Stock Code: 3363

FOCI Fiber Optic Communications, Inc.

2025 Annual Report

Printed on 30 March 2026

This report is available on:

(1) TWSE MOPS: http://mops.twse.com.tw

(2) FOCI website: http://www.foci.com.tw

Notice to readers

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

I. Company spokesperson

Name: Ya-fang Yu
Title: Department Director
Tel: (03)577-0099
Email: ir@foci-cpo.com

Acting spokesperson
Name: Shy-jge Wang
Title: VP
Tel: (03)577-0099
Email: ir@foci-cpo.com

II. Address and telephone number of Company and factory

HQs and Hsinchu Factory
Address: No. 18, Zhanye 2nd Rd., East Dist. (Hsinchu Science Park), Hsinchu City
Tel: 03-577-0099

III. Stock transfer agent

Name: Stock Agency, Taishin Securities Co., Ltd.
Address: B1., No.96, Sec.1, Jianguo N. Rd., Zhongshan Dist., Taipei City
Tel: (02)2504-8125
Website: https://www.tssco.com.tw/

IV. CPAs who audited the most recent annual financial statements

CPA firm: PWC Taiwan
Accountants: Shu-Chien Pai and Tien-Yi Li
Address: 27F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City
Tel: (02)2729-6666
Website: http://www.pwc.tw

V. The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None

VI. Company website: http://www.foci.com.tw

Contents

Chapter 1 A report to the shareholders

Dear Shareholders,

After years of investment in precision optical fiber packaging technology, coupled with the development of semiconductor technology and the trends of the technology industry, the Company has secured a key position in the silicon photonics (SiPh) packaging industry. In addition to receiving recognition under the A+ Industrial Innovation R&D Program of the Ministry of Economic Affairs, the Company has continued to collaborate with international customers to develop optical communication products that meet the demands of AI development, while actively advancing its plans for subsequent mass production deployment. 2026 will be a key year for silicon photonics (SiPh) packaging products to step onto the international stage.

Operations Overview and Financial Performance

In 2025, FOCI's consolidated revenue was NT$1,891,994 thousand, with an EPS of NT$0.16. While focusing on the development of its silicon photonics (SiPh) business development and R&D, the Company has also actively pursued opportunities in its existing optical communication components business to maintain stable operating momentum, thereby serving as a key driver of its corporate transformation. The Company will continue to concentrate resources to meet the needs of key customers, focus its core business on strategic products, and expand the application of optical communication products in the server market. With respect to the planning of its silicon photonics packaging business, in addition to aligning with the plans and timelines of leading international companies and working closely with IC design firms to meet customers' required specifications, the Company will also establish dedicated production lines in accordance with customer requirements to support mass production.

Technology and Business Development

On the R&D front, we will focus on high-density optical coupling, silicon photonics packaging integration, and the improvement of automated process capabilities, and promote process standardization and modular platforms to establish a one-stop solution from fiber arrays and packaging to testing. In addition to continuously refining our services to meet customer specifications and strengthening the development of automated production and testing equipment, we will further work with customers to challenge the limits of technology, strengthen technological innovation and patent portfolio development, and maintain a leading position in the industry.

Production and Sales Plan

In terms of production planning, in addition to the construction of the Thailand plant and the expansion of the cleanroom at the Hsinchu plant to meet customers' needs for mass production , we also carry out optimal shift scheduling and workforce expansion plans to meet customers' required shipment volume and quality, and to support various R&D engineering validation requirements. At the same time, the Company continues to optimize the configuration of automated equipment for mass production and enhance its smart manufacturing systems.

Corporate Sustainable Development

With respect to digital transformation and the strengthening of information security, in addition to completing ISO 27001 Information Security Management System certification this year, the Company will promote a Zero Trust project to further enhance information security controls. In terms of corporate sustainable development (ESG), in addition to upholding corporate governance principles of integrity management and legal compliance, the Company will fully implement the ISO 45001 Occupational Health and Safety Management System and continue to advance ISO 14001 and ISO 14064-1 Greenhouse Gas Inventory to ensure higher standards in environmental protection and occupational health and safety. In addition, the Company plans to promote the RBA CSR system to strengthen labor rights protection, ensure that the factory environment meets higher international standards, improve supply chain management, and deepen social responsibility practices.

Future Outlook

Upholding integrity and corporate conscience, FOCI has been steadily deepening the development of Taiwan's optical communication capabilities through talent cultivation and industry-academia collaboration. We also actively participate in charitable activities with social welfare organizations, working together to build a sustainable, low-carbon enterprise committed to giving back to society. Building on our solid foundation, we hope to reach new heights in our business development this year. We extend our sincere gratitude to our shareholders for their continued support and encouragement. FOCI will seize the opportunities presented by AI development, fully expanding our technological advantages and securing a leading market position to repay the support and trust of our shareholders and investors.

I wish all shareholders, ladies and gentlemen, good health, and happiness!

Chairman Song-fure Lin

Chapter 2 Corporate Governance Report

I Information on the Company's Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

(I) Director

1. Director information

March 30, 2026; Unit: shares; %

Title	Nationality or place of registration	Name	Gender Age	Commencement date of first term	Date of appointment	Term of office	Shares held at time of election		Shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal experience and education	Positions held concurrently in the Company and/or in any other company	Other officer(s), Director(s), or Supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	ROC	Song-fure Lin	M 61~70	2002.11.11	2024.05.30	3 years	5,124,102	5.19	5,494,910	4.84	-	-	318,021	0.28	M.S. in Physics, Fu Jen Catholic University; Chairman / President / R&D Vice President, FOCI; Section Chief, Components Section, Fiber Optics Technology Division, EOSRL, Industrial Technology Research Institute	Note 2	None	None	None	None
Director	ROC	Lee-chiou Chang	M 71~80	2015.04.30	2024.05.30	3 years	800,000	0.81	401,000	0.35	-	-	-	-	M.A. in Insurance, National Chengchi University; Chairman, Yuanta Securities Finance; President, Yuanta-Jinghua Securities; President, Grand Cathay Securities Corporation; Auditor / Section Chief / Senior Specialist / Deputy Division Chief / Division Chief, Securities and Futures Commission, Ministry of Finance; Auditor / Assistant Auditor, Audit Division, National Taxation Bureau of Taipei	Note 2	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Commencement date of first term	Date of appointment	Term of office	Shares held at time of election		Shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal experience and education	Positions held concurrently in the Company and/or in any other company	Other officer(s), Director(s), or Supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	ROC	Wonderland Enterprise Co., Ltd.	—	2024.05.30	2024.05.30	3 years	3,500,000	3.55	3,753,279	3.30	-	-	-	-	—	Note 2	None	None	None	None
		Legal Representative: Hao Fang	M 41~50	2024.05.30	2024.05.30	3 years	-	-	-	-	-	-	-	-	M.B.A. in International Business Administration, National Chengchi University; Chairman, Taiwan Insulation Material Industrial Co., Ltd.; Vice President, Asia Carbons & Technology Inc.	Note 2	None	None	None	None
Director	ROC	Ting-ta Hu	M 51~60	2021.07.05	2024.05.30	3 years	770,805	0.78	964,293	0.85	-	-	-	-	M.S. in Electrical Engineering, National Taiwan University; Special Assistant, Centera Photonics Inc.; Vice President, Himax Technologies, Inc.; Vice President, Xintec Inc.; Department Manager, Taiwan Semiconductor Manufacturing Co., Ltd.	Note 2	None	None	None	None
Independent Director	ROC	Li-jen Kuo	F 51~60	2020.05.28	2024.05.30	3 years	-	-	-	-	-	-	-	-	Ph.D. in Law, Ruhr University Bochum; Associate Professor, Department of Law, Soochow University; Professor, Department of Law and Institute of Technology Law, National Cheng Kung University; Member of the Remuneration Committee, Panion & BF Biotech Inc.	Note 2	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Commencement date of first term	Date of appointment	Term of office	Shares held at time of election		Shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal experience and education	Positions held concurrently in the Company and/or in any other company	Other officer(s), Director(s), or Supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	ROC	Tzu-ming Wang	M 71~80	2021.07.05	2024.05.30	3 years	-	-	-	-	-	-	-	-	B.A. in Public Finance and Taxation, Feng Chia University; Director, Mega International Investment Trust Co., Ltd.; Director-General, National Taxation Bureau of Taipei, Ministry of Finance	Note 2	None	None	None	None
Independent Director	ROC	Tien-chang Huang	M 71~80	2024.05.30	2024.05.30	3 years	-	-	-	-	-	-	-	-	M.A. in Public Finance, National Chengchi University; Chairman / President, Taiwan Business Bank; Independent Director, Mega Securities; Standing Independent Director, Mega International Commercial Bank; Chairman, Trust Association of R.O.C.	Note 2	None	None	None	None

Note 1: Where the Chairman and the President or person of an equivalent post (the highest Managerial Officer) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., increasing the number of Independent Directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer): None

Note 2: The information presented reflects Directors in office as of the date of publication of this annual report. The current concurrent positions held by the Company's Directors in the Company and other companies are as follows:

Title	Name	Positions held concurrently in the Company and/or in any other company
Chairman	Song-fure Lin	Chairman, FOCI; Chairman; Shanghai FOCI; Chairman; Chairman, Shang Cheng Investment Co., Ltd.
Director	Lee-chiou Chang	CEO, Sun Ten Group.; Chairman, Panion &BF Biotech Inc.; Chairman, Bowlin Bioteck Corp. (USA); Chairman, Herbiotek Co., Ltd; Chairman, Shun Tian International Investment Consulting Co., Ltd; Chairman, Sun Ten Pharmaceutical Co., Ltd; Chairman, Cheng Fong Chemical Co., Ltd; Chairman, Ho Tung Chemical Corp.; Chairman, YH Bio Co., Ltd; Chairman, Viarich Biotechnology Co., Ltd.; Chairman, T3EX Global Holdings Corp.; Director, FOCI Fiber Optic Communications, Inc.; Director, Anti-Microbial Savior BioteQ Co., Ltd.; Director, Triknight Capital Corporation; Director, Formosan Union Chemical Corporation; Director, Repurgenesis; Independent Director / Audit Committee Member / Remuneration Committee Member, Taiwan Hopax Chemicals MFG. Co., Ltd.; Independent Director / Audit Committee Member / Remuneration Committee

Title	Name	Positions held concurrently in the Company and/or in any other company
		Member, Compal Electronics, Inc.; Independent Director / Audit Committee Member / Remuneration Committee Member, Asia Polymer Corp
Director	Wonderland Enterprise Co., Ltd.	Director, FOCI; Corporate Director, Yuanjie Investment Co., Ltd.; Corporate Director/Corporate Supervisor, Yuanyao Development Co., Ltd.
	Legal Representative: Hao Fang	Representative of Corporate Director, FOCI; Representative of Corporate Director, Actron Technology Corporation; Representative of Corporate Director, Sino-American Silicon Products Inc.
Director	Ting-ta Hu	President, FOCI
Independent Director	Li-jen Kuo	Independent Director, FOCI; Professor and Director, Graduate School of Culture and Education Law, National Taipei University of Education
Independent Director	Tzu-ming Wang	Independent Director, FOCI; Independent Director / Audit Committee Member / Remuneration Committee Member, Ho Tung Chemical Corp.
Independent Director	Tien-chang Huang	Independent Director, FOCI; Independent Director / Audit Committee Member / Remuneration Committee Member, Heran Co., Ltd.; Independent Director / Audit Committee Member / Remuneration Committee Member, Yi Jinn Industrial Co., Ltd.; Independent Director / Audit Committee Member / Remuneration Committee Member, GOMAJI Corp., LTD

Major Shareholders of Corporate Shareholders that are Directors:

March 30, 2026

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholder	Shareholding Ratio (%)
Wonderland Enterprise Co., Ltd.	Shico Sun High Industrial Co., Ltd.	57.42%
	Taiwan Styrene Monomer Corporation	29.63%

Major Shareholders of Corporate Major Shareholders

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholder	Shareholding Ratio (%)
Shico Sun High Industrial Co., Ltd. (Note 1)	Feng-Ju Hu	0.1%
	Ting-Jui Hsu	0.03%

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholder	Shareholding Ratio (%)
	Jung-Kang Sun	0.003%
Taiwan Styrene Monomer Corporation (Note 2)	Taiwan Steel Group United Co., Ltd.	7.85%
	Frank C. Chen Cultural Educational Foundation	5.45%
	Chun Yu Works & Co., Ltd.	2.21%
	Taiwan Styrene Monomer Investment Co., Ltd.	1.89%
	JPMorgan Chase Bank N.A., Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	1.29%
	JPMorgan Chase Bank N.A., Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a Series of Vanguard Star Funds	1.28%
	Chun Yu Investment Co., Ltd.	1.25%
	Chun Bang Precision Co., Ltd.	1.22%
	He Yang Investment Co., Ltd.	0.96%
	Yu-Bin Yang	0.96%

Note 1: Source of information: Director and Supervisor data obtained from the website of the Administration of Commerce, MOEA.

Note 2: Source of information: Taiwan Styrene Monomer Corporation 2024 Annual Report (shareholding data as of March 30, 2025), retrieved from the Market Observation Post System.

2. Disclosure of information regarding the professional qualifications and experience of Directors and Independent Directors and the independence of Independent Directors:

Qualifications Name	Professional qualifications and experience	Independence status				Number of other public companies at which the person concurrently serves as an Independent
		Status of the individual, spouse, and relatives within the second degree of kinship		Circumstances set forth in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act	Whether serving as a Director, Supervisor, or employee of a Company having a	
		Status of serving as a Director, Supervisor, or employee of the Company or its affiliates	Number and percentage of shares held in the Company			
Chairman Song-fure Lin	1. Has more than five years of work experience relevant to the Company's business operations. 2. Currently serves as Chairman of the Company and Chairman of Shanghai FOCI. 3. None of the circumstances set forth in Article 30 of the Company Act apply.	Not applicable				None
Director Lee-chiou Chang	1. Has more than five years of work experience relevant to the Company's business operations. 2. Currently serves as Director of the Company; CEO, Sun Ten Group.; Chairman, Panion &BF Biotech Inc.; Chairman, Bowlin Bioteck Corp. (USA); Chairman, Herbiotek Co., Ltd; Chairman, Shun Tian International Investment Consulting Co., Ltd; Chairman, Cheng Fong Chemical Co., Ltd; Chairman, Ho Tung Chemical Corp.; Chairman, YH Bio Co., Ltd; Chairman, Viarich Biotechnology Co., Ltd.; Chairman, T3EX Global Holdings Corp.; Chairman, Viarich Biotechnology Co., Ltd.; Director, Anti-Microbial Savior BioteQ Co., Ltd.; Director, Repurgenesis; Director, Triknight Capital Corporation; Director, Formosan Union Chemical Corporation; Independent Director, Taiwan Hopax Chemicals MFG. Co., Ltd.; Independent Director, Compal Electronics, Inc.; Independent Director, Asia Polymer Corp 3. None of the circumstances set forth in Article 30 of the Company Act apply.	Not applicable				2
Director Ting-ta Hu	1. Has more than five years of work experience relevant to the Company's business operations. 2. Currently serves as Director and President of the Company. 3. None of the circumstances set forth in Article 30 of the Company Act apply.	Not applicable				None

Qualifications Name	Professional qualifications and experience	Independence status				Number of other public companies at which the person concurrently serves as an Independent
		Status of the individual, spouse, and relatives within the second degree of kinship		Circumstances set forth in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act	Whether serving as a Director, Supervisor, or employee of a Company having a	
		Status of serving as a Director, Supervisor, or employee of the Company or its affiliates	Number and percentage of shares held in the Company			
Wonderland Enterprise Co., Ltd. Legal Representative: Hao Fang	1. Has more than five years of work experience relevant to the Company's business operations. 2. Currently serves as Director of the Company; Representative of Corporate Director, Actron Technology Corporation; Representative of Corporate Director, Sino-American Silicon Products Inc. 3. None of the circumstances set forth in Article 30 of the Company Act apply.	Not applicable				None
Independent Director Li-jen Kuo	1. Has more than five years of work experience relevant to the Company's business operations. 2. Currently serves as Independent Director of the Company; Professor and Director, Graduate School of Culture and Education Law, National Taipei University of Education 3. None of the circumstances set forth in Article 30 of the Company Act apply.	None	None	None	None	None
Independent Director Tzu-ming Wang	1. Has more than five years of work experience relevant to the Company's business operations. 2. Previously served as Director-General of the National Taxation Bureau of Taipei, Ministry of Finance; currently serves as an Independent Director of the Company and as an Independent Director of Ho Tung Chemical Corp. 3. None of the circumstances set forth in Article 30 of the Company Act apply.	None	None	None	None	1
Independent Director Tien-chang Huang	1. Has more than five years of work experience relevant to the Company's business operations. 2. Previously served as Chairman and President of Taiwan Business Bank, currently serves as Independent Director of the Company, Independent Director of Heran Co., Ltd., Independent Director of Yi Jinn Industrial Co., Ltd., and Independent Director of GOMAJI Corp., LTD 3. None of the circumstances set forth in Article 30 of the Company Act apply.	None	None	None	None	3

3. Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

In accordance with the Company’s "Corporate Governance Best Practice Principles", the composition of the Board of Directors shall take diversity into consideration. In addition to the requirement that Directors concurrently serving as Managerial Officers shall not exceed one-third of the total number of Board seats, the Company has established appropriate diversity policies based on its operations, business model, and development needs. Such policies include, but are not limited to, the following two aspects:

A. Basic attributes and values: gender, age, nationality, and cultural background.

B. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Members of the Board shall generally possess the knowledge, skills, and qualities necessary to perform their duties. These include business judgment, accounting and financial analysis, management capabilities, crisis management, industry knowledge, international market perspective, leadership, and decision-making abilities.

Implementation of Board diversity policy for the current term:

Diversity Dimensions / Name	Basic Composition										Professional background				Professional background							
	Nationality	Gender	Employee Status	Age				Tenure as Independent Director of the Company			Law	Finance or Accounting	Industry	Marketing or Technology	Business Judgment	Accounting and Financial Analysis	Management Capabilities	Crisis Management	Industry Knowledge	International Market Perspective	Leadership	Decision-Making Abilities
				41~50	51~60	61~70	71~80	Less than 3 years	3–6 years	6–9 years												
Song-fure Lin	ROC	M				V							V	V	V	V	V	V	V	V	V	V
Lee-chiou Chang		M					V					V	V	V	V	V	V	V	V	V	V	V
Representative of Wonderland Enterprise Co., Ltd. Hao Fang		M		V									V	V	V	V	V	V	V	V	V	V
Ting-ta Hu		M	V		V								V	V	V	V	V	V	V	V	V	V
Li-jen Kuo		F			V					V	V		V	V	V	V	V	V	V	V	V	V
Tzu-ming Wang		M					V		V			V	V	V	V	V	V	V	V	V	V	V
Tien-chang Huang		M					V	V				V	V	V	V	V	V	V	V	V	V	V

Specific objectives and implementation status of the Board diversity policy:

The Company's current Board of Directors consists of seven Directors, including three Independent Directors and four non-independent Directors. All Directors are distinguished professionals from industry and academia and possess the knowledge, skills, and qualities necessary to perform their duties. The Company places emphasis on gender diversity in the composition of the Board and aims to increase the proportion of female Directors to more than one-third (i.e., 33%). In the current term, male Directors account for 86% (six Directors) and female Directors account for 14% (one Director). The Company will endeavor to increase the number of female Directors in the next election to achieve this objective.

