	Ellen Weng	Securities & Futures Institute	2025/07/10	Challenges and Opportunities of Sustainable Development Paths and an Introduction to Greenhouse Gas Inventory Legal Obligations and Responsibilities of Directors and Supervisors and Workplace Prevention	6	

Vice President	Alex Huang	International Project Management Association (IPMA)	2025/12/05 2025/12/09	Artificial Intelligence and Applications Generative AI and Integrated Applications	6	
Vice President	Alex Yang	Taiwan Corporate Governance Association	2025/09/30 2025/10/17	Corporate Innovation Growth and Artificial Intelligence Corporate Governance Officer and Sustainable Governance	6	
COO (Information Security Officer)	Simon Wang	Taiwan Academy of Banking and Finance	2024/12/1~2025/3/31	Guidelines for Information Security Control of Listed Companies - E-course Information Security Incident Description and Preventive Measures - E-course Information Security Awareness, Essential Knowledge and Responsibilities – E-course	6	
Senior VP (Information security personnel)	Jerry Yang	Taiwan Academy of Banking and Finance	2024/12/1~2025/3/31	Guidelines for Information Security Control of Listed Companies - E-course Information Security Incident Description and Preventive Measures - E-course Information Security Awareness, Essential Knowledge and Responsibilities - E-course	6	
Corporate Governance Officer	Iris Chen	International Project Management Association (IPMA) Securities & Futures Institute Taiwan Corporate Governance Association	2025/12/11 2025/12/18 2025/12/23 2025/12/30	Case Studies on Enterprise Digital Transformation How Directors/Supervisors Supervise Company Establishment and Promotion of Comprehensive Risk Management Systems Directors and Senior Executives of Listed Companies' Understanding of Supervision by Competent Authorities Corporate Sustainability and Lean Production	12	

IX. Explain improvements made according to Corporate Governance Evaluation results released in the most recent year by the Corporate Governance Center of Taiwan Stock Exchange and provide priorities to be reinforced and measures among those pending improvement.

The Company makes improvements in areas that did not meet the benchmarks in accordance with the Corporate Governance Evaluation results in each year:

The Company, having scored in the top 51 to 65 percentile in the tenth Corporate Governance Evaluation, has chosen to prioritize the strengthening of "enhancement of Board structure and operations" aspect. In 2024, the Company's Remuneration Committee has held at least two meetings, with over half of the committee members being independent directors, and all committee members have attended at least two meetings.

(IV) If the company has set up a Remuneration Committee, disclose its composition, duties, and operations:

1. Information on members of the Remuneration Committee

Identity	Criteria / Name	Professional qualifications and experience	Independence status	Number of other public companies in which the member also serves on their Remuneration Committee
Independent Director Convener	Jason Lee	Master of Business Administration, NTU President of Da Hwa International Securities Investment Consulting Co., Ltd	None of the conditions set forth in Items 1 to 9, Paragraph 1, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" have been found, and conditions of independence have been met.	0
Independent Director Committee member	Chorng-Shyong Ong	Doctor of Business Administration, NTU Deputy Dean of College of Management, NTU Member of Board of Examiners of Civil Service Examinations Adjunct Professor of Information Management, NTU	None of the conditions set forth in Items 1 to 9, Paragraph 1, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" have been found, and conditions of independence have been met.	1
Independent Director Committee member	Cllin Lin	Adjunct Professor of Department of Technology for Smart Living, Huafan University Adjunct Professor, Department of Electrical Engineering, Asia Eastern University of Science and Technology Member of the Company's Remuneration Committee	None of the conditions set forth in Items 1 to 9, Paragraph 1, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" have been found, and conditions of independence have been met.	0

Note: Meet the independence criteria: Describe circumstances of independence as a member of the Remuneration Committee, including but not limited to whether the individual, the individual's spouse or relatives within the second degree serve as directors, supervisors, or employees of the Company or its affiliated companies. Whether the independent directors, their spouses and relatives within second degree of kinship holds shares of the Company in their own names or in any third party's name and the ratio of shareholding. Whether or not the independent director serves as a director, supervisor, or employee of a company with a specific relationship to the Company (refer to Article 6, Paragraph 1, Items 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange). Amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliates in the last two years.

2. Operations of the Remuneration Committee

(1)The Company's Remuneration Committee consists of three members.

(2)Current term: From Friday, June 20, 2025 to Tuesday, June 20, 2028. The Remuneration Committee held 4 meetings (A) in the most recent fiscal year, and the qualifications and attendance of its members are as follows:

Title	Name	Number of actual attendance (B)	Attendance by proxy	Actual attendance rate (%) [B/A]	Note
Convener	Jason Lee	4	0	100%	None
Committee member	Chorng-Shyong Ong	4	0	100%	None
Committee member	Cllin Lin	3	0	100%	2025/6/20 Elected

Other matters that require reporting:

I. In the event the Board of Directors does not adopt or wishes to amend the proposals of the Remuneration Committee, please state the date and number of the Board meeting, the content of the proposals, resolution from the Board of Directors, and the method the opinion from the Remuneration Committee was handled (e.g., if the salaries and compensations approved by the Board was higher than the suggested levels from the Remuneration Committee, please state the differences and reasons): Not applicable.

II. If a member opposes a resolution the Remuneration Committee has adopted or has qualified opinions for which there is a written record or a statement, the date and session of the Remuneration Committee meeting, the resolution, opinions of all the members, and the handling of their opinions shall be indicated: Not applicable.

For the most recent year up to the date of publication of the Annual Report, the resolutions and results of the Remuneration Committee are as follows; all resolutions have been passed unanimously by all members present, without any objections or reservations.

3. Information on the Nomination Committee and Operations: The Company has not established a Nomination Committee.

(V) Implementation status of sustainable development and deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons

Implementation item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons for deviation
	Y	N	Summary	
I. Has the company established a governance framework to promote sustainable development and a dedicated department (or have another department be responsible for related efforts) for fulfilling sustainable development, with the board of directors authorizing high-level managers to handle such efforts, and having relevant progress be supervised by the board of directors?	V		(I) In the face of a rapidly changing global environment and industry trends, the Company is well aware that information security and sustainable development have become the core cornerstones of long-term business operations. In accordance with the vision and mission of our ESG policy, the Company has established the Board of Directors as the highest decision-making body for sustainable development-related issues and established the "Sustainable Development Committee" under the Board of Directors in 2023. Its members include the Chairman and General Manager and the Vice President. (II) The Sustainable Development Committee has established the "ESG Promotion Center," in which the COO serves as its Executive Secretary. This center consists of the Corporate Governance Team, Environmental Protection Team, Employee Care Team, Social Engagement Team, Information Security Center, and the Finance and Accounting Department (IFRS). Each is concurrently served by respective department supervisors. The "ESG Promotion Center" serves as a cross-departmental communication platform that links different functions together both horizontally and vertically. Through periodic monthly meetings, it identifies sustainability issues of concern to the Company's operations and stakeholders, formulates corresponding strategies and work guidelines, plans and implements annual projects, and tracks the effectiveness of implementation to ensure that sustainability strategies are fully implemented in the Company's daily operations. (III) The Sustainable Development Committee proposes ESG strategies annually, and the Board of Directors makes decisions based on its professional assessment of the likelihood of the strategies' feasibility. The Audit Committee reviews the implementation of the strategies regularly (once every six months) and urges various teams to make adjustments when necessary. The Sustainable Development Committee convenes quarterly meetings to review the	No significant difference.

<table>
<tr><th rowspan="2">Implementation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons for deviation</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Company's ESG initiatives.
The COO also reports on the progress of the Sustainable Development Committee to the Board of Directors once per year.
(IV) For 2025, the Sustainable Development Committee reported its performance to the Board of Directors on November 10, 2025.</td><td></td></tr>
<tr><td>II. Does the company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies accordingly?</td><td>V</td><td></td><td>(I) This disclosure covers the Company's sustainability performance from January 2025 to December 2025.
(II) The Sustainable Development Committee analyzes ESG issues based on the principle of materiality in the Sustainability Report, communicates with internal and external stakeholders, and integrates assessment data from various departments to evaluate significant ESG issues. Then, it establishes concrete action plans for effective identification, assessment, supervision, and management in order to lower the impact of related risks.
After assessing the risks, the following risk management policies or strategies have been stipulated:
1. Environment - Environmental impact and management: The TCFD framework is used to construct the Company's climate risk identification process. Cross-departmental discussions on results from climate-related risks and opportunities.
2. Social - Occupational health and safety: Regular fire drills and training sessions are conducted annually to cultivate employees' emergency response and self-safety management capabilities, preventing employees from approaching situations that may cause injury or illness.
3. Corporate governance -
a.Socioeconomic and compliance: By establishing a governance structure and implementing internal control mechanisms, we ensure that all our personnel and operations comply with relevant laws and regulations.
b.Strengthening the powers of the directors:
-Provide directors with relevant continuing education topics and provide them with the latest regulations, institutional developments and policies every year.
- Purchase directors' liability insurance to protect them from litigations or claims.
c.Communication with stakeholders: Establish various communication channels, communicate actively, and reduce confrontation and misunderstandings. An</td><td>No significant difference.</td></tr>
</table>

Implementation item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons for deviation
	Y	N	Summary	
			investor mailbox has been set up, and our spokesperson is responsible for handling and responding to inquiries. (III) The Company holds regular operational meetings on a monthly basis, as well as quarterly Board meetings to discuss issues related to CSR as well as to evaluate and the potential risk occurrences. This assessment also encompasses the operational risks that are likely to occur to subsidiaries. Based on the assessed risk levels, appropriate strategies are formulated to ensure the normal functioning of the Company.	
III. Environmental issues (I) Has the company developed an appropriate environmental management system, given its distinctive characteristics? (II) Is the company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment? (III) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate countermeasures accordingly? (IV) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on GHG reduction, water use reduction, or waste management?	 V V V		(I) Environmental management requirements are not applicable given the nature of our industry, and therefore, relevant systems have not been established. (II) The Company promotes an office supplies recycling and reuse program to enhance resource utilization efficiency, aiming to effectively utilize and recycle resources. (III) Since 2016, the Company has been participating annually in the surveys conducted by international organizations CDP (known as Carbon Disclosure Project) and EcoVadis, and has disclosed information regarding greenhouse gas emissions, water consumption, waste, and more. We have also implemented policies to promote energy efficiency, carbon reduction, and water conservation. The Company publishes a TCFD Report every year to disclose how the Company's operations respond to the impacts and risks caused by climate change. (IV) The Company calculates carbon emissions and water consumptions as a part of the CDP and EcoVadis questionnaire survey process. Furthermore, we have implemented energy conservation and carbon reduction measures throughout the office, such as temperature control for air conditioning, the use of high-efficiency and low-power lighting equipment, while preventing simultaneous use of high-power appliances in the same outlet, turning off lights in unoccupied spaces, and encouraging employees to use stairs instead of elevators. We actively promote energy conservation and environmental awareness among our staff, regularly evaluate energy-saving effectiveness, and strive to meet international and domestic environmental standards as part of our ongoing efforts.	No significant difference.
IV. Social topics			(I) To fulfill corporate social responsibility and protect the basic human rights of	The Company has

Implementation item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons for deviation
	Y	N	Summary	
(I) Has the company developed its policies and procedures in accordance with laws and the International Bill of Human Rights? (II) Does the company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee remuneration? (III) Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues? (IV) Does the company have in place effective tools to help employees with career planning and development? (V) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection or customer rights protection and grievance procedure policies implemented? (VI) Does the company implement supplier management policies, requiring suppliers to observe relevant	V V V V V V		employees and stakeholders, the Company respects, supports and voluntarily abides by internationally recognized human rights norms and principles, including the Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work. We prohibit human rights violations, and have established Procedures on Human Rights Management. In 2025, the Company held human rights protection-related training to a total of 802 participants, and cumulatively reaching a total training time of 705 hours. We also regularly publish relevant human rights information to our employees. (II) Employee salaries are determined based on rankings, functions, and work experience, with periodic salary adjustments and promotions based on performance. Bonuses are also provided to employees based on their performance, and employee remuneration is allocated according to the Company's Articles of Incorporation. (III) Ensuring workplace safety 1. The Company has established contingency handling procedures that clearly define response and contingency measures so as to ensure the safety of personnel and assets, mitigate disasters, facilitate rapid recovery, and prevent or minimize accidents. 2. We purchase group insurance for employees, including life insurance, accident insurance, general hospitalization medical insurance and accident medical insurance, etc., and have filed for higher accident insurance coverage for employees working at heights or engaging in higher-risk work. 3. We regularly conduct employee health check-ups, strengthen accident and medical insurance coverage for employees in high-risk roles, and plan training courses related to labor safety. We also encourage employees to obtain relevant professional licenses and enhance workplace safety inspections. 4. To prevent sexual harassment and ensure gender equality in the workplace, regulations on sexual harassment prevention and a Sexual Harassment Council are established, and relevant provisions and complaint channels are posted on the Company's internal website to regulate employees' behavior in the workplace. Committed to employee safety and health	not developed management policies and procedures that directly follow the International Bill of Human Rights. No significant difference.

Implementation item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons for deviation
	Y	N	Summary	
regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.			The Company aims to provide a safe, healthy, and comfortable working environment by promoting health and safety management to instill proper awareness and maintaining physical and mental well-being among employees. The following measures are implemented: 1. Compliance with environmental protection, safety, and health-related laws and regulations in addition to other requirements. 2. To reduce potential hazards in the work environment, new employees must complete general safety and health education training for new workers upon arrival. In addition, we also conduct quarterly fire safety protection training courses, regular building fire safety inspections every six months, and purchase commercial fire insurance for workplaces and equipment. 3. Enhancing health education and implementing health check-up to ensure effective health management. 4. Encouraging energy conservation and reducing resource wastage. 5. Implementing access control systems in major equipment rooms and office areas to ensure security of personnel and property. 6. Implementing energy conservation and carbon reduction initiatives to address global warming. (IV) Regular employer-employee meetings are held, and through the joint participation of employees and the management as well as sufficient communications between the two parties, we have established a very harmonious employer-employee relationship. The Company regularly conducts employee education and training programs, and encourages employees to obtain relevant professional licenses. (V) The Company has a dedicated customer service unit to handle consumer-related services. Our products and services comply with national regulations, and a dedicated customer service email has been set up: service@hwacom.com. (VI) 1. Supplier selection is based on relevant operational evaluations. Prior to engaging with suppliers, the Company requires them to comply with laws and regulations to avoid causing environmental pollution. We select suppliers through a fair, just, and rigorous procurement tender process based on the principles of transparency.	

Implementation item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons for deviation
	Y	N	Summary	
			2. While our contracts do not explicitly state the termination or rescission of contracts for suppliers in violation of their corporate social responsibility policies, we periodically assess the qualifications of suppliers as a basis for continuing transactions. 3. The Company collaborates with suppliers on social care initiatives to enhance corporate social responsibility on an ongoing basis. 4. The Company has established an "Ethical Corporate Management Operating Procedures and Code of Conduct", and Article 14 of which is a statement on protecting consumer rights. We have a customer service hotline available on our official website, which serves as a provision for protecting consumer rights. (VII) The Company's involvement in community development and charitable activities is as follows: 2025/01/02 Donated NT$7,000 worth of supplies to the schoolchildren at Keelung Municipal Jhengbin Elementary School and Keelung Municipal Siandong Elementary School 2025/01/24 Donated NT$32,689 in year-end supplies to underprivileged students at New Taipei City Beigang Elementary School 2025/06/20 Donated NT$20,000 as scholarship to the orphans at the Seed of Love Education Foundation 2025/11/21 Donated NT$17,940 for Lunar New Year meals to New Taipei City Beigang Elementary School and Shen-Ao Elementary School 2025/12/23 Donated NT$10,000 to the construction of a children's home for of the Chung Yi Social Welfare Foundation 2025/01/24 Donated NT$8,423 worth of year-end supplies to Xizhi Sky'Ai Elderly Care Center 2025/04/18 Donated NT$2,500 to Xizhi Sky'Ai Elderly Care Center for Mother's Day cakes 2025/08/01 Donate NT$2,500 for Father’s Day cake for Xizhi Sky'Ai Elderly Care Center 2025/09/25 Donated NT$10,190 worth of supplies to the elderly at the Shuangxi District Office in New Taipei City	

Implementation item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons for deviation
	Y	N	Summary	
			2025/12/23 Donated NT$14,000 for Huashan Foundation's 36th Winter Feast for the Poor 2025/01/24 Donated NT$13,408 worth of year-end supplies and free haircuts to the residents with disabilities at Love-Tree Foundation 2025/07/11 Donate NT$9,050 for a movie screening for the residents with disabilities at Love-Tree Foundation 2025/08/14 Donated NT$6,666 worth of free haircuts to the residents with disabilities at Love-Tree Foundation 2025/05/16 Donated NT$10,000 to Lu at Tucheng Community Welfare Center 2025/06/27 Donated NT$10,000 to Geen at Tucheng Community Welfare Center 2025/07/11 Donated NT$10,000 for emergency relief to Su at Tucheng Community Welfare Center 2025/09/15 Donated NT$20,000 to Wang at Tucheng Community Welfare Center 2025/10/13 Donated NT$10,000 to Lai at Tucheng Community Welfare Center 2025/02/21 Donated NT$7,560 worth of Ensure nutritional supplements to the Shuangxi District Office 2025/03/11 Donated NT$20,292 to the In-Kind Bank - Banqiao 2/Taiwulin/Zhonghe 2025/06/02 Donate NT$9,339 to the food banks at the Danshui/Yonghe Social Welfare Centers 2025/10/23 Donated NT$4,344 to Taiwulin Social Welfare In-Kind Bank Donated NT$5,028 to Yonghe Social Welfare In-Kind Bank 2025/06/27 Donated NT$10,000 to the food bank at Andrew Charity Association 2025/08/14 Donated NT$50,000 for disaster relief efforts following Typhoon Danas in central and southern Taiwan on July 6th, 2025 2025/08/29 Donated NT$100,000 to sponsor marathon event from Seed of Love Education Foundation 2025/10/01 Donated NT$20,000 to disaster relief efforts for the Fata'an landslide dam in Hualien 2025/04/18 Donated NT$15,000 to Mother's Day cakes for students of Keelung City Shenmei Elementary School and Badou Senior High School 2025/05/23 Donated NT$17,940 for rice dumpling collection for Badou Junior High School and Keelung City Shenmei Elementary School	

<table>
<tr><th rowspan="2">Implementation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons for deviation</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>2025/08/21 Donated NT$15,960 to purchase moon cakes for Mid Autumn Festival for students from Badou Junior High School and Keelung City Shenmei Elementary School
2025/10/31 Donated NT$20,000 to Charity Meal Voucher for Students Program at Taipei TKU Alumni Association
2025/07/03 Donated NT$2,000 to purchase flower basket for the graduation ceremony of New Taipei City Beigang Elementary School</td><td></td></tr>
<tr><td>V. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third-party assurance or guarantees for the preceding reports?</td><td></td><td>V</td><td>The Company discloses relevant and reliable corporate social responsibility information in our Annual Reports prepared for the Shareholders' Meeting. For the Company's Corporate Social Responsibility Report, please refer to the Company's website at: https://www.hwacom.com/web/esgreport.html.</td><td>No significant difference.</td></tr>
<tr><td colspan="5">VI. Describe the deviations, if any, between actual practice and the sustainable development regulations, if the company has formulated such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies: No difference.
VII. Other important information to facilitate a better understanding of the Company's implementation of sustainable development:
(I) Environmental Protection: The Company handles waste generated from production in accordance with environmental regulations, and have centralized management and classification for household waste. We also comply with environmental laws and regulations to ensure environmental protection and resource conservation.
(II) Community Involvement, Social Contribution, Community Service, and Social Welfare: The Company actively participates in various activities organized by social welfare organizations to assist the underprivileged in society, promoting community engagement and fostering social solidarity.
(III) Consumer Rights: We are committed to product quality and safety, address customer complaints on a timely basis, and provide comprehensive product information to safeguard consumer rights.
(IV) Human Rights:
1. The contents of the Company's personnel regulations all adhere to the provisions of the Labor Standards Act, and employee-related matters are all handled by dedicated personnel to safeguard employees' rights.
2. The Company prohibits gender-based discrimination in the recruitment, selection, promotion, performance evaluation, or advancement of job applicants or employees. We also have established relevant measures and regulations to ensure equal treatment.
(V) Safety and Health:
The Company aims to provide a safe, healthy, and comfortable working environment by promoting health and safety management to instill proper</td></tr>
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<table>
<tr><th rowspan="2">Implementation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons for deviation</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td colspan="5">awareness and maintaining physical and mental well-being among employees. The following measures are implemented:
1. Compliance with environmental protection, safety, and health-related laws and regulations in addition to other requirements.
2. To reduce potential hazards in the work environment, new employees must complete general safety and health education training for new workers upon arrival. In addition, we also conduct quarterly fire safety protection training courses, regular building fire safety inspections every six months, and purchase commercial fire insurance for workplaces and equipment.
3. Enhancing health education and implementing health check-up to ensure effective health management.
4. Encouraging energy conservation and reducing resource wastage.
5. Implementing access control systems in major equipment rooms and office areas to ensure security of personnel and property.
6. Implementing energy conservation and carbon reduction initiatives to address global warming.</td></tr>
</table>

Climate-Related Information

1.Implementation of Climate-Related Information

<table>
<tr><th>Item</th><th>Status of Implementation</th></tr>
<tr><td>1. Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and management.</td><td>1. In the face of a rapidly changing global environment and industry trends, the Company recognizes that information security and sustainable development are the cornerstones of long-term corporate viability. In alignment with the vision and mission of our ESG policy, the Board of Directors serves as the supreme decision-making body for sustainability-related issues. In 2023, the Company established the "Sustainability Development Committee" under the Board of Directors, with the Chairman & President and the Vice President serving as committee members.
2. Under the "Sustainable Development Committee," the "ESG Promotion Center" has been established, with the Chief Executive Officer (CEO) serving as the Executive Secretary. The center comprises the Corporate Governance Team, Environmental Protection Team, Employee Care Team, Social Engagement Team, Information Security Center, and Finance & Accounting Department (IFRS), with the heads of respective departments concurrently serving as team leaders. The "ESG Promotion Center" functions as a cross-departmental communication platform that integrates top-down and horizontal alignment. Through monthly routine meetings, it identifies material sustainability issues critical to corporate operations and stakeholder interests, formulates corresponding strategies and guidelines, plans and executes annual programs, and tracks performance outcomes to ensure that sustainable development strategies are fully integrated into the Company's daily operations.
3. The Sustainable Development Committee reported its 2025 performance outcomes to the Board of Directors on November 10, 2025.</td></tr>
<tr><td>2. Describe how the identified climate-related risks and opportunities impact the Company's business, strategy, and financials (over the short, medium, and long term).</td><td>Based on the materiality principles of the sustainability report, the Sustainable Development Committee conducts analyses, communicates with internal and external stakeholders, and integrates assessment data from various departments. This process serves as the basis for evaluating material ESG issues, establishing risk management policies for effective identification, measurement, assessment, oversight, and control, and implementing concrete action plans to mitigate the impacts of related risks.
Based on the assessed risks, the relevant risk management policies or strategies have been formulated as follows:
<table>
<tr><th>Period</th><th>Topic</th><th>Impact</th><th>Strategy</th></tr>
<tr><td>Short to Medium Term</td><td>Regulatory Updates</td><td>Mandatory regulatory schedules for greenhouse gas (GHG) inventory and assurance, requiring organization-wide mobilization to initiate data collection.</td><td>1. Optimize cross-departmental human resource allocation and responsibility coordination mechanisms based on the promotional goals of each functional team to ensure that carbon reduction projects receive adequate resources and are executed efficiently.
2. Continuously optimize and upgrade the GHG inventory system to comprehensively enhance the automation and precision of data collection.
3. Expand the implementation of cross-level training on carbon reduction and energy management to integrate net-zero awareness into corporate culture, comprehensively elevating all employees' energy-saving consciousness and core carbon management capabilities.</td></tr>
<tr><td>Short, Medium, and Long</td><td>Sustainability Collaboration and</td><td>Bi-directional sustainability compliance across the value</td><td>Mobilize internal organizational resources and align external value chain partners to convert regulatory pressures into</td></tr>
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<table>
<tr><td></td><td><table><tr><td>Term</td><td>Compliance Requirements Across the Value Chain</td><td>chain is critical to securing business continuity and supply chain resilience.</td><td>collective competitive advantages, thereby safeguarding the operational robustness of the entire supply chain.</td></tr></table></td></tr>
<tr><td>3. Describe the financial impacts of extreme weather events and transition actions.</td><td>(I) Financial Impacts of Extreme Weather Events (Physical Risks)
1. Acute weather events, including typhoons, floods, and earthquakes, could jeopardize operating facilities, data centers, and network infrastructure, resulting in operational disruptions, asset damage, or supply chain bottlenecks.
2. Chronic climate changes—such as rising sea levels, resource scarcity, and ecosystem shifts—may imperil the stability of utility supplies (water and electricity) and escalate costs, triggering price volatility or shortages in raw materials that could adversely affect corporate operations and profitability.
(II) Financial Impacts of Transition Initiatives (Transition Risks)
1. Policy and Legal: In response to the latest regulatory updates or policy mandates—such as carbon emission controls, energy efficiency standards, and new environmental regulations—operating costs may increase, and project bidding success rates or profitability may be affected. Resources must be invested to make compliance adjustments.
2. Technology: Legacy products or technologies risk being displaced by low-carbon alternatives. To satisfy growing customer demands for green energy or equipment, the Company must upgrade to energy-saving solutions or invest in R&D to sustain its market edge.</td></tr>
<tr><td>4. Disclose how the processes for identifying, assessing, and managing climate-related risks are integrated into the enterprise-wide risk management framework.</td><td>The Company has integrated climate risks into its enterprise risk management framework. Guided by the ISO 31000 Risk Management Guidelines and utilizing the PDCA operational cycle, the ESG Promotion Center collaborates with cross-functional members to identify climate risks and devise mitigation strategies in alignment with the "Risk Management Policy," with performance outcomes regularly reported to the Board of Directors.
(I) Adaptation Measures:
● Institutionalize climate change risk assessment mechanisms.
● Purchase energy-efficient equipment and improve energy efficiency.
● Through R&D innovation, provide AI-powered and resilient ICT (Information and Communications Technology) solutions to help our own operations save energy and reduce carbon emissions, while enabling rapid detection, response, and recovery from operational anomalies caused by natural disasters.
● Deploy a fleet management system to monitor real-time carbon emissions and mileage data of company vehicles. By leveraging precise analytics on driving behavior and vehicle utilization, the Company optimizes vehicle allocation, minimizes empty runs and idle rates, and maximizes overall fleet efficiency.
(II) Proactive Adaptation Actions Can Transform Risks into Business Opportunities:
● Collaborate with strategic partners to develop high-performance network equipment and data storage system solutions, and introduce AI into data centers and telecommunications infrastructure to optimize performance.
● Through R&D and innovation, provide AI-powered, resilient new products and services to help ourselves and our customers save energy and reduce carbon emissions, while achieving the sustainable development goal of continuous corporate revenue growth.</td></tr>
<tr><td>5. Where scenario analysis is deployed to evaluate resilience to climate change risks, the specific scenarios, parameters, assumptions, analytical variables, and primary financial impacts applied must be disclosed.</td><td>Adhering to the TCFD and ISSB sustainability disclosure standards, the Company has selected two internationally authoritative scenario frameworks to conduct scenario analysis and stress testing, aimed at evaluating the resilience of our ICT system integration business against climate change.

Centering on the "1.5°C Global Low-Carbon Transition" and "4°C Severe Physical Climate Impact" pathways, the structured mapping of relevant parameters, assumptions, analytical variables, and primary financial impacts is detailed below:
● Operational Boundary & Assumptions: The assessment encompasses all existing headquarters, O&M facilities, and project deployment sites across Taiwan. Under the baseline scenario, it assumes sustained business growth while conservatively omitting</td></tr>
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the mitigation impacts of future carbon-reduction initiatives.

Transition Scenario Parameters (1.5°C): Referencing Taiwan’s Climate Change Response Act and the Ministry of Environment’s plans, the domestic carbon fee is set starting at NT$300 per metric ton in the short term, and rising to over NT$1,000 per metric ton in the medium term (2030) in line with international trends; the market price of Renewable Energy Certificates (RECs) is assumed to fluctuate continuously.
Physical Scenario Parameters (4°C): Referencing data from the Central Weather Administration (CWA) and the Taiwan Climate Change Projection Information Platform (TCCIP), parameters are set based on the increasing probabilities of regional power outages and localized flooding driven by severe typhoons and extreme precipitation in Taiwan, alongside a year-on-year increase in the number of high-temperature days nationwide.