(2) Independence of the Board of Directors:

Among the current Directors, the proportion of Directors with employee status is 14% (one Director), while Independent Directors account for 43% (three Directors). With respect to tenure, two Independent Directors have served for more than three years but less than nine years, and one has served for less than three years. All Independent Directors meet the qualification requirements set forth by the Securities and Futures Bureau of the Financial Supervisory Commission. Furthermore, none of the Directors or Independent Directors fall under the circumstances specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, and there are no spousal or second-degree kinship relationships among the Directors.

(II) Information on the Company's President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

March 30, 2026

Title	Nationality	Name	Gender	Date of appointment	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal experience and education	Positions concurrently held in other companies at present	Other Managerial Officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					shares	%	shares	%	shares	%			Title	Name	Relationship	
President	ROC	Ting-ta Hu	M	2021.02.26	964,293	0.85	0	0	0	0	M.S. in Electrical Engineering, National Taiwan University; Special Assistant, Centera Photonics Inc.; Vice President, Himax Technologies, Inc.; Vice President, Xintec Inc.; Department Manager, Taiwan Semiconductor Manufacturing Co., Ltd.	None	None	None	None	None
President, Shanghai FOCI	ROC	Chun-ying Kung	F	2001.06.01	482,000	0.42	0	0	0	0	M.S. in Physics, Chung Yuan Christian University; President / Vice President, Sales / Vice President, Production, FOCI; Engineer, Fiber Optics Technology Division, EOSRL, Industrial Technology Research Institute	Director and President of Shanghai FOCI; Director of Zhongshan FOCI; Vice President of Marketing and Sales of FOCI; and Director of FOCI (Thailand) Co., Ltd.	None	None	None	None
Vice President	ROC	Ching-wei Wei	M	2016.05.03	110,802	0.10	4,289	0	0	0	M.S. in Physics, Chung Yuan Christian University; Vice President, R&D, FOCI	None	None	None	None	None
Vice President	ROC	Shy-jge Wang	M	2010.07.01	186,578	0.16	0	0	0	0	MBA, National Central University; Director, Resource Management Division, FOCI; Director, Operations Management Division, Li Sheng Optoelectronics Co., Ltd.	Director and President, FOCI (Thailand) Co., Ltd.	None	None	None	None

Title	Nationality	Name	Gender	Date of appointment	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal experience and education	Positions concurrently held in other companies at present	Other Managerial Officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					shares	%	shares	%	shares	%			Title	Name	Relationship	
Senior Plant Director	ROC	Yung-ta Li	M	2026.02.26	36,500	0.03	0	0	0	0	Ph.D. in Mechanical Engineering, National Taiwan University; Head of Division, Production Division, FOCI; Department Manager, Vanguard International Semiconductor Corporation; Department Manager, VisEra Technologies Company Limited; Senior Engineer, Taiwan Semiconductor Manufacturing Company Limited	None	None	None	None	None
Senior Head of Division	ROC	Po-yi Wu	M	2026.02.26	41,164	0.04	0	0	0	0	Ph.D., National Taipei University of Technology; Deputy Head of Division, R&D Engineering Division, FOCI	None	None	None	None	None
Head of Division	ROC	Ya-fang Yu	F	2022.11.03	104,000	0.09	10,723	0.01	0	0	Graduate Institute of Financial and Economic Law, Soochow University; Graduate Institute of Finance, National Chung Cheng University; Senior Assistant Vice President, Finance and Administration, iSTART-TEK; Finance Manager, Oriental Petrochemical (Taiwan) Co., Ltd.; Finance Manager, Wistron Corporation / Wistron Optronics Corporation	None	None	None	None	None

Title	Nationality	Name	Gender	Date of appointment	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal experience and education	Positions concurrently held in other companies at present	Other Managerial Officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					shares	%	shares	%	shares	%			Title	Name	Relationship	
Head of Division	ROC	Shang-zhang Lin	M	2024.08.08	28,000	0.02	0	0	0	0	MBA Program, National Central University; Specialist, Office of the President, Nan Ya Plastics Corporation; Head of Division, Supply Chain Management Division, Foxconn Technology Group; Head of Information Management Division and Concurrent Head of Information Security Management Division; Assistant Vice President, Yonglin Biotech Corp.; Senior Manager, Information Department, Sanyang Motor Co., Ltd.	None	None	None	None	None

Note 1: This table presents information on individuals in office as of the date of publication of this annual report.

Note 2: Where the President (or equivalent position, i.e., the highest Managerial Officer) and the Chairman are the same person, or are spouses or relatives within the first degree of kinship, the reasons, rationale, necessity, and corresponding measures shall be disclosed: Not applicable.

II Remuneration paid to Directors, President, and Vice Presidents in the most recent fiscal year (2025)

(I) Remuneration for Board Directors

Remuneration of Directors and Independent Directors

December 31, 2025; Unit: NT$ thousand / thousand shares

Title	Name	Remuneration of Directors								Total of A, B, C and D, and percentage to income after tax (Note 6)		Remunerations received by employees with concurrent jobs								Total of A, B, C, D, E, F and G, and percentage to income after tax (Note 6)		Pays received from parent company or invested business(s) other than a subsidiary
		Pay (A) (Note 1)		Pension (B)		Director remuneration (C)(Note 2)		Expenses and perquisites (D)(Note 3)				Salary, rewards, and special disbursements (E) (Note 4)		Pension (F)		Employee remuneration (G) (Note 5)						
		FOCI	All companies in financial statement	FOCI	All companies in financial statement	FOCI	All companies in financial statement	FOCI	All companies in financial statement	FOCI	All companies in financial statement	FOCI	All companies in financial statement	FOCI	All companies in financial statement	FOCI		All companies in financial statement		FOCI	All companies in financial statement	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Song-fure Lin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Lee-chiou Chang	-	-	-	-	-	-	30	30	30 0.19%	30 0.19%	-	-	-	-	-	-	-	-	30 0.19%	30 0.19%	-
Director	Wonderland Enterprise Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Legal Representative: Hao Fang	-	-	-	-	-	-	30	30	30 0.19%	30 0.19%	-	-	-	-	-	-	-	-	30 0.19%	30 0.19%	-
Director	Ting-ta Hu	-	-	-	-	-	-	-	-	-	-	7,091	7,091	108	108	-	-	-	-	7,199 44.45%	7,199 44.45%	-
Independent Director	Li-jen Kuo	1,200	1,200	-	-	-	-	45	45	1,245 7.69%	1,245 7.69%	-	-	-	-	-	-	-	-	1,245 7.69%	1,245 7.69%	-
Independent Director	Tzu-ming Wang	1,200	1,200	-	-	-	-	45	45	1,245 7.69%	1,245 7.69%	-	-	-	-	-	-	-	-	1,245 7.69%	1,245 7.69%	-
Independent Director	Tien-chang Huang	1,200	1,200	-	-	-	-	40	40	1,240 7.66%	1,240 7.66%	-	-	-	-	-	-	-	-	1,240 7.66%	1,240 7.66%	-

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid.

   The remuneration of FOCI's Independent Directors is also reviewed by the remuneration committee for the extent of their participation in and contributions for FOCI, in addition to considering the evaluation results obtained from the performance evaluation of the Board of Directors. Suggestions are submitted to the Board of Directors for resolution based on Company's business performance.
2. The remuneration received by Board Directors in the most recent year for providing services (such as serving as a consultant of FOCI/an invested enterprise for the parent company/finance/report and not a FOCI employee, etc.), in addition to the disclosure in the table above: None.

Note 1: This refers to the remuneration of Directors for the fiscal year 2025 (including Director salaries, duty allowance, severance pay, bonuses, incentives, etc.).

Note 2: This is the amount of Directors' remuneration distributed by the Board of Directors for the fiscal year 2025.

Note 3: It refers to the relevant business execution expenses of directors for the fiscal year 2025 (including travel expenses, special allowance, various allowances, and payment in kind like dormitory and company car, etc.). If housing, cars and other means of transportation or exclusive personal expenses are provided, the nature and cost of the assets provided, the actual or calculated rent at fair market prices, fuel and other payments shall be disclosed. In addition, if a driver is provided, the relevant remuneration paid by the Company to the driver shall be noted, but will not be included in the remuneration.

Note 4: This refers to the remuneration received by Directors who are also employees for the fiscal year 2025 (such as President, Vice Presidents, other Managerial Officers, and employees as a concurrent position), including salary, duty allowance, severance pay, various bonuses, rewards, travel expenses, special allowance, various allowances, and payment in kind such as dormitories and company car. If housing, cars and other means of transportation or exclusive personal expenses are provided, the nature and cost of the assets provided, the actual or calculated rent at fair market prices, fuel and other payments shall be disclosed. In addition, if a driver is provided, the relevant remuneration paid by the Company to the driver shall be noted, but will not be included in the remuneration. The salary expenses recognized in accordance with IFRS 2 "Share-Based Payment", including the acquisition of employee stock options, new shares with restricted employee rights, and participation in cash capital increase subscription shares, etc., shall be included in remuneration.

Note 5: For Directors who are also employees for the fiscal year 2025 (such as President, Vice Presidents, other Managerial Officers, and employees as a concurrent position) and received employee remuneration (including stock and cash), the amount of employee remuneration distributed by the Board of Directors in the most recent year shall be disclosed. If it is impossible to estimate, the proposed distribution amount for this year shall be calculated based on the proportion of the actual distribution amount of last year.

Note 6: Net income refers to the net income after tax as disclosed in the individual financial report for the fiscal year 2025.

Note 7: The content of remuneration disclosed in this table is different from the concept of income in the Income Tax Act. This table is for information disclosure and not for taxation purposes.

(II) Remuneration to Supervisors: None.

(III) Remuneration of the top five highest-paid executives

December 31, 2025; Unit: NT$ thousand / thousand shares

Title	Name	Salary (A) (Note 2)		Pension (B)		Rewards and special disbursements(C) (Note 3)		Employee remuneration (D) (Note 4)				Total of A, B, C and D, and percentage to income after tax (%)(Note 6)		Pays received from parent company or invested business(s) other than a subsidiary (Note 7)
		FOCI	All companies in financial statement (Note 5)	FOCI	All companies in financial statement (Note 5)	FOCI	All companies in financial statement (Note 5)	FOCI		All companies in financial statement (Note 5)		FOCI	All companies in financial statement	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Ting-ta Hu	3,600	3,600	108	108	3,491	3,491	0	0	0	0	7,199 44.45%	7,199 44.45%	None
President, Shanghai FOCI and Zhongshan FOCI	Chun-ying Kung	1,992	1,992	108	108	2,259	2,259	0	0	0	0	4,359 26.92%	4,359 26.92%	
Vice President	Shy-jge Wang	1,632	1,632	99	99	1,428	1,428	0	0	0	0	3,159 19.51%	3,159 19.51%	
Head of financial Division	Ya-fang Yu	1,392	1,392	86	86	1,196	1,196	0	0	0	0	2,674 16.51%	2,674 16.51%	
Head of Information Division	Shang-zhang Lin	1,440	1,440	86	86	1,011	1,011	0	0	0	0	2,537 15.67%	2,537 15.67%	

Note 1: This table presents the top five highest-paid executives for fiscal year 2025 who were in office and classified as insiders during the period, with individual disclosure of each category of remuneration. Where a Director concurrently serves as President (Ting-ta Hu), such individual is disclosed in both this table and the table for remuneration of Directors and Independent Directors.

Note 2: This refers to the salary, duty allowances, and severance pay of each of the five highest-paid executives in 2025.

Note 3: This item includes bonuses, incentives, transportation allowances, special allowances, various subsidies, housing, company cars, in-kind benefits, and other remuneration of the top five highest-paid executives for fiscal year 2025. If housing, cars and other means of transportation or exclusive personal expenses are provided, the nature and cost of the assets provided, the actual or calculated rent at fair market prices, fuel and other payments shall be disclosed. In addition, if a driver is provided, the relevant remuneration paid by the Company to the driver shall be noted, but will not be included in the remuneration. The salary expenses recognized in accordance with IFRS 2 "Share-Based Payment", including the acquisition of employee stock options, new shares with restricted employee rights, and participation in cash capital increase subscription shares, etc., shall be included in remuneration.

Note 4: This item includes employee remuneration (including stock and cash) for fiscal year 2025 approved by the Board of Directors but not yet distributed. If such amount cannot be reasonably estimated, the proposed distribution shall be calculated based on the proportion of the actual distribution amount of last year.

Note 5: Disclose the total amount of remuneration in each category paid to the top five highest-paid executives by all companies in the consolidated financial report (including the Company).

Note 6: Net income refers to the net income after tax as disclosed in the individual financial report for the fiscal year 2025.

Note 7:

A. In this column, specifically disclose the amount of remuneration received by the top five highest-paid executives of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).

B. Remuneration means remuneration received by the top five highest-paid executives of the Company for serving in capacities such as Director, Supervisor, or Managerial Officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

Note 8: The content of remuneration disclosed in this table is different from the concept of income in the Income Tax Act. This table is for information disclosure and not for taxation purposes.

(IV) Names of managerial officers receiving employee remuneration and distribution status

In 2025, the Company did not distribute employee remuneration.

(V) Analysis of the ratio of total remuneration paid by the Company and all companies in the consolidated financial statements to the Company's Directors, Supervisors, President, and Vice Presidents to net income after tax in the separate or individual financial statements for the most recent two fiscal years, and description of remuneration policies, standards and components, remuneration determination procedures, and linkage to operating performance and future risks

1. Analysis of the ratio of total remuneration paid by the Company and all companies in the consolidated financial statements to the Company's Directors, Supervisors, President, and Vice Presidents to net income after tax in the separate or individual financial statements for the most recent two fiscal years:

Unit: NT$ thousand; %

Item / Title	FOCI				All companies in the consolidated financial statements			
	2024		2025		2024		2025	
	Total amount	% of net income after tax	Total amount	% of net income after tax	Total amount	% of net income after tax	Total amount	% of net income after tax
Remuneration of Directors	7,406	(15.34)	8,098	50	7,406	(15.34)	8,098	50
Remuneration of Supervisors	N/A	-	N/A	-	N/A	-	N/A	-
Remuneration of the President and Vice Presidents	9,749	(20.20)	10,663	65.85	9,749	(20.20)	10,663	65.85
Net income after tax	(48,272)	-	16,194	-	(48,272)	-	16,194	-

(1) In accordance with the Company's Articles of Incorporation, if the Company records a profit for the year, no more than 5% shall be appropriated as Directors' remuneration. The Company did not distribute Directors' remuneration in either 2024 or 2025.The increase in total Directors' compensation in 2025 compared with 2024 was mainly attributable to the issuance of employee stock options by the Company in 2025. Mr. Hu Ting-Ta, who serves as both director and general manager, was granted employee stock options, and the related salary expenses were recognized in accordance with IFRS 2 "Share-based Payment."

(2) Independent Directors serve as members of the Audit Committee and the Remuneration Committee. Reasonable remuneration is determined by taking into account their responsibilities, such as serving on functional committees, as well as the risks assumed and time devoted.

(3) In 2024 and 2025, Directors and Independent Directors received fixed remuneration and meeting attendance allowances, which were not linked to net income or loss after tax.

(4) The Company did not distribute employee remuneration in either 2024 or 2025. The remuneration of President Ting-Ta Hu and the other three Vice Presidents was determined on a reasonable basis by taking into account the importance of their positions and performance evaluations, with reference to industry salary levels, and was submitted to the Remuneration Committee and the Board of Directors for approval. The remuneration of managerial officers in 2025 was higher than in 2024 and was not correlated with net income or loss after tax. The increase was mainly attributable to the issuance of employee stock options by the Company in 2025, for which salary expenses were recognized in accordance with IFRS 2 "Share-based Payment."

2. Remuneration policy, standards and components; procedures for determination; and linkage to operating performance and future risks

(1) Directors and Supervisors

Remuneration for Directors and Supervisors is determined in accordance with the Company's Articles of Incorporation. If the Company records a profit for the year, no more than 5% shall be appropriated as remuneration for Directors and Supervisors. Such remuneration is reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

(2) President and Vice Presidents

The remuneration of the President and Vice Presidents comprises salary, bonuses, employee remuneration, and restricted shares, among others. In accordance with the Company's personnel policies and procedures, remuneration is determined based on individual contributions, qualifications, performance, and responsibilities, with reference to industry compensation levels. It is reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

(3) The Company's primary remuneration principles link compensation to responsibilities and performance outcomes, and aim to provide market-competitive remuneration to attract and retain talent over the long term. The structure reflects the Company's operational risks and corporate governance framework. Short-term profitability is not used as the sole basis for remuneration and performance evaluation, and the approach is aligned with the long-term interests of shareholders.

III Corporate Governance Operation

(I) Operation of the Board of Directors

In the most recent fiscal year (2025), the Board of Directors convened six meetings. The attendance of Directors was as follows:

Title	Name	Number of meetings attended in person	Number of meetings attended by proxy	Actual attendance rate (%)	Remarks
Chairman	Song-fure Lin	6	0	100%	
Director	Lee-chiou Chang	6	0	100%	
Director	Ting-ta Hu	6	0	100%	
Director	Wonderland Enterprise Co., Ltd. Legal Representative: Hao Fang	6	0	100%	
Independent Director	Li-jen Kuo	6	0	100%	
Independent Director	Tzu-ming Wang	6	0	100%	
Independent Director	Tien-chang Huang	5	1	83%	

Other information required to be disclosed:

I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the Independent Directors, and the measures taken by the Company based on the opinions of the Independent Directors:

  (I) Matters set forth in Article 14-3 of the Securities and Exchange Act: As the Company has established an Audit Committee, this item is not applicable. For matters set forth in Article 14-5 of the Securities and Exchange Act, please refer to the Audit Committee Operations (page 25).

  (II) In addition to the matters referred to above, any dissenting or qualified opinion of an Independent Director that is on record or stated in writing with respect to any board resolution: None.

II. Implementation Status of Directors' Recusal from Motions Involving Conflicts of Interest: specify the directors' names, the content of the motions, the reasons for recusal, and their voting participation status:

Board Meeting Date	Implementation of Recusal by Directors for Agenda Items Involving Conflicts of Interest
6th Meeting of the 12th Term 2025.03.27	• Proposal for the list of allottees for the Company's 2025 employee stock options: Director Ting-ta Hu recused himself from voting due to his position as President of the Company. Upon inquiry by the Chairperson, the proposal was approved as submitted by the remaining Directors present.

III. Information on the Board self-evaluation, including evaluation cycle and period, scope, method, and evaluation criteria: Implementation of evaluations of the Board of Directors

Evaluation Cycle	Period	Scope	Method	Evaluation Criteria
Once annually	2025/01/01 ~2025/12/31	Board of Directors, individual Directors, and Functional Committees, including the Audit Committee and the Remuneration Committee	Internal self-evaluation conducted through internal questionnaires for the Board of Directors, individual Directors, and Functional Committees, including the Audit Committee and the Remuneration Committee	Evaluation Metrics for Board of Directors' Performance: 1. Participation in Company Operations 2. Enhancement of Decision-Making Quality 3. Composition and Structure of the Board 4. Selection and Continuing Education of Directors 5. Internal Control Assessment Result: 4.79 points (Excellent)
				Evaluation Metrics for Board Members' Self-Assessment: 1. Understanding of Company Goals and Missions 2. Recognition of Directors' Responsibilities 3. Participation in Company Operations 4. Management and Communication of Internal Relationships 5. Professionalism and Continuing Education of Directors 6. Internal Control Assessment Result: 4.88 points (Excellent)
				Evaluation Metrics for Functional Committees' Performance: 1. Participation in Company Operations 2. Recognition of Functional Committees' Responsibilities 3. Enhancement of Decision-Making Quality within Functional Committees 4. Composition and Member Selection of Functional Committees 5. Internal Control Assessment Results: Auditing Committee: 4.85 points (Excellent) Remuneration Committee: 4.88 points (Excellent)
Once every three years	2024/01/01 ~2024/12/31	Board of Directors and individual Directors	The Board performance evaluation is conducted by an external independent	Evaluation across five dimensions: 1. Composition and Responsibilities of the Board of Directors

(external evaluation)			professional institution, the Taiwan Corporate Governance Association.	2. Guidance and Supervision by the Board of Directors 3. Delegation and Risk Management by the Board of Directors 4. Communication and Collaboration within the Board of Directors 5. Self-Regulation and Improvement by the Board of Directors Overall assessment and recommendations: 1.It is recommended to regularly report to the Audit Committee and the Board of Directors on the current status of transformation risk assessment operations and any gaps from target objectives. 2.It is recommended to establish an integrated senior management training and succession planning framework and report regularly to the Board of Directors. 3.It is recommended that the Audit Committee first review and provide opinions on the performance of the Head of Internal Audit before submission to the Chairman for approval. 4.It is recommended to regularly review and improve items not scored in the corporate governance evaluation and report the results to the Board of Directors.

IV. Give an evaluation of the targets that were adopted for strengthening of the functions of the Board during the current and immediately preceding fiscal years (e.g., establishing an Audit Committee, increasing information transparency, etc.) and the measures taken toward achievement thereof.

1. The Company's Board of Directors has established the "Rules and Procedures of Board of Director Meetings" with reference to the "Regulations Governing Procedure for Board of Directors Meetings of Public Companie", and regularly amends them in accordance with relevant laws and regulations. The most recent amendment was made on February 22, 2024.
2. The Company has established a Remuneration Committee, which is responsible for establishing and reviewing the policies, systems, standards, and structures for the performance evaluation and remuneration of Directors and Managerial Officers, and for regularly evaluating and determining their remuneration.
3. The Company has established an Audit Committee in place of the Supervisor system to exercise the powers prescribed under the Securities and Exchange Act, the Company Act, and other applicable laws and regulations. Quarterly financial reports are also submitted to the Audit Committee for review.
4. The Company simultaneously discloses English versions of its quarterly financial reports within two months after the filing deadline for the Chinese versions.

5. To implement corporate governance and enhance the effectiveness of the Board of Directors, the Company established the "Board Performance Evaluation Guidelines" at the Board meeting held on March 14, 2019. Internal self-evaluations are completed before the end of the first quarter of the following year. The self-evaluation result for 2025 was “Excellent,” and the Board performance evaluation report was submitted to the Board of Directors on January 13, 2026. The Company also engages an external independent professional institution to conduct a Board effectiveness evaluation every three years. The most recent evaluation was conducted in 2024 by the Taiwan Corporate Governance Association across five dimensions through self-assessment questionnaires and on-site interviews.
6. The Company’s website includes an “Investor Relations” section, which is regularly updated with the annual operations of the Annual Shareholders’ Meeting, Board of Directors, and each committee, as well as related information. The website also provides contact information for the Company’s stock affairs agent and spokespersons for shareholders to inquire about stock affairs, financial, and business-related information.
7. Directors continue to participate in corporate governance-related training. All Directors and Independent Directors completed six hours of continuing education in 2025.

(II) Audit Committee operations or Supervisors' participation in Board operations

1. Audit Committee operations:

In the most recent fiscal year (2025), the Audit Committee convened six meetings. The attendance of Independent Directors was as follows:

Title	Name	Number of meetings attended in person	Number of meetings attended by proxy	Actual attendance rate (%)	Remarks
Independent Director	Li-jen Kuo	6	0	100%	
Independent Director	Tzu-ming Wang	6	0	100%	
Independent Director	Tien-chang Huang	6	0	100%	

Other information required to be disclosed:

I. If any of the following circumstances exists, specify the Audit Committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the Independent Directors, the outcomes of Audit Committee resolutions, and the measures taken by the Company based on the opinions of the Audit Committee:

(I) Any matter under Article 14-5 of the Securities and Exchange Act:

Audit Committee Meeting Date and Session	Agenda Items	Dissenting or Qualified Opinions or Significant Recommendations by Independent Directors	Resolutions of the Audit Committee	The Company's Handling of the Audit Committee's Opinions
4th Meeting of the 3rd Term 2025.02.20	1. 2024 Business Report and Financial Statements 2. 2024 Annual Loss Appropriation Proposal 3. Assessment of the Effectiveness of the Internal Control System and Issuance of the Internal Control System Statement 4. Assessment of the Independence and Competence of the Company's Certifying CPAs 5. Amendments to Certain Provisions of the "Payroll Cycle" under the Internal Control System 6. Amendments to Certain Provisions of the Articles of Incorporation 7. Implementation Status of the Private Placement of Common Shares Approved at the 2024 Annual Shareholders' Meeting 8. Proposal for Private Placement of Common Shares 9. Proposal for Issuance of Employee Stock Options	None	Approved as submitted upon inquiry by the Chairperson of all attending committee members	Submitted to the 5th meeting of the 12th term for resolution and handled in accordance with the Board resolution

	10.Proposal for Release of Directors from Non-Competition Restrictions 11.Proposal for the Company's Capital Expenditures 12.Proposal to Provide Endorsements and Guarantees for Subsidiaries			
5th Meeting of the 3rd Term 2025.03.27	1. Amendments to Certain Provisions of the "Regulations Governing the Issuance and Subscription of the First Employee Stock Options in 2025" 2. Approval of the List of Allottees for the Company's 2025 Employee Stock Options	None	Approved as submitted upon inquiry by the Chairperson of all attending committee members	Submitted to the 6th meeting of the 12th term for resolution and handled in accordance with the Board resolution
6th Meeting of the 3rd Term 2025.05.08	2025 First Quarter Consolidated Financial Statements	None	Approved as submitted upon inquiry by the Chairperson of all attending committee members	Submitted to the 7th meeting of the 12th term for resolution and handled in accordance with the Board resolution
7th Meeting of the 3rd Term 2025.06.12	1. Proposal for Establishment of a Subsidiary in Thailand 2. Proposal for Capital Expenditures	None	Approved as submitted upon inquiry by the Chairperson of all attending committee members	Submitted to the 8th meeting of the 12th term for resolution and handled in accordance with the Board resolution
8th Meeting of the 3rd Term 2025.08.07	1. 2025 Second Quarter Consolidated Financial Statements 2. Proposal for Capital Reduction of Subsidiary 3. List of Allottees for the "First Employee Stock Options in 2025"	None	Approved as submitted upon inquiry by the Chairperson of all attending committee members	Submitted to the 9th meeting of the 12th term for resolution and handled in accordance with the Board resolution
9th Meeting of the 3rd Term 2025.11.06	1. 2025 Third Quarter Consolidated Financial Statements 2. 2026 Business Plan 3. 2026 Audit Plan 4. Proposal for Cash Capital Increase through Issuance of New Shares in 2025 5. Proposal for the Business Improvement Plan 6. Proposal to Transfer Machinery and Equipment for Business Use to a Subsidiary	None	Approved as submitted upon inquiry by the Chairperson of all attending committee members	Submitted to the 10th meeting of the 12th term for resolution and handled in accordance with the Board resolution

	7. Amendments to Certain Provisions of the " Procedures for Lending Funds to Other Parties " 8. Amendments to Certain Provisions of the " Procedures for Endorsements and Guarantees " 9. Amendments to Certain Provisions of the “Procedures for Acquisition or Disposal of Assets” 10. Amendments to Certain Provisions of the “Guidelines for Sustainable Development Practices”			

(II) In addition to the matters referred to above, any matter that was not approved by the Audit Committee but was approved by a two-thirds or greater majority resolution of the Board of Directors: None

II. Implementation of recusals of Independent Directors with respect to any motions with which they may have a conflict of interest: specify the Independent Director’s name, the content of the motion, the cause for recusal, and whether and how the Independent Director voted: None.

III. Communication between the Independent Directors and the Head of Internal Audit and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the Company’s finances and business and the method(s) and outcomes of the communication.)

1. Communication between the Independent Director, the Head of Internal Audit, and the Certified Public Accountant
   (1) The Company’s Independent Directors hold regular meetings with the certifying CPAs at least once each quarter. The CPAs report on the results of audits or reviews of the quarterly financial statements and other communication matters required by relevant laws and regulations, and discuss whether any adjusting entries are necessary and whether regulatory amendments affect accounting treatments.
   (2) The Company’s Head of Internal Audit holds regular meetings with Independent Directors at least once each quarter to report on audit activities, audit results, and the status of follow-up actions.
   (3) The Company’s Head of Internal Audit and the external auditors may communicate directly with Independent Directors at any time as necessary. Communication channels remain open and effective.

2. Summary of communication between Independent Directors and the Head of Internal Audit

Communication between the Company’s Independent Directors and the Head of Internal Audit was effective. Key communication matters in 2025 are summarized as follows:

Date	Key Communication Matters
2025.02.20	2024 Fourth Quarter Audit Report 2024 Internal Control System Statement
2025.05.08	2025 First Quarter Audit Report
2025.08.07	2025 Second Quarter Audit Report

2025.11.06	2025 Third Quarter Audit Report 2026 Audit Plan

3. Summary of communication between Independent Directors and External Auditors
Communication between the Company's Independent Directors and the external auditors was effective. Key communication matters in 2025 are summarized as follows:

Date	Key Communication Matters
2025.02.20	Explanation of the audit results and significant communication matters for the 2024 consolidated and separate financial statements 1. Audit scope and materiality 2. Audit report and key audit matters: audit report, key audit matters, material adjusted and unadjusted entries, significant accounting estimates and transactions, and other communication matters 3. Independence of the external auditors 4. IV. Recent regulatory updates
2025.05.08	Explanation of the review results and significant communication matters for the 2025 first quarter consolidated financial statements 1. Review scope 2. Communication matters: review report, material adjusted and unadjusted entries, significant accounting estimates and transactions, and other communication matters 3. Independence of the external auditors
2025.08.07	Explanation of the review results and significant communication matters for the 2025 second quarter consolidated financial statements 1. Review scope and materiality 2. Communication matters: review report, material adjusted and unadjusted entries, significant accounting estimates and transactions, and other communication matters 3. Independence of the external auditors
2025.11.06	Explanation of the review results and significant communication matters for the 2025 third quarter consolidated financial statements 1. Review scope and materiality 2. Communication matters: review report, material adjusted and unadjusted entries, significant accounting estimates and transactions, and other communication matters

		3. Independence of the external auditors 4. Recent regulatory updates 5. Planned communication with those charged with governance

(III) Status of Corporate Governance Implementation, Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Therefor

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established the "Corporate Governance Best Practice Principles", which include relevant provisions on strengthening the functions of management, respecting the rights and interests of stakeholders, and enhancing information transparency. For details of the Company's "Corporate Governance Best Practice Principles", please refer to the Market Observation Post System or the Company's website.	No material deviations
II. Shareholding structure and shareholders' rights				
(I) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		The Company has designated a spokesperson and an acting spokesperson to handle inquiries raised by shareholders. An investor relations contact person and stock affairs personnel are responsible for handling shareholders' suggestions and disputes. The Company discloses the contact telephone number and email address of its "Corporate Investor Relations and Stock Affairs Agent" in the Investor Relations section of its website.	No material deviations
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		The Company's stock affairs personnel periodically coordinate with the Company's stock affairs agent to obtain the latest shareholder register and report, on a monthly basis, the shareholdings of Directors, Managerial Officers, and major shareholders holding more than 10% of the Company's shares. The Company also discloses the list of major shareholders, along with their shareholdings and shareholding percentages, on its website and in the annual report.	No material deviations

(III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		The Company has established, in accordance with applicable laws and regulations, an Internal Control System, the "Regulations Governing the Supervision of Subsidiaries", and the "Procedures for Transactions with Specific Companies and Related Parties within the Group", among other relevant policies, to implement risk control and firewall mechanisms for transactions with related parties.	No material deviations
(IV) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		The Company has established the "Regulations Governing the Prevention of Insider Trading" and the "Procedures for Handling Material Inside Information", among other relevant policies. Compliance with these regulations is reinforced through internal communications to ensure that all insiders adhere to the prescribed requirements.	No material deviations
III. Composition and responsibilities of the Board of Directors				
(I) Have a diversity policy and specific management objectives been adopted for the Board and have they been fully implemented?	V		For the Company's Board diversity policy, specific management objectives, and implementation status, please refer to "Board Diversity and Independence" on page 10 of this annual report.	No material deviations
(II) Has the Company voluntarily established other Functional Committees in addition to the Remuneration Committee and the Audit Committee?		V	The Company has established a Remuneration Committee and an Audit Committee.	Other Functional Committees will be established in accordance with the Company's operational needs.
(III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the Board of Directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		The Company has established the "Board Performance Evaluation Guidelines" and conducts annual internal performance evaluations of the "Board as a whole," "individual Directors," the "Audit Committee," and the "Remuneration Committee" in accordance with the evaluation procedures and indicators set forth therein. The Company's self-evaluation result for 2025 was rated as "Excellent," with no material items requiring improvement. The evaluation results were reported to the Board of Directors on January 13, 2026. In addition, the Company engages an external independent professional institution to conduct a Board effectiveness evaluation every three years. The most recent evaluation was conducted in 2024 by the Taiwan Corporate Governance Association, covering five dimensions, Board composition and division of responsibilities, guidance and oversight, authorization and risk management, communication and collaboration, and discipline and continuous improvement, through self-assessment questionnaires and on-site reviews.	No material deviations

(IV) Does the Company regularly evaluate its external auditors' independence?	V		The Company's Audit Committee annually evaluates the independence and competence of its certifying CPAs. In addition to requiring the CPAs to provide an "Independence Statement" and "Audit Quality Indicators (AQIs)", the evaluation is conducted based on the criteria set forth in Note 1 and 13 AQI indicators. It has been confirmed that, apart from audit and tax service fees, the CPAs have no other financial interests or business relationships with the Company, and that their family members do not violate independence requirements. The most recent evaluation results were reviewed and approved by the Audit Committee on February 26, 2026, and subsequently submitted to and approved by the Board of Directors on the same date.	No material deviations
IV. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for Directors and Supervisors to perform their duties, aiding Directors and Supervisors in complying with laws and regulations, organizing Board meetings and annual general meetings of shareholders as required by law, and compiling minutes of Board meetings and annual general meetings)?	V		The Company's Board of Directors approved the appointment of a Corporate Governance Officer on May 5, 2023, who is responsible for the supervision and planning of corporate governance matters. The qualifications of the Corporate Governance Officer comply with the relevant requirements under the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". The duties of the Corporate Governance Officer include handling matters relating to Board meetings and Shareholders' Meetings in accordance with laws, preparing minutes of Board meetings and Shareholders' Meetings, providing Directors and the Audit Committee with information required for the performance of their duties, assisting Directors and the Audit Committee in legal compliance, and assisting Directors and Audit Committee members with onboarding and continuing education.	No material deviations
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website?	V		The Company has established an Investor Relations section on its website to address questions or suggestions from stakeholders regarding the Company. The Company also provides the spokesperson's email address to establish communication channels with stakeholders.	No material deviations

Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?				
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company has appointed the Stock Transfer Agency Department of Taishin Securities Co., Ltd. as its professional stock affairs agent to handle the Company's stock affairs and Shareholders' Meeting matters.	No material deviations
VII. Information Disclosure				
(I) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		The Company discloses financial, business, and corporate governance information in the Investor Relations section of its website.	No material deviations
(II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		The Company maintains both Chinese and English versions of its website to disclose financial, business, and corporate governance information. Designated personnel are responsible for the collection and disclosure of corporate information, including financial information, stock affairs information, corporate governance, and sustainability matters. The Company also discloses its spokesperson and communication channels for stakeholders.	No material deviations
(III) Does the Company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V		The Company announces and files its annual financial reports within two months after the end of the fiscal year and announces and files its first, second, and third quarter financial reports and monthly operating results ahead of the statutory deadlines.	No material deviations
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights,	V		1. Employee rights and employee care: The Company upholds integrity, respect, and care for employees. In addition to protecting employees' legal rights and interests in accordance with the Labor Standards Act, the Company has established an Employee Welfare Committee composed of employees to formulate various employee benefit plans.	No material deviations

employee wellness, investor relations, supplier relations, rights of stakeholders, Directors' and Supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for Directors and Supervisors)?			2. Investor relations: The Company has designated a dedicated unit to promptly announce financial, business, and insider shareholding changes on the Market Observation Post System in accordance with relevant regulations, with the aim of ensuring information transparency. 3. Supplier relations: The Company has established supplier review and evaluation procedures, with relevant requirements for supplier quality, green products, environmental protection, and ethical standards, with the aim of maintaining sound and trustworthy relationships with suppliers. 4. Stakeholder rights: The Investor Relations section of the Company's website provides communication channels for stakeholders to protect the rights and interests of both parties. 5. Continuing education of Directors: The continuing education of the Company's Directors complies with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". Please refer to Note 2 for details. 6. Implementation of risk management policies and risk measurement standards: Please refer to the review and analysis of financial position and financial performance and risk matters in this annual report. 7. Implementation of customer policies: The Company maintains close relationships with customers and has designated units to provide customer service and handle related matters, ensuring that products meet customer expectations and protecting customers' rights and interests. 8. Directors' insurance: To strengthen corporate governance, the Company has purchased liability insurance for Directors and Managerial Officers.	
IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. Based on the results of the 2024 Corporate Governance Evaluation conducted by the Corporate Governance Center, the Company conducted an internal review and formulated improvement plans. In 2025, the Company has implemented improvements and achieved compliance with 12 evaluation indicators, including Directors' attendance at the Annual Shareholders' Meeting, disclosure of remuneration for individual Directors and the President, enhanced disclosures on the Company's website, preparation and disclosure of an ESG Report, and increased frequency of investor conferences along with the disclosure of related audio and video materials.				