<table>
<tr><td>Analytical Variables</td><td>Operational & Strategic Impacts</td><td>Primary Financial Impacts</td></tr>
<tr><td>Extreme Storms and Torrential Rains</td><td>The Company undertakes numerous engineering projects across Taiwan, including smart transportation (such as national highways and railway systems), outdoor surveillance, and network cabling. Extreme weather will force outdoor projects to suspend operations or cause logistics delays.</td><td>Revenue Deferral and Compliance Penalties.
The extension of project completion timelines affects short-term revenue recognition. Furthermore, schedule delays may generate project breach-of-contract penalties or raw material wastage costs.</td></tr>
<tr><td>Grid Instability and Extreme Heatwaves</td><td>Climate anomalies increase the pressure on Taiwan's power supply. If the headquarters or managed operation and maintenance (O&M) data centers interrupt services due to regional power outages or blackouts.</td><td>Business Interruption and Data Recovery Costs
This triggers risks of customer compensation claims caused by ICT service interruptions, and increases capital expenditures (CapEx) and maintenance expenses for backup power systems.</td></tr>
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<tr>
<td>6. Where a transition plan is implemented to mitigate climate-related risks, the components of the plan, along with the specific metrics and targets utilized to identify and manage both physical and transition risks, must be disclosed.</td>
<td>

Greenhouse Gas & Energy Footprint Management (Continuous Carbon Reduction): Deploy high-performance AI data centers, digital twin management frameworks, and AI-driven chiller energy optimization engines capable of recommending parameter adjustments that slash electricity consumption by over 10%.
High-Efficiency Green Workspaces (Smart Energy Conservation): Continuously evaluate and execute phased replacements of legacy, energy-intensive appliances—specifically upgrading HVAC (heating, ventilation, and air conditioning) and lighting systems to premium energy-efficient models.
Waste Mitigation (Source Reduction): Embed circular economy principles into daily operations, adhering to the 5R framework—"Refuse, Reduce, Reuse, Repair, and Recycle"—to maximize resource efficiency.
Water Conservation & Indirect Carbon Reduction (Water Stewardship): Install water-saving fixtures across office facilities—including low-flow toilets, sensor-activated urinals, and automated faucets—to minimize daily domestic water footprints.

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<tr>
<td>7. Where internal carbon pricing is deployed as a strategic planning tool, the methodology and basis for pricing determination must</td>
<td>At present, an internal carbon pricing mechanism has not yet been established.</td>
</tr>
</table>

be disclosed.	
8. Where climate-related targets are established, details regarding the scope of activities, greenhouse gas (GHG) emission scopes, target timelines, and year-on-year progress must be disclosed. If carbon offsets or Renewable Energy Certificates (RECs) are leveraged to achieve these targets, the underlying sources and volumes of the carbon credits retired, or the quantities of RECs utilized, must be disclosed.	In accordance with Article 10, Paragraph 2 of the Regulations, the Company has established greenhouse gas (GHG) inventory targets as explained below: 1. Achieve full GHG inventory compliance for the parent company by fiscal year 2026. 2. Achieve full GHG inventory compliance for all consolidated subsidiaries by fiscal year 2027.
9. Details regarding greenhouse gas (GHG) inventories, assurance status, reduction targets, carbon mitigation strategies, and concrete action plans are outlined below.	

2. Greenhouse Gas (GHG) Inventory and Assurance Status for the Most Recent Two Fiscal Years

(1) GHG Inventory Information: GHG emissions (metric tons of CO_2 e), intensity (metric tons of CO_2 e/NT$ million), and data coverage for the most recent two fiscal years.

Emission Scope	2024 Emissions (metric tons of CO_2 e)	2025 Emissions (metric tons of CO_2 e)
Scope 1	640.4137	1,062.2642
Scope 2	762.7165	716.6333
Scope 3	2,070.3261	3,676.3460
Total GHG Emissions	3,473.4563	5,455.2435

Note 1: Scope 1 represents direct greenhouse gas (GHG) emissions.
Note 2: Scope 2 represents energy indirect greenhouse gas (GHG) emissions.
Note 3: Scope 3 represents other indirect greenhouse gas (GHG) emissions. (The Company's Scope 3 sources primarily include capital goods, business travel, and employee commuting, among others.)

((2) GHG Assurance Information: As of the date of publication of this annual report, the GHG inventory information for the most recent two fiscal years has not yet undergone assurance.

The Company will complete the GHG inventory and assurance operations in accordance with the timeline planned under the Financial Supervisory Commission's (FSC) "Sustainable Development Roadmap for TWSE/TPEx Listed Companies."

3. GHG Reduction Targets, Strategies, and Concrete Action Plans

3.1 GHG Reduction Base Year and Inventory Roadmap

- The Company actively responds to the policy guidelines of the Financial Supervisory Commission's (FSC) "Sustainable Development Roadmap for TWSE/TPEx Listed Companies," adopting a phased strategy to gradually expand the boundary of our greenhouse gas (GHG) inventory. We comprehensively cover major operating locations and key emission sources across Taiwan, and continuously improve our GHG data management mechanism.
- To ensure the reliability and consistency of environmental information, the Company will utilize the GHG inventory data verified and assured by an independent third-party institution as the base year. Based on this, we will scientifically review our overall energy structure and formulate short-, medium-, and long-term carbon reduction pathways that align with the characteristics of the Company's core business.

3.2 Reduction Targets, Strategies, and Concrete Action Plans

- The Company commits to a core management objective of "reducing average annual energy consumption by 1%." By driving the three strategic pillars of "Low-Carbon Operations, Smart Energy Management, and Active Employee Engagement," we orchestrate a multi-faceted approach to bolster our green operational resilience.

3.3 Target Achievement Tracking & Rolling Evaluation Mechanisms

- The Sustainable Development Committee periodically tracks the implementation performance of various energy-saving and carbon-reduction projects, and regularly reports the execution status to the Board of Directors, ensuring that the Company's energy management and reduction action plans seamlessly align with global net-zero trajectories.

(VI) Implementation of ethical corporate management and measures and departure from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons:

Evaluation item	Implementation status (Note 1)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary	
I. Establishment of ethical corporate management policy and approaches (I) Has the company established the ethical corporate management policies approved by the board of directors and stated the policies and practices in its bylaws or external correspondence to maintain business integrity? Are the board of directors and the managerial officers committed in fulfilling this commitment? (II) Has the company established a risk assessment mechanism against unethical conduct, analyzed and assessed operating activities with	V V		(I) To implement corporate governance, establish an ethical corporate culture and to achieve sound development, the Board has established the "Ethical Corporate Management Best Practice Principles" as a reference framework to achieve good business practices. For more information, please refer to our company's website at http://www.hwacom.com. (II) The Company strengthens advocacy for employees' ethical conduct and the transaction review mechanisms to prevent	No significant difference.

Evaluation item	Implementation status (Note 1)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary	
higher risk of unethical conducts on a regular basis, and established prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"? (III) Does the company clearly provide operating procedures, code of conduct, disciplinary actions, and appeal procedures in its programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		bribery, corruption, and illegal political contributions, particularly in business activities with a higher risk of unethical behavior within its scope of operations. (III) The Company strictly adheres to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and implements an operation policy of integrity. The management regularly reviews these practices to prevent unethical conduct and ensures the implementation of the Company's business philosophy. To prevent unethical conduct such as inappropriate gifting, the Company has also establishes the "Employee Code of Ethics" to regulate the ethical standards of all employees in the Company and its subsidiaries, aiming to gain public trust, enhance corporate image, and ensure sustainable operation and development of the Company.	
II. Implementation of ethical corporate management (I) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses specified in the agreements it signs with business partners? (II) Does the company have a dedicated unit responsible for business integrity under the Board of Directors which reports the ethical management policy and programs against unethical conduct regularly (at least once a year) to the board of directors while overseeing such operations? (III) Has the company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications? (IV) Has the company established effective accounting systems and internal control systems for enforcing ethical corporate management? Has the company designated its internal audit unit to devise relevant	V V V V		(I) The Company avoids conducting transactions with individuals or entities with a history of dishonest behavior in business activities, and specifies clauses related to ethical business conduct in contracts. (II) The Company has formed a "Ethical Corporate Management Promotions Work Group" under the President's Office. The team is responsible for assisting the Board of Directors and management in formulating and supervising the implementation of ethical corporate management policies and prevention plans based on the respective work responsibilities and scope of each unit so as to ensure the implementation of the Ethical Corporate Management Best Practice Principles. This dedicated team will report its implementation status to the Board of Directors at least once a year, and has reported the	No significant difference.

Evaluation item	Implementation status (Note 1)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary	
audit plans and audit the compliance with the prevention programs accordingly based on the results of assessment of the risk of involvement in unethical conduct or commissioned a CPA to conduct the audit? (V) Does the company provide regular internal and external training on ethical corporate management?	V		implementation status for year 2025 to the Board of Directors on Friday, December 19, 2025. The Company implements the Ethical Corporate Management Policy, and the expected implementation is as follows: A. Education and training: In each training course, courses on regulations, auditing, risk management, anti-money laundering (AML), etc. will be planned and given so that employees will learn the necessary legal knowledge, service codes and codes of practice. B. Legal compliance advocacy We regularly promote education for all employees with the theme of "implementing ethical values and corporate sustainable development". The training includes summaries of the Ethical Corporate Management Best Practice Principles and Operating Procedures for Material Insider Information, and educate employees on matters they should pay attention to when performing their functions. C. Whistleblower system and the protection of whistleblowers In the "Corporate Governance Best Practice Principles" and "Ethical Corporate Management Best Practice Principles" A specific reporting system is in place to proactively prevent unethical behavior. Internal and external personnel are encouraged to report unethical or improper behavior. The President's Office is designated as the responsible unit for accepting reports of unethical behavior by employees. The Stakeholder section of the Company website provides effective communication methods for employees, shareholders, stakeholders and external parties. If the report involves a director or senior manager, the matter will be reported to	

Evaluation item	Implementation status (Note 1)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Summary	
			the independent directors. A whistleblower protection system is also established to keep the identity of the whistleblower and content of the report confidential, and the whistleblower is promised to be protected from being improperly dealt with due to the report. No whistleblowing report was received in 2025. (III) Currently, the Company has not established a policy to prevent conflicts of interest. However, employees are encouraged to discuss any concerns they have about their own behavior or work with the Company at any time. (IV) Internal audit personnel develop annual audit plans and conduct audits based on the Company's effective accounting systems and internal control system. (V) The Company provides internal and external training programs on ethical corporate management from time to time. The Company also encourages employees to enroll and participate in training related to ethical corporate management conducted by external institutions.	
III. Implementation of the Company's whistleblowing system (I) Does the company provide incentives and means for employees to report malpractices? Does the company assign dedicated personnel to investigate the reported malpractices? (II) Has the company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms? (III) Has the company adopted measures for protecting the whistle-blower against improper treatment or retaliation?	V		The Company has established a complaint mailbox to receive complaints and grievances regarding violations of integrity in business operations. The process is kept completely confidential, and we ensure that whistleblowers are not subjected to improper treatment as a result of their reports.	No difference.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td>IV. Enhancing information disclosure
(I) Has the company disclosed the contents or its ethical corporate management principles as well as relevant implementation results on its website and on the Market Observation Post System?</td><td>V</td><td></td><td>(I) To implement corporate governance, establish an ethical corporate culture and to achieve sound development, the Board has established the "Ethical Corporate Management Best Practice Principles" as a reference framework to achieve good business practices. For more information, please refer to our company's website at http://www.hwacom.com. We have dedicated information disclosure personnel responsible for collecting and disclosing company information on our corporate website.</td><td>No difference.</td></tr>
<tr><td colspan="5">V. Describe the difference, if any, between actual practice and the ethical corporate management principles, if the Company has implemented such principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies:
The Company has formulated and adheres to the "Ethical Corporate Management Best Practice Principles", and the actual operations align closely with the provisions of these principles.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the company's implementation of ethical corporate management:
To implement corporate governance, establish an ethical corporate culture and to achieve sound development, the Board has established the "Ethical Corporate Management Best Practice Principles" as a reference framework to achieve good business practices. For more information, please refer to our company's website at http://www.hwacom.com.</td></tr>
</table>

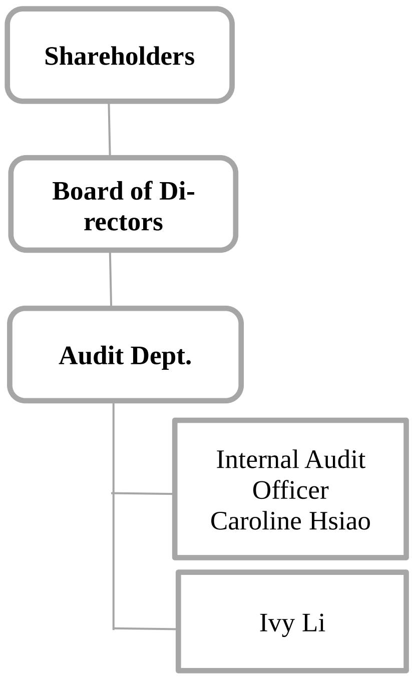
(VII) Other significant information which may improve the understanding of corporate governance and operation:

The Company has been continuously reviewing and, as necessary, revising or establishing relevant rules, procedures, and internal operating guidelines to enhance operational efficiency and strengthen risk management mechanisms, thereby improving the implementation of corporate governance. In recent years, we have aligned with regulatory requirements set forth by supervisory authorities and considered the operational needs of the company. As a result, we have completed the following policies and procedures: "Rules and Procedures for Board of Directors Meetings," " Procedures for the Acquisition or Disposal of Assets", "Procedures for Engaging in Financial Derivative Transactions," "Rules of Procedure for Shareholders Meetings," "Transaction Procedures with Related Parties, Specific Companies, and Companies of the Group," "Operating Procedures for Monitoring Subsidiaries," "Code of Ethics for Directors, Supervisors, and Managers," "Employees Code of Conduct," and "Operating Procedures for Handling Material Insider Information and Preventing Insider Trading." These policies and procedures serve as the basis for our operations. The latest versions of these documents are available on the Company's external website and internal portal for reference. For more information, please visit our website at http://www.hwacom.com.

(VIII) Status of implementing the internal control system

1. Internal audit organization and operation

(1) Internal audit organization



Responsibilities of internal auditors:

- Urge all divisions to establish internal control systems and operating procedures and adhere to them.
- Implement audit tasks, report audit results, and follow-up on any deficiencies.
- Review the self-assessment results of each department and subsidiaries.
- Handle employee complaints and vendor grievances.
- Other tasks to be executed in accordance with regulations.

(3) The Company's Audit Department directly reports to the Board of Directors, and the scope of its audit includes the Company and its subsidiaries, covering all operational and managerial functions such as finance and business operations. The audits are categorized into eight major cycles, and conducted in accordance with laws and regulations. The primary audit approach is the routine audit conducted in accordance with the annual audit plan. Additionally, special project-based audits are conducted as needed to timely identify potential deficiencies in the internal control system and to offer suggestions for improvement.

(4) After the completion of an audit, the Audit Department prepares audit reports, which are submitted to the Chairman. The internal audit officers regularly report on the execution and results of audits during Board meetings to ensure that corporate governance practices are being fulfilled. Furthermore, the Audit Department encourages self-assessment within each of the Company's departments and helps establish a self-supervision mechanism. The results of these self-assessments serve as a basis for providing recommendations to the Board of Directors and the President for preparing the Statement on Internal Control.

2. If the company engages an accountant to examine its internal control system, disclose the CPA audit report: None.

3. For the Statement on Internal Control, please refer to the Statement on Internal Control that the Company has announced on the MOPS: https://mops.twse.com.tw/mops/#/web/t06sg20

(IX) Important resolutions made during Shareholders' meetings and Board of Directors' meetings in the past year and up to the publication date of this Annual Report:

1. Major resolutions at the Shareholders' Meeting

<table>
<tr><th rowspan="2">Date</th><th colspan="3">Contents of the meeting minutes</th><th rowspan="2">Special Disclosures</th></tr>
<tr><th>Summary of proposals</th><th>Discussion and resolution</th><th>Implementation status of resolution</th></tr>
<tr><td>2025 Shareholders' Meeting 2025.6.20</td><td>Reporting Items:
(I) 2024 Business Report.
(II) 2024 Audit Committee's Report on the statements and records of accounts prepared by the Board of Directors to be presented at the Shareholders' Meeting.
(III) Report on the status of distribution of directors and employee renumeration for 2024.
(IV) Proposal to amend certain articles of the Company's "Ethical Corporate Management Best Practice Principles."
(V) Establishment of the Company's Corporate Governance Best Practice Principles.
(VI) Establishment of the Company's "Sustainable Development Best Practice Principles".
(VII) The Company's accounting estimate changes have taken effect as of January 1, 2025.
(VIII) Amendment to certain articles of the Company’s “Rules and Procedures for Board of Directors Meetings.
Matters for Ratification:</td><td>Noted
Noted
Noted
Noted
Noted
Noted
Noted
Noted</td><td>(I) The consolidated and individual financial statements for the fiscal year 2024 have been prepared, audited, and certified by our appointed accounting firm, KPMG Taiwan, who has issued an audit report. The financial statements, along with the business report, have also been audited by the Company's Audit Committee.
(II) At the beginning of 2024, the Company had undistributed retained earnings of NT$369,161,289 (denoted in NTD, the same follows). The net profit for the current period was NT$130,580,089, and the amount after adjustment was NT$132,025,887. After appropriating NT$(13,202,589) to legal reserves, the distributable earnings of the current period were NT$487,984,587. The earnings distribution plan is as follows:
Election results: The elected director in the Company's 12th term of the Board of Directors and their voting rights are as follows:
List of elected directors:
Director - Account No. 1 Gary Chen
Voting Rights: 102,364,218 rights
Director - Account No. 72963 Advantech Investment Co., Ltd.
Voting Rights: 90,829,894 rights
Director - Account 263 Lutain Investment Co., Ltd.
Voting Rights: 82,871,545 rights
Director - Account No. 25476 Alex Huang
Voting Rights: 82,685,522 rights</td><td></td></tr>
</table>

	(I) Proposal for the 2024 Business Report and Financial Statements. (II) 2024 dividend distribution proposal. Matters for Discussion: (I) Proposal to amend the Company's "Articles of Incorporation". Elections: (I) Proposal for election of the 12th term of the Board of Directors of the Company Other matters for discussion: (I) Proposal to lift the restrictions on competition for newly appointed directors and their representatives	Acknowledged Acknowledged Passed as proposed. Passed as proposed. Passed as proposed.	Director - Account No. 13 Ellen Weng Voting Rights: 82,639,844 rights Independent Director Jason Lee Voting Rights: 83,708,017 rights Independent Director Chorng-Shyong Ong Voting Rights: 82,171,344 rights Independent Director Yang-Cheng Lu Voting Rights: 82,135,640 rights Independent director CIlin Lin Voting Rights: 80,513,286 rights	

2. Major resolutions of the Board of Directors meetings

Date/No.	Contents of the meeting minutes	Special disclosures
2025.3.12 (Twenty-seventh session of the eleventh term)	Resolutions passed by Board of Directors: 1. The Company's completed business report and financial statements for 2024. 2. The consolidated and individual financial statements of the Company for 2024. 3. Review of the Company's "Statement on Internal Control" for 2024. 4. The distribution proposal of director and employee remuneration for 2024. 5. The Company's accounting estimate changes have taken effect as of January 1, 2025. 6. Proposal for convening the 2025 Annual General Meeting of Shareholders	None
2025.3.25 (Twenty-eighth session of the eleventh term)	Resolutions passed by Board of Directors: 1. Proposal to issue fifth domestic unsecured convertible corporate bonds.	None
2025.5.8 (Twenty-ninth session of the eleventh term)	Resolutions passed by Board of Directors: 1. The Company's consolidated financial report for Q1 2024. 2. Proposal for the Company's 2024 earnings distribution. 3. Proposal to submit the list of nominated candidates for directors (including independent directors) to the Board of Directors for review.	None

Date/No.	Contents of the meeting minutes	Special disclo-sures
	4.Proposal to release newly elected directors and their representatives from non-competition restrictions. 5.Proposal for the proposed amendments to certain articles of the Company's "Rules of Procedure for Board of Directors Meetings." 6.Proposal for the reduction of shareholding in the investee company, VeriSilicon Microelectronics (Shanghai) Co., Ltd. 7.Proposal for convening the 2025 Annual General Meeting of Shareholders.	
2025.6.20 (First session of the twelfth term)	Resolutions passed by Board of Directors: 1.Proposal to elect the chairperson. 2.Proposal to appoint members of the Company's Remuneration Committee.	None
2025.7.1 (Second session of the twelfth term)	Resolutions passed by Board of Directors: 1.Proposal to revise the conversion method for the fifth domestic unsecured convertible corporate bond. 2.Proposal to set the buyback and capital reduction base date for the Company's RSU.	None
2025.8.12 (Third session of the twelfth term)	Resolutions passed by Board of Directors: 1.The Company's consolidated financial report for Q2 2025. 2.Proposal to invest NT$10 million in Hon Conn Innovation Corporation.	None
2025.9.30 (Fourth session of the twelfth term)	Resolutions passed by Board of Directors: 1.Proposal to define the scope of the Company's entry-level employees. 2.Proposal to establish a subsidiary, "Aivid Technologies Inc."	None
2025.11.10 (Fifth session of the twelfth term)	Resolutions passed by Board of Directors: 1.The Company's consolidated financial report for Q3 2025. 2.Drafted the audit plan for the fiscal year 2026. 3.Proposal to amend certain articles in the Company's internal control system and certain articles of the Enforcement Rules of Internal Audit. 4.Proposal to purchase property located at 11th Floor, No. 106, Building B, Section 1, Xintai Fifth Road. 5.The change of the Company's Spokesperson. 6.Proposal to amend certain articles of the Company's "Sustainable Committee Organizational Rules." 7.Proposal to amend certain articles of the Company's "Code of Practice for Sustainable Development."	None
2025.12.19 (Sixth session of the twelfth term)	Resolutions passed by Board of Directors: 1. Proposal to amend the general principles for the Company's policy on pre-approval of non-assurance services. 2. Assessment of independence and competency of CPAs who audit the Company's financial statements. 3. Proposal to amend certain articles in the Company's internal	None

Date/No.	Contents of the meeting minutes	Special disclo-sures
	control system. 4. Proposal to set the buyback and capital reduction base date for the Company's RSU. 5. Periodic review of the Company's Value Enhancement Plan.	

(X) Dissenting or qualified opinions of directors and supervisors against an important resolution passed by the board of directors that are on record or stated in a written statement in the past year and up to the printing date of this Annual Report: None

V. Information on CPA Fees

(I) Information on CPA fees

Unit: NT$ thousand

Name of accounting firm	Name of CPAs:	Audit period	Audit fee	Non-audit fee	Total	Note
KPMG Taiwan	Geraltine Huang	2025.01.01~2025.12.31	2,560	1,385	3,945	Tax, assurance, and others
	Leo Chi	2025.01.01~2025.12.31				

(II) If the company changes accounting firm, and the amount of audit fee paid in the year of change is less than that in the year before: None.

(III) If the audit fee decreases by 15 percent or more compared with the previous years: None.

VI. Information on Replacement of CPAs: None.

VII. Where the company's Chairman, President, or any manager in charge of finance or accounting matters has, during the past year, held a position at the accounting firm of its CPA or at an affiliated company of such accounting firm: None.

VIII. Share transfers and share pledging by Directors, managers and shareholders holding more than 10% equity in the past year and up to the printing date of this Annual Report:

(I) Change in share equity among directors, managers, and major shareholders

Number of shares: thousand shares

Title	Name	2025		For the current year as of April 28	
		Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares
Chairman and President	Gary Chen	(74)	0	0	0
Corporate director/ Major shareholders holding more than 10% of the shares	Advantech Investment Co., Ltd.	(4,126)	0	(261)	0
Corporate director	Lutain Investment Co., Ltd.	0	0	0	0
Vice President	Alex Yang	128	90	(215)	0
Director and Vice President	Ellen Weng	15	0	0	0
Director and Vice President	Alex Huang	18	0	0	0
Independent Director	Jason Lee	0	0	0	0
Independent Director	Li Ming-juinn	Note 1	Note 1	Note 1	Note 1
Independent Director	Chorng-Shyong Ong	0	0	0	0
Independent Director	Cllin Lin	0	0	0	0
COO	Simon Wang	70	0	0	0
Chief Technology Officer and Vice President	Hsieh-Heng Lin	Note 2	Note 2	Note 2	Note 2
Vice President	Jademond Kuan	(10)	0	0	0
Vice President	Ml Tu	19	0	0	0
Vice President	Albert Ko	33	0	(75)	0
Vice President	MingYeh Hsieh	15	0	0	0
Vice President	Joe Cheng	1.5	0	0	0
Vice President	Tony Wang	12.6	0	0	0

Title	Name	2025		For the current year as of April 28	
		Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares
Vice President	YH Leu	0	0	0	0
Vice President	East Wu	67.147	0	(35)	0
Vice President	Sky Yang	60	0	(10)	0
Vice President	Chun-Cheng Chen	(12)	0	0	0
Vice President and CFO	Sophia Wang	(6)	0	0	0
Senior VP in Accounting	Caroline Hsiao	4	0	0	0
Senior VP	Iris Chen	(7)	0	(5)	0
Senior VP	Watson Huang	3.75	0	0	0
Senior VP	Jerry Huang	0	0	Note 3	Note 3
Senior VP	Jerry Yang	0	0	0	0
Senior VP	Tina Wang	Note 4	Note 4	Note 4	Note 4
Senior VP	Warten Pan	Note 5	Note 5	Note 5	Note 5
Senior VP	James Yang	0	0	Note 6	Note 6
Senior VP	Fisher Chung	Note 7	Note 7	Note 7	Note 7
Senior VP	Andy Yu	18	0	(35)	0
Senior VP	Chaqe Chu	Note 8	Note 8	Note 8	Note 8
Senior VP	Carol Chao	Note 9	Note 9	Note 9	Note 9
Senior VP	Athena Tsai	Note 10	Note 10	Note 10	Note 10
Senior VP	Ting-Chuan Chang	0	0	0	0
Senior VP	Tzu-Hao Chen	0	0	0	0
Senior VP	Yuchia Chen	0	0	Note 11	Note 11
Senior VP	Johnson Hsu	Note 12	Note 12	Note 12	Note 12
Senior VP	Lynn Chung	Note 13	Note 13	Note 13	Note 13
Senior VP	Jackie Chang	0	0	Note 14	Note 14
Senior VP	Laurence Jih	Note 15	Note 15	Note 15	Note 15
Senior VP	Mathew Yu	Note 16	Note 16	Note 16	Note 16
Senior VP	Titan Lee	Note 17	Note 17	Note 17	Note 17
Senior VP	Evan YH Lai	Note 18	Note 18	Note 18	Note 18

Note 1: Independent Director Li Ming-juinn was removed from his position on June 20, 2025.
Note 2: Vice Hsieh-Heng Lin was dismissed on February 19, 2025.
Note 3: VP Jerry Huang was dismissed on January 13, 2026.
Note 4: VP Tina Wang was dismissed on March 28, 2025.
Note 5: VP Warten Pan was dismissed on December 12, 2025.
Note 6: VP James Yang was dismissed on January 13, 2026.
Note 7: VP Fisher Chung was dismissed on December 12, 2025.
Note 8: VP Chaqe Chu was dismissed on July 11, 2025.
Note 9: VP Carol Chao was dismissed on July 11, 2025.
Note 10: VP Athena Tsai was dismissed on July 11, 2025.
Note 11: VP Yuchia Chen was dismissed on January 13, 2026.
Note 12: VP Johnson Hsu was dismissed on July 11, 2025.
Note 13: VP Lynn Chung was dismissed on March 28, 2025.
Note 14: VP Jackie Chang was dismissed on January 13, 2026.
Note 15: VP Laurence Jih was dismissed on March 28, 2025.
Note 16: VP Mathew Yu was dismissed on May 16, 2025.
Note 17: VP Titan Lee was dismissed on March 28, 2025.
Note 18: VP Evanyh Lai was dismissed on July 11, 2025.

(II) Information on share transfer: None.

(III) Information on pledged shares: None.