Note 1: Evaluation of the Independence and Competence of the Auditing CPAs

Independence Evaluation Items		Independence status
Item No.	Description	
1	Where the CPA has a direct or material indirect interest in the engagement that may impair fairness and independence, the CPA shall recuse themselves and shall not undertake the engagement.	Yes
2	An audit or review of financial statements provides a high or moderate, but not absolute, level of assurance to a broad range of potential users of the financial statements. In addition to maintaining independence in substance, independence in appearance is particularly important. Accordingly, members of the audit service team, other jointly practicing CPAs, the firm, and its affiliates shall maintain independence from the audit client.	Yes
3	Whether the CPA appointed by the Company maintains the following attributes: (as set forth in Items 3.1 to 3.3 below)	
3.1	Integrity: The CPA shall perform professional services with integrity and due care.	Yes
3.2	Objectivity: The CPA shall maintain objectivity when performing professional services and avoid conflicts of interest that may impair independence.	Yes
3.3	Independence: When conducting an audit or review of financial statements, the CPA shall maintain independence in both appearance and substance and express opinions objectively.	Yes
4	The CPA's independence is associated with integrity, fairness, and objectivity. Whether the CPA lacked or lost independence at the time of appointment, thereby affecting their integrity, fairness, and objectivity.	No
5	Whether the CPA's independence is affected by self-interest, self-review, advocacy, familiarity, or intimidation threats.	No
6	Independence may be affected by self-interest, which refers to obtaining financial benefits from the Company or having other interests that may give rise to conflicts of interest with the Company. Whether any of the following circumstances exist: (as set forth in Items 6.1 to 6.6 below)	
6.1	Having a direct or material indirect financial interest in the Company.	No
6.2	Having financing or guarantee arrangements with the Company or its Directors and Supervisors.	No
6.3	Considering the potential loss of the Company as a client.	No
6.4	Having a close business relationship with the Company.	No
6.5	Having a potential employment relationship with the Company.	No
6.6	Having contingent fees related to the Company's audit engagement.	No
7	Independence may be affected by self-review, where reports issued or judgments made in non-audit services are used as a basis for conclusions in the audit or review of financial information; or where members of the audit service team have previously served as Directors or Supervisors of the Company or held positions that have a direct and significant impact on the audit engagement. Whether any of the following circumstances exist: (as set forth in Items 7.1 to 7.2 below)	
7.1	Members of the audit service team currently serve or have served within the past two years as Directors, Supervisors, Managerial Officers, or in positions that have a significant impact on the audit engagement.	No
7.2	Non-audit services provided to the Company directly affect significant items of the audit engagement.	No

Independence Evaluation Items		Independence status
Item No.	Description	
8	Independence may be affected by advocacy, where members of the audit service team act as advocates for the audit client's position or opinions, thereby impairing objectivity. Whether any of the following circumstances exist: (as set forth in Items 8.1 to 8.2 below)	
8.1	Promoting or underwriting the Company's shares or other securities.	No
8.2	Acting as a legal representative of the Company or representing the audit client in resolving disputes with third parties.	No
9	Independence may be affected by familiarity, which arises from close relationships with the Company's Directors, Supervisors, or Managerial Officers, leading to excessive sympathy toward the audit client's interests. Whether any of the following circumstances exist: (as set forth in Items 9.1 to 9.3 below)	
9.1	Having familial relationships with the Company's Directors, Supervisors, Managerial Officers, or personnel who have a significant impact on the audit engagement.	No
9.2	A jointly practicing CPA who has left the firm within the past year serving as a Director, Supervisor, Managerial Officer, or in a position that has a significant impact on the audit engagement.	No
9.3	Receiving significant gifts or benefits from the Company or its Directors, Supervisors, or Managerial Officers.	No
10	Independence may be affected by intimidation, where members of the audit service team are subjected to or perceive pressure from the Company that compromises their objectivity and professional skepticism. Whether any of the following circumstances exist: (as set forth in Items 10.1 to 10.2 below)	
10.1	Requiring the CPA to accept inappropriate selections of accounting policies or improper disclosures in the financial statements by management.	No
10.2	Exerting pressure on the CPA to improperly reduce the scope of audit procedures in order to lower audit fees.	No

Competence Evaluation Items		Competence Status
Item No.	Description	
1	Whether the CPA holds a valid CPA qualification and is duly authorized to practice as a certified public accountant.	Yes
2	Whether the CPA has not been subject to any disciplinary actions by the competent authority or the CPA association, or any sanctions imposed pursuant to Paragraph 3, Article 37 of the Securities and Exchange Act. Article 37, Securities and Exchange Act (Regulation of CPA Audits and Attestations) Paragraph 3: If there is any error or omission by a CPA in performing the attestation referred to in Paragraph 1, the Competent Authority may impose any of the following sanctions, according to the seriousness thereof: (1)Warning. (2)Suspension from practicing any attestation under this Act for a period of two years. (3)Voidance of their approval to perform attestation.	Yes
3	Whether the CPA possesses relevant industry knowledge of the Company.	Yes
4	Whether the CPA conducts audits of financial statements in accordance with generally accepted auditing standards and the "Regulations Governing Financial Statement Audit and Attestation	Yes

Competence Evaluation Items		Competence Status
Item No.	Description	
	Engagements of Certified Public Accountants", and issues audit reports in accordance with the audit plan and schedule.	
5	Whether the CPA does not engage in unfair competition in business activities by leveraging their professional status.	Yes
6	Whether the CPA proactively provides management with updates on newly issued or amended accounting, auditing, and other relevant laws and regulations, and adequately communicates and discusses any material differences.	Yes

Note 2: Continuing education of Directors in 2025

Title	Name	Organizing Institution	Course Title	Training Hours
Chairman	Song-fure Lin	Accounting Research and Development Foundation	Common Deficiencies in Financial Statement Reviews and Practical Analysis of Key Internal Control Regulations	6
Director	Lee-chiou Chang	Taipei Foundation of Finance	ESG in One Hour: Corporate Sustainability Kick-off Course	1
		Taipei Foundation of Finance	How AI Enhances Operational Efficiency and Service Quality, and AI Transformation Case Studies	2
		Securities and Futures Institute	Trump 2.0 and the Reshaping of the Global Economic Order – Impacts and Responses	3
Director	Ting-ta Hu	Chinese National Association of Industry and Commerce	2025 Taishin/Shin Kong Net-Zero Summit	3
		Securities and Futures Institute	Trends and Risk Management of Digital Technologies and Artificial Intelligence	3
Director	Hao Fang	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit	6
		Taiwan Corporate Governance Association	Executive Remuneration and ESG Performance System Design	3
		Taiwan Corporate Governance Association	How the Board Oversees Post-Merger Integration and Establishes Management Mechanisms	3
Independent Director	Li-jen Kuo	Taiwan Corporate Governance Association	Contract Risk Management under the Impact of Trump's “Reciprocal Tariffs” in 2025	3
		Taiwan Corporate Governance Association	The Path to Sustainable Succession and AI-Driven Transformation	3
Independent Director	Tzu-ming Wang	Securities and Futures Institute	Silicon Photonics Redefining Networks: Development Trends of Silicon Photonics (SiPh) and Co-Packaged Optics (CPO)	3
		Securities and Futures Institute	Enhancing Corporate Sustainability Value and Strengthening Risk Management Systems	3
Independent Director	Tien-chang Huang	Corporate Operating and Sustainable Development Association	Building a Corporate Security Fortress: Cybersecurity Strategies Every Senior Executive Should Know	3
		Securities and Futures Institute	The Wafer Wars: TSMC’s Key Technologies and Global Deployment and Their Impact on the Semiconductor Industry	3

Title	Name	Organizing Institution	Course Title	Training Hours
		Corporate Operating and Sustainable Development Association	Silicon Photonics Redefining Networks: Development Trends of Silicon Photonics (SiPh) and Co-Packaged Optics (CPO)	3

(IV) Operation of the Remuneration Committee or Nomination Committee

1. The Company's Board of Directors approved the appointment of the 6th Remuneration Committee on June 11, 2024, comprising Independent Directors Li-jen Kuo, Tzu-ming Wang, and Tien-chang Huang. On August 8, 2024, the Remuneration Committee elected Independent Director Li-jen Kuo as the convener of the Committee.
2. Duties of the Remuneration Committee: The Committee shall exercise the due care of a prudent manager and faithfully perform the following duties, and submit its recommendations to the Board of Directors for discussion.
   (1) To establish and periodically review the policies, systems, standards, and structures for the performance evaluation and remuneration of Directors and Managerial Officers.
   (2) To periodically evaluate and determine the remuneration of Directors and Managerial Officers.
3. Information on Remuneration Committee members

Category	Name / Qualifications	Professional qualifications and experience	Independence status	Number of concurrent appointments as a member of the Remuneration Committee of other public companies
Convener and Independent Director	Li-jen Kuo	Please refer to the relevant information on Directors' professional qualifications and the independence of Independent Directors on page 8.	(1) Not an employee of the Company or any of its affiliates. (2) Not a Director or Supervisor of the Company or any of its affiliates (except where Independent Directors concurrently serve as such in accordance with applicable laws and regulations between the Company and its parent, subsidiaries, or subsidiaries of the same parent company). (3) Not a natural person who, together with their spouse, minor children, or shares held in the name of others, holds more than 1% of the Company's total issued shares or is among the top ten shareholders.	0
Independent Director	Tzu-ming Wang			1
Independent Director	Tien-chang Huang			3

Remuneration Committee operations

(1) The Company's remuneration committee has a total of 3 members.

(2) Term of office of the current Committee: June 11, 2024 to May 29, 2027. In 2025, the Remuneration Committee convened two (A) meetings. The qualifications and attendance of Committee members were as follows:

Title	Name	Number of meetings attended in person	Number of meetings attended by proxy	Actual Attendance Rate (%)	Remarks
Convenor	Li-jen Kuo	2	0	100%	
Member	Tzu-ming Wang	2	0	100%	
Member	Tien-chang Huang	2	0	100%	

Other information required to be disclosed:

I. If the Board of Directors does not accept, or amends, any recommendation of the remuneration committee, specify the Board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the Board of Directors, and the measures taken by the Company with respect to the opinions given by of the Remuneration Committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.

II. With respect to any matter for resolution by the Remuneration Committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the Remuneration Committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

III. Agenda Items, resolutions, and the Company's handling of the Remuneration Committee's opinions in the most recent fiscal year:

Remuneration Committee Meeting Date and Session	Agenda Items	Resolutions of the Remuneration Committee	The Company's Handling of the Remuneration Committee's Opinions
3rd Meeting of the 6th Term 2025.02.20	1. Report on the minutes and implementation status of the 2nd Meeting of the 6th Remuneration Committee held on November 7, 2024. 2. 2024 Board performance evaluation. 3. 2024 Remuneration Committee performance evaluation. 4. Report on the recommendations from the 2025 Board Performance Evaluation issued by the Taiwan Corporate Governance Association on January 2, 2025, and the Company's corresponding internal improvement measures. 5. Report on the performance evaluation of Managerial Officers for the second half of 2024.	All reported matters were acknowledged after thorough discussion by the Chairperson and Committee members.	There were no other discussion items or ad hoc motions in this meeting.
4th Meeting of the 6th Term 2025.03.27	1. Proposal for the allocation list of Managerial Officers for the issuance of employee stock options in 2025.	Approved as submitted upon consent of all attending Committee members following inquiry by the Chairperson.	Submitted to the Board of Directors and approved as submitted by all attending Directors.

4. Information on members and the operation of the Nomination Committee: Not applicable.

(V) Status of Sustainable Development Implementation, Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Therefor

Implementation items	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters under the supervision of the board?	V		1. The Company's Corporate Strategy and Development Center is responsible for integrating and promoting corporate sustainability, with the Board of Directors authorizing the President to oversee and supervise such matters. 2. In accordance with the Company's "Sustainable Development Best Practice Principles", the Corporate Strategy and Development Center serves as the highest-level internal decision-making body for sustainability, responsible for integration and promotion. The Company has also established a "GHG Inventory Promotion Committee", with the Board authorizing the Vice President of the Corporate Strategy and Development Center to convene the committee and form verification teams across the parent company and its branches. The Company actively advances sustainable development by engaging senior management from various functions to review core operational capabilities and formulate mid- to long-term sustainability plans. 3. The Board of Directors actively participates in sustainability governance by establishing management policies, strategies, and objectives to ensure compliance with environmental, social, and governance (ESG) standards and to implement the Company's long-term sustainability vision. Management Policy: Beginning in 2025, the Board regularly reviews the Company's sustainability policies to ensure alignment of operational strategies with international standards (such as GRI, TCFD, and SBTi) and regulatory requirements, and guides management in implementing sustainability action plans. Strategies and Objectives: The Board oversees and approves key sustainability strategies, such as responsible supply chain management and enhancement of social impact, and establishes short-, medium-, and long-term performance indicators to ensure alignment with the Company's mission. Performance Review: The Board convenes at least one dedicated sustainability meeting annually to review ESG performance and ensure effective implementation of strategies. In response to significant risks or market changes, the Board will make timely adjustments to	No material deviations

			maintain sustainable competitiveness. Through effective governance mechanisms, the Board ensures that sustainable development is not only a matter of compliance, but also a key strategy for enhancing corporate value and safeguarding the long-term interests of shareholders.	
II. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		1. The Company has established the "Guidelines for Sustainable Development Practices," which are disclosed on the Company's website. The Company periodically reviews the effectiveness of its sustainable development implementation and promotes various corporate social responsibility initiatives by taking into account domestic and international ESG development trends. 2. The Company has established risk assessment and management procedures and has formulated the following risk management policies or strategies based on the assessed risks: (1) Environmental: A. The United States and the European Union are the Company's major markets, and products sold to these markets are required to comply with environmental protection regulations. Accordingly, the Company has obtained ISO 14001 environmental certification and continues to maintain such certification on a regular basis. B. The Company has commenced GHG emissions inventory in accordance with ISO 14064 to assess the impact of its operations. C. The Company prepares annual internal audit plans to review compliance with applicable environmental laws and regulations and to verify that relevant operating procedures comply with such requirements. (2) Social: The Company conducts fire drills and occupational safety training on a regular basis each year to enhance employees' emergency response capabilities and awareness of self-safety management. (3) Corporate Governance: A. Compliance with socioeconomic laws and regulations: Through the establishment of a governance structure and implementation of internal control mechanisms, the Company ensures that all personnel and operations comply with applicable laws and regulations. B. Enhancement of Directors' functions: The Company plans relevant continuing education topics for Directors, provides Directors with updates on the latest laws, regulations, systems, and policies each year, and purchases directors' liability insurance to protect Directors against litigation or claims. C. Stakeholder communication: The Company has established various communication channels and actively communicates with stakeholders to reduce conflicts and	No material deviations

			misunderstandings. An investor mailbox has been set up, with the spokesperson responsible for handling and responding to inquiries.	
III. Environmental Issues				
(I) Has the Company set an environmental management system designed to industry characteristics?	V		1. The Company has established environmental protection policies and obtained ISO 14001 system certification. It implements an environmental management system, conducts air pollution prevention and control, and properly handles wastewater and waste in accordance with applicable laws and regulations. The Company also actively promotes environmental protection and energy conservation to reduce resource waste. (Certification: ISO 14001:2015) 2. The Company has established an environmental management system in accordance with ISO 14001 and continues to pass third-party verification. In addition, the Company has conducted GHG emissions inventories in accordance with ISO 14064-1 since 2022.	No material deviations
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		1. The Company is committed to enhancing energy efficiency, water resource conservation, waste management and recycling, and pollution emission control, with the aim of reducing overall resource consumption. The Company also actively promotes the recycling and reuse of waste and resources. 2. The Company actively implements energy reduction measures by adopting high-efficiency and energy-saving equipment, reducing energy consumption at both the corporate and product levels, and expanding the use of renewable energy to optimize energy efficiency. 3. The raw materials used by the Company comply with EU RoHS, REACH, and halogen-free requirements to minimize environmental impact. In green manufacturing, the Company reduces unnecessary resource consumption, minimizes waste generation, and promotes the reuse of defective products. Across the value chain, the Company collaborates with upstream and downstream partners to promote shared and recyclable packaging, thereby maximizing the benefits of a circular economy.	No material deviations
(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future, and adopted relevant measures for the climate-related issue?	V		The Company identifies potential opportunities through its risk management mechanisms and formulates corresponding response measures. With respect to climate change mitigation, the Company focuses on green operations, energy management, carbon disclosure, and green building initiatives. With respect to climate change adaptation, the Company has implemented measures to strengthen foundational capabilities, enhance sustainable operational resilience, and initiate planning for renewable energy infrastructure and related measures.	No material deviations
(IV) Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight	V		The Company has compiled statistics on historical water consumption and total waste volume and has established policies for GHG emissions reduction, water conservation, and waste management. The Company continuously monitors temperature control for air-conditioning	No material deviations

of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?

in operational facilities and offices and has installed energy-saving control systems to improve energy efficiency and achieve energy conservation and carbon reduction objectives.

1. The Company introduced an ISO 14064 GHG inventory system in 2022.

Year	Total Electricity Consumption (MWh)
2024	2,234
2025	2,942

The Company promotes various energy-saving measures, adopts energy-efficient equipment, and formulates electricity conservation plans to reduce power consumption and optimize energy efficiency.

Due to plant expansion, electricity consumption for products in 2025 increased by approximately 31.7% compared to 2024. The raw materials used by the Company comply with EU RoHS requirements. The Company reduces environmental impact by minimizing material usage, increasing recycling, and reducing pollution generated during manufacturing. In green manufacturing, the Company reduces unnecessary resource waste, promotes waste reduction and reuse technologies, and collaborates across the value chain to enhance shared and recyclable packaging.

2. Water Consumption

Year	Total Water Consumption (thousand metric tons)	Water Consumption per Unit Area (metric tons/m2)
2024	9.28	0.838
2025	13.4	1.148

The Company has implemented water conservation measures, including optimizing the operating schedule of cooling towers to significantly reduce water usage, reducing toilet flushing volume, and installing water-saving fixtures with efficiency labels. Through effective water resource management and the implementation of water-saving technologies, overall water consumption has been reduced by approximately 2%. With increased capacity utilization, total annual process water consumption in 2025 increased by approximately 44.8% compared to 2024. The Company has set a future target (2026–2028) to achieve a 3% reduction in water usage, with a focus on water recycling and reuse, as well as the adoption of energy-efficient and water-saving equipment.