IX. Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree):

April 28, 2026; Unit: Shares / %

Name	Shares Held Personally		Shares Held by Spouse & Minor Children		Shares Held in the Name of Others		Relationships Among Top 10 Shareholders (Related Parties, Spouses, or Relatives Within the Second Degree of Kinship)		Remarks
	Shares	%	Shares	%	Shares	%	Name / Company Name	Relationship	
Advantech Investment Co., Ltd.	20,188,000	13.62%	-	-	-	-	None	None	None
Chen, Guo-Zhang	6,390,097	4.31%	0	0	0	0	Lu Tai Investment Co., Ltd. HwaCom Systems Inc.	The chairperson is the same person.	None
Zhang, You-Hua	5,711,000	3.85%	0	0	0	0	None	None	None
Yao, Zhong-Ze	4,800,000	3.24%	0	0	0	0	None	None	None
Lu Tai Investment Co., Ltd. Chairperson: Chen, Guo-Zhang	3,008,427	2.03%	-	-	-	-	Chen, Guo-Zhang HwaCom Systems Inc.	The chairperson is the same person.	None
	6,390,097	4.31%	0	0	0	0	Lu Tai Investment Co., Ltd. HwaCom Systems Inc.	The chairperson is the same person.	None
Zeng, Lie-Xi	2,112,000	1.42%	0	0	0	0	None	None	None
Chen, Ming-Juan	1,930,000	1.30%	0	0	0	0	None	None	None
Tu, Liang-Jun	1,824,000	1.23%	0	0	0	0	None	None	None
Xie, Wu-Xian	1,816,000	1.23%	0	0	0	0	None	None	None
Wang, Gui-Xiang	1,655,000	1.12%	0	0	0	0	None	None	None

X. Shareholding of the Company, Directors, Supervisors, managers, and companies that are directly or indirectly controlled by the Company in the same re-invested company:

Investee company	Investment by the Company		Investments by Directors, supervisors, managerial officers and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)
Zero One Technology	125,000	0.07%	0	0	125,000	0.07%
Genie Networks Limited	905,679	3.53%	0	0	905,679	3.53%
VeriSilicon Holdings Co., Ltd.	160,000	0.03%	0	0	160,000	0.03%
Acom Networks Technology Limited	380,000	19.00%	0	0	380,000	19.00%
Broadcom Asia Distribution Pte. Ltd.	500,000	11.63%	0	0	500,000	11.63%
Omni Media International Corporation	500,000	0.76%	0	0	500,000	0.76%
Leon Energy Co., Ltd.	100,000	0.40%	0	0	100,000	0.40%

Investee company	Investment by the Company		Investments by Directors, supervisors, managerial officers and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)
Tarantula Networks Ltd. Zqam Communications Corporation - Ordinary shares	28,125	0.30%	0	0	28,125	0.30%
Tarantula Networks Ltd. Zqam Communications Corporation - Preferred shares	12,375	0.13%	0	0	12,375	0.13%
Tarantula Networks Ltd.	Note 1	100.00%	0	0	Note 1	100.00%
Hwakuan Systems Integration Technology (Shanghai) Co., Ltd.	Note 1	100.00%	0	0	Note 1	100.00%
Family plus technology Inc.	1,600,000	100.00%	0	0	1,600,000	100.00%
S-LINK SYSTEMS INC.	4,500,000	100.00%	0	0	4,500,000	100.00%
Open Information Security INC.	5,100,000	100.00%	0	0	5,100,000	100.00%
HWACOM SYSTEMS (H.K.) LIMITED	100,000	100.00%	0	0	100,000	100.00%
Hua-Ai Human Resources Services Co., Ltd.	200,000	100.00%	0	0	200,000	100.00%
Hon Conn Innovation Corporation	1,000,000	74.07%	0	0	1,000,000	74.07%
Aivid Technology Inc.	5,000,000	100.00%	0	0	5,000,000	100.00%

Note 1: No shares issued.

Chapter 3：Fundraising

I. Capital and Shareholding

(I) Source of Share Capital

1. Capital formulation process

Unit: Shares; NT$

Year/ Month	Issuance price	Authorized capital		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of Share Capital	Shares acquired by non-cash assets	Others
2021.10	10	200,000,000	2,000,000,000	125,088,526	1,250,855,260	Corporate bonds converted to shares 2,206,834	None	Note 1
2022.02	10	200,000,000	2,000,000,000	133,693,380	1,336,933,800	Corporate bonds converted to shares 8,604,854	None	Note 2
2022.10	10	200,000,000	2,000,000,000	133,777,565	1,337,775,650	Corporate bonds converted to shares 84,185	None	Note 3
2023.05	10	200,000,000	2,000,000,000	136,231,524	1,362,315,240	Corporate bonds converted to shares 2,453,959	None	Note 4
2023.08	10	200,000,000	2,000,000,000	140,354,175	1,403,541,750	Corporate bonds converted to shares 4,122,651	None	Note 5
2023.11	10	200,000,000	2,000,000,000	140,813,331	1,408,133,310	Corporate bonds converted to shares 459,156	None	Note 6
2024.03	10	200,000,000	2,000,000,000	141,050,234	1,410,502,340	Corporate bonds converted to shares 236,903	None	Note 7
2025.03	10	200,000,000	2,000,000,000	142,030,234	1,420,302,340	Restricted stock awards of 980,000	None	Note 8
2025.09	10	200,000,000	2,000,000,000	142,024,234	1,420,242,340	Restricted stock awards of 6,000	None	Note 9
2026.02	10	200,000,000	2,000,000,000	142,016,234	1,420,162,340	Restricted stock awards of 8,000	None	Note 10
2026.05	10	200,000,000	2,000,000,000	147,279,995	1,472,799,950	Corporate bonds converted to shares 5,263,761	None	Note 11

Note 1: Approval Letter No. No. 11001193130 of MOEA on October 28, 2021.
Note 2: Approval Letter No. No. 11101010490 of MOEA on February 14, 2022.
Note 3: Approval Letter No. No. 11101201850 of MOEA on October 31, 2022.
Note 4: Approval Letter No. No. 11230066240 of MOEA on May 3, 2023.
Note 5: Approval Letter No. No. 11230139530 of MOEA on August 7, 2023.
Note 6: Approval Letter No. No. 11230200100 of MOEA on November 6, 2023
Note 7: Approval Letter No. No. 11230241810 of MOEA on March 22, 2024
Note 8: Approval Letter No. No. 11430036580 of MOEA on March 18, 2025
Note 9：Approval Letter No. No. 11430116370 of MOEA on September 25, 2025.
Note 10：Approval Letter No. No. 11530007820 of MOEA on February 25, 2026.
Note 11：Approval Letter No. No. 11530062670 of MOEA on May 06, 2026.

2. Type of Shares

April 28, 2026; Unit: shares

Type of Shares	Authorized capital			Note
	Outstanding shares	Unissued shares	Total	
Common shares	148,239,227 shares	51,760,773 shares	200,000,000 shares	TPEx-listed stocks

3. Approved to offer and issue marketable securities by shelf registration: None

(III) List of Major Shareholder

April 28, 2026

Shares / Name of major shareholder	Shareholding	Shareholding ratio (%)
Advantech Investment Co., Ltd.	20,188,000	13.62%
Gary Chen	6,390,097	4.31%
Yu-Hua Chang	5,711,000	3.85%
Chung-Tse Yao	4,800,000	3.24%
Lutain Investment Co., Ltd.	3,008,427	2.03%
Tseng, Lie-Hsi	2,112,000	1.42%
Ming-Chuan Chen	1,930,000	1.30%
Liang-Chun Tu	1,824,000	1.23%
Wu-Hsien Hsieh	1,816,000	1.23%
Kuei-Hsiang Wang	1,655,000	1.12%

(III) Dividend Policy and Implementation Status

1. Dividend policy stipulated in the Articles of Incorporation:

If the Company generates profits during a fiscal year, the Company should pay tax and offset accumulated losses first. Then, the Company should allocate 10% of the remaining earnings as legal reserves and allocate special reserve in accordance with the law, reserve retained earnings while necessary, and the remaining amount shall be shareholders' dividends. At least thirty percent shall be distributed as shareholders' dividends.

Considering the growing nature of the industry in which the Company operates, and in order to meet the future funding needs of the Company and satisfy shareholders' demands for cash inflow, if there is dividends to be distributed to shareholders, no less than 10% should be in the form of cash dividends, while the remaining portion may be distributed in the form of stock dividends.

2. Distribution of shareholder dividends proposed in the Shareholders' Meeting:

The Company’s unappropriated retained earnings at the beginning of fiscal year 2025 was NT$424,070,982. After adding the net income for the period of NT$105,580,089 and adjustment amounts, the subtotal was NT$315,568,981. After allocating the legal reserve of NT$(31,556,898), the total unappropriated retained earnings available for distribution for the period amounted to NT$708,083,065. The earnings distribution statement is presented as follows:

Earnings Distribution Statement

For the Year Ended December 31, 2025

Unit: NT$

Item	Amount	Remarks
Undistributed profits at the beginning of the period	424,070,982	
Net profit of the term	105,353,409	
Actuarial profits (losses) included in the retained earnings	3,518,781	
Forfeiture of restricted stock awards	16,358	
Disposal of equity instruments at fair value through other comprehensive income	206,680,433	
Net profit after adjustment	315,568,981	
Appropriation of 10% as legal reserve	(31,556,898)	
Distributable profits of the current period	708,083,065	
Distribution items		
Shareholder dividends	(85,978,751)	Cash dividend of NT$0.58 per share
Undistributed earnings at end of year	622,104,314	

Note: The cash dividends for common shares in this distribution will be calculated to the nearest whole NTD. Amounts less than one NTD will be rounded down, and any resulting fractional amounts will be transferred to other income by the Company. In the event that the subsequent number of outstanding shares changes due to share repurchases, transfers, conversions, cancellations, capital increases, or other reasons, leading to increases or decreases in the number of shares outstanding, the total amount of cash dividends to be distributed will be adjusted according to the actual number of shares outstanding on the record date, as determined by the Shareholders' Meeting.

3. Any expected material changes in the dividend policy: None.

(IV) Effects of the Stock Dividends Proposed by the Shareholders' Meeting on the Company's Business Performance and Earnings Per Share: Not applicable.

(V) Employees' and Directors' Remuneration

1. Percentages and ranges of remuneration to employees, directors, and supervisors, as specified in the Company's Articles of Incorporation:
   If the Company generates profits during a fiscal year, it shall allocate 10% to 20% as employee remuneration, and the remuneration for directors and supervisors shall not exceed 1%. In addition, no less than 1% shall be allocated for the purpose of salary adjustments or remuneration distribution for entry-level employees, the methods of which are authorized to be determined by the Board of Directors. However, if the Company still has accumulated losses, an amount shall be reserved in advance to offset the losses.
2. Basis for estimating the amount of remuneration of employees, directors and supervisors, basis for calculating the number of shares to be distributed as employee bonus, the actual distributed amount for the current period, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount: None.
3. Remuneration proposals passed by the Board of Directors:
   (1) Employee, director, and supervisor remuneration will be distributed in cash

or shares. If there is any discrepancy with the recognized costs for the year then the difference, reason, and response should be disclosed:

The remuneration for directors and employees for 2025 has been approved by the Board of Directors in a meeting convened on March 11, 2026. The approved amount for director was NT$1,560 thousand, and for employee NT$18,718 thousand. The approved remuneration amounts for employees and directors were consistent with the estimated figures in the 2024 financial statements.

(2) The amount of employee remuneration to be paid in shares as a ratio of the cumulative amount of the current net profit after tax and employee remunerations:

The Company did not distribute employee stock dividends for 2024; hence, it is not applicable.

4. Any discrepancy between actual remuneration distribution of employees, directors, and supervisors (including the number of shares, the amount and share price) and the recognized remuneration of employees, directors, and supervisors, and disclosure of the differences, reasons, and responses: None.

(VI) Buyback of treasury stock: None.

II. Issuance of corporate bonds:

(I) Issuance of corporate bonds:

Type of Corporate Bonds	Fifth domestic unsecured convertible corporate bonds
Date of issue	October 16, 2025
Par value	NT$100,000
Place of issue and trading (Note 3)	Not applicable
Issuance price	The NT$100 note was issued in full at par value.
Total amount	NT$3,000,000,000
Interest rate	Coupon rate 0%
Period	Three-year term; expired on: October 16, 2028
Guarantor agency	Not applicable
Trustee	Land Bank of Taiwan
Underwriting institution	President Securities Corp.
Certified lawyer	Attorney Ya-Wen Chiu of Handsome Attorneys-at-Law
CPAs	CPAs Geraltine Huang and Leo Chi of KPMG Taiwan
Repayment method	The issuance period is 3 years. Except for the holders of the convertible bonds converting them into ordinary shares of the Company in accordance with Article 10 of these Measures, or exercising the right of repurchase in accordance with Article 18 of these Measures, or the Company redeeming them in advance in accordance with Article 17 of these Measures or having them repurchased

Type of Corporate Bonds		Fifth domestic unsecured convertible corporate bonds
		and canceled by the Company through a securities firm's business office, the Company shall, within seven business days from the day following the maturity date of these convertible bonds, repay the holders of these convertible bonds in cash at the par value of the bonds. If the aforementioned date falls on a day when the Taipei Exchange closes for business, it will be postponed to the following business day.
Outstanding principal		NT$300,000,000
Terms of redemption or early repayment		See the Issuance and Conversion Measures for details
Restrictive clauses		See the Issuance and Conversion Measures for details
Names of credit rating agency, rating date, rating of corporate bonds		Not applicable
Other rights attached	Amount converted to ordinary shares as of the date of publication of the Annual Report	62,229,930
	Issuance and Conversion Measures	See the Issuance and Conversion Measures for details
Issuance and conversion, exchange or subscription regulations, potential dilution caused by issuance conditions, and effect on shareholders' equity		None
Name of custodial institution		None

(II) Information on Convertible Bonds:

Type of Corporate Bonds (Note 1)		5th Domestic Unsecured Convertible Corporate Bonds
Year / Item		From October 16, 2025 to April 28, 2026
Convertible Bond Market Price	Highest	291.00
	Lowest	100.15
	Average	170.12
Conversion price		NT$25.02
Date of issuance and conversion price		Issuance date April 28, 2026 The conversion price at the time of issuance was NT$25.02 per share

Method for fulfilling conversion obligation	Issuance of new shares

(III) Information on conversion of corporate bonds: None.

(IV) Status of engaging in shelf registration to issue corporate bonds: None.

(V) Information of corporate bonds with warrants: None.

III. Issuance of preferred shares:

(I) Issuance of preferred shares: None.

(II) Information of preferred shares with warrants: None.

IV. Issuance of Global Depositary Receipts (GDR): None.

V. Issuance of Employee Stock Options: The Company has not engaged in employee stock subscription plans.

VI. Implementation of Restricted Stock Units (RSU):

April 22, 2025

Type of Restricted Stock Units (RSU)	First batch of RSU
Date of approval by competent authorities and total units of share	July 17, 2024 1,000,000 shares
Issuance date	January 8, 2025
Number of RSU shares outstanding	980,000 shares
Number of RSU available for issuance	20,000 shares
Issuance price	NT$0 issuance, i.e. free distribution to employees
Ratio of units of RSU available for issue to total shares outstanding	0.69%
Conditions for acquiring Restricted Stock Units (RSU)	1. From the day that employees are allocated with restricted stock units (RUS) (i.e. the baseline date for capital increase), they must continue to be a current employee of the Company at the end of each vesting period, and have not violated the Company's labor contract, Work Rules, non-competition, confidentiality agreement, or contractual agreements with the Company during this period. In addition, they must meet the personal performance evaluation indicators set by the Company. The vested shares will be vested over four years, with the vesting dates being May 1 and November 1 of each year. 2. Personal performance evaluation indicators: An employee must score at least a "B+" (inclusive) from the Company for two consecutive evaluations in the most recent year before the expiration of the vested period (Note: "B+" stands for "Excellent").
Restricted Rights for the Restricted Stock Units (RSU)	1. During the vesting period, except by inheritance, employees shall not sell, pledge, transfer, donate to others, set, or dispose of the RSU shares in any other manner. 2. In addition to the preceding restrictions, before the conditions for acquisition are met, the other rights that employees who are allocated with RSU shares in accordance with this regulation, include but are not limited to the following: The rights to receive dividends, bonuses, and capital reserves, and the warrants for cash capital increases, etc. are the same as the common shares issued by the Company, and the relevant operations are executed in accordance with the trust/custody agreement. 3. Before the employee meets the vesting conditions, the employee's attendance, proposal, speech, voting rights and other matters related to shareholder rights at the Company's

Type of Restricted Stock Units (RSU)	First batch of RSU
	shareholders' meeting are exercised on its behalf by an entrusted custodian institution. 4. If the Company exercises capital reduction by cash, reduces capital to make up for losses, or reduces capital for reasons other than statutory capital reduction during the vesting period, the RSU shares received shall be written off in proportion to the capital reduction. If it is a capital reduction by cash, the cash returned must be placed in trust/custody and can only be delivered to employees after the vested conditions have been. However, if the vested conditions are not met, the Company will recover the cash. 5. From the book closure date of the Company's free allocation of shares, the book closure date of transfer of cash dividends, the book closure date of transfer of cash subscriptions for capital increase, the period of book closure date of shareholders' meetings as stipulated in Paragraph 3, Article 165 of the Company Act, or other statutory book closure periods arising from facts to the baseline date for rights distribution, the time and procedure for lifting the restrictions on the vested shares of employees who have met the vested conditions during this period shall be implemented in accordance with the trust custody agreement or relevant laws and regulations.
Custodianship of Restricted Stock Units (RSU)	1. After the issuance of the restricted stock units (RSU), they must be delivered to trust/custody immediately. Furthermore, before the vested conditions are met, employees may not request the trustee to return the RSU shares for any reason or in any manner. 2. During the period of trust/custodianship for the RSU, the Company shall be the sole agent for the employees to, including but not limited to the following: negotiate, sign, revise, extend, release and terminate the trust/custodianship agreement, and instruct on the delivery, use and disposal of the entrusted asset or asset under custodianship.
Handling method for dealing with employees who fail to meet vested conditions after being awarded with RSU	During the vesting period, except by inheritance, employees shall not sell, pledge, transfer, donate to others, set, or dispose of the RSU shares in any other manner.
Number of RSU that have been redeemed or bought back	0 shares
Number of vested RSU	0 shares
Number of RSU with vesting rights outstanding	724,500 shares
Ratio of RSU with vesting rights to total outstanding shares (%)	0.49%
Impact on shareholders' equity	It is tentatively estimated that earnings per share (EPS) may decrease by NT$ 0.04, NT$ 0.04 and NT$ 0.03 from 2025 to 2028, which will have limited dilution on the Company's earnings per share.

VII. Issuance of new shares for merger or acquisition of shares of other companies: None.

VIII. Implementation of Capital Allocation Plans: The Company has not issued any ongoing or recently completed capital allocation plans where the anticipated benefits have not yet been realized within the past three years.

Chapter 4： Business Overview

I. Business Activities:

(I)Business Scope:

1. Major business activities:
   (1) CA02010 Manufacture of Metal Structure and Architectural Components.
   (2) CB01010 Mechanical Equipment Manufacturing.
   (3) CB01030 Pollution Controlling Equipment Manufacturing.
   (4) CB01990 Other Machinery Manufacturing.
   (5) CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery.
   (6) CC01020 Electric Wires and Cables Manufacturing.
   (7) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
   (8) CC01040 Lighting Equipment Manufacturing.
   (9) CC01060 Wired Communication Mechanical Equipment Manufacturing.
   (10) CC01070 Telecommunication Equipment and Apparatus Manufacturing.
   (11) CC01080 Electronics Components Manufacturing.
   (12) CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufact uring
   (13) CC01110 Computer and Peripheral Equipment Manufacturing.
   (14) CC01120 Data Storage Media Manufacturing and Duplicating.
   (15) CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturin g.
   (16) CD01020 Rail Vehicle and Parts Manufacturing.
   (17) CD01060 Aircraft and Parts Manufacturing.
   (18) CD01990 Other Transport Equipment and Parts Manufacturing.
   (19) E502010 Fuel Catheter Installation Engineering.
   (20) E599010 Piping Engineering.
   (21) E601010 Electric Appliance Construction.
   (22) E601020 Electric Appliance Installation.
   (23) E603010 Cable Installation Engineering.
   (24) E603040 Fire Safety Equipment Installation Engineering.
   (25) E603050 Automatic Control Equipment Engineering.
   (26) E603080 Traffic Signs Installation Engineering.
   (27) E603090 Lighting Equipments Construction.
   (28) E603100 Electric Welding Engineering.
   (29) E604010 Machinery Installation.
   (30) E605010 Computer Equipment Installation.
   (31) E701010 Telecommunications Engineering.
   (32) E701020 Satellite Television KU Channels and Channel C Equipment Installation.
   (33) E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering.
   (34) E701040 Simple Telecommunications Equipment Installation.
   (35) E801010 Indoor Decoration.
   (36) E901010 Painting Engineering.
   (37) EZ05010 Instrument and Meters Installation Engineering.
   (38) EZ06010 Traffic Marking Engineering.
   (39) EZ15010 Warming and Cooling Maintenance Construction.
   (40) EZ99990 Other Engineering.
   (41) F108031 Wholesale of Medical Devices.
   (42) F113010 Wholesale of Machinery.
   (43) F113020 Wholesale of Household Appliance.
   (44) F113030 Wholesale of Precision Instruments.
   (45) F113050 Wholesale of Computers and Clerical Machinery Equipment.
   (46) F113060 Wholesale of Measuring Instruments.
   (47) F113070 Wholesale of Telecommunication Apparatus.
   (48) F113090 Wholesale of Traffic Sign Equipments and Materials.
   (49) F113100 Wholesale of Pollution Controlling Equipments.
   (50) F113110 Wholesale of Batteries.
   (51) F114010 Wholesale of Motor Vehicles.
   (52) F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
   (53) F114070 Wholesale of Aircraft and Component Parts Thereof.
   (54) F114080 Wholesale of Track Vehicle and Component Parts Thereof.
   (55) F114990 Wholesale of Other Traffic Means of Transport and Component Parts Thereof.
   (56) F118010 Wholesale of Computer Software.
   (57) F119010 Wholesale of Electronic Materials.
   (58) F208031 Retail Sale of Medical Apparatus.
   (59) F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertai nment Supplies.
   (60) F213010 Retail of Household Appliance.
   (61) F213030 Retail Sale of Computers and Clerical Machinery Equipment.
   (62) F213040 Retail Sale of Precision Instruments.
   (63) F213050 Retail Sale of Measuring Instruments.

(64) F213060 Retail Sale of Telecommunication Apparatus.
(65) F213080 Retail Sale of Machinery and Tools.
(66) F213090 Retail Sale of Traffic Sign Equipments and Materials.
(67) F213100 Retail Sale of Pollution Controlling Equipments.
(68) F214010 Retail Sale of Motor Vehicles.
(69) F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
(70) F214070 Retail Sale of Aircraft and Component Parts Thereof.
(71) F214080 Retail Sale of Track Vehicle and Component Parts Thereof.
(72) F214090 Retail Sale of Other Traffic Means of Transport and Component Parts Thereof.
(73) F218010 Retail Sale of Computer Software.
(74) F219010 Retail Sale of Electronic Materials.
(75) F401010 International Trade.
(76) F401021 Controlled Telecommunications Radio-Frequency Devices and Materials Import.
(77) F601010 Intellectual Property Rights.
(78) I103060 Management Consulting.
(79) I301010 Information Software Services.
(80) I301020 Data Processing Services.
(81) I301030 Electronic Information Supply Services.
(82) I401010 General Advertisement Service.
(83) I501010 Product Designing.
(84) IE01010 Telecommunications Service Number Agencies.
(85) IG02010 Research and Development Service.
(86) IG03010 Energy Technical Services.
(87) IZ03010 Clipping.
(88) IZ12010 Manpower Dispatched.
(89) IZ13010 Internet Certificates Service.
(90) IZ15010 Market Research and Public Opinion Polling.
(91) JA02010 Electric Appliance and Electronic Products Repair.
(92) JE01010 Rental and Leasing.
(93) ZZ99999 All business activities that are not prohibited or restricted by law, except thos e that are subject to special approval.

2、Revenue breakdown:

(1) Field Category

2025

Unit: NT$ thousand

Field Category	Sales	Ratio %
Information and Communications Technology	4,586,877	75
Digital Media	361,281	6
Information Security	398,170	7
Smart Applications	759,488	12
Total	6,105,816	100

3、The current products (services) of the Company:

Product name	Major applications
Information and Communications Technology	Broadband Network Services、 Enterprise Network Deployment、IP / OTN / GPON Networking Solutions、5G Private Networks and Wireless Networking Intelligent Network Management Systems、Network Security Planning、IT Information Systems、Private and Public Cloud Infrastructure Deployment、Data Center Construction、AI-Ready Data Center Implementation、Enterprise Cybersecurity Solutions、Telecom Application Systems、Short Message Service Centers (SMSC), Cell Broadcast Centers (CBC), and Voicemail Systems、SIP / Intelligent Network (IN) Value-Added Services、Lawful Interception (LI) and Analytics Platforms、Voice and Video Communication Platforms、Smart Applications and Intelligent Buildings、AI-Powered Video Analytics and Applications、AR / VR Smart Applications、3D Data Center Infrastructure Management (DCIM) Smart Building Platforms、Smart IoT Application Integration

Digital Media	IPTV / OTT Solutions, Smart Exhibition & Performance and 5G Live Streaming Solutions, Broadband Interactive Multimedia Systems (MOD), Digital System Implementation and Integration, Digital Content Delivery Solutions, Digital Signage, Interactive Multimedia Application Development, 4K / 8K Content Digitization and Transcoding Systems, Multi-Format Video/Audio Transcoding Systems (Transcoders), Cameras, Broadcasting, Master Control Room (MCR), and Sub-Control Room (SCR) System Equipment, HD Multimedia Set-Top Boxes (STB), Fiber Optic or Telecommunications Equipment, Data Terminal Systems and Network Application Services, Digital Rights Management (DRM) Solutions, Optical Distribution Networks (ODN), Domain Name System (DNS), Fingerprint Recognition Systems, AI-Powered Facial Recognition Systems, and Integrated Digital Marketing and Social Media Strategies.
Information Security	Regulatory Compliance and Standards Consulting Services, ISO 27001 / ISO 27701 Implementation Services, Auditing and Training Services, Cybersecurity Assessment Services, Host System Vulnerability Scanning, Web Application Vulnerability Scanning, Penetration Testing, Source Code Review, Social Engineering Drills, Cybersecurity Technical Training, System Integration Services, Endpoint Detection and Response (EDR) and Extended Detection and Response (XDR), Next-Generation Firewalls (NGFW) and Web Application Firewalls (WAF), Security Information and Event Management (SIEM) and Security Orchestration, Automation, and Response (SOAR), Cyber Threat Intelligence, Operational Technology (OT) Security, Managed Security Services (MSS), Security Operations Center (SOC) Build and Outsourcing Services, and Managed Detection and Response (MDR) Services.
Smart Applications	AR Remote Video Collaboration Applications, VSV Cloud Video Surveillance & Management Platform, Tech-Driven Disaster Prevention and Smart Construction Site Solutions, Drone (UAV) Application Solutions, aoSCADA: Integrated Monitoring Platform for Smart City Intelligent Operations Centers (IOC), Connected Vehicle (V2X) Application Integration Solutions, Traffic Monitoring and Management Systems, Large-Scale Display Signage (CMS), Vehicle Detectors (VD), Meteorological Measurement Equipment (Weather, Rain, and Fog Sensors), Power Supply Equipment, Firefighting and Suppression Equipment, Incident Management Application Platforms, Surveillance and Monitoring Systems, Traffic Control Center (TCC) Central Computer Systems, Integration of Traffic Roadside Units (RSUs) and Equipment, Execution of Incident Response Plans (IRP), Smart Campus Integration Services, Video Recording, HMI/SCADA Graphic Control, and Video Broadcasting Software, AIoT Platform Architecture Planning and Implementation, Provision of Comprehensive Management and Decision Support Services, and Upgrade, Retrofitting, and Maintenance Services for Traffic Control Equipment.

4、Planned development of new products (services):

The Company continues to focus its core operations within the sector of "Broadband Value-Added Service Integrators." We are reinforcing the execution of our R&D capabilities in artificial intelligence (AI), cloud computing, big data technologies, and systemic integration to pioneer innovative services. Anticipating the diversified evolutionary trends across the future IoT ICT and mobility markets, the Company is strategically pivoting toward four core matrices: Information and Communications Technology, Digital Media, Information Security, and Smart Applications. This roadmap guides our transformation into a premier, value-added innovative service integration enterprise, tailored to satisfy evolving client demands and solidify our core corporate value. Our research and development (R&D) directives for the current fiscal year are outlined below:

(1) Digital Media

A. IPTV / OTT Solutions:

We provide comprehensive, end-to-end, and rapidly deployable, monetizable IPTV/OTT solutions. These encompass digital content encoding/transcoding solutions, content scheduling and broadcasting plans, Digital Rights Management (DRM) schemes, and digital content streaming, as well as digital set-top boxes (STBs) and smart home Internet application services. Leveraging Hwacom's extensive deployment experience and deep technical expertise in broadband and 5G mobile networks, we empower service operators to deliver high-definition, ultra-low-latency, and innovative video media (such as Virtual Reality and 4D multi-view) in a rapid, efficient, and cost-optimized manner. These cutting-edge media experiences are delivered with maximum efficiency and superior quality across mobile devices and TV screens.