3. Industrial Waste

Year	Hazardous Industrial Waste (metric tons)	General Industrial Waste (metric tons)	Output per Unit Product (kg)
2024	0.18	49.05	0.05

2025	0.15	43.07	1.31

			"Zero Waste" is the Company's waste management objective. The Company will continue to implement annual waste reduction measures, utilize RoHS-compliant raw materials to replace hazardous materials, and promote recycling and reuse of recoverable materials, with the goal of achieving a "zero-waste society". The raw materials used by the Company comply with EU RoHS requirements. The Company reduces environmental impact by minimizing material usage, increasing recycling, and reducing pollution generated during manufacturing. In green manufacturing, the Company reduces unnecessary resource waste, promotes waste reduction and reuse technologies, and collaborates across the value chain to enhance shared and recyclable packaging. In 2025, the Company's total waste generation was 43.07 metric tons, representing a decrease of 12.2% compared to 2024, thereby achieving the annual waste reduction target.	
IV. Social Issues				
(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		1. The Company's management policies and operating procedures are formulated with reference to the International Bill of Human Rights and laws and regulations of the Republic of China, ensuring equal employment rights regardless of race, gender, religion, or other characteristics. 2. The Company recognizes and voluntarily adheres to internationally recognized human rights standards, including the "United Nations Universal Declaration of Human Rights", the "United Nations Global Compact", the "United Nations Guiding Principles on Business and Human Rights", and the standards of the "United Nations International Labor Organization". Through the adoption of the Company's "Human Rights Policy", the Company respects the protections set forth in international human rights conventions and complies with the human rights requirements under the Responsible Business Alliance (RBA).	No material deviations
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		1. The Company has established work rules and relevant personnel management regulations, covering basic wages, working hours, leave, pension payments, labor and health insurance benefits, and occupational accident compensation for employees, all of which comply with the Labor Standards Act and relevant regulations. The Company has also established an Employee Welfare Committee to handle various welfare matters. The Company's remuneration policy is positively linked to individual capabilities, contributions to the Company, performance, and operating results. (1) Employee Welfare Measures A. The Company has established an Employee Welfare Committee, which organizes year-end parties, anniversary celebrations, employee trips, and other activities each	No material deviations

			year, and provides birthday vouchers, wedding gifts, childbirth subsidies, and other benefits. B. The Company provides health checkup items that exceed statutory requirements. C. The Company provides sports facilities for basketball, badminton, table tennis, and billiards, and encourages employees to establish sports clubs. D. The Company provides flexible working hours for employees. E. Employee trips: In 2025, a total of 150 employees participated in the Taipei employee trip. F. 2025 on-site physician/nurse health education: maternity protection: 0 participants; physical examination/health checkup abnormalities: 52 participants; ergonomic protection: 2 participants; others: 2 participants. (2) Workplace Diversity and Equality A. The Company has established a maternity health protection plan to provide comprehensive health measures for female employees. A lactation room is available, and professional on-site physicians and nurses provide health education and consultation. B. The Company respects employees' religious needs and allows religious activities to be conducted in employee rest areas within reasonable time periods. 2. Employee remuneration is linked to the Company's operating performance. In accordance with the Company's Articles of Incorporation, 5% to 15% of the Company's profit for the year shall be appropriated as employee remuneration.	
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		1. The Company provides employees with a safe and secure working environment and fully complies with applicable laws and regulations. The Company has established the "Occupational Safety and Health Rules", "Fire Safety Management Regulations"," Occupational Safety and Health Management Procedures", "Contractor Management Plan Procedures", and "Chemical Classification Management Procedures", as well as relevant work rules, to prevent occupational accidents. The Company regularly conducts fire safety and emergency response drills twice a year, arranges employee health checkups in accordance with laws, and holds health and wellness seminars and courses from time to time. The Company also organizes annual year-end parties, family days, employee trips, and other activities. In addition, the Employee Welfare Committee is responsible for employee welfare measures and subsidies. The Company provides labor insurance, national health insurance, group insurance, and contributes 6% of monthly wages to the new labor pension system in accordance with laws, thereby protecting employees' rights and supporting their physical and mental well-being. 2. Environmental, Health and Safety Policy	No material deviations

			The Company regards the safety and health of employees as its most valuable asset. Protecting employee health, preventing accidents, and avoiding property losses are key objectives of the Company. Maintaining a safe and healthy working environment and establishing a safety and health system with full employee participation are the responsibilities of the President and all levels of management. Active participation in safety and health practices and compliance with the Company's safety and health regulations are the obligations of every employee. All Company work rules comply with national occupational safety and health laws and regulations, with clearly defined safety and health responsibilities and performance evaluations. In 2025, the Company recorded zero occupational accidents, achieving its goal of "zero workplace accidents", and was recognized by government authorities with a certificate for accident-free working hours. All employees regard occupational safety as their own responsibility and work together with the Company to minimize hazard risks. 3. Working Environment Monitoring To protect workers from exposure to hazardous substances in the workplace and provide a safe working environment, the Company conducts workplace environment monitoring every six months in accordance with the Occupational Safety and Health Act. Engineering controls are implemented for areas that fail to meet regulatory requirements or present exposure risks. The workplace environment monitoring results for 2024 and 2025 complied with regulatory requirements, with no deficiencies identified. 4. Emergency Response Drills To prevent occupational accidents and strengthen employees' emergency response capabilities, the Company conducts emergency response drills annually. On-site simulation exercises are carried out for hazards such as fires, power outages, and water supply interruptions, with the aim of minimizing potential hazards and losses in the event of actual incidents. 5. Occupational Safety and Health Program The Company formulates an Occupational Safety and Health (OSH) management program based on the scale and nature of its operations. It has established a safety and health organization and designated personnel to implement OSH management and self-inspection. In addition to covering machinery, equipment, and operations as required under applicable OSH regulations, the program also includes other machinery, equipment, and operations with potential hazards within the Company. Regular inspections are conducted on an annual, monthly, and daily basis, including routine checks, operational inspections, dynamic inspections, and site patrols, to ensure the safety of equipment and the working environment. 6. Safety Education, Training, and Awareness	

			To prevent employees from being inadvertently exposed to hazardous working environments due to insufficient training and awareness, which may result in serious physical or mental harm, the Company conducts regular safety education and training programs. These include occupational safety training, general awareness of chemical hazards, training on the use of protective equipment, and prevention of unlawful infringement during the performance of duties.	
(IV) Has the Company established effective career development training programs for employees?	V		1. The Company places strong emphasis on long-term talent development. Based on organizational, departmental, and individual needs, the Company plans and implements various internal and external training programs to enhance and update employees' knowledge and skills, thereby building strong human capital. In supporting employees' career development, the Company focuses on both the cultivation of core professional competencies and the balanced development of employees' physical and mental well-being. 2. The Company provides comprehensive competency-based training for employees at all levels, including onboarding training, advanced professional training, and managerial training. Employees are supported in continuous learning and development through diverse learning approaches. Training programs incorporating corporate ethics are also introduced to develop key competencies. In 2025, a total of 660 training participations were completed, with a total of 2,772 training hours. 3. During annual performance reviews, supervisors and employees jointly discuss and set individual annual development plans. Through regular follow-ups and feedback, employees are supported in developing tailored career development plans.	No material deviations
(V) Does the Company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		1. The Company complies with applicable laws and international standards in the marketing and labeling of its products and services. For products sold, the Company provides self-declaration statements based on customer requirements, including compliance with EU REACH regulations, RoHS environmental requirements, and halogen-free standards. The Company adheres to confidentiality agreements and the Personal Data Protection Act in safeguarding customer privacy, and has established a customer service unit and a stakeholder section on its website to protect consumer rights and provide complaint channels. 2. The Company has established personal data protection management procedures, strictly complied with the relevant provisions of the Trade Secrets Act, and enters into confidentiality agreements with customers and suppliers. Through internal audits of personal data protection, external verification, risk prevention measures, and training programs, the Company ensures the protection of customer data.	No material deviations

			3. The Company has established regulations governing external information disclosure and strictly complies with applicable government regulations. All external communications, including advertisements and website content, comply with regulatory requirements. 4. The Company's business departments conduct periodic reviews to ensure the proper implementation of customer policies, receive and handle customer complaints, and support frontline personnel in resolving such issues, thereby safeguarding customer rights and interests.	
(VI) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		1. The Company has established the "Supplier Management Procedures" and the "Procedures for Management of Environmentally Restricted Substances". The Company conducts regular and ad hoc evaluations of key suppliers' environmental protection and occupational safety and health management systems and performance, and requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor and human rights. 2. An evaluation team composed of personnel from engineering, R&D, quality assurance, procurement, and production control conducts both document reviews and on-site assessments of suppliers. The evaluation focuses on quality assurance and product safety. All suppliers engaged in business transactions are subject to periodic and ad hoc audits on quality management and hazardous substance management. Key suppliers are also subject to annual evaluations of their environmental protection and occupational safety and health management systems and performance. Leveraging its influence through supply chain management, the Company promotes environmental protection and safety management practices among its major suppliers, ensuring compliance with applicable environmental, safety, and health regulations. Raw material suppliers are required to provide a "Green Product Declaration" to confirm that their materials comply with applicable regulations and are safe for use. Suppliers are also required to comply with legal and social standards, ensure information security, and are evaluated on their performance in human rights, occupational safety and health, and corporate social responsibility. Only qualified suppliers are included in the Company's approved supplier list. Most of the Company's domestic and international suppliers are long-term partners. If a supplier is found to have a risk of causing significant negative impacts on the environment, labor conditions, human rights, or society, the Company reserves the right to terminate or rescind the contract.	No material deviations
V. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company	V		1. The Company has established the "Guidelines for Sustainable Development Practices" and the "Procedures for Preparation and Filing of ESG Report". In addition to updating relevant regulations as appropriate, the Company actively participates in environmental protection, social services and care, and sponsorship of public welfare activities, thereby fulfilling its corporate social responsibility through concrete actions.	No material deviations

obtain third party assurance or certification for the reports above?			2. The Company has prepared its 2024 ESG Report, which was filed in August 2025 and is available on the Company's website.	

VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations:

1. The Company has established the "Guidelines for Sustainable Development Practices" and disclosed them on its website. Please refer to the ESG section of the Company's website at http://www.foci.com.tw for further details.
2. The Company's "Guidelines for Sustainable Development Practices" cover key areas including regulatory compliance, freedom of employment, compensation and non-discrimination, wages and benefits, health and safety, environmental protection, communication mechanisms, ethical standards, corporate governance, and stakeholder engagement.

VII. Other important information to facilitate better understanding of the Company's promotion of sustainable development:

1. The Company encourages employees to participate in environmental protection initiatives, including conserving water and electricity in facilities, implementing waste sorting and recycling, and using personal tableware, in support of government energy conservation and carbon reduction policies.
2. The Company has implemented a lighting improvement plan in its office building by replacing stairwell lighting with LED sensor-based fixtures, reducing electricity consumption by approximately 235 kWh per month.
3. In 2024 and 2025, the Company donated to the Hsinchu Saint Joseph Social Welfare Foundation to support its service programs.
4. In 2024 and 2025, the Company collaborated with the Down Syndrome Foundation to organize a charity bazaar, "FOCI Charity Sale Event".
5. In 2024 and 2025, the Company sponsored the Taiwan Fund for Children and Families, Hsinchu Branch's winter charity fair to provide support and warmth to disadvantaged families.

Implementation Status of Climate-Related Information

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.</td><td>Since the second quarter of 2022, the Corporate Strategy and Development Center has reported the status of carbon inventory implementation to the Board of Directors on a quarterly basis, and the Board has authorized the President to oversee and supervise related matters.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</td><td>The Company’s climate-related risks and corresponding response measures for 2025 across the short-, medium-, and long-term are described as follows:
<table>
<tr><th>Aspect</th><th>Timeframe</th><th>Risk</th><th>Opportunity</th></tr>
<tr><td rowspan="3">Business</td><td>Short term</td><td>Increase in raw material costs</td><td rowspan="3">As ESG trends continue to strengthen, international brands and investors are placing greater emphasis on supply chain carbon management and sustainability performance to reduce risks. The Company will strengthen supply chain diversification to ensure stable procurement sources. FOCI refers to ISO 14064-1 GHG inventory standards to develop green solutions, such as green manufacturing, green energy, and green products.</td></tr>
<tr><td>Medium term</td><td>Growth in demand for low-carbon products and markets</td></tr>
<tr><td>Long term</td><td>Low-carbon transformation of products and services and completion of the required infrastructure</td></tr>
<tr><td rowspan="3">Strategy</td><td>Short term</td><td>Growth in demand for low-carbon products and markets</td><td>The Company actively procures products from green supply chains. FOCI develops energy-efficient optical fiber components.</td></tr>
<tr><td>Medium term</td><td>Use of low-carbon technologies and capabilities</td><td rowspan="2">The Company seeks to capture opportunities arising from the public sector’s key net-zero strategies and to expand and deepen partnerships across the ecosystem.</td></tr>
<tr><td>Long term</td><td>Deployment of solutions in response to transition and physical risks</td></tr>
<tr><td rowspan="3">Financial</td><td>Short term</td><td>Increasing need to internalize climate-related external costs</td><td>The Company actively procures products from green supply chains and develops energy-efficient optical fiber components.</td></tr>
<tr><td>Medium term</td><td rowspan="2">Impact of external regulatory requirements, such as increased GHG emissions pricing and tax adjustments, on operating costs</td><td rowspan="2">The Company promotes ISO 14064-1 GHG inventories to ensure compliance with carbon-related requirements, support stable development, and create high-value green solutions.</td></tr>
<tr><td>Long term</td></tr>
</table>
</td></tr>
<tr><td>3. Description of the financial impact of extreme weather events and transition actions.</td><td>
<table>
<tr><th></th><th>Item</th><th>Financial Impact</th><th>Response Measures</th></tr>
<tr><td>Extreme Weather Events</td><td>Floods, droughts, typhoons, and earthquakes</td><td>Disruptions to water and electricity supply at facilities, affecting production and resulting in operational interruption losses.</td><td>• Establish comprehensive water resource management and allocation mechanisms.
• Gradually increase the recycling and reuse of process water and equipment water to extend and stabilize the supply of process water, and regularly review the effectiveness of water management.</td></tr>
</table>
</td></tr>
</table>

				• Conduct routine inspections of plant equipment and production processes. • Introduce climate risk monitoring systems to ensure early warning capabilities and reduce the impact of extreme weather events on operations.
	Transition Actions	Improving Energy Efficiency	• Acquisition or maintenance of energy-saving facilities may increase operating costs. • Reduction of GHG emissions may lower operating costs arising from carbon fees.	• Conduct energy reviews Through comprehensive energy reviews, the Company assesses its current energy usage and identifies major energy-consuming users. This includes a thorough review of equipment operation, energy consumption, and potential deficiencies, and identifies areas requiring priority improvement. • Adopt energy-saving equipment Based on the review results, the Company gradually upgrades and replaces inefficient equipment. • Optimize operational management • Improving energy efficiency is equally important in daily operational strategies and practices. The Company will further enhance the intelligence of operational management.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	In accordance with the TCFD framework, the Company identifies climate-related risk issues through the collection of information from international reports, industry peer analyses, and relevant regulations. These risks are incorporated into the overall risk management framework from financial and strategic perspectives. The Company evaluates the magnitude of risks by applying weighted factors based on impact severity and likelihood of occurrence, and prioritizes risk issues accordingly.			
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	None			
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	None			
7. If internal carbon pricing is used as a planning tool,	None			

	the basis for setting the price should be stated.	
8.	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	None
9.	Greenhouse gas inventory and assurance status (to be disclosed in Tables 1-1 and 1-2).	Please refer to Tables 1-1 and 1-2 below for details.

Table 1-1 GHG Inventory and Assurance Status for the Most Recent Two Years

1-1-1 GHG Inventory Information

Describe the Company's GHG emissions (metric tons of CO_2e), emissions intensity (metric tons of CO_2e per NT$ million), and the scope of data coverage for the most recent two years. The Company initiated its GHG inventory at the Hsinchu plant in 2022. In 2023, the GHG inventory was expanded to cover the parent company and its subsidiaries (Hsinchu Plant, Shanghai Plant, and Zhongshan Plant). The 2025 GHG inventory was completed in the second quarter of 2026, and the inventory results have been disclosed on the Company's website. The table below presents the GHG inventory results for the most recent two years, 2024 and 2025:

Year	Scope 1	Scope 2	Scope 3
	(metric tons CO_2e/year)	(metric tons CO_2e/year)	(metric tons CO_2e/year)
2024	207.2487	2,164.5984	254.6430
Emissions Intensity (tCO_2e per NT$ million of revenue)	0.1520	1.5871	0.1867
2025	199.776	2,799.4968	340.1533
Emissions Intensity (tCO_2e per NT$ million of revenue)	0.1056	1.4797	0.1798

Note 1: Direct emissions (Scope 1, i.e., emissions from sources owned or controlled by the Company), energy indirect emissions (Scope 2, i.e., indirect GHG emissions from the generation of purchased electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions resulting from the Company's activities that are not included in energy indirect emissions and originate from sources owned or controlled by other entities).

Note 2: The scope of data coverage for direct emissions and energy indirect emissions shall be handled in accordance with the timeline prescribed under Paragraph 2, Article 10 of the Guidelines. Disclosure of other indirect emissions (Scope 3) may be made on a voluntary basis.

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

Note 4: GHG emissions intensity may be calculated based on per unit of product/service or revenue; however, it shall at least be disclosed based on revenue (NT$ million).

1-1-2 GHG Assurance Information

Describe the assurance status for the most recent two years as of the date of publication of the annual report, including the scope of assurance, assurance provider, assurance standards, and assurance opinion.

1. The Company, with paid-in capital below NT$5 billion, is required under the Sustainable Development Roadmap to conduct entity-level GHG assurance by 2028.
2. The Company has voluntarily obtained assurance for its 2021 GHG inventory. The assurance details are as follows, and the third-party verification report has been disclosed on the Company’s website:

Year	Scope 1	Scope 2	Scope 3
	(metric tons CO_2e/year)	(metric tons CO_2e/year)	(metric tons CO_2e/year)
2021	84.4554	978.5334	214.0204
Total	1,277.0092		

Scope of Assurance	Assurance Provider	Assurance Standard	Assurance Opinion
Hsinchu Plant	TÜV NORD Taiwan Co., Ltd.	IS014064-1:2018	Level of Assurance Scope 1 and Scope 2: reasonable assurance level; Scope 3: limited assurance level.

Note 1: Assurance shall be conducted in accordance with the timeline prescribed under Paragraph 2, Article 10 of the Guidelines. If the Company has not obtained complete GHG assurance information by the date of publication of the annual report, it shall state that “complete assurance information will be disclosed in the ESG report”.

Table 1-2 GHG Emissions Reduction Targets, Strategies, and Specific Action Plans

Describe the base year for GHG emissions reduction and the corresponding data, reduction targets, strategies, specific action plans, and the status of achievement of such targets.

The Company's GHG emissions reduction base year and related data, reduction targets, strategies, specific action plans, and progress toward achieving such targets are described as follows:

Base Year	2023 (total emissions: 2,248.8533 tCO_2e)
Reduction Targets	The current carbon reduction target is >1% per year, with a plan to achieve an annual reduction of >3% by 2030.
Strategies and Specific Action Plans	• All raw materials used by the Company comply with EU RoHS requirements. The Company reduces environmental impact by minimizing material usage, increasing recycling and reuse, and reducing pollution generated during manufacturing. In green manufacturing, the Company reduces unnecessary resource waste, promotes waste reduction and reuse technology development, and uses recycled materials for more than 85% of its packaging materials. The Company also collaborates with upstream and downstream partners across the value chain to promote shared and recyclable packaging. • The Company implements water conservation improvement measures, including controlling the operating schedule of cooling towers to significantly reduce water usage, reducing toilet flushing volume, and installing water-saving faucets with efficiency labels. Through water resource management and water-saving technologies, water consumption has gradually decreased by approximately 2% to 4%. The Company's future target for 2025 to 2027 is to reduce total water consumption by 10% compared to 2024, with a focus on water recycling and reuse, as well as energy-efficient and water-saving equipment. • In 2025, the Company's total waste generation was 43.07 metric tons, representing a decrease of 12.2% compared to 2024, thereby achieving the annual waste reduction target.
Status of Achievement of Reduction Targets	The reduction strategies are described above.

Note 1: Assurance shall be conducted in accordance with the timeline prescribed under the regulations pursuant to Paragraph 2, Article 10 of the Guidelines.

Note 2: The base year shall be the year in which the GHG inventory is completed based on the boundary of the consolidated financial statements. For example, pursuant to the regulations under Paragraph 2, Article 10 of these Guidelines, companies with paid-in capital of NT$10 billion or more are required to complete the inventory of their 2024 consolidated financial statements by 2025; therefore, the base year would be 2024. If a company has completed the inventory of its consolidated financial statements earlier, such earlier year may be used as the base year. In addition, the base year data may be calculated based on a single year or as an average over multiple years.