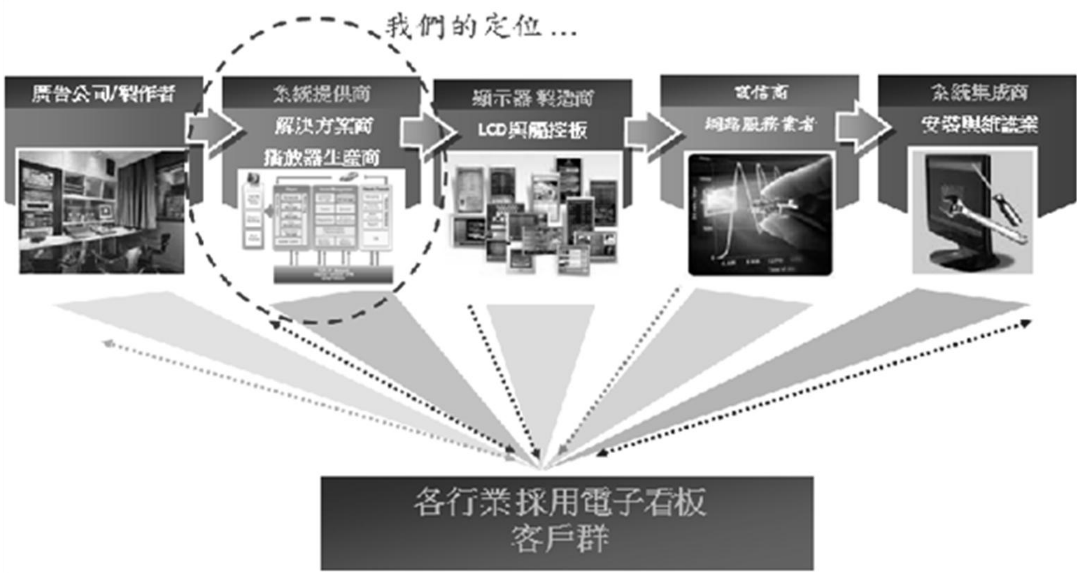
B. Cloud-based media service platform:

With the rapid advancement of cloud technology and infrastructure in recent years, HwaCom has partnered with international technology giants to launch a cloud-based media platform. This platform will benefit enterprises and the media industry by providing efficient and cost-effective access to internal media resources and enabling the launch of media products.

(2) Innovative application services

Smart Digital Signage

Based on our years of experience in multimedia digital contents and embedded terminal devices, as well as project expertise in information display and multimedia billboards in transportation system, Hwacom foresees a significant demand for electronic billboard applications in various real-life scenarios. As a result, Hwacom is investing to develop Smart Digital Signage as a new business opportunity.



Products that have been developed include the following:

(A) Smart Exhibition & Performance and 5G Live Streaming Solutions:

Hwacom delivers high-definition, ultra-low-latency, virtual reality (VR), and 4D multi-view applications for live exhibition and performance streaming. Utilizing cutting-edge 5G Broadcast technology, we more efficiently transmit video and media content to mobile devices and TV screens. This infrastructure enables ultra-high-definition (8K/4K) remote cross-site co-performance live streaming via high-speed broadband networks. Simultaneously, by integrating next-generation Internet protocols and advanced OTT streaming services, we provide media consumers with a geofence-free, ubiquitous video application technology solution.

(B) Turnkey Broadcasting & Streaming Integration Solutions:

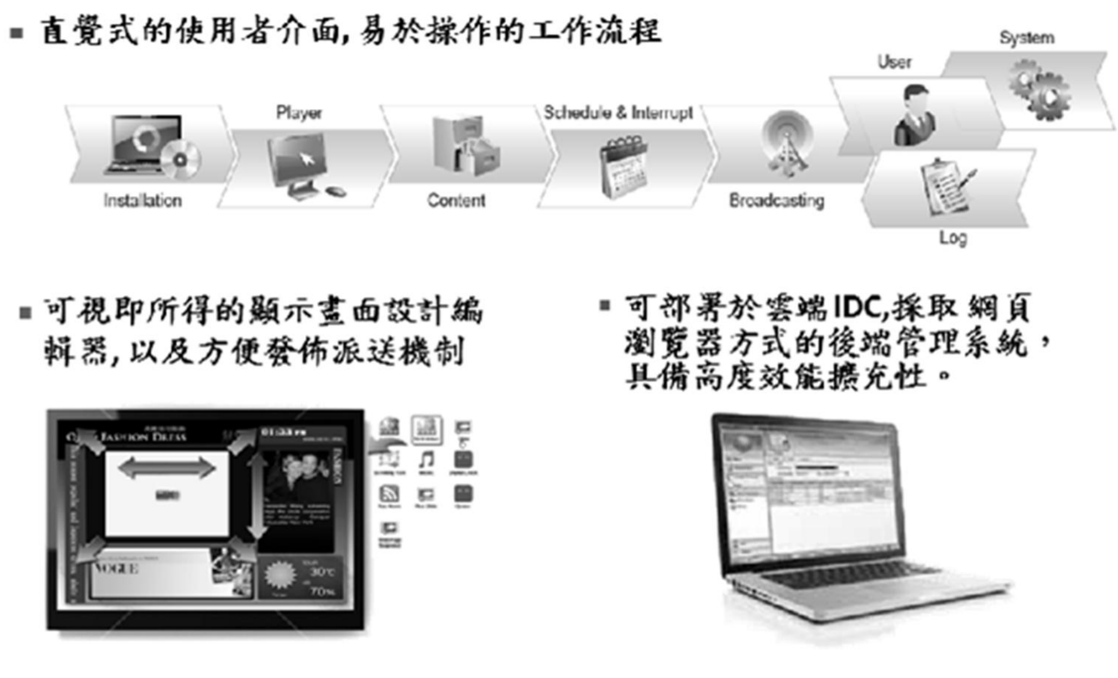
Hwacom possesses extensive experience in integrating Master Control Room

(MCR) and Sub-Control Room (SCR) systems, serving major television channels, telecommunications operators, Multiple System Operators (MSOs), and OTT platforms across Taiwan. We seamlessly integrate the core components across all stages of broadcasting and control, encompassing: Master Control Automation Systems, Video Servers, Routers and Signal Switchers, SDI/IP hybrid architecture and 12G-SDI implementation design, multi-format support for HD / 4K / 8K, and high-bandwidth signal workflow integration. Furthermore, we specialize in the integration of Digital Headend Platforms (comprising Encoders, Multiplexers (MUX), and Transport Stream (TS) Routing), streaming platform deployment (for OTT / IPTV / STBs), Secure Reliable Transport (SRT) over public networks, Content Delivery Network (CDN) distribution, and multi-platform redundancy configurations.

(C) Cloud-Based Intelligent Digital Signage Management Systems:

Built upon Hwacom's specialized expertise in IT and application development technologies, this management system enables the efficient management, content creation, and distribution workflows across all deployed endpoints and Kiosks. The entire system features a fully cloud-native architecture, allowing all administrative actions to be executed seamlessly via the Internet and standard web browsers.

Furthermore, we provide comprehensive, end-to-end operational workflows and functionalities tailored for B2B2C business models, thereby empowering clients to effectively accelerate and expand their commercial scalability.1



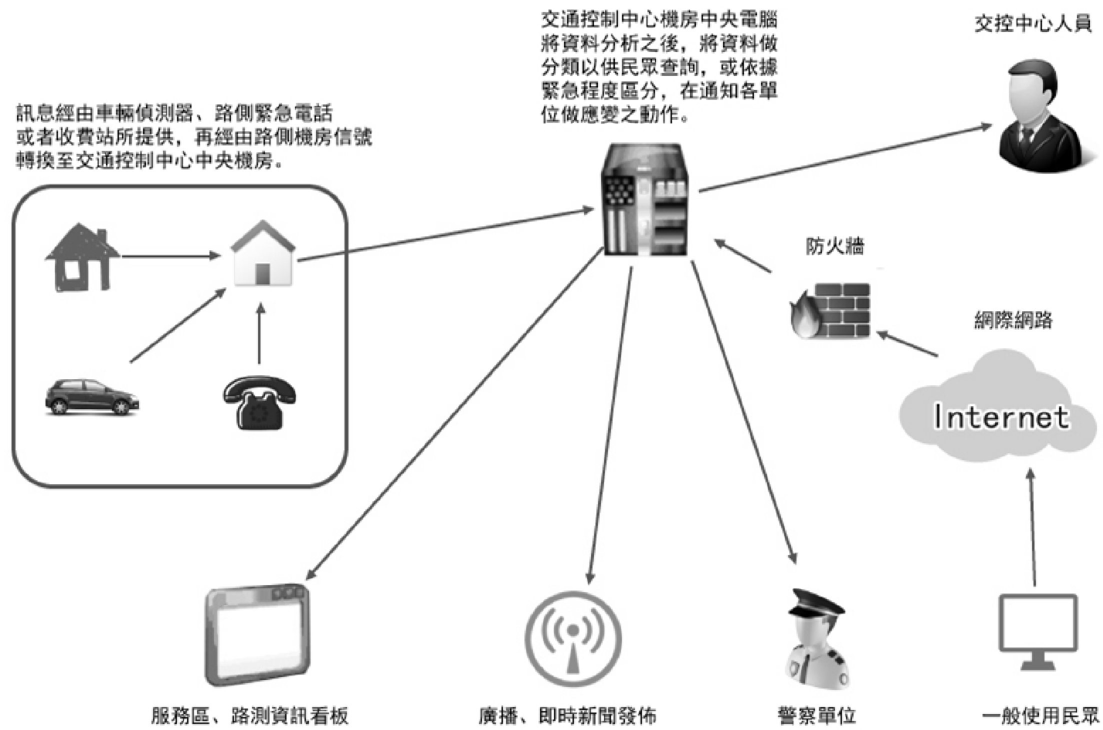
(3) Smart Applications

Driven by the robust evolution of digital networks, increasingly mature network infrastructures, and the continuous advancement of IoT technologies, a diverse array of systems, platforms, and devices has emerged, unlocking infinite possibilities for smart city applications. These applications have expanded beyond conventional access control, alarm systems, video surveillance, and environmental monitoring into intelligent integrated systems featuring smart video analytics, automated detection, and cross-system orchestration—ultimately delivering a safer, more convenient, and comfortable environment for citizens.

Hwacom specializes in the design and implementation of various smart integrated application systems. In recent years, we have dedicated ourselves to the domain of smart city integrated solutions, encompassing both personal smart home platforms and enterprise-grade, large-scale security systems deployed in professional environments. Tailoring our designs and construction frameworks to the distinct security demands of each vertical industry, the Company's comprehensive security solutions are outlined below.

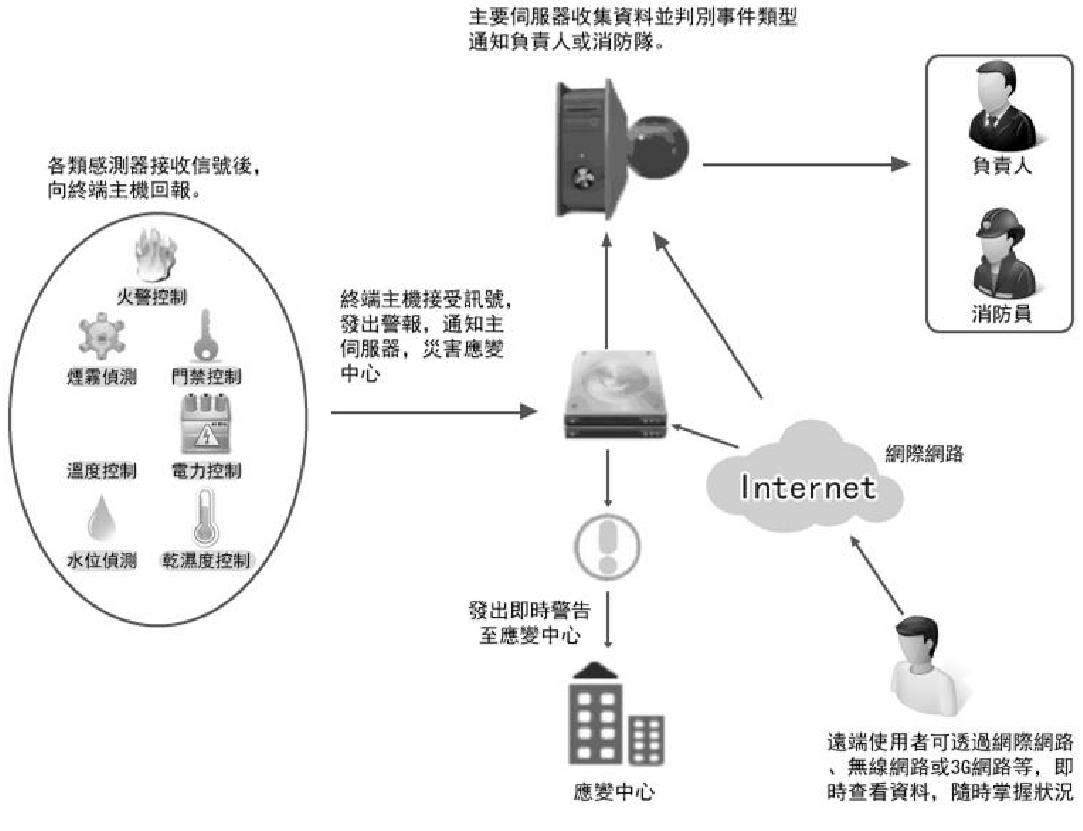
(A). Intelligent Traffic Control

In order to automate the overall operational management of transportation and enhance the quality of transportation services (excerpted from Article 2 of "Enforcement Rules of Act for Promotion of Private Participation in Infrastructure Projects"), we integrate technologies such as information, communication, electronic, control, and management into various transportation infrastructure. This promotes higher transportation efficiency, quality, and safety, thereby realizing environmental protection and the development of green transportation.



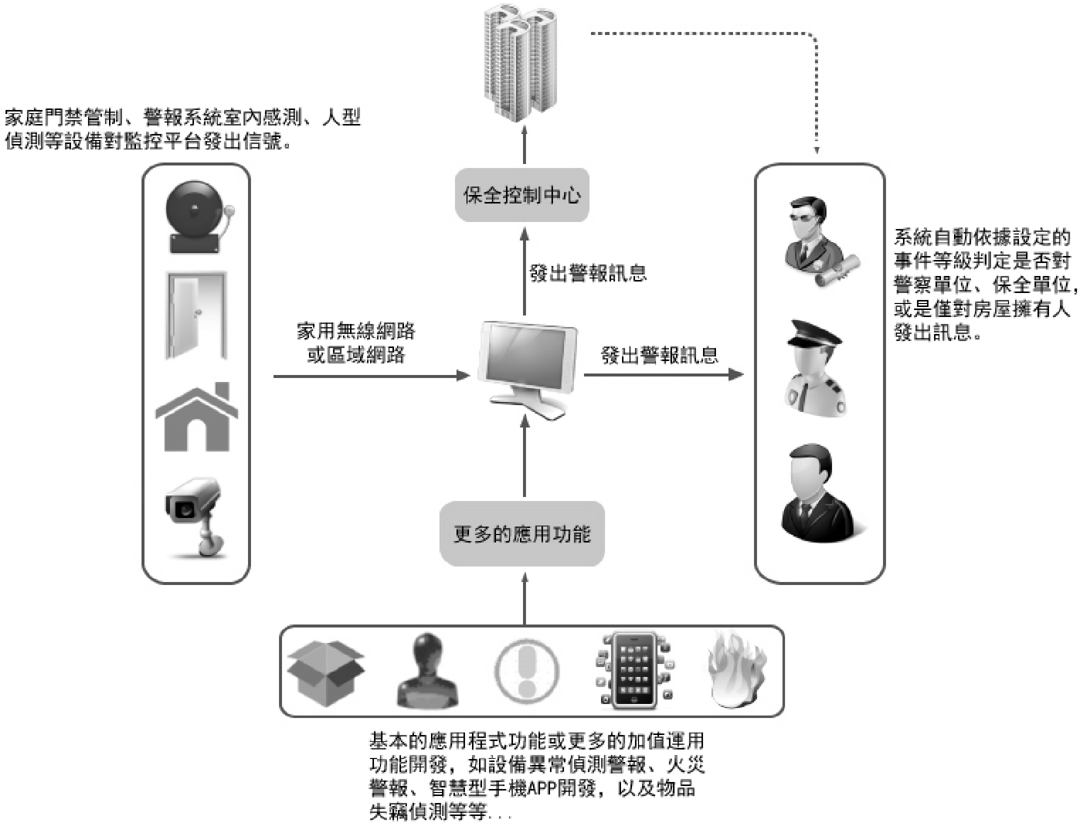
(B). Intelligent Security Management

Implementing centralized monitoring and management for all equipment and environmental aspects of the data center, monitoring the operational status and parameters of different systems. In the event of any abnormal incidents, immediate notifications are sent to the administrators, facilitating remote monitoring and enabling prompt responsive measures to be taken.



(C). Smart Home

By integrating automation and intelligent technologies with safety, IT, network, and service-related industries, technology is seamlessly incorporated into the architecture, enhancing the safety, convenience, and comfort of everyday living.



（4）Information Security

A. Proactive Defense Approach to Address Cybersecurity Challenges in the Era of IoT

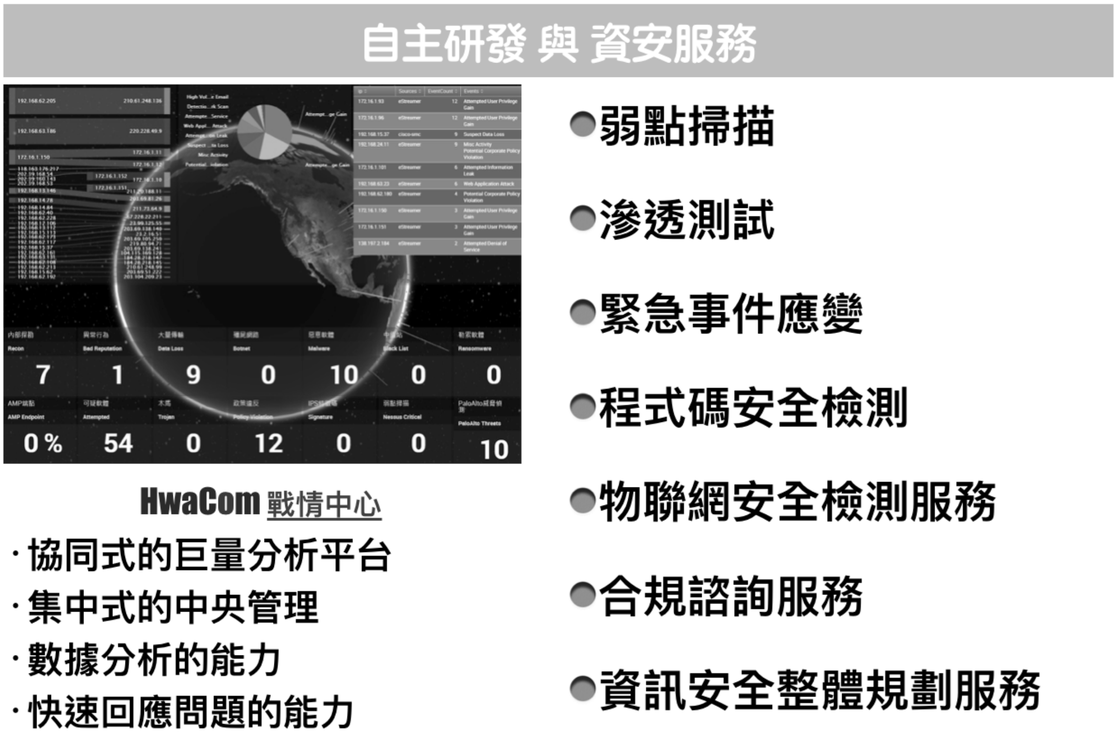
With the dawn of the AIoT era, cybersecurity has transcended the IT (MIS) operational level to become a critical "business risk," potentially exposing enterprises to severe losses in revenue, competitiveness, and reputation. However, achieving comprehensive protection poses immense challenges. The proliferation of deployed AIoT devices not only multiplies attack surfaces and expands defensive boundaries, but also complicates software/firmware management. Furthermore, a lack of interoperability among existing security tools often deprives enterprises of vital security visibility, hindering their ability to properly prioritize defense strategies. In light of these escalating AIoT vulnerabilities, enterprises must urgently evolve their security mindset. They can no longer afford to rely on passive, "hope-based" defenses—characterized by deploying multiple disjointed systems and drafting numerous policies without verifying their actual implementation. Instead, organizations must first define their critical assets, gaining a thorough understanding of key infrastructure and services. This foundation enables the establishment of robust monitoring mechanisms to precisely distinguish between normal and anomalous behaviors, ultimately cultivating proactive defense capabilities. Rooted in a management cycle akin to PDCA, proactive defense requires enterprises to establish KPIs based on two strategic pillars: active engagement and infrastructure reinforcement. Organizations utilize SIEM and deep packet inspection (DPI) systems to detect suspicious activities, subsequently deploying active countermeasures and containment tactics to systematically impede attackers' progress. Ultimately, based on the insights gained, resources are allocated toward tailored defensive strategies. Through this evolutionary loop, enterprises continuously fortify their cybersecurity resilience.

B. AI-Driven Analytics for an Advanced Defense Architecture

Cybersecurity issues are not a recent phenomenon; they have undergone multiple evolutionary stages over time. Initially, gateway protections—including antivirus, firewalls, web, and email security—focused heavily on single-point tactics, where one distinct device represented a single defensive function. As malicious attack methodologies became more sophisticated and the rise of AIoT triggered a surge in connected devices, potential hacker entry points multiplied, rendering single-point defense inadequate. This catalyzed the concept of collaborative defense, where diverse gateway appliances share intelligence and work alongside cloud and endpoint protections to form a unified defense network.

To capitalize on this shift, the Company has leveraged a big data platform for value-added development, giving rise to an Intelligent Security Command Center that fulfills corporate expectations and empowers organizations with real-time visibility into their cybersecurity posture. Upon incident detection, immediate alerts are issued via SMS, app push notifications, or email, informing administrators of the real-time status and recommending corrective countermeasures. Through custom configurations, the system can dynamically dispatch tailored commands to relevant security appliances based on threat types and policies, proactively intercepting attacks.

In the AIoT era, an increasing number of devices possess unique IP addresses and network capabilities. Within a typical office environment, everything from PCs, IP phones, and printers to IP cameras and time clocks is network-connected. Consequently, each device represents a potential entry point for malware or a facilitator of lateral cross-infection. Therefore, beyond traditional North-South (vertical) network perimeter protection, enterprises must place heavy emphasis on safeguarding physical devices and internal network behaviors, swiftly establishing an East-West (lateral) defense network. The introduction of Hwacom's next-generation Command Center assists businesses in repelling persistent malicious attacks and securely fortifying their digital assets. Staying synchronized with the ongoing evolution of cybersecurity, we have rapidly expanded our capabilities to supply corresponding security services. Today, the Company has forged strategic partnerships with multiple AI-powered analytics solution providers specializing in network and endpoint security. Combining their expertise with our intelligent Command Center, we have established a resilient and fortified bastion of cybersecurity defense.



(II) Industry Overview

1、Current Trends and Outlook of the Industry:

（1）Current industry state

The Company continues to focus its core operations within the sector of "Broadband Value-Added Service Integrators." We are reinforcing the execution of our R&D capabilities in artificial intelligence (AI), cloud computing, big data technologies, and systemic integration to pioneer innovative services. Anticipating the diversified evolutionary trends across the future IoT, ICT, and mobility markets, the Company is strategically pivoting toward four core matrices: Information and Communications Technology, Digital Media, Information Security, and Smart Applications. This roadmap guides our transformation into a premier, value-added innovative service integration enterprise, tailored to satisfy evolving client demands and solidify our core corporate value. Our research and development (R&D) directives for the current fiscal year are outlined below.

A. Information and Communications Technology

Following the market consolidation into an oligopolistic telecom triumvirate, the core competition within Taiwan's telecommunications sector has pivoted from historical price wars to "AI enablement" and "digital convergence services." Driven by the deployment of 5G-Advanced technologies, operators are actively transforming from traditional carriers into digital technology service providers. While conventional voice revenues continue to contract, the enterprise market (B2B) has emerged as a novel engine for sustained revenue growth, fueled by the establishment of Hwacom's advanced AI-powered Internet Data Centers (IDCs), edge computing, and 5G private networks.

Nonetheless, Taiwan's legacy telecom service market has reached full maturity; the voice market is thoroughly saturated, making high growth no longer anticipated. Compounded by widespread internet ubiquity, emerging broadband entrants, and the rise of social media platforms, the cable television market faces a massive "cord-cutting wave" triggered by OTT streaming platforms. Consequently, operators have comprehensively shifted toward business models centered on broadband and video value-added services, leveraging high-bandwidth fiber optic internet and smart home ecosystems to maintain subscriber stickiness.

Concurrently, "digital resilience" has crystallized into a strategic priority for both the public and private sectors. The Company is aggressively penetrating customized 5G private network development, Low Earth Orbit (LEO) satellite communication integration, and hybrid cloud security architectures—empowering clients to achieve seamless transformation within high-bandwidth, low-latency application scenarios such as mobile offices, smart manufacturing, and digital entertainment. Looking ahead, Hwacom's growth trajectory will closely focus on AIoT data applications, zero-trust security integration, and cross-cloud value-added services. The B2B and government project markets are projected to contribute stable, high-potential profitability margins.

B. Digital Media

(A) Continuous Growth in the IPTV/OTT Market: Deep Integration of Cloud-Based Video and OTT Platforms

With the proliferation of high-speed fiber optics and 5G networks, the video media market has comprehensively entered a "fully cloud-native" and "ultra-high-definition (4K/8K)" era. Growing consumer demand for low latency, high definition, and personalized content is driving telecommunications carriers and content providers to transition from traditional IPTV to Over-the-Top (OTT) streaming and hybrid video platforms. The Company is dedicated to delivering end-to-end cloud video solutions, integrating AI-powered automated transcoding technologies and Content Delivery Network (CDN) optimizations. This empowers operators to achieve a seamless, consistent, and high-quality viewing experience across diverse terminal devices, including smart TVs, mobile devices, and in-vehicle infotainment systems.

(B) Global IPTV Infrastructure Trends and Market Expansion

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Japan was the earliest market to widely adopt large-scale, high-speed broadband infrastructure, closely followed by South Korea. In recent years, driven by the boom in digital content and escalating demands for high-definition video, Western nations have made substantial strides in broadband deployment, even surpassing pioneering countries in terms of bandwidth performance and penetration rates. Consequently, internet-based television was initially propelled by Western markets and has progressively expanded into Asia. This rollout has naturally gained organic traction in nations with mature network infrastructures like Japan and South Korea. Mainland China anticipated high-bandwidth applications from the outset; thus, its network infrastructure has steadily caught up with developed nations, backed by an aggressive stance toward IPTV promotion and deployment.

Similarly, propelled by extensive bandwidth deployment in recent years, Taiwan's IPTV market has visibly caught up with neighboring countries, steadily accelerating its market scale. Looking ahead, if network service providers take a long-term perspective to further elevate bandwidth capabilities while lowering entry price barriers, diverse network-based, bandwidth-driven value-added services can be seamlessly driven forward. Ultimately, this approach will enable the Company to foster sustained, effective growth in economies of scale generated by broadband services.

(C) Cross-Industry Operational Trends Under Digital Convergence

Today, the media and broadcasting industry has entered a period of radical transformation characterized by "diversified content and multi-tiered platforms." Traditional Multiple System Operators (MSOs) are actively transforming into "broadband and digital value-added service providers," constructing robust digital convergence ecosystems through the integration of prominent OTT streaming services (such as Netflix, Disney+, and FarEasTone friDay Video). Positioning itself as a pioneering leader in systems integration, the Company assists operators in deploying advanced Home Gateways (HGWs) and cloud-based backend management systems. Concurrently, through the application of big data diagnostics and AI-driven recommendation systems, Hwacom empowers clients to enhance subscriber stickiness and optimize targeted advertising precision.

C Information Security

(A) Complicated Global Cyber Threats Drive Demand for "Proactive Defense"

As Generative AI (GenAI) technologies are weaponized by threat actors to engineer highly targeted, automated attacks—such as deepfake fraud and automated vulnerability exploits—traditional rule-based defense architectures are no longer sufficient. The industry is rapidly pivoting from perimeter defense toward a Zero Trust Architecture (ZTA). Rather than assuming internal networks are inherently safe, enterprises now employ continuous identity verification, device health checks, and micro-segmentation to achieve constant proactive threat mitigation, driving explosive growth in Endpoint Detection and Response (EDR) and Managed Detection and Response (MDR) services.

(B) Regulatory Compliance Becomes a Rigid Operational Mandate for Enterprises

In response to the Financial Supervisory Commission’s (FSC) "Regulations Governing Establishment of Internal Control Systems by Public Companies" and stringent global supply chain security standards (such as ISO 27001:2022), cybersecurity compliance consulting services have become an essential ticket for enterprises seeking entry into global supply networks. The market no longer views cybersecurity merely as an IT cost center, but has elevated it to a strategic pillar for corporate Environmental, Social, and Governance (ESG) sustainability and digital resilience, fueling sustained demand for regulatory compliance consulting and assessment services.

(C) Convergence of "Hybrid Cloud Security" and "Data Management" Amid Cloud Transformation

The accelerated migration of core corporate workloads to the cloud has blurred traditional security perimeters. Today, the industry focus centers heavily on managing data workflow security between hybrid and private clouds. Consequently, data management solutions—encompassing immutable backups and disaster recovery protocols—have deeply integrated with active cybersecurity protections, ensuring that the Company's clients possess the necessary digital resilience to rapidly restore business operations in the event of ransomware attacks.

D. Smart Applications

As IoT technology enters full maturity, intelligent applications have shifted from single-point device deployments to "domain-wide data integration" and "predictive management." The core fields targeted by the Company are currently navigating a critical phase of industrial transformation.

(A) Integrated Development Trends in Smart Cities and Smart Campuses

The contemporary evolution of smart cities and smart campuses centers on establishing high-performance "centralized monitoring platforms." Current industry standards emphasize utilizing big data aggregation to seamlessly unify environmental monitoring, public facility management, and energy regulation. This bottom-up data convergence significantly enhances operational efficiency across cities and industrial parks, enabling precise, data-driven decision-making.

(B) Technological Leaps in Traffic Surveillance, Management, and Internet of Vehicles (IoV) Applications

The intelligent transportation sector is undergoing a paradigm shift from conventional "video surveillance" to "vehicle-infrastructure cooperative systems (V2I/V2X)." Advanced traffic surveillance and management platforms leverage high-definition detection and telemetry analytics to optimize traffic flows. Concurrently, Hwacom’s Internet of Vehicles (IoV) integrated application solutions bridge roadside units (RSUs) with moving vehicles, establishing real-time data exchange mechanisms that lay a robust foundation for future autonomous transportation environments.

(C) Deployment Momentum of 5G Smart Poles and AIoT Platforms

Serving as the backbone of urban digital infrastructure, integrated 5G Smart Pole solutions have become vital hosts for deploying 5G microcells, smart street lighting, and diverse sensor arrays. Through the strategic planning and deployment of Hwacom's AIoT platforms, massive volumes of data generated by heterogeneous devices are standardized, unlocking cross-device and cross-domain intelligent interconnected management. This represents the most stable infrastructure demand growing in the market today.

(D) Enterprise AI Application Service Platform

Hwacom has launched SmartQ, a proprietary enterprise AI application service platform designed to assist organizations in securely and effectively adoption of Generative AI. Its core value lies in empowering enterprises to rapidly build internal AI application services within a fully controllable, manageable, and auditable framework. By ingesting an enterprise's legacy documentation, proprietary knowledge bases, system data, and operational workflows, the platform crafts tailored AI assistants. These assistants empower employees with knowledge retrieval, document summarization, bidding proposal generation, customer service responses, O&M diagnostics, process automation, and decision support—vastly optimizing workflow efficiency and corporate knowledge retention.

Compared to public AI utilities, SmartQ prioritizes enterprise-grade cybersecurity, granular access control, data privacy, and governance mechanisms, thereby mitigating data breach risks of sensitive information while enabling executives to oversee AI usage contexts and performance metrics. Looking ahead, as enterprises accelerate the integration of AI Agents, smart O&M, intelligent customer service, security monitoring, internal knowledge management, and specialized vertical applications, SmartQ is positioned to become a vital engine driving enterprise AI transformation for Hwacom. This will extend new commercial frontiers including professional consulting, systems integration, managed services, and subscription-based SaaS platform revenues, exhibiting strong long-term growth potential.

In conclusion, across the aforementioned four core business pillars, the solidarity of ICT infrastructure, the cloud-native migration of digital media content, the absolute resilience of cybersecurity architectures, and the data-driven matrices of smart applications have intricately interwoven to constitute the core ecosystem of contemporary digital transformation. Navigating rapid global technological shifts and market competition, the industry landscape has fundamentally transitioned from legacy single-point hardware procurement toward high-value models of deep software-hardware integration and platform-as-a-service (PaaS) capabilities.

Leveraging years of accumulated telecom-grade deployment expertise and comprehensive systems integration prowess, the Company continuously optimizes its spectrum of solutions across technology, media, security, and smart applications. Moving forward, Hwacom will leverage "Resilient Connectivity, Intelligent Governance, and Proactive Defense" as its core competitive advantages, aggressively spearheading the digital upgrading of critical infrastructures for both public enterprises and private corporate clients. This strategic alignment ensures that we maintain our technological vanguard within a volatile industrial landscape, ultimately generating long-term, stable value for our shareholders.

（2）Industry Development

Hwacom is dedicated to evolving as a pioneering leader in systems integration for digital transformation and the intelligent Internet of Things (IoT), with a core mission to enhance societal operational efficiency and quality of life. Rooted in a profound foundation of telecom-grade technical expertise, we construct broadband applications and intelligent management systems featuring high digital resilience, assisting telecommunications carriers, government agencies, and large enterprises in implementing comprehensive digital upgrades.

The Company's core operations focus on four principal matrices: Information and Communications Technology, Digital Media, Information Security, and Smart Applications. Beyond delivering stable and high-efficiency IP broadband network infrastructures, we delve deeply into cloud-native video media platforms, zero-trust cybersecurity protections, and AIoT smart urban-control solutions. Through cross-domain technical integration, Hwacom empowers clients to build distinct competitive advantages within volatile market environments, realizing our long-term vision of intelligent interconnectivity, robust security protection, and digital enablement. The developmental landscapes of these four core industries are outlined below.

A. Information and Communications Technology

Leveraging its technical advantages in 5G and the Internet of Things (IoT), combined with extensive deployment experience, Hwacom delivers flexible and highly customized 5G private network solutions. From smart manufacturing and smart campuses to airports and educational institutions, we fulfill the diversified requirements of government agencies, enterprises, and telecommunication carriers.

Through cross-disciplinary resource integration, the Company converges 5G ICT with digital media, smart applications, and information security to research and develop innovative services. From requirement assessment, planning, and design to construction and comprehensive operations and maintenance (O&M), Hwacom provides a complete one-stop service, allowing clients to experience a "beyond imagination" service excellence and innovative application experience.

(A) Mobile Communications and 5G Private Networks

As the telecommunications sector enters a mature competitive landscape dominated by an oligopolistic triumvirate, the market focus has shifted from historical bandwidth competition to deep applications of 5G-Advanced (5.5G) technologies. Mobile internet has become a foundational lifestyle for the general public, with penetration rates reaching saturation. Today, telecom operators are actively collaborating with ISPs, ICPs, and systems integration (SI) vendors to develop high-value premium services, such as ultra-high-definition video streaming, cloud gaming, and AI-enabled personalized assistants.

Furthermore, 5G enterprise private networks have emerged as a novel engine for industrial growth. Utilizing the Company's leading systems integration capabilities, we assist enterprises in establishing low-latency, high-security dedicated networks to support digital transformation demands such as smart manufacturing, automated logistics, and mobile offices.

(B) Fixed-Line Infrastructure and Digital Convergence:

The domestic fixed-line market has comprehensively entered the Fiber-to-the-Home (FTTH) and symmetrical Gigabit-bandwidth era. Telecommunications and cable operators are integrating resources to drive the triple-play convergence of mobile, fixed-line, and internet services. Against the backdrop of continuously contracting voice revenues, operators are aggressively capturing data services and smart home market opportunities.

Looking ahead, fiber-optic broadband will continue to advance toward 10G-PON technology to satisfy the ultimate demands of AI computing, 4K/8K real-time video, and cross-cloud applications. The core business opportunities in the fixed-line market will be concentrated in :

- ◆ AI-driven value-added application services.
- ◆ High-performance broadband access and network virtualization equipment.
- ◆ Large-scale systems integration projects featuring digital resilience.

(C) Cloud Computing and AI Computational Infrastructure

Cloud computing has evolved from its early stages of resource sharing into the core vehicle for AI computational power. With the explosion of Generative AI (GenAI), enterprise demand for hybrid cloud architectures and High-Performance Computing (HPC) has surged drastically. Cloud services not only minimize hardware and software maintenance costs but have also become a pivotal catalyst driving corporate digital transformation.

- ◆ Global Opportunities: Cloud services have grown into a trillion-dollar industry, with primary market growth concentrated in AI infrastructure (IaaS) and platform services (PaaS).
- ◆ Domestic Opportunities: Taiwanese manufacturers hold distinct global competitive advantages in "cloud" servers as well as "edge" intelligent devices (such as AI smartphones and AI PCs).
- ◆ The Company's Role: As enterprise demand for value-added

services and data management intensifies, Hwacom focuses strategically on AI data center planning and design, cloud-edge integration, disaster recovery (DR) backup architectures, and cloud security protection—empowering clients to seize critical operational opportunities within evolving cloud trends.

B. Digital Media

(A) Video Media Shifts from Traditional Broadcasting to Cloud and OTT Convergence

Television channels and the media industry have entered the era of full digital convergence. Traditional wireless and cable television stations have broken through the limitations of single viewing carriers, comprehensively developing cloud video streaming platforms (OTT) along with changes in viewing habits. At this stage, the development focus of the media industry has shifted from unidirectional broadcasting to multi-screen interaction and Video on Demand (VOD). The Company provides high-definition, low-latency, virtual reality, and 4D multi-view performance live broadcast application services. Through the new mobile broadcasting technology 5G Broadcast, Hwacom more effectively transmits media content such as video to mobile devices and television screens, enabling ultra-high-definition (8K/4K) remote cross-location co-performance live broadcasting activities over high-speed broadband networks. Simultaneously, combining the Internet protocol functions of new standards and the relevant integration of OTT streaming services, we provide media users with a location-independent video application technical solution.

(B) Deep Convergence of the Media Industry and ICT Technologies

With the maturity of broadband networks and the ubiquity of 5G communications, the boundaries between the media industry and the information service industry have blurred. Leveraging its core advantages in ICT integration, Hwacom builds broadband interactive multimedia integrated platforms for media operators. By integrating IP-based headend equipment and cloud management backends, the Company extends traditional video services to diverse value-added fields such as smart education, interactive entertainment, and e-commerce guided shopping.

(C) Cross-Domain Applications of Interactive Multimedia and Digital Signage

Media integration services have extended to smart city and smart retail scenarios. Through interactive multimedia applications and smart digital signage systems, combined with AI big data analytics, media content is no longer confined to indoor viewing, but can be deployed in public spaces to provide real-time navigation and interactive advertising services.

C. Information Security

Centered on the core philosophy of "one-stop cybersecurity services," providing comprehensive cybersecurity products and related services for government agencies and enterprise clients :

(A) One-Stop Cybersecurity Services and Specialized Development

The cybersecurity industry has transitioned from single-point equipment procurement toward a One-stop Service model. The Company established a specialized cybersecurity subsidiary, "Open Information Security INC.," focusing core operations on government agencies and enterprise clients to provide comprehensive protection ranging from compliance consulting and assessment services to systems integration and managed operations and maintenance (O&M). Through specializing in cybersecurity services, we can more rapidly respond to increasingly severe digital threats, establishing a highly trusted professional and technical threshold in the market.

(B)Taiwan's First with Dual Certifications and National-Level Assessment Capabilities

As cybersecurity compliance and digital governance become standard criteria for enterprises, the Company led the industry in obtaining dual certifications for ISO 27001 (Information Security Management) and ISO 27701 (Privacy Information Management), and passed multiple capability registrations by the Administration for Digital Industries of the Ministry of Digital Affairs. We possess the capabilities to execute vulnerability scanning, penetration testing, and source code review. This model, which combines "compliance consulting services" with "high-end assessment capabilities," assists clients in implementing a high standard of cybersecurity governance maturity.

(C) Zero Trust Comprehensive Solutions and Cybersecurity SOC

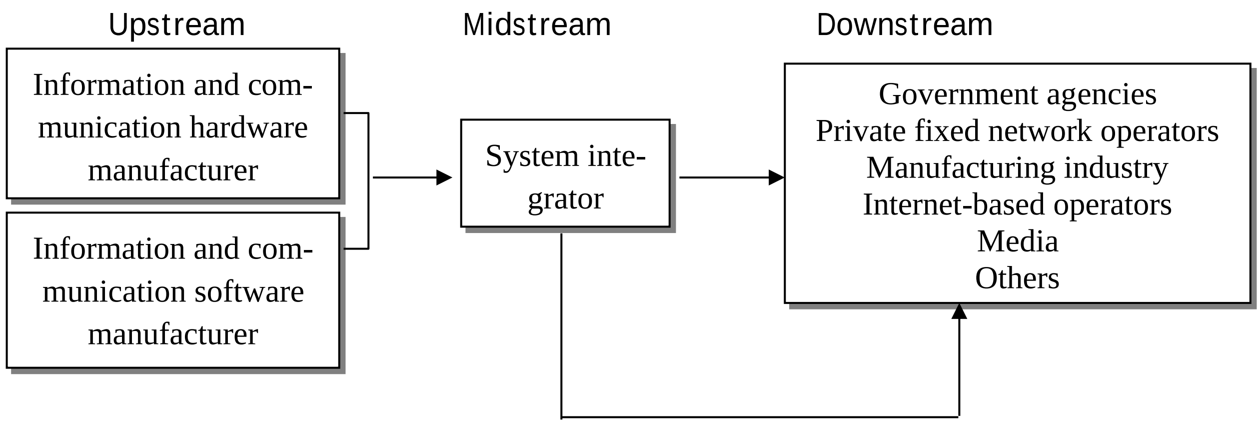
Zero Trust Comprehensive Solution: Referencing the U.S. NIST SP 800-207 standards, the Company has established a Zero Trust architecture encompassing identity authentication (FIDO passwordless authentication), device authentication, and trust inference to ensure the security of high-privilege access.

Cybersecurity SOC: Encompassing event collector deployment and log streaming of monitored targets. The system aggregates security events from various devices in real time; upon detecting anomalies or triggering cybersecurity rules, it automatically creates work orders and notifies the SOC through multiple channels. If logs hit the latest IOCs, the platform immediately issues joint defense commands, linking firewalls and endpoints for blocking, isolation, and tracking. Devices also feature built-in NOC performance monitoring; whenever CPU, memory, or interface traffic exceeds thresholds, alerts are instantly generated and reported to ensure uninterrupted operations and protection, while retaining complete audit trails as basis for future investigations, thereby enhancing the overall capability of cybersecurity governance maturity and response efficiency.

(D) Cybersecurity Cortex MDR Next-Generation Anti-Virus

MDR provides 24/7 all-weather threat monitoring, proactive hunting, and real-time response. Combining artificial intelligence with expert analysis, Hwacom rapidly detects and counters advanced threats, alleviating the burden on internal cybersecurity teams and delivering professional-grade security protection.

2. Relationships with suppliers throughout the industry supply chain:



The Company is a professional service provider specializing in the integration of broadband application systems. It is a part of the information service industry, as defined by the Institute for Information Industry, and specializes in: system integrations. The upstream sector of this industry primarily consists of various communication, network, and computer hardware manufacturers, as well as communication, network, and computer software suppliers. After directly selling to system integrators or selling through channel distributors in the midstream, they develop application software and complete hardware and software system integration based on the functional requirements of downstream customers. The integrated systems are then sold to telecom companies, network providers, media companies, and enterprises with electronic mobile demands. For upstream software and hardware manufacturers, the application software development by midstream information service providers enhances the added value of their products. For downstream customers, the improved functionality of the integrated systems enhances service efficiency and effectiveness. The Company plays a dual role as both a midstream channel distributor and a system integrator, providing value-added integration and distribution functions within the industry chain.

3、Various trends in product development:

The Company primarily provides telecom integrated system services, IP broadband network services, media industry services, and other communication network infrastructure and application solutions. The development trends of our products are as follows:

(1) 5G and Full Fiberization Trends, Stable Demand for Digital Infrastructure

Broadband networks have become national-level strategic infrastructure. As the telecommunications industry consolidates into a triumvirate landscape, the market focus has shifted from individual users toward the deployment of 5G enterprise private networks and Gigabit-grade fiber-to-the-home (FTTH). The Company possesses complete integration experience ranging from early cable television systems to contemporary 10G-PON fiber-optic networks. In the mobile network sector, the Company has a proven track record of constructing 4G/5G backbone networks for telecom carriers; in recent years, we have actively invested in 5G O-RAN open architectures and 5G private network applications, assisting governments and enterprises in building highly reliable, low-latency communication environments.。

Additionally, Wi-Fi network planning for general enterprises, LoRa IoT networks for AIoT applications, and optical transport networks such as OTN and DWDM for large institutions are also solutions that Hwacom excels in, enabling us to provide customers with a diverse range of wired and wireless network solutions.

We provide different distance coverages based on the domain scope, mixing different types of base stations from indoors to outdoors. This is applicable to any industry and scenario, aligning with continuously growing network scales and business applications. Network transmission, MEC computing, 5G core networks, and management platforms. Meeting full-coverage network architectures, powerful yet simple tools allow administrators to see everything at a glance, and end-to-end security defense ensures users can utilize network services with peace of mind without worrying about attacks.

（2）Cloudification of Video Multimedia, Ubiquity of Ultra-High-Definition and Interactive Experiences

As broadband environments mature, video services have evolved from traditional IPTV into the cloud streaming (OTT) and 4K/8K ultra-high-definition era. Consumer demands are no longer limited to basic viewing, but place greater emphasis on video-on-demand and multi-screen interaction.

The Company provides end-to-end, rapidly deployable, and profitable comprehensive IPTV/OTT solutions, which encompass:

- Digital Encoding / Transcoding Solutions
- Program schedule/Playout solutions
- Digital Right Management Solutions
- CDN, Origin Server, Video Server Solutions
- Digital IPTV / DVBC STBs
- Smart Home AIoT application and services

Combining Hwacom's extensive deployment experience and expertise in broadband networks and mobile networks (5G), we will assist service operators in delivering high-definition, low-latency, and innovative video media (such as virtual reality and 4D multi-view) to serviced mobile devices and television screens in a rapid, effective, and cost-optimal manner with high efficiency and high quality.

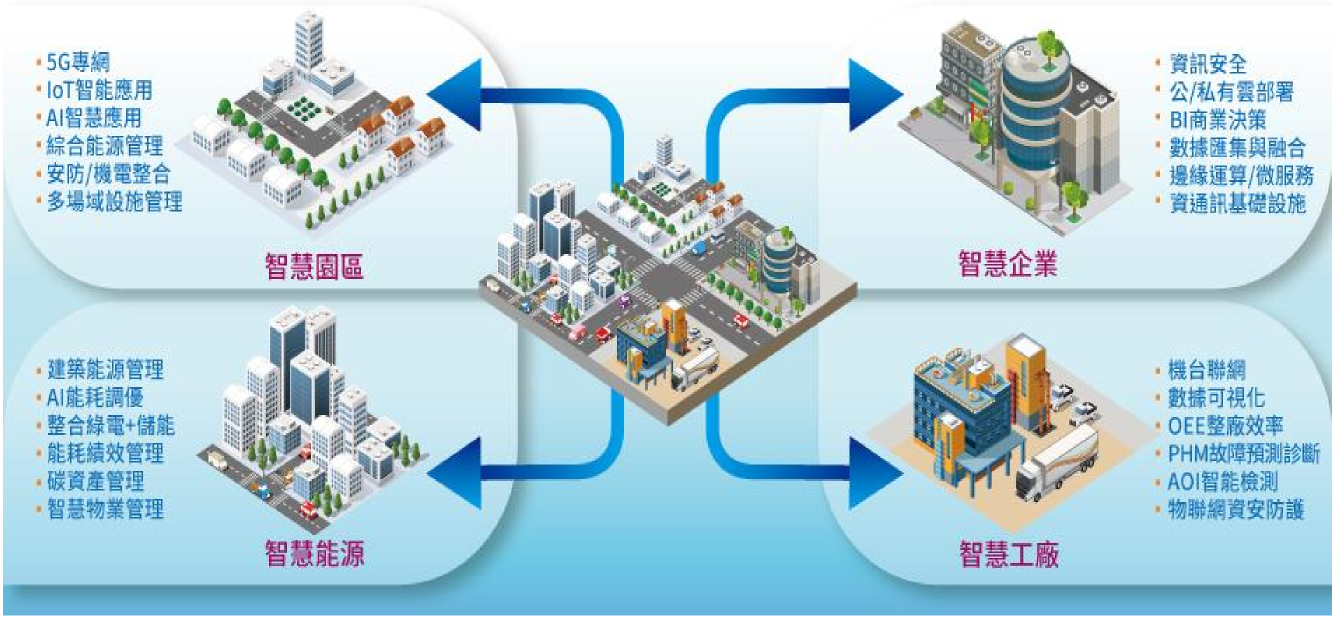
Implementing Amazing TV Solutions provides service operators with:

- Optimal Total Cost
- Shorter Time to Market
- Flexible Pricing Mechanim

- Revenue Driven Applications
- Optimal investment for O&M

（3）AI Empowerment and Prevalence of Hybrid Clouds, AIoT Innovative Application Services Drive Continuous Growth in the Digital Transformation Market

AIoT (Artificial Intelligence of Things) represents the predominant trend for future technological applications. As an integrated system combining AI (Artificial Intelligence) and IoT (Internet of Things), it leverages digital technology to enhance automation, optimize various operations, and discover more business possibilities, which will assist enterprises in reducing operational costs, improving production efficiency, and creating new commercial opportunities. Simultaneously, it constructs the best decision-making models based on different scenarios to rapidly respond to customer and market demands, elevating corporate competitiveness and profitability, while utilizing data insights to develop new operational models and assist organizations in successfully executing digital transformation.



（4）Master Control Playout and Streaming Turnkey Integrated Solutions

Hwacom possesses extensive systems integration experience in master control and studio control rooms, with services spanning major television channels, telecommunications carriers, MSOs (Multi-System Operators), and OTT platforms across Taiwan. We integrate core components across all stages of broadcasting and playout control, encompassing:

•Master control automation systems, video servers, routers, and signal switching equipment

•SDI/IP hybrid architectures and 12G-SDI implementation design

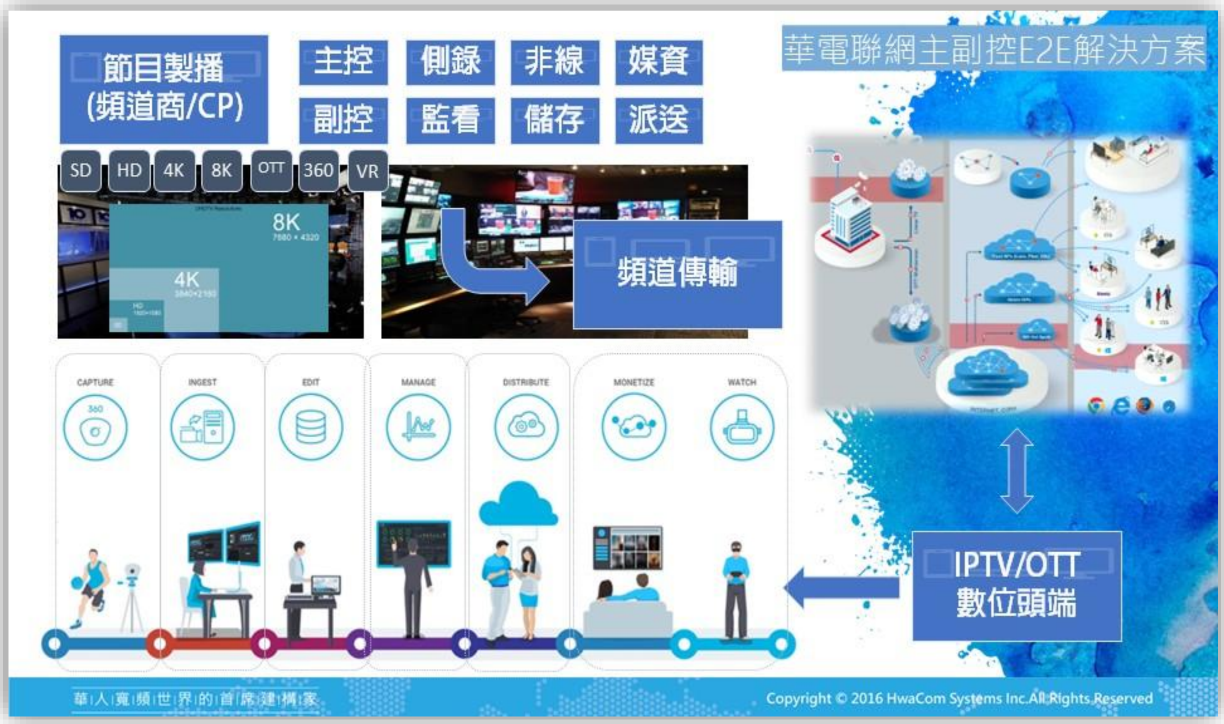
•HD / 4K / 8K multi-format support and high-bandwidth signal workflow integration

•Digital headend platform integration (Encoder, MUX, TS Routing)

•Streaming platform integration (OTT / IPTV / STB)

•SRT public network transmission, CDN distribution, and multi-platform redundancy configuration

Simultaneously, we provide API integration, automated workflow design, user interface customization, and multi-language support to satisfy the practical requirements of diverse deployment environments.



4、Competitive Landscape of Products:

The Company's products are categorized based on communication network architectures, ascending layer by layer from underlying communication network infrastructure to broadband applications, providing clients with optimal solutions. The competitive landscapes of the distributed products are outlined below:

（1）Communication Network Infrastructure

The products introduced by the Company are all world-class telecommunication network and communication equipment, including Nokia, CISCO, HPE, ZyXEL, and Harmonic, which are all leading brands in their respective product domains, thereby possessing immense product competitiveness. Because the Company specializes in the integration of communication and information systems, and stands as the most focused broadband systems integration vendor domestically, we have accumulated extensive deployment and engineering experience in telecommunications infrastructure. This includes project implementations for GPON IP backbone networks, 5G/B5G core and backbone networks, IP microwave communications, XGS-PON / 10G-PON, OTN, DWDM, LoRa, and wireless broadband.

（2）Servers, Storage, and AI Data Centers

Integrating servers and storage systems from globally leading brands such as HPE, Dell Technologies, NetApp, and SuperMicro, and combining them with professional databases, the Company delivers data management architectures featuring high performance, high scalability, and high security. Addressing the demands for AI computing and big data analytics, the Company provides disaster recovery backup and flexible combined architectures to satisfy the stringent requirements of heavy users regarding data governance and digital resilience.

(3) Network Systems, Cybersecurity, and Network Management

Distributing top-tier brands such as Cisco, Fortinet, Palo Alto Networks, and Splunk, the Company implements "Zero Trust" security architectures. Through AI-driven big data management platforms, we elevate network service quality and cybersecurity detection echelons, assisting clients in constructing proactive threat defense frameworks.

(4) Broadband Applications and Telecom Value-Added Services

Marketed products include Alianza and Oracle (Tekelec, Acme). Alianza and Oracle are globally leading telecommunications value-added service platform technology providers whose professional and large-scale R&D teams render next-generation telecom value-added application services accessible and feasible.

(5) Cloud Computing

Distributing virtualization products from VMware (Broadcom), Microsoft Azure, and Dell, and combining them with Software-Defined Networking (SDN) and high-performance storage, the Company assists enterprises in establishing private and hybrid cloud environments, substantially enhancing IT resource allocation efficiency and operational flexibility.

(6) Intelligent Transportation Service Systems

In recent years, Hwacom has actively entered the intelligent transportation services market, assisting entities such as the Highway Bureau and the National Freeway Bureau of the Ministry of Transportation and Communications, as well as the Taiwan Railway Administration, in constructing intelligent traffic control and monitoring systems. We integrate Smart Sensors, CCTV, CMS, LED display signage, and Intelligent Video Surveillance (IVS) systems, and have also developed expressways and freeways traffic condition mobile application services to provide road users with real-time traffic condition services.

(7) Technology of Systems Integration

The value of Hwacom lies not only in distributing globally top-tier products, but more importantly in our cross-platform systems integration prowess to optimize network utilization efficiency. Relying on long-term technological accumulation and systems integration capabilities, we have truly provided the industry with a comprehensive turnkey solution from system infrastructure up to the application layer. The services and system deployments delivered to clients are anchored upon several core technologies and have been widely recognized within the industry.

(III) Overview of Technology and R&D:

1、Technical Level of the Business Operated:

In recent years, under the market trend of domestic telecommunications liberalization, the massive demand for broadband architectures has provided a stage for the Company to leverage its broadband technical integration. In recent years, the Company has assisted Chunghwa Telecom, FarEasTone, Taiwan Mobile, and cable television operators in constructing fiber-optic broadband networks, as well as wireless mobile broadband networks such as Wi-Fi 6/7 and 5G.

Separately, regarding the IPTV system sector, the Company has continually enhanced the construction of the large-screen TV MOD service system and value-added services for Chunghwa Telecom. The scale of this subscriber base ranks among the top IPTV service platforms in all of Asia; looking across Taiwan and even the Greater China region, no other systems integrator possesses this level of deployment experience.