(VI) Status of Ethical Corporate Management Implementation, Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Therefor

Evaluation Item	Implementation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	Summary description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethic policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		The Company has established the "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct for Employees", and "Procedures for Ethical Management and Guidelines for Conduct", all of which have been approved by the Board of Directors. Upholding the principles of integrity, transparency, and accountability, the Company has formulated integrity-based policies and established sound corporate governance and risk control mechanisms to create a sustainable business environment.	No material deviations
(II) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		The Company’s "Ethical Corporate Management Best Practice Principles" clearly prohibit Directors, Managerial Officers, and all employees from engaging in any activities specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", as well as other business activities within its scope of operations that carry a higher risk of unethical conduct.	No material deviations
(III) Does the Company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		The Company has established the "Procedures for Ethical Management and Guidelines for Conduct", which have been approved by the Board of Directors. These procedures clearly set forth the matters that personnel should observe when performing their duties, including implementation procedures, disciplinary measures for violations, and complaint mechanisms. In addition to strengthening internal awareness	No material deviations

Evaluation Item	Implementation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	Summary description	
			among employees, the Company ensures effective implementation of these measures in its operations.	
II. Implementation of Ethical Corporate Management				
(I) Does the Company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		The Company conducts business activities in a fair and transparent manner in accordance with the principle of ethical corporate management. Prior to engaging in business transactions, the Company evaluates the legality of counterparties and whether they have any record of unethical conduct, and avoids transactions with parties having such records. Contracts entered into by the Company include clauses requiring compliance with ethical corporate management policies and stipulate that the Company may terminate or rescind the contract at any time if the counterparty is involved in unethical conduct.	No material deviations
(II) Has the Company set up a dedicated unit to promote ethical corporate management under the Board of Directors, and does it regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		The Company's Corporate Strategy and Development Center is responsible for promoting ethical corporate management. In addition to arranging training sessions by external authoritative organizations, the Company conducts ongoing internal advocacy through meetings. The most recent report on implementation status was presented to the Board of Directors on November 6, 2025.	No material deviations
(III) Has the Company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		The Company's "Ethical Corporate Management Best Practice Principles" set forth standards of conduct to prevent conflicts of interest. The Company has also established a whistleblowing mailbox to provide effective reporting channels.	No material deviations
(IV) Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments	V		To ensure the implementation of ethical corporate management, the Company has established effective accounting and internal control systems. Internal audit personnel are responsible for auditing compliance with these systems.	No material deviations

Evaluation Item	Implementation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	Summary description	
and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?				
(V) Does the Company provide internal and external ethical corporate management training programs on a regular basis?	V		The Company regularly conducts internal and external training and awareness programs related to ethical corporate management. In 2025, a total of 91 participants attended such training programs.	No material deviations
III. Operation of the Whistleblowing System				
(I) Has the Company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle- blowers?	V		The Company has established the "Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct", which include specific whistleblowing and incentive systems, convenient reporting channels, and designated personnel responsible for handling reported cases.	No material deviations
(II) Has the Company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		The Company’s whistleblowing procedures include standard operating procedures for investigating reported matters and confidentiality mechanisms. The identity of the whistleblower is fully protected to prevent any harm to their personal interests. However, reports made with the intent to defame, fabricate, or falsely accuse others are excluded. Report contents are subject to strict confidentiality controls and may only be disclosed with the whistleblower’s consent when necessary for the investigation. Any adverse treatment or discrimination in employment conditions against whistleblowers is prohibited.	
(III) Has the Company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	V		The Company has established a suggestion box to receive anonymous reports and suggestions, thereby protecting whistleblowers from improper treatment as a result of reporting.	
IV. Strengthening Information Disclosure				

Evaluation Item	Implementation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	Summary description	
(I) Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The Company has disclosed the content of its "Ethical Corporate Management Best Practice Principles" on its website under the Investor Relations section, as well as on the Market Observation Post System (MOPS).	No material deviations
V. Where the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe any differences between its implementation and the established principles: The Company has established its "Ethical Corporate Management Best Practice Principles", and there are No material deviations between its implementation and the established principles.				
VI. Other important information to facilitate understanding of the Company's ethical corporate management practices: 1. In response to amendments to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", the Company has correspondingly reviewed and revised its own "Ethical Corporate Management Best Practice Principles", with such revisions approved by the Board of Directors. 2. The Company has also established the "Procedures for Prevention of Insider Trading", which clearly stipulate that Directors, Managerial Officers, and employees shall not disclose material non-public information of the Company to others, nor inquire about or collect undisclosed material information unrelated to their duties from those who possess such information. Any material non-public information obtained other than through the performance of duties shall not be disclosed to others.				

(VII) Other important information to facilitate understanding of the Company's corporate governance practices may also be disclosed

The Company has established the "Procedures for Prevention of Insider Trading" and the "Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct". Whistleblowing channels are disclosed on the Company's website at http://www.foci.com.tw

(VIII) Disclosure of the implementation status of the internal control system shall include the following items

1. Internal Control Statement:
   Please refer to the Market Observation Post System
   (website: https://mopsov.twse.com.tw/mops/web/index> Corporate Governance > Internal Control Section > Internal Control Statement Announcement), and enter the market category, company code, and year.
2. Where a CPA is engaged to conduct a special audit of the internal control system, the CPA's audit report shall be disclosed: None.

(IX) Significant resolutions of the Shareholders' Meeting and the Board of Directors in the most recent year and up to the date of publication of the Annual Report

1. Key resolutions of the Annual Shareholders' Meeting on May 23, 2025:

Agenda	Implementation status
1. Approval of the 2024 Business Report and Financial Statements	Approved as proposed by voting.
2. Approval of the 2024 Annual Loss Appropriation Proposal	Approved as proposed by voting.
3. Amendments to Certain Provisions of the Articles of Incorporation	Approved as proposed by voting and implemented in accordance with the amended provisions.
4. Proposal for Private Placement of Common Shares	Approved as proposed by voting. The Company is authorized to conduct a private placement of common shares within a limit of 10,000 thousand shares, to be carried out in one to three tranches within one year from the date of the shareholders' resolution.
5. Proposal for Release of Directors from Non-Competition Restrictions	Approved as proposed by voting.

2. Significant resolutions of the Board of Directors:

Meeting Date	Key Resolutions
5th Meeting of the 12th Term 2025.2.20	(1) 2024 Business Report and Financial Statements (2) 2024 Annual Loss Appropriation Proposal (3) Assessment of the Effectiveness of the Internal Control System and Issuance of the Internal Control System Statement (4) Assessment of the Independence and Competence of the Company's Certifying CPAs

Meeting Date	Key Resolutions
	(5) Amendments to Certain Provisions of the “Payroll Cycle” under the Internal Control System (6) Amendments to Certain Provisions of the Articles of Incorporation (7) Implementation Status of the Private Placement of Common Shares Approved at the 2024 Annual Shareholders’ Meeting (8) Proposal for Private Placement of Common Shares (9) Proposal for Issuance of Employee Stock Options (10) Proposal for Release of Directors from Non-Competition Restrictions (11) Proposal for Capital Expenditures (12) Proposal to Provide Endorsements and Guarantees for Subsidiaries (13) Application for Credit Facilities from Financial Institutions (14) Proposal to Convene the Company’s 2025 Annual Shareholders’ Meeting
6th Meeting of the 12th Term 2025.3.27	(1) Amendments to Certain Provisions of the “Regulations Governing the Issuance and Subscription of the First Employee Stock Options in 2025” (2) Approval of the List of Allottees for the Issuance of Employee Stock Options in 2025 (3) Application for Credit Facilities from Financial Institutions
7th Meeting of the 12th Term 2025.5.8	(1) 2025 First Quarter Consolidated Financial Statements (2) Application for Credit Facilities from Financial Institutions
8th Meeting of the 12th Term 2025.6.12	(1) Proposal for Establishment of a Subsidiary in Thailand (2) Proposal for Capital Expenditures
9th Meeting of the 12th Term 2025.8.7	(1) 2025 Second Quarter Consolidated Financial Statements (2) Capital Reduction of Subsidiary Fioptec Inc. (3) Application for Credit Facilities from Financial Institutions (4) Proposal for the 2024 Annual ESG Report (5) List of Allottees for the “First Employee Stock Options in 2025”
10th Meeting of the 12th Term 2025.11.6	(1) 2025 Third Quarter Consolidated Financial Statements (2) 2026 Business Plan (3) 2026 Audit Plan (4) Proposal for Cash Capital Increase through Issuance of New Shares in 2025 (5) Proposal for the Business Improvement Plan (6) Proposal to Transfer Machinery and Equipment for Business Use to a Subsidiary (7) Amendments to Certain Provisions of the " Procedures for Lending Funds to Other Parties " (8) Amendments to Certain Provisions of the " Procedures for Endorsements and Guarantees " (9) Amendments to Certain Provisions of the “Procedures for Acquisition or Disposal of Assets” (10) Amendments to Certain Provisions of the “Guidelines for Sustainable Development Practices” (11) Application for Credit Facilities from Financial Institutions

Meeting Date	Key Resolutions
11th Meeting of the 12th Term 2026.1.13	(1) Amendments to the "Employee Subscription Plan for Cash Capital Increase" (2) Allocation of Employee Subscription Shares Granted to Managerial Officers for the 2025 Cash Capital Increase (3) Amendments to Certain Provisions of the "Payroll Cycle" under the Internal Control System (4) Application for Credit Facilities and Derivatives Trading Limits from Financial Institutions
12th Meeting of the 12th Term 2026.2.26	(1) 2025 Business Report and Financial Statements (2) 2025 Annual Loss Appropriation Proposal (3) Assessment of the Effectiveness of the Internal Control System and Issuance of the Internal Control System Statement (4) Assessment of the Independence and Competence of the Company's Certifying CPAs (5) Implementation Status of the Private Placement of Common Shares Approved at the 2025 Annual Shareholders' Meeting (6) Proposal for Private Placement of Common Shares (7) Proposal to Provide Endorsements and Guarantees for Subsidiaries (8) Proposal to Convene the Company's 2026 Annual Shareholders' Meeting (9) Appointment of Presidents of Zhongshan FOCI and FOCI (Thailand) (10) Proposal to Appoint New Managerial Officers of the Company

(X) In the most recent year and up to the date of publication of the Annual Report, any dissenting opinions or written statements by Directors or Supervisors regarding significant resolutions adopted by the Board of Directors: None.

IV Information on fees paid to certifying CPAs

(I) Amounts of audit and non-audit fees paid to the certifying CPAs, their accounting firm, and affiliates, and the nature of non-audit services

Information on fees paid to certifying CPAs

Unit: NT$ thousand

Name of accounting firm	Names of CPAs		Audit Period	Audit Fees	Non-Audit Fees	Total	Remarks
PWC Taiwan	Shu-Chien Pai	Tien-Yi Li	2025.01.01 ~2025.12.31	3,000	2,231	5,231	

Other non-audit fees include: (1) TP documentation fees of NT$330 thousand; (2) English translation fees for the annual financial report of NT$300 thousand; and (3) fees for company registration, tax incentives, and other legal and tax advisory services of NT$1,601 thousand.

(II) Where the Company has changed its accounting firm and the audit fees paid in the year of change are lower than those in the preceding year, the Company shall disclose the audit fees before and after the change and the reasons therefor: Not applicable.

(III) Where audit fees have decreased by more than 10% compared to the preceding year, the Company shall disclose the amount, percentage, and reasons for the decrease: Not applicable.

V Information on change of CPAs

(I) Information regarding the former CPAs

Date of change	Approved by the Board of Directors on February 23, 2023
Reason for change and description	In line with internal personnel adjustments at PwC Taiwan, the certifying CPAs were changed from CPA Ya-Huei Cheng and CPA Tien-Yi Li to CPA Shu-Chien Pai and CPA Tien-Yi Li, effective from the first quarter of 2023.
Whether the engagement was terminated or not accepted by the client or the CPA	Not applicable
Whether any audit reports issued in the most recent two years contained opinions other than unqualified opinions, and the reasons therefor	Not applicable
Whether there were any disagreements with the issuer	Not applicable
Other disclosure items (Items required to be disclosed under Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations)	Not applicable

(II) Information regarding the successor CPAs

Name of accounting firm	PWC Taiwan
Names of CPAs	CPA Shu-Chien Pai and CPA Tien-Yi Li
Date of appointment	Approved by the Board of Directors on February 23, 2023
Consultation on specific accounting treatments or principles prior to appointment and the resulting opinions on financial reports	Not applicable
Written opinions from the successor CPAs on matters of disagreement with the former CPAs	Not applicable

(III) The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10, Paragraph 6, Item 1 and Item 2-3 of the Regulations: None.

VI Where the Company's Chairman, President, or Managerial Officers responsible for finance or accounting have, within the past year, held positions at the accounting firm of the certifying CPAs or its affiliated enterprises, the Company shall disclose their names, titles, and the period of such employment

None.

VII Changes in share transfers and share pledges of Directors, Managerial Officers, and shareholders holding more than 10% of shares in the most recent year and up to the publication date of the Annual Report

(I) Changes in Shareholdings of Directors, Supervisors, Managerial Officers, and major shareholders

Unit: Shares

Title	Name	2025		From January 1, 2026 to March 30, 2026	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged	Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged
Chairman	Song-fure Lin	0	0	370,808	0
Director	Lee-chiou Chang	(199,000)	0	0	0
Director	Ting-ta Hu	7,195	0	117,293	120,000
Director	Wonderland Enterprise Co., Ltd.	0	0	253,279	0
	Representative:	0	0	0	0

Title	Name	2025		From January 1, 2026 to March 30, 2026	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged	Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged
	Hao Fang				
Independent Director	Li-jen Kuo	0	0	0	0
Independent Director	Tzu-ming Wang	0	0	0	0
Independent Director	Tien-chang Huang	0	0	0	0
President	Ting-ta Hu	7,195	0	117,293	120,000
President, Shanghai FOCI	Chun-ying Kung	(159,000)	0	40,000	0
Vice President	Ching-wei Wei	(16,730)	0	16,802	45,000
Vice President	Shy-jge Wang	0	0	30,308	0
Head of Division; Head of Finance Department; Head of Accounting Department	Ya-fang Yu	(50,000)	(18,000)	26,000	26,000
Head of Division; Head of Information Security and Cybersecurity Division	Shang-zhang Lin	(1,000)	0	28,000	0
Plant Director	Yung-ta Li (Note)	N/A	N/A	0	0
Senior Head of Division	Po-yi Wu (Note)	N/A	N/A	0	0

Note: Appointed on February 26, 2026; shares are calculated from the date of appointment

(II) Counterparties to share transfers who are related parties: None.

(III) Counterparties to share pledges who are related parties: None.

VIII Information on top ten shareholders by shareholding ratio and their relationships (including related parties, spouses, or relatives within the second degree of kinship)

March 30, 2026; Unit: shares; %

Name	Shares held		Shares held by spouse and minor children		Shares held through nominees		Name(s) of shareholders among the top ten who are related parties or are spouses or relatives within the second degree of kinship, and the nature of the relationship		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Himax Technologies, Inc.	6,088,666	5.36	0	0	0	0	None	None	
Song-fure Lin	5,494,910	4.84	0	0	318,021	0.28	None	None	
Yu Chieh Investment Co., Ltd.	4,289,461	3.77	0	0	0	0	None	None	
Global Technology Fund Investment Account of Polar Capital Funds Limited, Custodied by HSBC (Taiwan) Limited	4,011,719	3.53	0	0	0	0	None	None	
Wonderland Enterprise Co., Ltd.	3,753,279	3.30	0	0	0	0	None	None	
Investment Account of Polar Capital Funds Limited, Custodied by HSBC (Taiwan) Limited	2,730,196	2.40	0	0	0	0	None	None	
Chun-Yung Chen	2,582,853	2.27	0	0	0	0	None	None	
Commodity Hedging Account of Concord Securities Co., Ltd.	2,080,531	1.83	0	0	0	0	None	None	
Yuan Yao Development Co., Ltd.	1,930,257	1.70	0	0	0	0	None	None	
Browave Corporation	1,880,058	1.66	0	0	0	0	None	None	

IX Shareholdings of the Company, its Directors, Managerial Officers, and entities directly or indirectly controlled by the Company in the same investee company, and the combined shareholding ratio

December 31, 2025; Unit: thousand shares/%

Investee Company (Note 1)	Investment by the Company		Investment by Directors, Supervisors, Managerial Officers, and entities directly or indirectly controlled		Combined Investment	
	Shares	%	Shares	%	Shares	%
FIOPTEC Inc. (Cayman)	6,866	100%	0	0%	6,866	100%
Shanghai FOCI Fiber Optic Communications, Inc. (Note 2)	0	0%	0	100%	0	100%
Zhongshan FOCI Fiber Optic Communications, Inc. (Note 3)	0	0%	0	100%	0	100%
FOCI (Thailand)Co., Ltd.	130,000	100%	0	0%	130,000	100%

Note 1: Refers to investee companies accounted for using the equity method.

Note 2: Reinvestment made through FIOPTEC Inc. (Cayman).

Note 3: Reinvestment made through Shanghai FOCI Fiber Optic Communications, Inc.