Hwacom possesses a dedicated IPTV system R&D team. By combining the rich experience of various corporate departments in telecommunication networks, cable networks, the Internet, digital headends, and IT systems, we hold an immense advantage in IPTV deployment and service promotion. Coupled with years of cooperation with Chunghwa Telecom and various vendors, we fully grasp the market pulse and technologies of IPTV.

In addition to this, the Company actively cooperates with various research institutions to conduct technology transfers or commission research for certain technologies, gathering the collective strength of industry, government, and academia to jointly accomplish technological development.

Furthermore, Hwacom is able to fully master the overall technological development of IPTV, aligning with future market demands and pulses. This will pair with the Company's products and services to deliver complete turnkey solutions, elevate competitiveness, and we have already exported entire systems to overseas markets, achieving technology exportation.

2、Research and Development:

（1）Broadband Network Management Systems:

In recent years, the backbone networks constructed by telecommunications companies have become increasingly complex, and the management of heterogeneous networks has emerged as a critical challenge for telecom operators. Network management systems provided by single network equipment vendors can no longer satisfy clients' daily operational management demands. Consequently, the Company specifically established a project development team to address this requirement, developing a comprehensive network management system with a unified interface, allowing network administrators to effortlessly manage network equipment and ensure the delivery of high-quality network services to end users.

Therefore, the Cyber Monitor intelligent network management system, independently developed by Hwacom, is a web-based intelligent network analysis and monitoring platform that operates across diverse browsers and operating systems. Through protocols such as SNMP, WMI, REST API, xFlow, and Syslog, it integrates and monitors network equipment, servers, firewalls, and IT, OT, and IoT infrastructures from different brands, achieving the objective of "a unified platform, centralized management." The platform supports telecom-grade 5M/FCAPS management functionalities, encompassing fault, configuration, accounting/performance, security, and asset management. It features automatic scanning, proactive alerting, visualized dashboards, and anomaly troubleshooting assistance, thereby alleviating the routine workload of network administrators, shortening fault resolution times, and elevating overall network operations and maintenance (O&M) efficiency and service availability.

Its product value proposition extends beyond traditional network management systems to serve as the operational nexus for enterprises driving digital transformation and strengthening network resilience. Cyber Monitor can be applied across telecommunications, transportation, government, enterprise, smart city, and critical infrastructure domains, assisting clients in transitioning from passive maintenance to proactive monitoring, preventive management, and data-driven decision-making. It can be further combined with AI analytics, cybersecurity monitoring, and automated workflows, forming Hwacom's pivotal differentiated solution in the intelligent operations and managed services market.

（2）Media Industry Services:

Multimedia MOD/IPTV/OTT Initiatives:

(A) Multimedia Terminal Development Initiative

The Company has accumulated past project achievements and experience in consumer electronic devices within the digital convergence market, such as IP STBs, Hybrid STBs, and OTT media players, and has successively completed the development of multiple HC-Xseries set-top boxes (STBs).

Beyond supplying the HC-Xseries STBs to Chunghwa Telecom, a major IPTV service provider, these products have also garnered recognition from major international networking vendors such as Nokia Siemens, Ericsson, and Alcatel, who selected Hwacom as one of their strategic product suppliers for global set-top boxes. Currently, active integration and marketing promotion are underway, with expectations to further expand into international markets.

In view of the development of Connected TV and the robust growth of Smart TV, Hwacom continues to innovate. Collaborating with mainstream chipset platform providers, we plan to research and develop next-generation high-end STBs utilizing an optimized Android open operating system, aiming to elevate the functionalities and user experiences of digital STBs to a realm that meets the expectations and imaginations of consumers and IPTV service providers regarding Smart TV. Android STBs and Android applications tailored for Smart TV user scenarios are the terminal products that Hwacom is currently actively planning and developing.

(B) Multimedia Value-Added Service Platform:

Drawing upon extensive experience in terminal device deployment and value-added service development, Hwacom will remain dedicated to the management and commercial promotion functionality development of value-added service platforms, such as video game services, digital learning services, and intelligent UI portal interfaces.

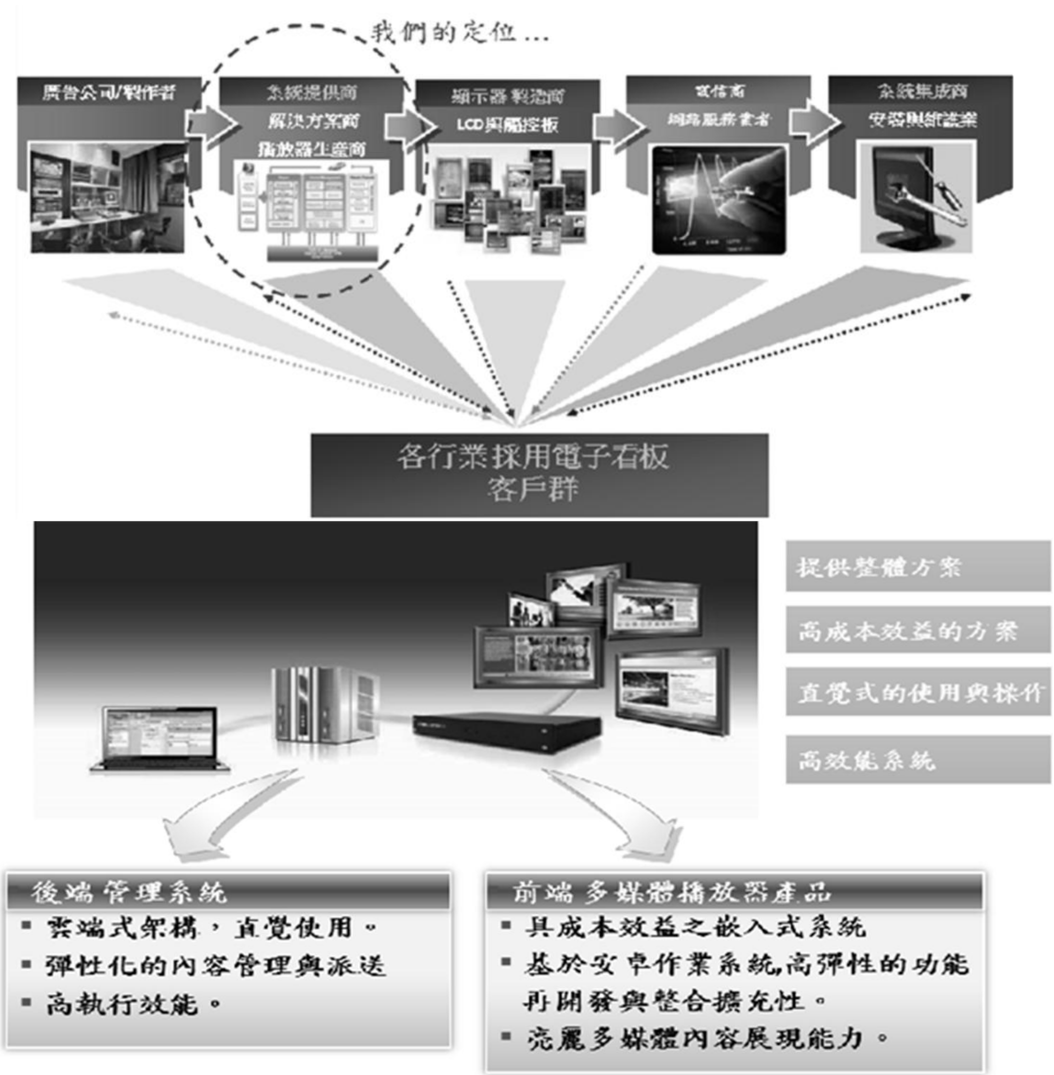
(C) Media Cloud Service Platform

In response to the maturity of cloud technologies and infrastructure, Hwacom has aligned with leading international technology vendors to launch a media cloud platform. This will benefit enterprises and the media industry, enabling them to utilize internal media resources or roll out media products under the most cost-effective investments.

（3）Innovative Application Business Services:

Smart Digital Signage

Based on the Company's years of technological foundation in multimedia digital content and embedded terminal devices, as well as project experience in executing relevant information displays and multimedia signage within transportation system domains, Hwacom is highly optimistic about the massive future demand for digital signage applications across various lifestyle environments. Consequently, we have invested resources to pioneer this new business sector of smart digital signage systems.



The products provided are as follows:

(A) Android Terminal Players:

Android-based hardware terminals paired with advertisement broadcasting apps, information delivery apps, and smart navigation apps, etc., which can output high-definition video and audio to display screens to provide various information display services and digital dynamic advertisement broadcasting.

■ Multi-function Advertising Display Solution

(B) Touchscreen Inquiry Kiosks

Paired with the aforementioned Android terminal players and featuring customized touchscreen designs and stands, these can be utilized as intelligent navigation/inquiry kiosks. Currently, they have been supplied to service areas along the central section of the freeway to provide expressway traffic conditions, driving information, and surrounding tourist attraction navigation services. In the future, deployment will continuously expand to locations such as shopping malls, food and beverage outlets, stations, and tourist attractions to provide interactive information services. 。

(C) Cloud-Based Smart Digital Signage Management System:

A management system constructed utilizing Hwacom's specialized IT and application development technologies, enabling effective management of terminal players/kiosks deployed in various locations, as well as workflow operations such as playout content distribution and production. The entire system adopts a cloud-based architecture design. All management actions can be completed via the Internet or a web browser.

We also provide comprehensive package processes and functionalities required for operations catering to the B to B to C business model, which can expand the commercial scale of adopting this system service.

（4）Smart City Control Services:

The Company has long cultivated fields such as smart transportation, smart traffic control, and smart security. Leveraging years of experience in integrating large-scale transportation and ICT systems, we continually introduce 5G, C-V2X, AI video recognition, digital twins, IoT sensing, smart poles, and cybersecurity resilience into urban governance domains. Ranging from freeway and expressway traffic control systems, equipment monitoring and maintenance, and dynamic signal control, to the Danhai D-City Cellular Vehicle-to-Everything (C-V2X) demonstration field, the Taiwan Taoyuan International Airport Terminal 3 passenger transport system, and the Kaohsiung smart transportation integrated solution, Hwacom has progressively established smart application capabilities encompassing roadways, airports, port areas, venues, and urban public spaces.

In terms of smart security, the Company utilizes smart poles, AI pedestrian flow analytics, drone inspections, environmental monitoring, and real-time video transmission to assist governments and enterprises in enhancing venue security, operational efficiency, and real-time response capabilities. In the future, along with the rapid growth in demands for smart cities, C-ITS, autonomous shuttles, AI traffic prediction, and critical infrastructure resilience, the Company is poised to further upgrade from traditional systems integration into an AI-empowered smart city service integrator, creating new business opportunities in long-term operations and maintenance (O&M), platform services, data applications, and cross-domain solutions.。

1. Freeway and Expressway Traffic Control Systems

The Company's foundation in the field of smart transportation can be traced back to the Central Region Traffic Control System Engineering Contract R22 project of the freeways and expressways network. This project was honored with the "Golden Road Award" by the Ministry of Transportation and Communications, after which the Company has continuously invested in smart transportation R&D. Public data indicates that the highways under the jurisdiction of the Central Region Maintenance Engineering Branch encompass National Freeways No. 1, 3, 4, and 6, totaling 365 kilometers, and Expressways Routes 72, 74, 76, and 78, totaling 200 kilometers, with over 2,000 roadside facilities. Consequently, traffic control equipment monitoring, maintenance, and availability management have become critical tasks in large-scale transportation system operations.

The traffic control software TCS developed by Hwacom can support traffic control centers in executing functions such as traffic volume collection and analysis, information display signage operations, ramp metering, road message dissemination, construction notifications, and accident dispatching. Through systematized and mobilized mechanisms, traffic control center personnel can more instantly grasp road conditions and accident site information, reducing reporting and dispatching times while elevating road service levels. The value of this class of systems lies in upgrading freeways and expressways from traditional manual inspections and paper-based reporting into real-time monitoring, mobile dispatching, data analytics, and preventive maintenance. For transportation authorities, it enhances road safety, mitigates congestion, and shortens incident response times; for the Company, it accumulates integration experience across large-scale traffic control centers, roadside equipment, communication networks, and operations and maintenance (O&M) databases, forming the core threshold for subsequent smart city and smart traffic control projects. ◦

2. Equipment Monitoring and Maintenance Systems: From Reactive Maintenance to Preventive Maintenance

Hwacom’s equipment monitoring and maintenance system utilizes IoT and mobile apps to establish a field equipment attribute database and integrates Google Maps, allowing maintenance personnel to check equipment disconnection, connection, and hardware status via mobile phones, thereby forming a real-time dynamic GIS management mechanism. Public data also indicates that the subsequent R&D direction focuses primarily on big data analytics, aiming to analyze massive amounts of maintenance data to identify failure patterns that are prone to occur at specific times, in certain regions, or among particular equipment types, thereby further achieving failure prevention.

This solution is particularly suited for the management of distributed equipment such as freeways, expressways, urban traffic signals, tunnels, bridges, smart poles, CCTV, and roadside sensors. Its value lies not merely in "visualizing equipment status," but in progressively accumulating equipment lifecycle data to further implement AI predictive maintenance, assisting governments or operational units in reducing repair costs, elevating equipment availability, and establishing a long-term operational service revenue model for the Company.

3. C-V2X Cellular Vehicle-to-Everything and D-City Verification and Testing Platform:

(1). Danhai D-City Open Cellular Vehicle-to-Everything (C-V2X) Smart Transportation Demonstration Field

The Company cooperated with the Ministry of Transportation and Communications to construct Taiwan's first open cellular vehicle-to-everything smart transportation demonstration field, "D-City," in the Danhai New Town of New Taipei City. This field integrates C-V2X, AI traffic condition detection, and a 3D digital twin command center to provide real-time traffic information, signal priority, and pedestrian collision warning functionalities, and was officially launched at the end of 2025.

At the 2026 Smart City Summit & Expo, the Danhai Phase III D-City verification and testing platform was demonstrated to support over 10 international V2X communication protocols, achieving field verifications for nine major vehicle-to-everything application scenarios, including Signal Phase and Timing (SPaT) real-time information, Pedestrian Safety Messages (PSM), and Emergency Vehicle Alert (EVA) signal priority. The value of D-City lies in providing an open smart transportation domain that is testable, verifiable, and demonstrable. For the government, it serves as a verification base for Taiwan's C-V2X standards, applications, and industrial chains; for automakers, equipment vendors, and systems integrators, it can be utilized to test future autonomous vehicles, smart roadways, and cooperative transportation applications. D-City stands as a critical benchmark project showcasing Hwacom's integration capabilities across C-V2X, AI video recognition, digital twins, and roadside infrastructure.

(2). Participation in TCROS Vehicle-to-Everything Communication Standards and Industry Collaboration

The Company actively participates in the formulation of the Taiwan Cooperative Intelligence Transportation Systems Standards (TCROS). Furthermore, the Company has integrated the newly added TCROS telematics communication protocol applications within the D-City field, which is expected to become a critical foundation for the commercial operations of smart transportation in the future.

Hwacom has developed C-V2X telematics, Edge AI video recognition, and digital twin applications in recent years, implementing them across Taiwan's highway traffic management to elevate the overall safety and efficiency of highway services. Future smart transportation will transition from "single-point equipment installation" toward collaborative operations encompassing "vehicles, roads, people, and the cloud." Armed with the simultaneous mastery of the TCROS standards, C-V2X roadside units, AI edge analytics, digital twin platforms, and traffic control center integration capabilities, Hwacom is poised to secure a leading position within C-V2X demonstration fields, smart roadways, smart intersections, autonomous driving test tracks, campus shuttles, and airport/port traffic ecosystems.

4. Smart Airports and Autonomous Driving Passenger Movement Systems

Hwacom participated in the relevant deployment of the "PMS (Passenger Movement System)" for Terminal 3 of Taiwan Taoyuan International Airport. This system integrates 5G private networks, C-V2X telematics, and AIoT technologies to deliver secure, highly efficient, and low-carbon passenger transit transportation services.

The Passenger Movement System in the Terminal 3 area will introduce innovative autonomous driving electric buses and construct a smart traffic control center. By integrating the vehicle fleet management system, it realizes operational functionalities such as vehicle cruising, autonomous driving management, and real-time monitoring, providing passengers with a highly efficient, secure, and convenient transfer experience. Airports represent closed or semi-closed transportation domains with strict requirements for high security, high reliability, and high efficiency, rendering them exceptionally suitable for the introduction of autonomous shuttles, 5G private networks, C-V2X, smart traffic control centers, and fleet management. This class of experience can be extended to ports, science parks, industrial zones, large-scale campus shuttles, hospital complexes, school campuses, and tourism attractions, forming new business opportunities in smart shuttles and autonomous fleet management for the Company.

5. Smart Security and AI Video Applications

Hwacom integrated IoT, AI, and AR technologies into a large-scale public domain. Public data indicates that the Kaohsiung Arena smart poles feature capabilities such as AR virtual interaction, multimedia information dissemination, outdoor air quality detection, AI video recognition, pedestrian flow analytics, and mastery of surrounding traffic and security conditions.

The smart poles integrate six major applications: digital technology advertising services, environmental monitoring, smart energy management, smart transportation, smart security, and AR virtual interaction. Equipped with high-resolution digital signage and AI pedestrian flow analytics technology, they can precisely target information delivery and generate commercial value, while simultaneously collecting environmental and pedestrian data to support venue operational management and urban governance. The focus of smart security has evolved from traditional CCTV monitoring into the comprehensive integration of "AI event detection, pedestrian flow analytics, domain security, operational data, commercial advertising, and public services." Large-scale venues like the Kaohsiung Arena can serve as demonstration fields, which can be replicated in sports stadiums, commercial districts, stations, exhibition centers, tourist attractions, school campuses, and large-scale event spaces in the future by the Company.

6. Intelligent Network Management Systems

Hwacom's Cyber Monitor intelligent network management system is an independently developed enterprise-grade intelligent operations and maintenance (O&M) platform. Compliant with the telecom-grade 5M/FCAPS management framework, it integrates and monitors IT, OT, cybersecurity, 5G, Wi-Fi, servers, network equipment, and application services. Supporting protocols such as SNMP, WMI, REST API, xFlow, and Syslog, the system can manage multi-brand heterogeneous equipment without installing agents, and features automatic discovery, topology visualization, configuration backup and comparison, proactive alerting, and dashboard command centers.

Cyber Monitor also integrates a built-in big data analytics platform capable of performing in-depth analysis on firewall logs, network traffic, and application service availability, thereby assisting enterprises in discovering anomalies in advance and shortening troubleshooting times. The platform has introduced AI intelligent assistants, AI log anomaly detection, and an O&M knowledge base to assist administrators with anomaly analysis, root-cause investigation, and response recommendations. This upgrades network operations from passive monitoring to proactive alerting, intelligent analysis, and knowledge-based management, rendering it a core supporting platform for enterprise digital transformation and critical infrastructure resilience.

Additionally, Cyber Monitor can integrate 3D iDCIM technology to achieve data center digital twins, assisting administrators in mastering asset lifecycles and physical operational conditions. 3D DCIM is an intelligent data center management platform that combines Data Center Infrastructure Management (DCIM) with 3D visualization technology. It presents data centers, racks, servers, storage, network equipment, power, and environmental information in a three-dimensional manner, enabling administrators to master asset locations, equipment statuses, alarm events, and O&M information from a single interface. Compared to traditional tabular or 2D layout management, the value of 3D DCIM lies in making data center management more intuitive, visualized, and real-time. Operations personnel can rapidly locate faulty equipment, query rack utilization, and master capacity allocation, power load, temperature, humidity, and equipment interdependencies, thereby reducing inspection and troubleshooting times. If further integrated with Cyber Monitor's capabilities in equipment monitoring, alerting, configuration management, and performance analysis, the platform can be upgraded from an "asset inventory tool" to a "data center intelligent operations nexus." Its product value proposition is to assist enterprises, governments, telecommunications, and data center operators in elevating data center transparency, operational efficiency, and service availability, while supporting future energy-saving management, capacity planning, AI operations analytics, and digital twin applications, becoming an essential fundamental platform for the transformation of smart data centers.

7. SmartQ Enterprise-Exclusive AI Application Service Platform:

The Company's SmartQ enterprise-exclusive AI application service platform is positioned as an operation and governance platform that assists enterprises in securely introducing Generative AI. Its objective is not merely providing a chat tool, but establishing a controllable, manageable, and scalable enterprise AI application framework. It primarily resolves four common issues encountered by enterprises introducing AI: costs spiraling out of control, cybersecurity compliance anxieties, applications failing to materialize in practice, and management chaos caused by individual departments utilizing AI independently. Public data from Hwacom indicates that SmartQ LAS adopts a dual-track model of "governance" and "innovation," enabling IT departments to establish a secure and controllable AI usage framework from the top down, while business units can develop departmental applications within that framework from the bottom up.

In terms of product features, SmartQ supports No-Code tools, conversational services, task automation, and out-of-the-box service templates, allowing departmental experts to rapidly deploy exclusive AI assistants applied across scenarios such as knowledge querying, document summarization, bid proposal writing, customer service support, operations and maintenance (O&M) judgment, internal workflow automation, and decision-making assistance. The platform also assists enterprises in integrating existing documents, knowledge bases, and operational workflows, elevating knowledge management, work efficiency, and cross-departmental collaboration capabilities.

Its market value lies in assisting enterprises in upgrading AI from a tool for personal trials into an enterprise-grade productivity platform complete with governance, cybersecurity, permission control, and effectiveness management. In the future, alongside the rapid growth in demands for AI Agents, enterprise knowledge management, smart customer service, smart O&M, and internal automation, SmartQ LAS is poised to become a pivotal solution for Hwacom to drive customer digital transformation, AI empowerment, and long-term platform service revenues.

3、R&D expenses of the most recent year, up to the print date of the Annual Report:

Unit: NT$ thousand

Item \ Year	2025	March 31, 2026
R&D expenditure	67,421	17,524

4、Technologies and Products Successfully Developed in the Most Recent Year and Up to the Date of Annual Report Publication:

（1）Integrated Monitoring and Control System aoSCADA V2.0
（2）Traffic Control Central Computer System NGTMS V2.0
（3）Free-Flow License Plate Recognition System FT-LRP V1.0
（4）Environmental Monitoring and Management System
（5）C-V2X Roadside Units (RSUs)
（6）Cyber Monitor Intelligent Network Management Software
（7）Smart Q AI Application Service Platform

（IV）Long-Term and Short-Term Business Development Plans:

The Company's guiding principles of management are as follows:

1. Continually focus on operating within the industrial domain of a "broadband application value-added service integrator"; strengthen and implement the integration and R&D capabilities of artificial intelligence and big data technologies and application systems.
2. Develop innovative services: Looking forward to the diverse development trends of the future Internet of Things (IoT), ICT, and mobilization markets, Hwacom will advance toward five major dimensions: telecom integrated application services, information network services, digital media services (IPTV), cybersecurity integrated applications, and smart city control services, progressively transforming into a value-added application innovative integrated service company to satisfy client demands and establish core values.
3. Drive digital transformation, combining internal organizational adjustments and linking external resources, and through the digitalization of technical integration capabilities, software R&D promotion, service platform advancement, and project management, establish the Company as a turnkey solution integrated service provider.
4. Fulfill the corporate responsibility of a social citizen: Adhering to the spiritual philosophy of "taking from society, giving back to society," Hwacom will combine resources from partners and clients to jointly and actively participate in social welfare activities, fully fulfilling the obligations of a social citizen, and dedicating ourselves to the corporate responsibility of society contribution and societal care.

Short-Term Business Development Plans:

（1）Operational Strategies

A.Focus on target markets and integrate niche products.

B. Implement the accountability performance system and enforce target management for responsibility centers.

C. Cultivate the broadband technology sector deeply and innovate application value-added services.

D. Actively participate in social welfare activities and fulfill the responsibility of a social citizen

（2）Product and Service Strategies

A、Attach equal importance to product sales and proprietary product R&D

Beyond distributing multiple products to provide clients with integrated services, upon developing relevant products, the Company also continuously invests R&D resources to research and develop relevant products such as set-top boxes, intelligent transportation service systems, cloud computing services, broadband network management service systems, and smart city control solutions, aiming to solidify technological capabilities and competitiveness in researching and developing broadband networks and IoT cloud service applications.

B、Elevate technical service capabilities

The Company takes client demands and business solutions as its business development orientation. Because a comprehensive systems integrator must simultaneously possess professional knowledge across diverse dimensions and the capability to operate independently, no effort is spared in cultivating the professional knowledge of all employees. In addition, we actively strive for various professional certifications and the R&D of new technologies to elevate technical capabilities, with the following key focuses:

(A) Strengthen control and management capabilities for large-scale projects; reduce penalties incurred due to project delays.

(B) Elevate broadband technical capabilities, such as FTTX, GPON, NGN, OTN, Wi-Fi, etc.

(C) Innovative services for broadband applications, such as video services and intelligent transportation service systems, etc.

(D) IPTV digital multimedia-related services.

(E) Provide differentiated services tailored to VIP and strategic clients.

(F) Strengthen the customer service platform and improve customer service mechanisms to enhance client satisfaction.

(G) Proactively propose system optimization recommendations to clients to create business opportunities.

（3）Marketing Strategies

A. Establish the corporate positional image of a "broadband service application integrator."

B. Actively participate in relevant industry marketing activities to build a professional brand.

C. Engage upstream and downstream strategic alliance vendors and leverage marketing resources from all parties.

D. Strengthen interactive relationships with the media.

（4）Sales Strategies

A. Dedicate efforts to elevating profitability and focus on high-profit projects; enhance business sales capabilities, transitioning from Product Sales toward client demand-oriented Solution Sales (Business Solutions).

B. Strengthen supply chain partnerships, and leverage strategic alliances with major international vendors such as Intel, Broadcom, Cisco, VMware, NetApp, Nokia, and DELL to elevate the Company’s market marketing capabilities to the Asia-Pacific market.

C. Comprehensively promote the execution and workflow planning of company-wide sales participation.

D. Continuously invest in self-developed products and formulate effective market sales plans.

E. Continuously formulate innovative broadband application business models.

（5）Financial Strategies—Increase Accounts Receivable Turnover Rate and Inventory Turnover Rate

The products sold by the Company are primarily from Cisco, VMware, NetApp, Nokia, and DELL, and the primary clients are major private telecommunications carriers, government entities, high-tech enterprises, and media service operators. Most procurement projects belong to customized projects or large-scale tender projects, which entail longer acceptance inspection periods, and the purchased equipment commands higher prices. Clients often require borrowing equipment in advance for testing; consequently, the Company’s accounts receivable turnover rate and inventory turnover rate are slightly lower than the industry average. Therefore, in order to increase the accounts receivable turnover rate and inventory turnover rate, we will elevate professional training for clients and strengthen after-sales service capabilities, hoping thereby to enhance client satisfaction, further increase clients' trust and recognition of Hwacom’s professional technologies, shorten client acceptance inspection periods, reduce equipment borrowing scenarios, and render the Company's capital allocation more flexible.

Long-Term Business Development Plans:

The key focuses of the Company's long-term operations are as follows:

Continuously develop broadband application services, robustly enhance self-R&D capabilities, realize the vision of "Any Service, Any Device, Anywhere," strengthen operational architecture, focus on niche markets, thoroughly implement responsibility centers and progressively transition to profit centers, deploy in overseas markets, and build the international brand reputation of Hwacom.

(1) Product and Service Strategies—Provide Professional Consulting Services

Leveraging experience accumulated from planning and servicing clients, Hwacom can deliver high-value-added professional consulting services, conducting technical and professional advisory services for a broader client base.

(2) Marketing Strategies—Expand Overseas Markets

Due to the booming development of the telecommunications market, coupled with the rise of the Internet of Things (IoT) and the rapid advancements in information technology, the industrial convergence of telecom, media, and networks has been catalyzed. The Company possesses a professional technical team and comprehensive experience in relevant systems integration, enabling us to package existing broadband service management software and market it abroad, developing overseas markets to expand the scale of business operations.

(3) Operational Strategies—Provide Comprehensive Maintenance Services

In terms of systems services, the rise of the Internet has driven professional division of labor. The Company's maintenance framework provides major clients with 24/7 professional maintenance services and systems integration, aiming to elevate service quality via professional technical capabilities to satisfy client requirements and enhance client satisfaction and support for the Company.

(4) Financial Strategies—Establish Profit Centers

When an enterprise scales to a substantial size, its organization will inevitably expand, and its business strategies may shift toward diversification. At this stage, management tasks bound to become more intricate and heavy. Therefore, an independent profit center system is adopted, where managers of each profit center are accountable for their respective operational decisions, and their performance is measured by the headquarters' evaluation of each profit center's profit outcomes. In this manner, objectives become clearer and responsibilities more segregated, thereby effectively controlling expenditures and generating surpluses.

II. Market, Production, and Sales Overview:

(I) Market Analysis:

1. Areas in which core products (services) are sold (provided): Currently, Hwacom's main products are primarily sold domestically, with no major transactions with overseas clients.

2. Market share:

The Company's main products all hold considerable market shares in their respective markets. And in terms of our infrastructure and network critical hardware product lines, the three major types of product include backbone equipment, host equipment, and peripheral devices:

(1) Backbone and Last-Mile network demands have significantly increased, and the Company has introduced renowned brands such as Cisco (the No.1 network share) and Nokia, which are both leaders in their respective fields. Zyxel caters to last-mile network solutions, Cisco, Ruckus for wireless LAN

access points, and other providers offer comprehensive and unique solutions for customer environments.

(2) Host equipment: Since network computing and fault-tolerant systems have become increasingly popular, the Company partners with leading companies such as HP and Dell.

(3) Peripheral equipment: Due to the proliferation of internet data, there has been a significant rise in demand for internet storage devices, with Network Appliance being the top brand (holding the largest market share for network-attached storage).

In terms of software, the market trend calls for databases, multimedia management systems, network and system management software, and e-commerce. In addition to self-developing Multimedia-On-Demand software, the Company is also a co-marketing partner for leading database software brand, Oracle (No.1 market share) that offers internet server and management software. In response to the rise of cloud computing, the Company has collaborated with renowned virtual management software providers such as VMWARE, Citrix, and BMC to provide planning and deployment services.

In terms of system services, the rise of the internet has led to many specializations. Hwacom provides 24/7 professional maintenance services and system integration for our main clients. The Company is also an authorized maintenance provider for major manufacturers such as Cisco, Network Appliance, HP, Dell, and Nokia. We are also primed to establish a professional operation and maintenance company in the future.

3. Future market supply, demand, and future growth:

The liberalization of telecommunications in Taiwan has led many mobile communication providers to enter various telecommunications value-added services, in addition to traditional communication services. In response to the coming of the broadband era, demand for value-added services in various broadband services is expected to increase significantly with the opening of 5G network operations this year. It is expected that these telecom operators will invest heavily in network and information equipment construction costs in the future. In addition, the Chunghwa Telecom Interactive Television System (MOD), built on the basis of broadband networks, has been widely promoted by Chunghwa Telecom with high-definition (4K) broadcasting, which has started a trend. MOD has successively launched high-definition content such as Major League Baseball and National Geographic channels, which is expected to start a market trend and increase service activation rates. At present, MOD has reached a scale of 2 million users this year. In addition to the platform construction, service development, and Set-Top-Box procurement opportunities arising from this, the expansion of various types of network exchange equipment on the operation network will also be a business opportunity for the Company's future business expansion.

4. Competitive niches:
   - ❖ In terms of the industry: Hwacom is the only company possessing professional knowledge and technical capabilities for multiple cross-industry integrations in communication, network, broadband multimedia, and cloud IoT.
   - ❖ In terms of systems: Hwacom possesses integration technology and subsequent service capabilities for network systems, computer platforms, network and system management, and even professional software systems.
   - ❖ In terms of the market: We are focusing on the rapid growth of system integration in internet and broadband technologies alongside target industries.
   - ❖ In terms of products: Products that the Company represents are synchronized with the needs of the target industry and all products have reached economies of scale. We can also stay ahead of the market demand to anticipate the next rising-star product.
   - ❖ In terms of technology: The Company has professional technical engineers with high value-added core technology R&D capabilities, providing telecom-grade engineering design services.
   - ❖ In terms of management: Hwacom's management team consists of professional managers with international perspectives from both local and foreign backgrounds, allowing the Company to have greater room for growth.
5. Favorable and adverse factors for long-term development and response measures:

   (1) Favorable factors:

   A. In terms of the industry: Hwacom is the only company possessing professional knowledge and technical capabilities for multiple cross-industry integrations in communication, network, broadband multimedia, and cloud IoT.

   B. In terms of systems: Hwacom possesses integration technology and subsequent service capabilities for network systems, computer platforms, network and system management, and even professional software systems.

   C. In terms of the market: We are focusing on the rapid growth of system integration in internet and broadband technologies alongside target industries.

   D. In terms of products: Products that the Company represents are synchronized with the needs of the target industry and all products have reached economies of scale. We can also stay ahead of the market demand to anticipate the next rising-star product.

   E. In terms of technology: The Company has professional technical engineers with high value-added core technology R&D capabilities, providing telecom-grade engineering design services.

   F. In terms of management: Hwacom's management team consists of professional managers with international perspectives from both local and foreign backgrounds, allowing the Company to have greater room for growth.

(2) Adverse factors and countermeasures:

A. Many domestic telecom equipment manufacturers and other system integrators have begun to pay attention to this market and may invest in production, increasing industry competition and shrinking profits.

※ Countermeasures:

To deal with the highly competitive business environment, apart from expanding and introducing various renowned global brands' products to maintain a complete product line to meet customers' one-stop shopping needs, the Company has also established strong strategic alliances with the original manufacturers and actively combines products from different brands to create the optimal efficient combinations, which allows us to provide customers with total solutions. This will increase the added value of products and strengthen customer service; enhance the Company's value-added service through high-reliability products, superb network integration technology, and comprehensive after-sales and maintenance services, thus avoiding price wars.

Additionally, the Company actively invests in R&D to develop own-brand products, build our own technical team, and improve competitiveness and barriers to entry, while also establishing good operating and management systems to build the foundation for sustainable management.

B. With the rapid development of telecom networks, and the continuous launch of various standards and protocols, as well as new generation products, there continues to be a shortage in the supply of professional talents despite the development of telecom technologies.

※ Countermeasures:

The Company actively recruits outstanding talent and conducts intensive internal and external education and training to cultivate a professional technical consulting team. Meanwhile, the Company encourages employees to obtain professional certification to enhance their professional abilities and technological competencies. In addition, the Company also offers employee stock options and dividends to increase employee cohesion, on top of strengthening the employee performance evaluation system and strive to create a fair and transparent reward system to improve employee quality.

(II) Major applications of core products: (Manufacturing processes of products: None).

Product name	Major applications
Information and Communications Technology	Broadband Network Services, Enterprise Network Deployment, IP/OTN/GPON Networks, 5G Private Networks/Wireless Networks, Intelligent Network Management Systems, Network Security Planning, IT Information Systems, Private Cloud/Public Cloud Implementation, IT Information Systems, Data Center Construction, AI Data Center Deployment, Information Security, Telecom Application Systems, Short Message Service Center (SMSC)/Cell Broadcast Center (CBC)/Voice Mail System, SIP/IN Value-Added Services, Lawful Interception (LI) Analysis, Voice/Video Communication Platforms, Smart Applications and Smart Buildings, AI Video-Related Applications, AR/VR Smart Applications, 3D DCIM Smart Building Platforms, IoT Smart Application Integration.
Digital Media	IPTV/OTT Solutions, Smart Exhibition & Playout and 5G Live Streaming Solutions, Broadband Interactive Multimedia Systems (MOD), Digital System Construction and Integration, Digital Content Delivery Solutions, Digital Signage, Interactive Multimedia Application Development, 4K/8K Content Digitization and Transcoding Systems, Multi-Format Playout Transcoder Systems, Camera, Broadcasting, Master Control, and Studio Sub-Control System Equipment, High-Definition Multimedia Video Set-Top Boxes (STBs), Fiber Optic or Telecommunication Equipment, Data Terminal Systems and Network Application Services, Digital Rights Management (DRM), Optical Distribution Network (ODN), Domain Name System (DNS), Fingerprint Recognition Systems, AI Face Recognition Systems, Digital Integrated Marketing and Social Media Strategies, etc.
Information Security	Regulatory Compliance / Standard Conformity Consulting Services, ISO 27001 / ISO 27701 Standard Implementation Services, Audit and Education Training Services, Regulatory Compliance / Standard Conformity Services, Information Security Assessment Services, Host System Vulnerability Scanning, Web Application Vulnerability Scanning, Penetration Testing, Secure Code Review, Phishing / Social Engineering Drills, Technical Cyber Security Education and Training, Systems Integration Services, EDR, XDR, Firewall, WAF, SIEM, SOAR, Cyber Threat Intelligence, Operational Technology (OT) Security, Managed Security Services, Security Operations Center (SOC) Implementation / Outsourcing Services, Managed Detection and Response (MDR) Services.
Smart Applications	AR Remote Video Collaboration Applications, VSV Cloud Video Surveillance and Management Cloud, Technology-Based Disaster Prevention and Smart Construction Site Solutions, UAV (Drone) Application Solutions, aoSCADA Integrated Monitoring and Control Platform for Smart City Intelligent Operations Centers (IOC), Connected Vehicle (V2X) Application Integration Solutions, Traffic Monitoring and Management Systems, Large-scale Display Signage, Vehicle Detectors, Meteorological Measurement Equipment for Wind, Rain, and Fog, Power Supply Equipment, Firefighting and Suppression Equipment, Incident Application Platforms, Surveillance and Control Systems, Traffic Control Center Central Computer Systems, Integration of Various Traffic Control Roadside Units, Execution of Incident Response Plans, Smart Campus Integrated Services, Video Recording, Graphic Control, and Video Broadcasting Software, AIoT Platform Deployment and Planning, Provision of Various Management and Decision Support Services, Traffic Control Equipment Renovation and Maintenance Work, etc.

(III) Supply of main raw materials:

Raw material	Supplier	Supply status
ICT equipment	CISCO, F5, Nokia, Palo Alto, HPE, Fortinet, Extreme, Zyxel, MetaAge, Zero One, Unicomp, NetFos	Sufficient supply

Raw material	Supplier	Supply status
Server workstations	DELL, HP, SuperMicro, Advantech, Acer, ASUS, Unitech, BestCom, Genuine, Synnex, Compuware, JJnet, Dawning, Lealea, Fortune Technology, QCT, PEGATRON	Sufficient supply
Software	Alianza, Metaswitch, Splunk, Dialogic, Utimaco, Checkpoint, VMware, Idemia, Cyberon, Zero One Technology, BestCom	Sufficient supply
Network management system	HP, AXIOMTEK	Sufficient supply
Storage devices	NetAPP, DELL.HP, Synology	Sufficient supply
Set-top box, optical cable	OVT, Sumitomo, Vocom, Evertop	Sufficient supply
ITS engineering	AXIS, Panasonic Taiwan Co., Ltd., EOI, L.M.I., Sinli, Jing-Yee, LILIN, Hipower, Boeing, Ablerex, Evertop, Ares Engineering, YUAN SHUO Engineering, Bright Led Electronics Corp., Dacoms, Kaite Technology, Ting Kai Engineering, tMedia, Jinyuantong, Lidan, S-LINK SYSTEMS INC.	Sufficient supply

(IV) Names of customers who accounted for more than 10% of the purchases/sales in any of the last two years, and purchases/sales amount and percentage:

1. Major customers accounting for above 10% of net sales in the most recent 2 years:

Unit: NT$ thousand

	2024				2025			
Item	Name	Amount	Percentage of net sales %	Relationship with issuer	Name	Amount	Percentage of net sales %	Relationship with issuer
1	Customer A	1,150,128	20.90	None	Customer A	1,275,660	20.89	None
2	Others	4,353,643	79.10		Others	4,830,156	79.11	
	Net Sales	5,503,771	100.00		Net Sales	6,105,816	100.00	

Major reasons of the changes: The Company's revenue is mainly recognized from the completion of bidding projects. Due to the large number of completed projects and the diverse nature of each projects, it is difficult to conduct comparative analysis.

2. Major suppliers accounting for above 10% of net purchases in the most recent 2 years:

Unit: NT$ thousand

	2024				2025			
Item	Name	Amount	Percentage of net purchases %	Relationship with issuer	Name	Amount	Percentage of net purchases %	Relationship with issuer
1	Company A	1,185,943	25.54	None	Company A	1,122,750	25.12	None
	Others	3,456,969	74.46		Others	3,346,308	74.88	
	Net purchases	4,642,912	100.00		Net purchases	4,469,058	100.00	

Major reasons of the changes: The Company's purchases are based on the progress of the ongoing projects. Due to a large number of completed projects and the diverse nature of each project, it is difficult to conduct comparative analysis.

III. Employee Information for the Most Recent Two Years up to the Date of Publication of the Annual Report:

Year		2024	2025	February 28, 2026
Number of employees	Business personnel	72	88	88
	Technical personnel	580	634	641
	Administrative personnel	137	159	169
	R&D personnel	64	66	66
	Total	853	947	964
Average age		41.53	41.53	42.08
Average years of service		6.27	6.27	6.39
Education background distribution	PhD	0.82%	0.95%	0.93%
	Master's	19.58%	20.27%	20.33%
	University/College	76.08%	74.13%	74.07%
	High school	3.40%	4.33%	4.36%
	Below high school	0.12%	0.32%	0.31%

IV. Information on Environmental Protection Expenditure:

(I) Losses due to environmental pollution (including compensation) and total fines during the most recent year and up to the date of this Annual Report:

No pollution issues have occurred during the assembly process of the Company's information system, communication system, and internet service.

(II) Due to the nature of the industry, the Company is not subject to the European Union's Restriction of Hazardous Substances Directive (RoHS).

V. Cybersecurity Management:

(I) Cybersecurity Risk Management Framework

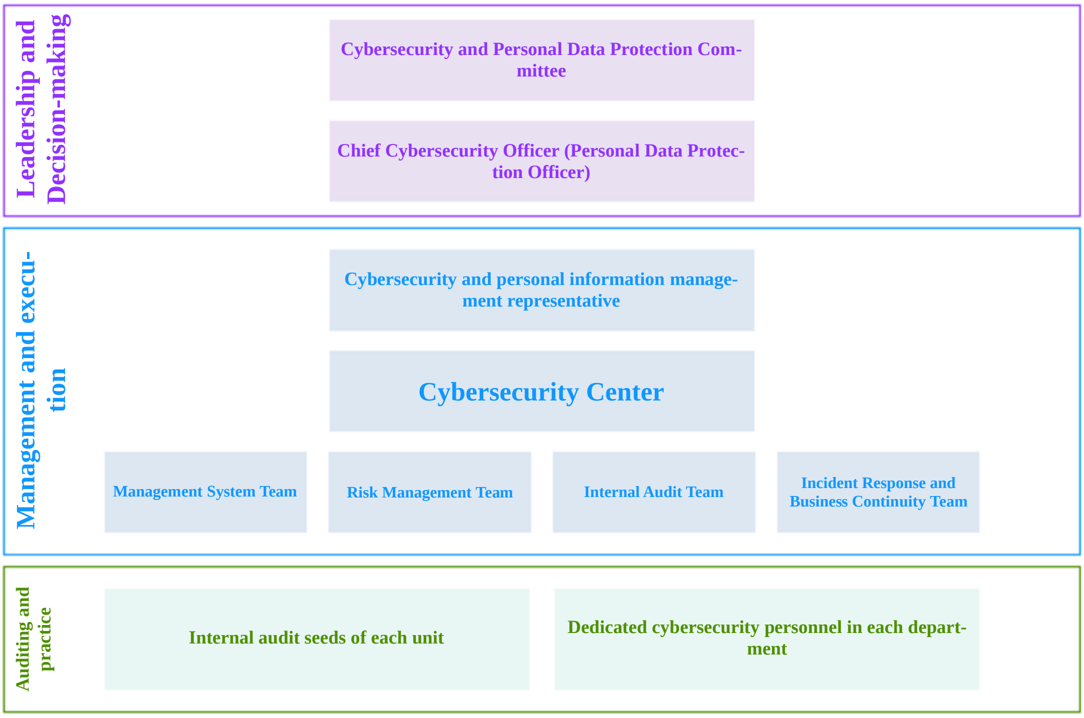
1. Corporate cybersecurity governance structure

Hwacom Systems Inc. and its affiliated companies are committed to improving cybersecurity and personal data protection systems, and established the "Cybersecurity and Personal Data Protection Committee" in July 2020 in order to integrate organizational operations with internal controls to fulfill the commitment of continuous improvement. The responsibilities and structure of the committee are as follows:

- Leadership and decision-making level: The President serves as the Chief Cybersecurity Officer (concurrently serves as Chief Personal Data Protection Officer) of the committee, and members consist of senior managers from each division.
- Management and execution level: The Chief Cybersecurity Officer appoints management representatives and the Head of Cybersecurity Center, and forms specialized teams based on their functions, including Management System, Risk Management, Internal Audit, and Incident Response and Business Continuity.
- Audit and practice level: The committee and various units will appoint professionals

with specialized skills to serve as internal audit seeds and dedicated cybersecurity personnel to ensure the unimpeded operations of various systems.

2. Organizational Framework of the Cybersecurity Organization



(II) Cybersecurity Policy

1. Enterprise Cybersecurity Management Strategy and Framework

Hwacom Systems Inc. and subsidiaries and affiliates (hereinafter referred to as "the Group") deeply understand that the security of information assets and personal data is a core value for corporate sustainability and for maintaining the trust of stakeholders. To comprehensively strengthen cybersecurity and personal data governance, and to ensure that the information assets and personal data of the Group, its customers, and stakeholders possess a high degree of confidentiality, integrity, availability, and regulatory compliance, we have formulated the "Cybersecurity and Personal Data Protection Policy." The Group is committed to building a robust and resilient information environment to protect against deliberate or accidental threats from both internal and external sources. On top of ensuring the continued operation of our core businesses, this will also enable us to strictly adhere to regulatory compliance and contractual requirements with customers.

To foster cybersecurity and personal data awareness among all employees and cultivate a high-quality corporate culture, the Group regards information and personal data as key intangible assets. Adhering to the principles of simplicity, memorability, and alignment with management objectives, the Group has established the following policy statement, "Implementing cybersecurity and personal data protection is everyone's responsibility" in order to practice the management philosophy of full employee engagement. In terms of execution framework, the Company has adopted the PDCA (Plan-Do-Check-Act) cycle model to continuously optimize the cybersecurity and personal data management system. Based on this framework, we have established a comprehensive "Information and Communication Security Maintenance Plan" and "Personal Data Security Maintenance Plan." Through systematic management and dynamic improvement mechanisms, we have comprehensively upgraded our defense capabilities and substantially fulfilled our security commitment to stakeholders.

2. Risk Management and Continuous Improvement Framework of Enterprise Cyber Security

Review and make continuous improvement

- Correction of non-conformities and continuously improve the management system
- Review and improvement of cybersecurity measures
- Comprehend cybersecurity threats and technology
- Cybersecurity violations and handling

Cybersecurity/Personal Information Policy and Objective Management

- Develop cybersecurity policies, goals, and organizations
- Develop personal information policies, goals, and organization
- Follow international standards for cybersecurity
  - ISO/IEC 27001
  - ISO/IEC 27701
- Comply with the Cyber Security Management Act and its bylaws
- Comply with the requirements made by A-level public agencies

Action **Plan**

Check **Do**

Monitor cybersecurity management effectiveness

- Supervise and measure cybersecurity
- Cybersecurity internal audit
- Cyber security management review
- Cybersecurity health diagnosis, vulnerability scanning, penetration testing and detection
- Passed cybersecurity international standard verification
  - ISO/IEC 27001
  - ISO/IEC 27701

Cybersecurity risk management and multi-level protection

- Information asset inventory
- Personal information file inventory
- Risk assessment and risk treatment
- Develop management system documents
- Business continuity plan
- Education and training and advocacy
- Cloud security
- Network security
- Endpoint device security
- Application security
- Personnel and physical security
- Account and permission management
- Cybersecurity monitoring and maintenance

(III) Specific Management Plans and Allocation of Resources for Cyber Security Management

In terms of management: System and audit execution

- Classification and protection standards of information and communication systems:
  In 2025, we completed all classification. Systems developed internally or outsourced by the Company are classified into high, medium, and general levels based on the "Information System Classification" of the Regulations Governing the Implementation of the Cyber Security Management Act. The Company then conducts audits and implements improvements in accordance with the "Checklist for Information System Security Standards."
- Implementation of cybersecurity management system and verification by an independent third party:
  The entire organization has achieved ISO/IEC 27001 (TAF) and ISO/IEC 27701 certifications, and continues to improve. The certificate renewal was completed in 2025, currently the certificate is valid until August 26, 2026.
- Dedicated cybersecurity personnel:
  In 2025, the Group set up one dedicated cybersecurity supervisor, one dedicated cybersecurity personnel, two staff at the Cybersecurity Center, and a total of 24 internal audit

seeds assigned to their respective units. A total of 67 dedicated cybersecurity personnel are assigned across all units.

- Internal cybersecurity audit:
  In 2025, we completed two office security spot checks (June and December), two internal audits (April and October), and two external audits (January and July), and continued to improve cybersecurity and personal data security.
- Business continuity simulation drill:
  Conducted business continuity drill for all core systems according to annual schedule in 2025 and implemented continuous improvement.

In terms of technology: Multiple defenses and real-time monitoring

- Security testing (vulnerability scanning and penetration testing):
  In 2025, we completed two host system and webpage vulnerability scans for all core systems, as well as one penetration test, and patched the vulnerabilities.
- Cybersecurity Diagnostics:
  In 2025, we completed the cybersecurity diagnostics, which included network architecture review, network malicious activity review, user computer and server host malicious activity review, and directory server settings and firewall connection settings review.
- Endpoint detection and response mechanism, protection, and antivirus software:
  In 2025, EDR Professional version of endpoint protection software (including antivirus functions) were installed across the entire organization to prevent attacks such as malware and ransomware. In addition, members of the cybersecurity teams also engaged in real-time monitoring as well as immediate response and handling of any issues.
- Network firewall protection:
  Deployed a next-generation firewall (NGFW) and initiated advanced persistent threat attack detection. The internal network is isolated according to business, region, and other attributes, and access is controlled through firewalls and monitored by the dedicated team.
- Email filtering mechanism:
  Activated email filtering mechanism throughout the Group to detect and alert against spam emails, phishing emails, and external incoming emails, and real-time monitoring is undertaken by the dedicated team.
- Intrusion detection and defense mechanism:
  A security information and event management platform (SIEM) was established and SOC monitoring services were introduced simultaneously, and real-time monitoring and handling are undertaken by the dedicated team.
- Web application firewall (WAF):
  Deployed web application firewall (WAF) for core information communication systems serving external services, enhancing core application system protection capabilities and real-time monitoring from the dedicated team.

- Advanced persistent threat (APT) defense measures:
  Integrated cloud, network, endpoint, threat intelligence, and abnormal behavior detection in the internal network to build an advanced persistent threat defense network. A dedicated team undertakes real-time monitoring.

Awareness aspect: Enhancing cybersecurity awareness and professional ability

- Cybersecurity Education:
  In 2025, the entire Group has completed the following training at different levels: Management positions received annual cybersecurity and personal data training for a minimum of 3 hours. All employees received annual cybersecurity and personal data training for a minimum of 3 hours. Two email social engineering drills were completed, meeting the performance indicators and training requirements.
- Professional certifications in cybersecurity:
  Continued to invest in cybersecurity certification training in 2025, including ISO 42001 Artificial Intelligence (AI) Management System Lead Auditor Course, CEH, OSCP, etc. And at least two Lead Auditor audits were implemented to ensure that the Lead Auditor’s license remains valid. Currently, there are approximately 300 certificates and licenses (management and technical) related to cybersecurity across the Group.

(IV) Cybersecurity Risk and Countermeasures

1. Analysis of cybersecurity risk environment and threat scenarios

With the evolution of digital transformation, AI, and cyber threats, although the Company has established a rigorous network and computer security protection system, there is still a potential risk of system crash or operational interruption in the face of globalized and highly complex third-party network attacks (such as illegal intrusion, destructive software, ransomware, or advanced persistent threats). Such attacks are designed to disrupt internal network systems or steal trade secrets, sensitive information, or personal data of stakeholders (customers, employees and third-party vendors), and may also be used to extort money by gaining control of computer systems. They pose a significant threat to the Company's business continuity and corporate reputation.

2. Potential Impact Assessment and Legal Compliance Risks

In the event of a serious cybersecurity incident, in addition to the potential loss of core operational data and the shutdown of business processes, the Company may also have to compensate customers due to delivery delays and/or service interruptions, as well as high system repair costs. Furthermore, if information involving confidentiality obligations is leaked, the Company may be subject to significant legal liabilities and will have to cooperate with investigations by regulatory authorities. Although Hwacom has no history of major hacking incidents, the Company is well aware of the ever-changing nature of cybersecurity threats and will continue to invest resources to ensure that risks are under control.

3. Cybersecurity Strategies and Specific Protective Measures

   To ensure the resilience of cyber security, the Company has implemented the following improvements and enhancements through a strategy of "continuous monitoring and layered defense":

   - Network protection and boundary control: Strengthen enterprise-level firewalls and network segmented management to effectively curb the spread of viruses and malware between endpoints or office areas.
   - Endpoint security management: We established a comprehensive endpoint protection system (EDR/MDR) based on device attributes, and deployed advanced threat detection technology to respond to malware threats in real-time.
   - Data protection and response center: By leveraging new technologies to enhance the protection of confidential data, an integrated security operations center (SOC) is established to achieve centralized warning and monitoring of cybersecurity incidents.
   - Personnel safety awareness and external audits: Regularly conduct employee cybersecurity awareness tests (such as phishing email drills), and engage internal and external experts to perform cybersecurity risk assessments and system vulnerability scans to ensure the appropriateness and validity of rules and regulations.

4. Risk Management of Supply Chain and Third-party Services

   In the process of providing services to the Group (parent and subsidiary companies) and related companies, it is unavoidable that the Company will need to share sensitive information with third-party vendors. Although the Company has required our partners to strictly comply with confidentiality and cybersecurity regulations through contractual mechanisms, there is no absolute guarantee that every service provider will completely fulfill its obligations. For outsourced internal systems or cloud services, the Company continuously requires our supply chain to implement data integrity and availability management. If a cybersecurity incident occurs at the service provider's side, the Company will activate response mechanisms to minimize the negative impact on our operations, finances, and reputation.

(V) Significant Cybersecurity Incidents

Cybersecurity incident management mechanism and risk assessment

The Company has established a comprehensive cybersecurity risk management system and formulated "Standard Operating Procedures for Handling Cybersecurity Incidents" to ensure operational resilience and information asset security. These relevant mechanisms clearly define the detection and reporting procedures for cybersecurity incidents and the tiered response measures, and we have also set up a dedicated team for handling major incidents. In response to cybersecurity incidents, the Company has formulated loss assessment and identification mechanisms that cover financial impact analysis, operational disruption assessment and subsequent remedial measures, thereby implementing the closed-loop control of cybersecurity management in practice.

Disclosure of Significant Cybersecurity Incidents

Based on assessment and audit, for the year ended 2025 and the date of publication of the Annual Report, the Company has not experienced any major cybersecurity threats or hacking attacks, nor have we found any circumstances that resulted in financial losses, operational interruptions, or legal disputes due to cybersecurity incidents. The Company will continue to monitor cybersecurity risks and ensure the effectiveness of our protection mechanisms so as to safeguard the rights and interests of stakeholders.

VI. Employer-employee Relations:

(I) The Company's employee benefit measures, continuing education, training, retirement system, and actual state of implementation:

1. Employee behavior and Code of Conduct

(1) Implementation of hierarchical responsibility

A. Authorization criteria and decision-making rights: Accelerates operation process and enhances hierarchical management to effectively regulate the job authority of each level.

B. Implements job authorization and proxy management to ensure smooth functioning of business operations.

C. Organization and job title management: Establishes a rational job title management system in line with organizational development to provide employees with appropriate career development paths.

(2) Establishment of Code of Conduct for Employees

Clearly define the rights and obligations of both labor and management to foster unity and collaboration among all employees for the advancement of the Company's business.

(3) Division of labor within departments

Based on departmental functions, clearly define the job responsibilities and organizational functions of each unit to ensure specialization and strengthen the company's core competencies.

(4) Clear rewards and penalties system

We clearly defined reward and penalty regulations to promptly recognize employees who have made special contributions and to prevent individual actions that may harm the Company.

(5) Implementation of employee performance management

Supervisors provide appropriate feedback and assistance to employees based on their job performance, and use it as a basis for planning their subordinates' future development.

(6) Prevention and handling measures for sexual harassment

To prevent sexual harassment and ensure gender equality in the workplace, regulations on sexual harassment prevention and a Sexual Harassment Grievance Handling Committee are established, and relevant provisions and complaint channels are posted on the Company's internal website to regulate employees' behavior in the workplace.

(7) Code of Ethics

To guide the behavior of the Company's directors, managers, and employees to conform to ethical standards and to enhance stakeholders' understanding of the company's ethical standards, a Code of Ethics is established for compliance.

2. Employee welfare:

To encourage morale, improve work efficiency, foster employee loyalty, and establish a stable working environment, the Company has implemented various welfare measures to address their needs. We aim to cultivate a sense of co-prosperity between employees and the Company, and to create a harmonious employer-employee relationship. In addition to providing labor insurance and health insurance, we also provide the following welfare measures:

※ Bonuses: Year-end bonuses, performance bonuses

※ Self-improvement activities: The Employee Welfare Committee organizes periodic domestic and overseas travel, leisure activities, and cultural events.

※ Shareholding trust: We encourage employees to participate in the employee shareholding trust, sharing in the benefits of growth, and fostering employee loyalty.