Chapter 3 Information on Capital Raising Activities

I Capital and shares

(I) Sources of share capital

March 30, 2026; Unit: 1,000 shares/NT$ 1,000

Date	Issue price	Authorized stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of share capital	Shares appropriated from properties other than cash	Others
1995.06	NT$10	20,000	200,000	7,913	79,130	Company founding	None	Yuan Shang 08538, dated 14 Jun 1995
1995.10	NT$10	20,000	200,000	15,216	152,161	Cash capital increase	None	Yuan Shang 16433, dated 30 Oct 1995
1996.07	NT$10	20,000	200,000	17,850	178,500	Cash capital increase	None	Yuan Shang 12662, dated 5 Aug 1996
1996.12	NT$10	20,000	200,000	19,980	199,800	Cash capital increase	None	Yuan Shang 00388, dated 14 Jan 1997
1997.03	NT$ 20	35,000	350,000	35,000	350,000	Cash capital increase	None	Yuan Shang 05155, dated 31 Mar 1997
1998.05	NT$ 30 NT$ 10	110,000	1,100,000	56,720	567,200	Cash capital increase Capital increase out of capital reserves	None	Yuan Shang 013418, dated 9 Jun 1998
1999.09	NT$10	110,000	1,100,000	68,894	689,844	Capital increase out of retained earnings Capital increase out of capital reserves	None	Yuan Shang 021177, dated 1 Oct 1999
2003.03	NT$10	110,000	1,100,000	48,289	482,891	Capital reduction	None	Yuan Shang 920006306, dated 18 Mar 2003
2003.09	NT$ 13	110,000	1,100,000	53,289	532,891	Cash capital increase	None	Yuan Shang 920027902, dated 30 Sep 2003
2011.02	NT$ 35	110,000	1,100,000	59,952	599,521	Cash capital increase	None	Yuan Shang 6159, dated 10 Mar 2011
2011.09	NT$10	110,000	1,100,000	60,027	600,270	Conversion of employee stock options	None	Yuan Shang 25884, dated 1 Sep 2011
2012.04	NT$10	110,000	1,100,000	60,139	601,391	Conversion of employee stock options	None	Yuan Shang 11623, dated 17 Apr 2012
2012.09	NT$10	110,000	1,100,000	60,404	604,041	Conversion of employee stock options	None	Yuan Shang 1429, dated 9 Jan 2013
2013.08	NT$10	110,000	1,100,000	60,529	605,290	Conversion of employee stock options	None	Yuan Shang 23287, dated 2 Aug 2013
2013.12	NT$10	110,000	1,100,000	62,094	620,940	Conversion of employee stock options/Conversion of corporate bonds into shares	None	Yuan Shang 37766, dated 5 Dec 2013
2014.05	NT$10	110,000	1,100,000	76,317	763,174	Conversion of corporate bonds into shares	None	Chu Shang 15714, dated 27 May 2014
2014.10	NT$10	110,000	1,100,000	74,687	746,875	Cancellation of treasury shares	None	Chu Shang 30814, dated 24 Oct 2014
2014.12	NT$10	110,000	1,100,000	75,855	758,549	Conversion of corporate bonds into shares	None	Chu Shang 36009, dated 1 Dec 2014
2015.04	NT$10	110,000	1,100,000	76,005	760,055	Conversion of corporate bonds into shares	None	Chu Shang 9885, dated 9 Apr 2015

Date	Issue price	Authorized stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of share capital	Shares appropriated from properties other than cash	Others
2015.08	NT$10	110,000	1,100,000	76,599	765,991	Conversion of corporate bonds into shares	None	Chu Shang 24403, dated 25 Aug 2015
2016.05	NT$10	110,000	1,100,000	77,599	775,991	Issuance of restricted shares for employees	None	Chu Shang 13418, dated 18 May 2016
2016.11	NT$10	110,000	1,100,000	77,494	774,941	Cancellation of restricted shares for employees	None	Chu Shang 31555, dated 14 Nov 2016
2017.05	NT$10	110,000	1,100,000	77,474	774,741	Cancellation of restricted shares for employees	None	Chu Shang 14276, dated 26 May 2017
2019.03	NT$10	110,000	1,100,000	85,407	854,070	Cancellation of restricted shares for employees/Conversion of corporate bonds into shares	None	Chu Shang 8376, dated 26 Mar 2019
2019.05	NT$10	110,000	1,100,000	87,750	877,502	Conversion of corporate bonds into shares	None	Chu Shang 14592, dated 22 May 2019
2019.08	NT$10	110,000	1,100,000	90,159	901,595	Conversion of corporate bonds into shares	None	Chu Shang 24306, dated 21 Aug 2019
2019.10	NT$10	110,000	1,100,000	90,468	904,684	Conversion of corporate bonds into shares	None	Chu Shang 29830, dated 14 Oct 2019
2019.11	NT$10	110,000	1,100,000	90,557	905,572	Conversion of corporate bonds into shares	None	Chu Shang 34026, dated 25 Nov 2019
2020.03	NT$10	110,000	1,100,000	90,595	905,958	Conversion of corporate bonds into shares	None	Chu Shang 7074, dated 13 Mar 2020
2020.08	NT$10	110,000	1,100,000	90,599	905,998	Conversion of corporate bonds into shares	None	Chu Shang 23842, dated 20 Aug 2020
2020.11	NT$10	110,000	1,100,000	90,743	907,433	Conversion of corporate bonds into shares	None	Chu Shang 32598, dated 18 Nov 2020
2021.01	NT$10	110,000	1,100,000	86,743	867,433	Cancellation of treasury shares	None	Chu Shang 1831, dated 19 Jan 2021
2021.03	NT$10	110,000	1,100,000	87,073	870,739	Conversion of corporate bonds into shares	None	Chu Shang 6733, dated 15 Mar 2021
2021.08	NT$10	110,000	1,100,000	87,128	871,278	Conversion of corporate bonds into shares	None	Chu Shang 23821, dated 20 Aug 2021
2021.11	NT$10	110,000	1,100,000	87,692	876,922	Conversion of corporate bonds into shares	None	Chu Shang 33419, dated 15 Nov 2021
2022.03	NT$10	110,000	1,100,000	88,314	883,145	Conversion of corporate bonds into shares	None	Chu Shang 07568, dated 11 Mar 2022
2022.11	NT$10	110,000	1,100,000	88,337	883,337	Conversion of corporate bonds into shares	None	Chu Shang 37207, dated 18 Nov 2022
2023.08	NT$10	110,000	1,100,000	88,641	886,406	Conversion of corporate bonds into shares	None	Chu Shang 27468, dated 18 Aug 2023
2023.11	NT$10	110,000	1,100,000	98,641	986,406	Issuance of new shares	None	Chu Shang 37959, dated 16 Nov 2023
2024.07	NT$10	180,000	1,800,000	103,641	1,036,406	Issuance of new shares	None	Chu Shang 21595, dated 5 Jul 2024
2026.02	NT$10	180,000	1,800,000	113,641	1,136,406	Issuance of new shares	None	Chu Shang 5267, dated 24 Feb 2026

March 30, 2026; Unit: shares

Type of shares	Authorized stock			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	113,640,567	66,359,433	180,000,000	OTC-listed shares

(II) List of major shareholders

March 30, 2026; Unit: shares

Name of major shareholders/shares	Number of Shares	Shareholding Ratio (%)
Himax Technologies, Inc.	6,088,666	5.36%
Song-fure Lin	5,494,910	4.84%
Yu Chieh Investment Co., Ltd.	4,289,461	3.77%
Global Technology Fund Investment Account of Polar Capital Funds Limited, Custodied by HSBC (Taiwan) Limited	4,011,719	3.53%
Wonderland Enterprise Co., Ltd.	3,753,279	3.30%
Investment Account of Polar Capital Funds Limited, Custodied by HSBC (Taiwan) Limited	2,730,196	2.40%
Chun-Yung Chen	2,582,853	2.27%
Commodity Hedging Account of Concord Securities Co., Ltd.	2,080,531	1.83%
Yuan Yao Development Co., Ltd.	1,930,257	1.70%
Browave Corporation	1,888,058	1.66%

(III) Company dividend policy and implementation status

1. Dividend policy stipulated in the Company's current Articles of Incorporation

According to the Articles of Incorporation, if there is a profit in the fiscal year, 5% to 15% shall be appropriated as employee remuneration. Of the aforementioned employee remuneration, no less than 25% shall be allocated for salary adjustments or remuneration distribution to junior employees. In addition, no more than 5% shall be appropriated as director remuneration. However, if the Company still has accumulated losses, it shall reserve a portion of its earnings to offset the losses first.

The distribution of employee remuneration and Directors' remuneration shall be resolved by the Board of Directors with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the Directors, and shall be reported to the shareholders' meeting. Employee remuneration may be distributed in the form of shares or cash, as resolved by the Board of Directors. The recipients of employee remuneration may include employees of affiliated companies meeting certain conditions, including controlled or subordinate companies. The eligibility criteria and allocation shall be determined by the Board of Directors.

Where the Company has surplus earnings at the end of the fiscal year, such earnings shall be distributed in the following order:

(1) Payment of taxes.

(2) Offset of accumulated losses from prior years.

(3) Allocation of 10% as legal reserve (unless the legal reserve has reached the total paid-in capital).

(4) Allocation or reversal of special reserve in accordance with applicable laws and regulations.

(5) The remaining balance, together with any undistributed earnings carried forward, shall be proposed by the Board of Directors in a profit distribution plan and submitted to the shareholders' meeting for resolution.

Upon a resolution adopted by the Board of Directors with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the Directors, the Company may distribute, in whole or in part, dividends, bonuses, legal reserve, or capital surplus in cash, and shall report such distribution to the shareholders' meeting. The provisions of these Articles regarding resolutions of shareholders' meetings shall not apply.

The Company's dividend policy shall be determined in accordance with the Company Act and these Articles, taking into consideration the Company's capital and financial structure, operating conditions, earnings, and the nature and cycle of the industry in which the Company operates. Where the Company has surplus earnings for the year and the distributable earnings reach 2% or more of the paid-in capital, the dividend distribution shall not be less than 10% of the distributable earnings. Distribution of earnings shall be made primarily in cash dividends, and may also be made in the form of stock dividends; provided that the proportion of stock dividends shall not exceed 50% of the total dividends for the year.

2. The proposed distribution by the shareholders' meeting:

On February 26, 2026, the Board of Directors passed a resolution not to distribute cash dividends.

3. Significant change in dividend policy expectations: None.

(IV) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.

(V) Remuneration of employees, Directors, and Supervisors

1. The ratio or scope of employee dividends and remuneration for Directors and Supervisors as stated in the Company's Articles of Incorporation.

If there is a profit in the fiscal year, 5% to 15% shall be appropriated as employee remuneration. Of the aforementioned employee remuneration, no less than 25% shall be allocated for salary adjustments or remuneration distribution to junior employees. In addition, no more than 5% shall be appropriated as director remuneration. However, if the Company still has accumulated losses, it shall reserve a portion of its earnings to offset the losses first.

The distribution of employee remuneration and Directors' remuneration shall be resolved by the Board of Directors with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the Directors, and shall be reported to the shareholders' meeting. Employee remuneration may be distributed in the form of shares or cash, as resolved by the Board of Directors. The recipients of employee remuneration may include employees of affiliated companies meeting certain conditions, including controlled or subordinate companies. The eligibility criteria and allocation shall be determined by the Board of Directors.

2. Basis for estimating the remuneration of employees, Directors and Supervisors for the current period, the basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of any differences between the actual amounts distributed and the amounts previously estimated:
   (1) In 2025, the Company did not distribute employee remuneration in shares.
   (2) The estimated amounts of employee remuneration and directors' remuneration payable by the Company for 2025 are both NT$0. If the actual amounts distributed differ from the estimates, such differences will be accounted for as changes in accounting estimates and recognized in 2026.
3. Distribution of remuneration as approved by the Board of Directors:
   (1) Where the amounts of employee remuneration and remuneration for Directors and Supervisors distributed in cash or shares differ from the amounts estimated and recognized as expenses in the year, the differences, reasons and accounting treatment shall be disclosed:
   The Company did not distribute employee or director remuneration for 2025, and therefore there is no difference from the estimated amounts for 2025.
   (2) The amount of employee remuneration distributed in shares and its percentage of the Company's net income after tax for the current period and total employee remuneration: Not applicable.
4. Actual distribution of employee, Director and Supervisor remuneration for the preceding year, and where there is any difference between the amounts recognized and the amounts actually distributed, the differences, reasons and accounting treatment shall be disclosed:
   As resolved by the Board of Directors, the Company did not distribute employee or Directors' remuneration for 2024, and therefore there is no difference between the amounts recognized and the amounts actually distributed.

(VI) Status of share repurchases by the Company:

1. Completed share repurchase programs: None.
2. Ongoing share repurchase programs: None.

II Corporate bonds

None.

III Preferred shares

None.

IV Overseas depositary receipts

None.

V Employee stock options

(I) As of the publication date of this annual report, the Company has outstanding employee stock options, which may have a dilutive effect on shareholders' equity:

March 30, 2026; Unit: shares

Types of employee stock options	First issuance of employee stock options in 2025	
Effective registration date and total number of units	March 21, 2025 6,000,000	
Issue date	March 27, 2025	August 7, 2025
Units issued	1,280,000	325,000
Units available for issuance	4,395,000	
Number of shares issuable as a percentage of total issued shares (Note 1)	1.13%	0.29%
Term	5 years	
Method of settlement	Issuance of new shares	
Vesting period and percentage	After 2 years: 50% After 3 years: 75% After 4 years: 100%	
Shares acquired upon exercise	-	-
Amount received from exercise	-	-
Outstanding options (Note 2)	1,120,000	275,000
Exercise price per share for outstanding options	279.4	288.7
Outstanding options as a percentage of total issued shares	0.99%	0.24%
Impact on shareholders' equity	These stock options may be exercised gradually during their term starting two years after the issue date. As a result, they will cause a gradual dilution of existing shareholders' equity; however, the overall dilutive effect is expected to be limited.	

Note 1: As of March 30, 2026, the total number of issued shares was 113,640,567.

Note 2: The number has been adjusted to exclude options forfeited due to employee resignation.

(II) Names of managerial officers who have obtained employee stock options and the top ten employees by number of shares issuable upon exercise, along with details of grants and subscriptions, as of the date of publication of the prospectus

March 30, 2026; Unit: shares; NT$; %

	Title	Name	Options Granted	Options Granted as % of Total Issued Shares	Exercised				Unexercised			
					Number of Shares	Exercise Price	Total Amount	% of Total Issued Shares	Number of Shares	Exercise Price	Total Amount	% of Total Issued Shares
Managerial Officer	President	D.D,HU	560,000	0.49%	-	-	-	-	560,000	279.4	156,464,000	0.49%
	Vice President	C.Y,KUNG										
	Vice President	S.J,WANG										
	Director	Y.F,YU										
	Director	S.C,LIN										
	Director	P.Y, WU										
	Director	Y.T,LI										
Employee	Director	T.W,YOU	450,000	0.48%	-	-	-	-	450,000	279.4	125,730,000	0.40%
	Vice Director	C.H, SHIH										
	Vice Director	C.Y,FANG										
	Director	Y.C, LEE										
	Vice Director	C.F, LEE										
	Manager	C.H.CHOU										
	Manager	Y.D, JHONG										
	Manager	R.W, GUO										
	Manager	C.H, CHEN										
	Manager	L.M, TSAI										

Note: As of March 30, 2026, the total number of issued shares was 113,640,567.

VI Status of issuance of restricted shares for employees

None.

VII Status of issuance of new shares for mergers or acquisition of shares of other companies

None.

VIII Status of implementation of fund utilization plans

As of the end of the quarter preceding the publication date of this annual report, the status of any previous public offerings or private placements of securities that have not yet been completed, or that have been completed within the most recent three years but whose benefits have not yet been realized, is as follows:

(I) 2025 private placement of common shares

1. Plan details
   (1) Pursuant to resolutions of the Board of Directors on February 20, 2025 and the shareholders' meeting on May 23, 2025, the Company plans to conduct a private placement of common shares in an amount not exceeding 10,000 thousand shares, to be carried out in one to three tranches within one year from the date of the shareholders' resolution.
   (2) Use of proceeds: To replenish working capital and support the Company's long-term funding needs.
   (3) Expected benefits: To enhance the Company's competitiveness, improve operational efficiency, support long-term development, and increase overall shareholder value.
2. Implementation Status
   (1) As of the publication date of this annual report, no shares have been issued under the private placement.
   (2) According to the resolution of the Board of Directors on February 26, 2026, the private placement plan will expire on May 22, 2026. If the fundraising is not completed within the remaining period, the unissued portion will not be further implemented.
   Information required to be disclosed regarding the Company's private placement of securities is available on the Market Observation Post System (https://mopsov.twse.com.tw/mops/web/t116sb01). Please enter the Company's stock code (3363) and the relevant year to access such information.

(II) 2025 cash capital increase through issuance of common shares

1. Plan details
   (1) The Company resolved at the Board of Directors meeting on November 6, 2025 to conduct a cash capital increase through the issuance of new shares. The registration

became effective upon filing with the Financial Supervisory Commission (FSC) Letter No. 1140367168 issued on January 5, 2026.

(2) Total funding required for this plan: NT$ 2,700,000 thousand.

(3) Source of funds: A cash capital increase of 10,000 thousand shares at an issue price of NT$ 316 per share, with total proceeds of NT$ 3,160,000 thousand.

(4) Project items and expected schedule:

Unit: NT$ thousand

Project/Plan	Expected Completion Date	Total Funding Required	Scheduled Use of Funds				
			2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q1
Purchase of machinery and equipment	Q1 2027	1,538,000	-	461,400	461,400	307,600	307,600
Working capital replenishment	Q4 2026	1,622,000	290,500	290,500	290,500	290,500	460,000
Total		3,160,000	290,500	751,900	751,900	598,100	767,600

(5) Expected benefits

A. Purchase of machinery and equipment

Of the total proceeds, NT$ 1,538,000 thousand will be used for the purchase of machinery and equipment to expand production capacity and meet the Company’s future production and operational needs. The equipment to be acquired will primarily be used to establish high-precision automated production lines for silicon photonics fiber array units (FAUs), including FAU production machines, measurement equipment, optical inspection systems, and other testing equipment.The Company’s long-term objective is to become a key and leading supplier of CPO fiber array components and to provide one-stop solutions covering fiber array components, packaging, and testing. The acquisition of FAU production and inspection equipment will facilitate mass production of new products, improve yield rates, and serve as a key technological driver and revenue source for the Company’s transformation.

B. Working capital replenishment

Of the total proceeds, NT$1,622,000 thousand is planned to be used to replenish working capital. Based on the Company’s recent short-term borrowing interest rate of approximately 2.12%, it is estimated that the Company will save interest expenses of approximately NT$ 34,386 thousand annually from 2026 onward. This is expected to moderately reduce the Company’s financial burden, decrease reliance on bank borrowings, and enhance financial flexibility. Overall, this will support the Company’s operational development and competitiveness, and improve its ability to respond to changes in the external environment.

2. Implementation status (as of the end of the quarter preceding publication date of this annual report)

Plan	Implementation Status		As of Q4 2025 (NT$ thousand)	Progress Description
Purchase of machinery and equipment	Cumulative Amount Utilized	Planned	0	The funds were raised on February 6, 2026, and will be utilized in accordance with the plan thereafter.
		Actual	0	
	Cumulative Progress	Planned	0%	
		Actual	0%	
Working Capital Replenishment	Cumulative Amount Utilized	Planned	0	
		Actual	0	
	Cumulative Progress	Planned	0%	
		Actual	0%	
Total	Cumulative Amount Utilized	Planned	0	
		Actual	0	
	Cumulative Progress	Planned	0%	
		Actual	0%	

For quarterly reports on the Company’s cash capital increase plan and utilization, please refer to the Market Observation Post System (https://mopsov.twse.com.tw/mops/web/t116sb01). Enter the Company’s stock code (3363) and the relevant year to access the information.

Chapter 4 Overview of Operations

I Description of business

(I) Scope of business

1. The Company is engaged in the following:
   Design, manufacture, and sale of active and passive optical fiber components and related services, including optical fiber connectors (FC / SC / ST / LC / MU / SMA), hybrid fiber jumpers, angled fiber jumpers, FA / MPO multi-core fiber jumpers, fiber stubs and pigtails, single/multi-mode optical splitters, high-isolation wavelength-division multiplexers, narrow-band wavelength-division multiplexers, single-mode wavelength-division multiplexers, pump wavelength-division multiplexers, optical add/drop multiplexers for optical communication monitoring modules, composite/thin-film dense wavelength-division multiplexers, compact wavelength-division multiplexers, connector-type wavelength-division multiplexers, optical circulators, polarization-dependent/polarization-independent fiber isolators, fiber collimators, fixed or variable optical attenuators, planar lightwave circuit (PLC) splitters, optical transceiver modules, active optical cables (AOCs), silicon photonics (SiPh) packaging, and Co-Packaged Optics (CPO) as well as related FAU components and services.
2. Major products and their percentage of operating revenue

Unit: NT$ thousand; %

Year Item		2025		2024	
		Amount	%	Amount	%
Sales revenue	Fiber patch cords	1,192,173	63.01	1,050,200	77.00
	Fiber coupler products	51,296	2.71	68,819	5.05
	Fiber connectors	181,220	9.58	56,911	4.17
	Other passive optical components	99,399	5.25	88,247	6.47
	Micro-optical fiber components	49,865	2.64	44,434	3.26
	Others	313,715	16.58	44,736	3.28
	Rental income	4,326	0.23	10,530	0.77
	Total	1,891,994	100.00	1,363,877	100.00

3. Current major new products (services) of the Company:

Major products	Product specifications
Passive optical components	• Optical fiber connectors • Full range of optical fiber jumpers • Silicon photonics packaging components • Optical isolators and circulators • Optical fiber array products • Optical fiber couplers

Major products	Product specifications
	• Multi-channel wavelength-division multiplexers • PLC splitters • Integrated optical communication modules
Optical fiber modules and integrated systems	• Integrated active and passive components and modules for optical fiber systems • Active optical cables (AOCs) • Packaging and testing services • Others
Silicon photonics packaging services (SiPh package)	• Integrated packaging of optical communication components • Silicon photonics component packaging • Packaging of other precision components

4. Planned new products (services) under development:
   (1) High-Density, High-Precision Fiber Array Unit (FAU)
   (2) Optical packaging (FAU precision packaging technology for photonic integrated circuits (PIC))
   (3) Intra-system FAU-to-front panel fiber jumper (Fiber Jump in System)

(II) Industry overview

1. Current status and development of the industry

With the advancement of internet applications, the volume of data handled by cloud computing and data centers has increased significantly. The rapid growth of generative artificial intelligence (AI) applications, along with the continuous expansion of large language models (LLMs), has driven a substantial rise in data processing demand in data centers, creating an urgent need for higher transmission speeds and improved thermal management. Currently, data transmission in data centers relies on pluggable optical transceiver modules. These modules operate through numerous copper-based circuits on printed circuit boards (PCBs), where electrical signals are transmitted along copper traces. At the rear of server enclosures, optical transceiver modules are inserted to convert electrical signals into optical signals. Once converted, the signals are transmitted as photons through optical waveguides such as optical fibers. Pluggable optical transceiver modules integrate optical components through mechanical assembly and are mounted at the edge of the substrate, resulting in a greater distance from electronic components. This increases the likelihood of signal loss and latency. In addition, electron-based transmission is relatively slower, and higher power consumption can lead to overheating. Although pluggable optical transceivers are cost-effective and easy to use, they are no longer sufficient to meet the continuously increasing transmission speed requirements of AI-driven data centers.