※ Allowances for weddings, funerals, and celebrations: The Employee Welfare Committee has established relevant guidelines to provide support and boost morale.

※ Education and training: Empowering employees to acquire new skills and enhance personal growth.

※ Insurance: Life insurance, accident insurance, and accidental medical coverage, etc.

3. Employee Training and Development Implementation:

In response to the rapid change of technology in the industry and to ensure the competence and career development of employees meet company objective, the Company has made employee learning and development a key focus of our human resources management. Founded on core competencies, these talent training programs are aligned with the Company's operational strategies and professional skill training, and are also integrated with knowledge management systems. We have also established guidelines for education and training. Employees have the opportunity to proactively request or be assigned by supervisors to participate in various education and training programs to enhance their skills and capabilities. The details are as follows:

(1) New employee training: Encourage new employees to familiarize with the Company's development history, management rules, and concepts of safety and quality assurance.

(2) On-the-job training and continuing education:

A. The Company organizes periodic or ad hoc education and training sessions based on legal requirements or the actual needs of employees.

B. Employees are encouraged to proactively propose or be periodically assigned by their supervisors to attend external training programs based on business needs.

(3) In 2025, the Company's total hours of actual education and training was approximately 28,726 hours (including both internal and external training). The expenditure for education and training was approximately NT$3.74

million.

Course number	Course session	Number of participants	Total hours	Total fees
General Education course	59	6,745	16,880	3.74 million
Technology course	68	99	2,488	
Product course	44	1,204	2,215	
New Employee training	38	288	2,561	
Certification	202	238	4,584	

4. Employee Retirement System and Implementation Status:

- ❖ The Company has established a Supervisory Committees of Labor Retirement Reserve, and employee retirement is carried out according to the Company's Employee Retirement Policy.
- ❖ The Company deposits 2% of employees' monthly salary into the Labor Retirement Reserve Fund at the Bank of Taiwan. Currently (in 2025), the reserve amount is approximately NT$41.17 million, which is sufficient to meet the current retirement needs of applicable employees.

  For those who choose the new labor retirement system, our company will contribute 6% of the employee's monthly salary to the individual labor retirement fund account established by the Bureau of Labor Insurance. For those who choose the new pension scheme, the Company contributes 6% of monthly salaries to the Labor Insurance Bureau's dedicated retirement account. The Company's retirement expense under the defined allocations pension scheme is NT$53,296 thousand, and the amount has been transferred to the Bureau of Labor Insurance.

5. Labor Safety and Health Policy:

The Company aims to provide a safe, healthy, and comfortable working environment by promoting health and safety management to instill proper awareness and maintaining physical and mental well-being among employees. The following measures are implemented:

- ❖ Compliance with environmental protection, safety, and health-related laws and regulations in addition to other requirements.
- ❖ Reducing potential hazards in the work environment.
- ❖ Enhancing health education and implementing health check-up to ensure effective health management.
- ❖ Encouraging energy conservation and reducing resource wastage.
- ❖ Implementing access control systems in major equipment rooms and office areas to ensure security of personnel and property.
- ❖ Implementing energy conservation and carbon reduction initiatives to

address global warming.

6. Employer-employee agreements and protection of employee rights and interests: With the belief in a mutually beneficial relationship between employees and the management, the Company adheres to the Labor Standards Act and related regulations. We respect our employees and value their welfare and treatment. Through joint participation and effective communication between employees and the management, a harmonious employer-employee relationship has been formed.

(II) For the recent year, and up to the publication date of the Annual Report, the Company has incurred losses due to labor disputes, and the current and future estimated amounts of such losses, corresponding measures are as follows:

1. There has not been any losses caused by labor dispute since the Company's establishment, mostly because the Company is very committed to employee welfare and maintains open communications with our employees. We maintain a harmonious employer-employee relationship. Therefore, there is no need to reasonably estimate any potential future losses. However, the Company will continue to enhance communication and coordination between employees and management, and strive to improve welfare measures to promote a harmonious relationship within the Company, aiming to prevent any potential labor disputes in the future.
2. As a system integrator, our employees do not have concerns about occupational injuries caused by the work environment. Additionally, the Company also provides group insurance coverage (life insurance, accident insurance, and accident medical insurance) for our employees. We also have filed for commercial fire insurance of workplace and equipment to ensure a safe work environment for employees.

VII. Important Contracts:

Nature of contract	Contracting parties	Commencement and expiration date	Major contents	Restrictive clauses
Engineering Contract	Taoyuan International Airport Corporation Ltd.	2025/06/28-2027/09/30	Taiwan Taoyuan International Airport Terminal 3 Passenger transportation system engineering project	None
Engineering Contract	Information Management Center, New Taipei City Government	2025/10/14-2027/10/31	Turnkey project for the construction of the New Taipei City Second Administrative Building's computer room and office areas	None
Engineering Contract	North Region Branch Office, Freeway Bureau, MOTC	2026/03/03-2029/04/16	Equipment procurement and upgrade for Traffic control system project R16 in the Northern district expressway	None

Nature of contract	Contracting parties	Commencement and expiration date	Major contents	Restrictive clauses
Sales contract	Criminal Investigation Bureau, National Police Agency, Ministry of the Interior	2025/08/30-2027/12/31	Establishment of a network traffic recording backend (law enforcement agency) system	None
Engineering Contract	Southern Region Branch Office, Freeway Bureau, MOTC	2026/01/08-2028/10/18	Equipment procurement and upgrade for Traffic control system project R34 in the Southern district expressway	None

Chapter 5： Discussion and analysis of the Company's financial status, financial performance, and risks

I. Financial Status:

(I) Analysis of assets, liabilities and equity in the last two years:

Unit: NT$ thousand

Item \ Year	2025	2024	Difference		
			Amount	%	Note
Current assets	5,787,840	5,233,807	1,009,985	23.91	1
Property, plant and equipment	228,471	248,549	(18,354)	(6.88)	
Financial assets in other comprehensive income measured at fair value through profit and loss - Non-current	109,629	157,315	16,517	11.73	
Other assets	728,867	499,545	(57,933)	(10.39)	
Total assets	6,854,807	6,139,216	950,215	18.31	
Current liabilities	3,609,727	3,432,101	832,618	32.03	2
Non-current liabilities	452,204	168,037	(8,533)	(4.83)	
Total liabilities	4,061,931	3,600,138	824,085	29.69	3
Share capital	1,420,162	1,410,502	-	-	
Capital surplus	439,936	412,622	9,648	2.39	
Retained earnings	883,532	631,877	90,000	16.61	
Other equity interest	46,449	84,077	13,235	18.68	
Treasury stocks	-	-	13,247	(100.00)	4
	2,790,079	2,539,078	251,001	9.89	
Total shareholders' equity	2,792,876	2,539,078	126,130	5.23	

Significant changes exceeding 20% and amounting to NT$10,000 thousand or more, and reasons thereof:

1. Decreases in financial assets in other comprehensive income measured at fair value through profit and loss - Non-current: Mostly attributed to the disposal of equity instruments measured at fair value through other comprehensive income.
2. Increases in other assets: Mostly attributed to an increase in other financial assets - non-current.
3. Increases in non-current liabilities: Mostly attributed to the issuance of convertible corporate bonds.
4. Increases in retained earnings: Mostly attributed to the after-tax gains from the disposal of equity instruments measured at fair value through other comprehensive income and the net income for the period.
5. Decreases in other equity: Mostly attributed to the reclassification of after-tax gains on disposal of equity instruments measured at fair value through other comprehensive income to the retained earnings.

(II) Major reasons for significant changes and future response plan: Not applicable.

II. Financial Performance

(I) Analysis of operating revenue, net profit, and pre-tax profit in the most recent two years:

Unit: NT$ thousand

Item \ Year	2025	2024	Difference		
	Amount	Amount	Amount	%	Note
Operating revenue	6,105,816	5,503,771	602,045	10.94	
Operating cost	4,879,526	4,280,969	598,557	13.98	
Gross profit	1,226,290	1,222,802	3,488	0.29	
Operating expenses	1,096,435	1,057,938	38,497	3.64	
Operating income	129,855	164,864	(35,009)	(21.24)	1
Non-operating income and expenses	6,624	4,907	1,717	34.99	
Net income before tax	136,479	169,771	(33,292)	(19.61)	
Net income after tax (loss)	104,653	130,580	(25,927)	(19.86)	
Other comprehensive income	181,735	14,681	167,054	1,137.89	2
Total comprehensive income	286,388	145,261	141,127	97.15	3
Net income (loss) attributable to owners of the parent	105,354	130,580	(25,226)	(19.32)	
Total comprehensive income attributable to owners of the parent	287,089	145,261	141,828	97.64	4

For significant changes exceeding 20% and amounting to NT$10,000 thousand or more, please provide an explanation:

1. Decreases in operating profit: Mostly attributed to the decrease in average gross profit margin. Although operating revenue has increased, the increase in gross profit was less than the increase in operating expenses, resulting in decreases in the operating profit.
2. Increases in other comprehensive income: Mostly attributed to the recognition of valuation gains of financial assets at fair value through other comprehensive income.
3. Increases in total comprehensive income: Mostly attributed to the increase in other comprehensive income.
4. Increases in comprehensive income attributable to owners of the parent: Mostly attributed to the increase in other comprehensive income.

(II) Expected sales volume and its basis, the possible impact on the company's future financial business and the response plan: Not applicable.

III. Cash flows

(I) Analysis on changes of the cash flow of the current year

Item \ Year	2025	2024	Increase (Decrease)	
			Amount	Percentage (%)
Operating activities	739,411	(881,651)	1,621,092	(183.87)
Investing activities	(183,602)	2,202	(185,804)	(8,437.97)
Financing activities	43,638	693,914	(650,276)	(93.71)

Analysis on changes in the cash flow:

(1) Cash inflow from operating activities: NT$739,411 thousand: Mostly attributed to the recovery of accounts receivables and increases in prepaid customer payments.

(2) Investing activities: Cash outflow from investing activities: NT$183,602 thousand: Mostly attributed to the increase in other financial assets.

(3) Cash inflow from financing activities: NT$43,638 thousand: Mostly attributed to the issuance of convertible corporate bonds, which was partially offset by the repayment of short-term loans.

(II) Remedy for cash deficit: Not applicable.

(III) Cash flow analysis for the coming year

Unit: NT$ thousand

Cash balance at the beginning of the period (1)	Expected annual net cash flow from operating activities (2)	Expected annual cash outflow (3)	Expected cash surplus (deficit) (1)+(2)+(3)	Remedial measures for expected cash deficit	
				Investment plans	Financing plans
1,586,038	118,333	1,060,821	2,765,192	0	0

1. Analysis on changes in the cash flow:
   (1) Operating activities: It is expected that net cash inflow will be generated from operating activities. This is attributable to the expectation that all future orders can be shipped and accepted as scheduled, and the receivables can be successfully collected within the deadline without any bad debts, thereby the Company will have sufficient working capital to pay manufacturers and for daily operations.
   (2) Investing activities: It is expected that net cash outflows will be generated from investing activities, mainly due to the increase in deposits paid to obtain subsequent tenders, and expenditures on the purchase of related fixed assets and intangible assets in response to operational needs.
   (3) Financing activities: It is expected that net cash outflows will be generated from financing activities. This is mostly attributable to paying cash dividends, and increased project and working capital loans to meet the funding needs of future tender projects.
2. Remedial measures for expected cash deficit and liquidity analysis: None

IV. The effects that major capital expenditures have on the Company's financial operations in the recent year: None.

V. Investment policy in the past year and its profit/loss analysis, improvement plan,

and investment plan for the coming year: None.

VI. Risk analysis and evaluation during the most recent fiscal year and as of the date of publication of this Annual Report:

(I) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures:

1. The effect of interest rate fluctuations on earnings and losses of the Company and response measures:

The Company primarily engages in system integration services in the fields of telecommunication, broadband network, media, enterprise users, and smart city control application. The business model revolves around project acquisition, with project sizes varying. However, to meet the demands of large-scale projects, the Company typically obtains project financing from financial institutions to support the funding needs during the construction period. The cost of project financing directly impacts the profits and losses of these projects. The Company implements stringent process controls for large-scale projects and strives to secure favorable financing terms from partner banks to lower the cost of funds. Regarding the short-term idle funds, the Company primarily invests in bonds or commercial papers, with the impact of interest rate fluctuations on the income statement being minimal.

2. The effect of exchange rate fluctuations on earnings and losses of the Company and response measures:

Some of the Company's cash inflows and outflows include transactions are denoted in foreign currencies, which provide a natural hedging effect to some extent. The management of exchange rate risk is primarily aimed at hedging rather than profit generation. To mitigate the impact of exchange rate fluctuations on profitability, the Company has implemented the following specific measures:

(1) Regularly review the net positions of foreign currency assets and liabilities (primarily in USD and JPY) and manage the risks in those positions. The choice of hedging instruments is based on considerations of hedging costs and periods, and currently borrowing in foreign currencies is our primary method to hedge exchange rate risk. When the foreign currency liability position is exposed to exchange rate risk, the Company often converts foreign currency borrowings into NTD borrowings at favorable exchange rates. Overall, significant exchange rate risk is not expected to arise.

(2) Continuously gather information on exchange rate fluctuations to have a thorough understanding of exchange rate trends, and to make timely decisions on foreign currency conversion or retention to manage the risks arising from exchange rate movements.

(3) Based on market exchange rate trends, the Company conducts "hedging-oriented" foreign currency operations, taking into account the advice of banks, exchange rate differentials, and interest rate factors to reduce exchange risk.

(4) Use mostly TWD as the pricing benchmark when making procurements.

(5) Maintain close communications with banks to obtain preferential interest rates and monitor exchange rate fluctuations. When quoting for orders, the sales departments consider the potential impact of future exchange rate fluctuations and appropriately incorporate them into the pricing to ensure reasonable profit margins.

3. Impact of inflation on Company's profit and response measures:

We will continue to monitor the inflationary situation and maintain good interaction with suppliers and customers to prevent any adverse effects from inflation.

As the Company's revenue mainly comes from tender projects, we will develop high-value solutions to cope with inflation. Additionally, prior to bidding for each project, we will accurately assess the exact prices of our suppliers and appropriately adjust our bidding prices. We are also devising various cost reduction measures for other related management and sales expenses as part of our response.

(II) Policies, main causes of gain or loss and future response measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions:

1. In the most recent year, the Company has not engaged in high-risk, high-leverage investments, loaned funds to others, endorsed guarantees, nor engaged in derivative transactions. If such activities are to be undertaken in the future, they will be conducted in accordance with the "Regulations Governing Making of Endorsements/Guarantees" and the "Procedures for the Acquisition or Disposal of Assets", which have been approved through resolution by the Shareholders' Meeting.
2. To manage funds effectively and reduce financial risks, the Company has established "Regulations Governing Loaning of Funds", "Procedures for Endorsements and Guarantees," and "Procedures for the Acquisition or Disposal of Assets" in compliance with Article 36-1 of the Securities and Exchange Act, as amended according to regulatory requirements.

(III) Future Research and Development Plans and Estimated R&D Expenditures

Based on market trends and our core competitiveness, the Company strategically focuses on three major innovative areas and plans to allocate approximately NT$33 million to R&D expenses:

I. VStarChain Internet of Vehicles (IoV) Infrastructure Solution	
Project goal	Build a complete IoV infrastructure ecosystem and create an overall smart traffic management solution that meets international standards
Milestones reached	▪ Completed the RSU/OBU technology construction that complies with international standards ▪ Successfully introduced C-V2X international standard verification technology ▪ Completed the development and implementation of the Smart Traffic Communication and Information Station (TCIS)
Ongoing tasks	▪ Develop TCROS smart signal system integration ▪ Develop C-V2X TMS center system
Resources invested this year	NT$18 million
Expected completion schedule	2026 Q2
Key success factors	Cost-effective integrated solution for smart intersections

II. SmartQ LAS Generative AI Application Service Platform	
Project goal	Establish an enterprise-level generative AI application integration platform to quickly develop multiple application services and integrate enterprise knowledge and systems to improve enterprise productivity
Milestones reached	▪ Completed the basic construction of the generative AI application service platform ▪ Platform has entered the Company's internal trial-run stage

Ongoing tasks	▪ Develop knowledge base, application services, and tool management systems ▪ Develop data masking and content review features ▪ Fine-tuning corporate mind-set
Resources invested this year	NT$9 million
Expected completion schedule	2025 Q4
Key success factors	▪ Establish a safe and efficient enterprise knowledge and system integration mechanism ▪ Fine-tuning dedicated enterprise LLM with high reliability

III. Risk and Safety Management System (RSMS)	
Project goal	Develop risk and cybersecurity management systems to help companies comply with ISMS, PIMS and the Cyber Security Management Act
Milestones reached	▪ Completed the asset/personal information inventory, risk assessment, and risk management functions of the ISMS/PMIS module ▪ Completed the information and communication system classification function required for the Cyber Security Management Act module ▪ System has entered the company's internal trial-run stage
Ongoing tasks	▪ Develop audit management for ISMS/PMIS module ▪ Developed the protection benchmark assessment and tracking process for the Cyber Security Management Act module ▪ Develop reports/dashboards, education and training, document/form management, AI assistance and other auxiliary functions
Resources invested this year	NT$6 million
Expected completion schedule	2025 Q4
Key success factors	▪ User-friendly operating process ▪ User-friendly interface

The Company has planned a total R&D budget of NT$33 million, which will be allocated based on our market strategies and technology development priorities. In particular, in response to the rapid growth of the Internet of Vehicles (IoV) market, we have invested the highest amount of R&D budget toward the Internet of Vehicles (IoV) infrastructure development plan, reaching NT$18 million and accounting for 54.5% of the total budget. The development of generative AI application service platform ranked second, with an investment of NT$9 million, accounting for 27.3% of the budget. Our goal is to quickly seize the enterprise AI application service market. We invested NT$6 million toward the risk and safety management system, accounting for 18.2%, and the key focus is to develop integrated solutions that comply with regulations. Through this strategic resource allocation, the Company is expected to strengthen our market leadership in the smart transportation field, while developing new revenue from AI application services and enhancing the competitiveness in the field of cybersecurity management solutions.

(IV) Major changes in government policies and laws at home and broad, the impact on

Company finance and business, and response measures: None.

(V) Impact of recent technological and market changes on the Company's finance and business, and response measures: None.

(VI) Impact of corporate image change on risk management and response measures: None.

(VII) The expected benefits and possible risks of mergers and acquisitions as well as the responding measures: None.

(VIII) Expected benefits and possible risks of factory expansions as well as the response measures: None.

(IX) Risks associated with over-concentration in purchase or sale and response measures:

1. Purchases: The Company typically collaborates with original equipment suppliers for large-scale projects under contracts such as V2, SVG, and MSAN, which are carried out in partnership with Zyxel Group. For the X86 project, we work with Dell, while for GPON, with Nokia-ALU. Highways and Transportation Bureau projects are supplied by multiple vendors, ensuring a diversified risk profile without excessive concentration.
2. Sales: In 2024 and 2023, our top two customers each accounted for less than 20% of our total sales revenue. Each sales project is independent and subject to competitive bidding from multiple companies. The outcome of each bidding process is beyond our control. Therefore, there is no issue of excessive concentration. As of the publication date of the Annual Report, our receivables remain within the normal range.

(X) Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% interest on the Company, associated risks and response measures: None.

(XI) The effects that change in management has on the Company as well as risk and responding measures: None.

(XII) If the Company, the Company's director, supervisor, President, de facto responsible person, major shareholders possessing over 10 percent of outstanding shares, and the affiliations is involved in a lawsuit event, a non-contentious case, or an administrative lawsuit event which is convicted or still under the lineage until the publication date of the Annual Report, which could have a great impact on shareholders' equity or share prices, the factual argument, value of target object, starting date of the lawsuit, involved parties, and treatment at present should be revealed: None.

(XIII) Other significant risks and countermeasures:

1. Cyber security risk assessment and analysis:

The Company's cyber security strategy is committed to implementing cybersecurity management and regulatory compliance, while following international standards certification such as ISO 27001 and ISO 27701. This allows us to effectively protect the security of all financial and confidential data, thereby reducing the possibility of unauthorized or illegal use. By supplementing additional control requirements, we establish, implement, maintain, and continuously improve Privacy Information Management within the scope of the ISMS to mitigate the risks faced by privacy information.

To comprehensively enhance our cyber security defense capability, the Company has established a Cyber Security Committee in addition to adhering to cybersecurity development guidelines. We have also appointed cyber security personnel in each department. We conduct regular cyber security assessments and periodically announce cyber security awareness materials to ensure the effective implementation of cyber security management.

From 2023 and up to the date of publication the Annual Report, the Company has not identified any significant cyber security threats or incidents that could impact our business activities, nor legal cases or investigations related to cyber security.

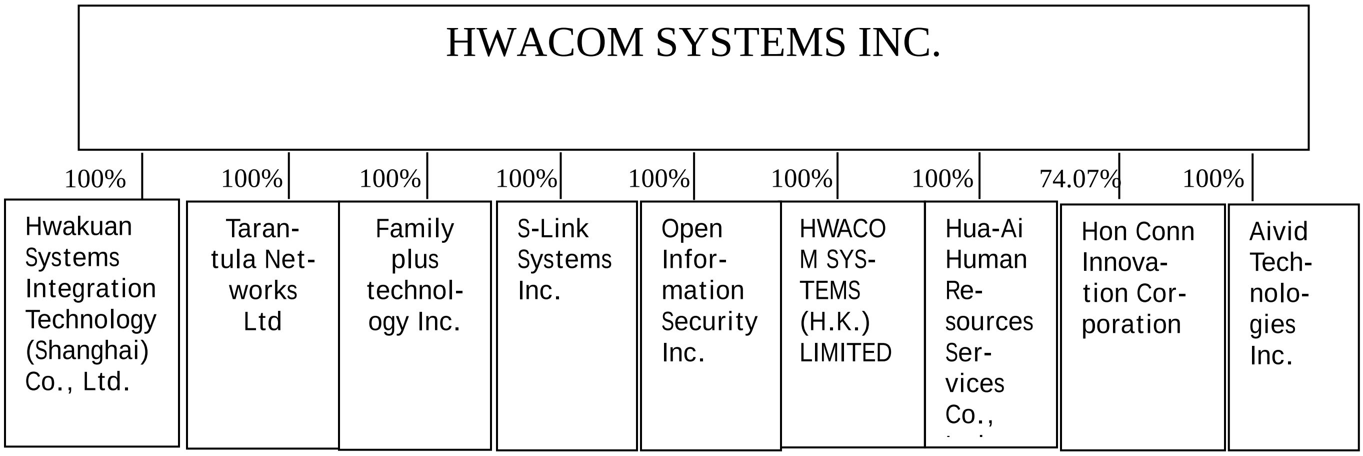
VII. Other Important Matters: None.

Chapter 6. Special Disclosures

I. Information on Affiliates:

(I) Consolidated Affiliate Business Report:

1. Organizational diagram of affiliates



2. Basic information of affiliates

December 31, 2025 Unit: NTD

Name of enterprise	Date of Incorporation	Address	Paid-in capital	Main business or products
Hwakuan Systems Integration Technology (Shanghai) Co., Ltd.	2001.03.02	Room 503, Building 1100, Kangju Baokang Building, Kangqiao Industrial Zone, Pudong, Shanghai, China	US$500,000	Information processing and information provision industry
Tarantula Networks Ltd.	2002.07.24	12F., No. 98, Sec. 1, Xintai 5th Rd., Xizhi District, New Taipei City	NT$20,000,000	Information software and communication engineering industry, etc.
Family plus technology Inc.	2008.12.22	12F., No. 108, Sec. 1, Xintai 5th Rd., Xizhi District, New Taipei City	NT$16,000,000	Information software and service industry, etc.
S-LINK SYSTEMS INC.	2014.05.08	12F., No. 100, Sec. 1, Xintai 5th Rd., Xizhi District, New Taipei City	NT$45,000,000	Information software and communication engineering, etc.
Open Information Security Inc.	2023.5.22	12F., No. 108, Sec. 1, Xintai 5th Rd., Xizhi District, New Taipei City	NT$51,000,000	Focuses on information processing and information provision industry
HWACOM SYSTEMS (H.K.) LIMITED	2023.10.05	Room 1202,12/F.,AT Tower,180 Electric Road,North Point, Hong Kong	HKD$100,000	Information software and service industry, etc.
Hua-Ai Human Resources Services Co., Ltd.	2024.07.16	12F., No. 98, Sec. 1, Xintai 5th Rd., Xizhi District, New Taipei City	NT$2,000,000	Talent dispatching etc.
Hon Conn Innovation Corporation	2014.03.05	12F., No. 108, Sec. 1, Xintai 5th Rd., Xizhi District, New Taipei City	NT$13,500,000	Information software development and service industry, etc.
Aivid Technologies Inc.	2025.10.21	12F., No. 100, Sec. 1, Xintai 5th Rd., Xizhi District, New Taipei City	NT$50,000,000	Set-top box R&D, etc.

3. Information of common shareholders who are presumed to have a relationship of control and subordination: None.

4. The industries covered by the businesses operated by affiliates, and a description of the transactions and the division of work among such affiliates:
   (1) Hwakuan Systems Integration Technology (Shanghai) Co., Ltd.: Mainly focuses on information processing/information provision industry.
   (2) Tarantula Networks Ltd.: Information software and communication industry, etc.
   (3) S-LINK SYSTEMS Inc.: Information software and communication industry, etc.
   (4) Family plus technology Inc.: Information software and service industry, etc.
   (5) Open Information Security Inc.: Mainly focuses on information processing and information provision industry.
   (6) HWACOM SYSTEMS (H.K.) LIMITED: Mainly focuses on information software and service industry, etc.
   (7) Hua-Ai Human Resources Services Co., Ltd.: Mainly focuses on talent dispatching etc.
   (8) Hon Conn Innovation Corporation: Mainly focuses on information software development and service industry, etc.
   (9) Aivid Technologies Inc.: Mainly focuses on set-top box development, etc.

5. Information on directors, supervisors and president of affiliates

December 31, 2025 Unit: shares

Name of enterprise	Title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio (%)
Hwakuan Systems Integration Technology (Shanghai) Co., Ltd.	Director	Representative of HWACOM SYSTEMS INC.: Gary Chen	-	100%
Tarantula Networks Ltd.	Director	Representative of HWACOM SYSTEMS INC.: Gary Chen	2,000,000	100%
S-LINK SYSTEMS INC.	Director	Representative of HWACOM SYSTEMS INC.: Gary Chen	4,500,000	100%
Family plus technology Inc. (Note 1)	Director	Representative of HWACOM SYSTEMS INC.: Gary Chen	1,600,000	100%
Open Information Security INC.	Director	Representative of HWACOM SYSTEMS INC.: Gary Chen	5,100,000	100%
HWACOM SYSTEMS (H.K.) LIMITED	Director	Representative of HWACOM SYSTEMS INC.: Gary Chen	100,000	100%
Hua-Ai Human Resources Services Co., Ltd.	Director	Representative of HWACOM SYSTEMS INC.: Gary Chen	200,000	100%
Hon Conn Innovation Corporation	Director	Representative of HWACOM SYSTEMS INC.: Gary Chen	1,000,000	74.07%
Aivid Technologies Inc.	Director	Representative of HWACOM SYSTEMS INC.: Gary Chen	5,000,000	100%

6. Business overview of affiliates

December 31, 2025 Unit: NT$ thousand

Name of enterprise	Capital	Total assets	Total liabilities	Net asset value	Operating revenue	Operating profit	Profit or loss for the current period (after tax)	Earnings per share (NT$) (after tax)
Hwakuan Systems Integration Technology (Shanghai) Co., Ltd.	15,713	7,408	40	7,368	0	-270	-265	-
Tarantula Networks Ltd.	20,000	9,850	40	9,810	0	-59	4	-

Family plus technology Inc.	16,000	22,029	1,214	20,815	6,004	1,409	2,170	1.36
S-LINK SYSTEMS INC.	45,000	68,849	71,677	-2,828	19,787	-19,937	-21,732	-4.83
Open Information Security INC.	51,000	125,543	64,698	60,845	110,725	7,587	8,774	1.72
HWACOM SYSTEMS (H.K.) LIMITED	414	173	57	116	0	-76	-760	-0.76
Hua-Ai Human Resources Services Co., Ltd.	2,000	1,951	705	1,246	2,068	-876	-692	-3.46
Hon Conn Innovation Corporation	13,500	24,093	13,306	10,787	7,833	-2,679	-2,702	-2.00
Aivid Technologies Inc.	50,000	50,033	189	49,844	0	-216	-156	-0.03

(II) Consolidated financial statement of affiliates:
Please refer to the Market Observation Post System (website: Https://mops.twse.com.tw/) /Single company/Electronic document download/Financial report/Enter Company Code 6163 and year to query.

(III) Affiliation Report: Not applicable.

II. Private placement of securities in the last year up to the date of this Annual Report: None.

III. Other Supplemental Information: None.

IV. Corporate events with material impact on shareholders' equity or share prices set forth in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act in the past year and up to the date of publication of this Annual Report: None.