To address the bottlenecks in data transmission speed, the industry is turning to photonic transmission technologies. Silicon photonics (SiPh) replaces most traditional electrical signals with photons for data transmission. As photons travel faster than electrons and generate less heat, they enable improved transmission performance. Co-Packaged Optics (CPO) integrates photonic transmission components directly with electronic components through semiconductor manufacturing processes. This approach not only reduces chip size, but also addresses issues such as high energy consumption and transmission speed limitations in traditional optical communication systems, while lowering data center operating costs. However, CPO faces challenges in the cross-disciplinary integration of optical modules and semiconductor technologies, including structural design, electrical and optical path design, and failure analysis.

The advent of silicon photonics enables the continued progression of Moore’s Law, which states that the number of transistors on an integrated circuit doubles approximately every two years. However, even with the increase in transistor count, electrical loss remains unavoidable. By leveraging silicon photonics technology, high-bandwidth and high-performance data transmission can be achieved without the need for further increases in transistor density or smaller process nodes. Within CPO architectures, silicon photonics serves as the input/output (I/O) interface, enabling external communications and optical data transmission between chips. In AI applications with high computational demands, multiple CPUs and GPUs are deployed in parallel to process data. When multiple processors operate in parallel, data transmission speed becomes critical, and the thermal challenges associated with high-speed transmission must also be addressed. Optical communication offers advantages such as low power consumption and high transmission speeds. Accordingly, CPUs and GPUs integrated through CPO modules—which combine photonic integrated circuits (PICs), electronic integrated circuits (EICs), and memory—utilize optical communication for inter-module data transmission, effectively overcoming data transmission bottlenecks in large-scale AI computing.

Silicon photonics has become a key focus of the industry due to its high performance and low power consumption characteristics. The Executive Yuan has also launched the “Ten AI Initiatives Promotion Plan”, with an expected investment of NT$190 billion over four years, covering areas such as silicon photonics, quantum technology, and intelligent robotics, aiming to accelerate AI infrastructure development and industrial upgrading. According to research firm Yole Group, driven by AI and high-performance computing (HPC), the silicon photonics integrated chip market is projected to exceed USD 600 million by 2028, with an annual growth rate of over 40%. LightCounting indicates that the size and power consumption of existing optical modules have reached their limits, and Co-Packaged Optics (CPO) is currently the only solution capable of achieving both low power consumption and high bandwidth in high-density AI systems. It is expected that the market share of modules adopting silicon photonics modulators will increase to 60% by 2030. Research institutions generally agree that the growth of AI and cloud computing will drive silicon photonics and CPO to become core technologies for next-generation data centers.

Estimated Silicon Photonics Chip Market Size by Application (2022~2028)

Unit: USD million

Source: Yole Group

2. Relationship among upstream, midstream, and downstream of the industry

The Company is a professional provider engaged in the R&D, manufacturing, and sales of fiber optic communication components, and collaborates closely with both upstream and downstream partners. From a market perspective, a certain degree of strategic cooperation generally exists among upstream material suppliers, midstream component manufacturers, and downstream equipment, modules, as well as subsystems and system providers. Accordingly, integration among upstream, midstream, and downstream participants to enhance technological capabilities and market competitiveness is expected to be a key trend in the optical communications industry. In the field of silicon photonics packaging, the Company must work closely with downstream IC design houses and manufacturers to jointly design and develop packaging components and processes, while also coordinating with upstream suppliers. As a result, upstream, midstream, and downstream participants are closely interconnected as strategic partners.

3. Product development trends

With the rapid proliferation of AI applications and the growing demand for large-scale data models, optical communication technologies are entering a new phase of development. Co-Packaged Optics (CPO) and silicon photonics not only effectively address issues of transmission efficiency and power consumption, but also drive the upgrade of global data center architectures. The application of CPO is closely intertwined with the development of AI, with both reinforcing each other, and is expected to expand into other advanced application areas in the future. Silicon photonics, with its advantages of high speed and low power consumption, can be widely applied in hyperscale data centers, high-performance computing (HPC), artificial intelligence and machine learning (AI and ML), LiDAR, biomedical sensing, and quantum computing.

However, the adoption of CPO technology in semiconductor manufacturing processes presents several challenges. First, the design of photonic integrated circuits (PICs) must simultaneously achieve high performance and strong thermal tolerance to address heat generated during chip operation. The designs of electronic integrated circuits (EICs) and PICs can mutually affect signal transmission; therefore, co-design from a system-level chip architecture perspective is required. In addition, ASIC operation generates significant heat, while laser components are highly sensitive to temperature, making thermal management a critical design consideration. In terms of fiber-to-PIC coupling, alignment remains a key challenge. Due to the small size of single-mode waveguides used in silicon photonics, it is difficult to precisely align optical fibers with integrated circuits. If a CPO chip overheats, the substrate may deform due to thermal stress, which in turn affects the coupling between the optical fiber and the PIC. Regarding signal transmission, the optical and electrical transmission channels within a CPO chip may interfere with each other; therefore, co-design of optical and electrical pathways is necessary to mitigate these issues and ensure overall system stability and performance.

As CPO technology has only recently entered the market, production costs remain relatively high. However, with the rapid increase in demand for high-speed data transmission, CPO is expected to become an essential and indispensable technology, with commercial products anticipated to be gradually launched after 2025. As AI technologies continue to advance, the adoption of CPO applications is expected to accelerate accordingly. Overall, CPO helps address the data transmission bottlenecks encountered in training large-scale AI models, thereby improving computational efficiency. Photonic transmission overcomes the bandwidth and power consumption limitations of traditional copper-based transmission. Through the integration of electronic and photonic components via CPO technology, the upper limits of data transmission speeds can be further extended. As CPO continues to overcome challenges in structural design as well as optical and electrical pathway integration, mass production is expected to significantly reduce costs in the future and usher in a new era of data transmission. In response to the growing wave of AI applications, the Company is actively entering the CPO field, aiming to become a new growth driver in the domestic optical communication module industry.

4. Product competition

The Company’s principal products are fiber optic communication components and modules. Optical interconnect technology is one of the Company’s core competencies, and its R&D efforts are focused on products and manufacturing technologies related to high-speed transmission interfaces. At present, the Company’s products are categorized into six main groups: optical connector components; optical coupling components and planar lightwave circuit (PLC) components; wavelength-division multiplexing components; micro-optical components; optical transceiver modules and active optical cables (AOCs); and optical sub-modules and customized components. The Company is further advancing the development of optical interconnect components for silicon photonics chip packaging, as well as CPO and LPO packaging technologies, with a view to developing next-generation technologies for integrated optical component packaging and interconnection.

The Company has consistently aligned its product applications with market developments. MPO, LC, and WDM applications are among the Company's key product offerings. As long-haul applications become increasingly important, Panda/Polarization Maintaining Fiber (PM fiber) used at the laser end has also become one of the Company's competitive advantages in the market. Applications ranging from single-core to multi-core fibers have become increasingly mature product lines. In terms of applications, in addition to conventional optical modules, PM Fiber Array technology has also been introduced into CPO applications across the system. By integrating conventional multimode/single-mode optical fibers with polarization maintaining fibers, these technologies can be applied to next-generation optoelectromechanical systems. In the application of Co-Packaged Optics (CPO), the Company has developed and possesses relevant core technologies and patents, including the manufacturing of high-density, high-precision fiber arrays, as well as precise alignment and packaging technologies for ReLFACon fiber array unit (FAU) components.

(III) Technology and R&D overview

1. Technology level and research and development of business operations

Since its establishment, the Company has set up the R&D unit and has focused on the research and development of fiber optic components. With the continuous development of new products and technologies, the R&D unit has been expanded accordingly. Currently, the R&D department is organized into the Silicon Photonics Packaging R&D Division and the Cable Technology Development Division. The responsibilities of each R&D division are described as follows:

Department	Team	Major functions
R&D Engineering Center	Silicon Photonics Packaging R&D Division	(1) Development of silicon photonics component packaging products and CPO process technologies. (2) Preparation and management of documentation, including design and development planning, process development, technical design data, and test reports. (3) Assistance in improving product manufacturing processes. (4) Execution of pilot production testing for packaging product orders or contracts.
	Cable Technology Development Division	(1) Research and development of various products. (2) Preparation and management of documentation, including design and development planning, process development, technical design data, and test reports. (3) Assistance in improving product manufacturing processes. (4) Execution of first article and pilot production testing for special product orders or contracts.

2. R&D expenses in the most recent two years

Unit: NT$ thousand / %

Year Item	2025	2024
R&D expenses (A)	212,250	146,640
Net operating revenue (B)	1,891,994	1,363,877
Percentage of net operating revenue (A)/(B)	11.22	10.75

3. Technologies or products successfully developed in the most recent five years

2021	Optical devices for silicon photonics “Co-Packaged Optics (CPO)” applications
2022	Active optical cables (USB4) for cloud computing and consumer electronics
2023	Reflowable Lensed Fiber Array Connector (ReLFACon®) Automated assembly and testing system for optical fiber cables
2024	Multi-dimensional lens-type fiber array co-packaged component technology Two-dimensional arrayed waveguide manufacturing technology Side micro-lens co-packaged waveguide technology
2025	Two-dimensional fiber array precision alignment co-packaging technology Automated silicon photonics component packaging technology

(IV) Long- and short-term business development plans

1. Short-term business development plan

(1) Product strategy

In response to the advent of the high-speed transmission era driven by AI, the Company, in addition to its core business in optical passive components, has proactively expanded into the field of silicon photonics packaging, including related components and process services. The Company will continue to refine product specifications, strengthen quality control, and develop products that meet market demand, in order to continuously enhance its market share.

In addition to supplying components for telecommunications carriers and system integrators for use in infrastructure and system applications, the Company will actively participate in joint development with system and IC customers at the design stage to deliver products that meet customer requirements in terms of functionality and operation. Furthermore, the Company’s Silicon Photonics Packaging Division has been collaborating with leading international companies on product and process development, and is seeking to expand business opportunities with end customers through close cooperation with upstream and downstream partners.

(2) Production strategy

        A. Strengthen cost control, actively identify long-term strategic suppliers, improve production efficiency, enhance training for production personnel, and implement quality policies.
        B. Comprehensively enhance production management to improve product gross margins.
        C. Establish effective collaboration models with subcontractors based on mutual benefit, ensuring sufficient capacity and quality control to maintain market competitiveness.
        D. Invest in the development of automated and intelligent production lines to meet market demand.
        E. Continue to improve production efficiency and yield, and advance toward Lean Manufacturing.
    (3) Marketing strategy
        A. Implement customer segmentation, strengthen services for key customers, build market reputation, and expand the global market for high value-added components.
        B. Enhance design service capabilities and implement a timely delivery policy to meet customers' product development and mass production needs.
        C. Maintain close relationships with customers and proactively gain a deeper understanding of their needs in order to achieve customer satisfaction. In addition, based on the existing business and in line with new product development, the Company will continue to cultivate existing customers and develop new customers to expand market share.
    (4) Financial support

Based on the principle of prudent operations, the Company currently relies primarily on internal funds, capital market financing, and earnings generated from operations as its main sources of working capital, supplemented by bank borrowings. To support future growth plans, the Company completed a private placement of 5,000 thousand new common shares in 2024 and a cash capital increase through the issuance of 10,000 thousand new shares in 2025, which are expected to meet the needs of its short-term business development.

2. Long-term business development plan
    (1) Product strategies and objectives
        A. Strengthen the deployment of optical communication products in the AI sector and continue to promote green and low-carbon products.
        B. Expand capabilities in customized product design and order acquisition.
        C. Continue to invest in components and packaging services for silicon photonics products.
        D. Collaborate with customers in response to technological advancements to jointly develop and deploy new products.

(2) Production strategy

  A. Promote sustainable manufacturing practices in production management and process equipment to align with environmental trends and advance low-carbon processes.
  B. Provide dedicated packaging production lines for customers to ensure stable order flow and sustainable revenue sources.
  C. Expand automated production lines to leverage quality advantages and meet the growth demands of international customers.
  D. Advance digital transformation by enhancing production efficiency through integrated smart manufacturing management systems, and invest in the development of smart factory, intelligent manufacturing, and industrial IoT system integration.

(3) Marketing strategy

To continuously enhance sales performance, expand the Company's market share, and increase its value within the global industry chain, the Company will implement the following key marketing strategies:

  A. Provide comprehensive, end-to-end, and high-quality services to customers.
  B. Demonstrate the Company's existing core technological capabilities, as well as its commitment and actions to continuously enhance its technologies.
  C. Continue to collaborate with leading international companies and establish strategic partnerships with customers for joint development, positioning the Company as one of the key suppliers of mainstream industry products.
  D. In response to different product lines and market segments, expand proprietary brands in appropriate regional markets and establish marketing channels, building a comprehensive long-term sales network to generate synergies across product lines.
  E. Establish industry standards through strategic partnerships with customers and engage in business collaboration with leading international companies based on technological capabilities.

(4) Financial strategy

  A. Effectively utilize short-term and medium to long-term bank financing to enhance financial leverage.
  B. Based on future development and operational needs, raise funds through capital markets at appropriate times to secure financing at relatively lower costs and support various expansion plans.

(5) R&D strategy

  A. Continue to invest in the development of future product technologies, strengthen core technologies, and build competitive advantages.

B. Emphasize design-driven product quality and utilize R&D to meet mass production quality requirements, while developing related products for future markets.
C. Strengthen R&D processes and effectiveness to support market growth.

II Market and sales overview

(I) Market analysis

1. Sales (provision) regions of major products (services)

Unit: NT$ thousand

Region	Year	2025		2024	
		Sales	Percentage	Sales	Percentage
Domestic sales		110,745	5.85%	165,891	12.16%
Export sales	China	132,182	6.99%	41,788	3.06%
	Americas	1,506,184	79.61%	1,060,644	77.77%
	Others	142,883	7.55%	95,554	7.01%
Total		1,891,994	100.00%	1,363,877	100.00%

2. Market share

The Company is primarily engaged in the R&D, manufacturing, and sales of fiber optic communication components. Due to the wide variety of products and their diverse applications, it is difficult to accurately quantify individual market segments. In addition, there is a lack of objective and comprehensive statistical data to assess market share, and relevant market information and research reports are not readily available. Currently, the Company's major customers include well-known domestic and international enterprises, indicating that its products have established a certain market position. In the field of silicon photonics packaging, which remains in the early stages of development, the Company has established an early-mover position and maintains a certain competitive advantage.

3. Future market supply, demand, and growth

Global data center traffic and computing demand have continued to grow rapidly over the past decade, driven primarily by cloud computing, the deployment of hyperscale data centers by major technology companies, and the substantial computing power required for artificial intelligence (AI) training and inference. To meet the significantly increasing data traffic and bandwidth requirements, data center operators are accelerating the adoption of 400G and 800G optical communication technologies and are progressing toward higher transmission rates such as 1.6T and 3.2T. This trend is driving strong demand for high-speed optical modules, fiber array components, and related packaging technologies.

However, the evolution of high-speed interconnect standards also brings challenges in power consumption, thermal management, and system integration. As a result, optical communication architectures are shifting from traditional pluggable transceivers toward system-level integration, gradually moving toward Co-Packaged Optics (CPO). CPO integrates photonic components with Switch ASICs within a single package, effectively reducing power consumption, improving thermal efficiency, and minimizing system size, and has become a key direction for next-generation high-speed data center architectures. Under this trend, Silicon Photonics technology, with its advantages of high performance, low power consumption, and scalability, has rapidly become a focal point of the industry. The Executive Yuan has also promoted the Ten AI Initiatives Promotion Plan, allocating NT$190 billion over four years to key technologies such as cloud data centers and silicon photonics, thereby strengthening the domestic supply chain. According to Yole Group, driven by AI and high-performance computing (HPC) applications, the silicon photonics integrated circuit (PIC) market is projected to reach USD 613 million by 2028, with a compound annual growth rate (CAGR) of 44% from 2022 to 2028, indicating strong market growth momentum.

Overall, the expansion of data center scale, increasing bandwidth demand, and the adoption of next-generation optoelectronic packaging architectures are driving sustained and robust growth in the high-speed optical communications market.

4. Competitive advantages, development prospects, favorable and unfavorable factors, and response strategies

   (1) Capability in high reliability and high-quality products

   In the communications industry, any loss or degradation of data during transmission can lead to significant consequences; therefore, a high level of importance is placed on quality stability and product compatibility. Accordingly, the reliability and stability of optical communication equipment and components are of critical importance. As optical fiber communication offers extremely high bandwidth, the quality stability of passive optical communication components is a key factor in ensuring the performance of optical communication systems. This is particularly important in regions with stringent quality requirements, such as North America and Europe, as well as in the deployment of high-speed 5G systems. To differentiate itself in the market and avoid price-based competition, the Company continues to strengthen its mass production capabilities and has obtained TL 9000 certification. This further enhances the quality of its passive optical communication components and strengthens product competitiveness. In addition, certain products have obtained GR-326 certification from Telcordia (a U.S.-based telecommunications standards organization), enabling the Company to become one of the qualified suppliers of passive optical components for telecommunications equipment deployed by Verizon (a NYSE-listed telecommunications company in the United States). This demonstrates recognition of the Company's product quality by international customers.

   (2) Professional technical team

   The Company operates in a technology-intensive industry, and the recruitment and development of technical talent are critical factors in maintaining its competitiveness. With a highly experienced professional team, the Company is able to effectively apply and advance its technologies. Key members of the management team and core technical personnel possess over 20 years of relevant professional experience. The Company also places strong emphasis on intellectual property protection and has applied for multiple patents related to its technologies. In addition, it actively engages in industry–academia collaboration projects and provides a favorable working environment and employee benefits to retain talented personnel. Through continuous investment in talent development, the Company is committed to cultivating professional expertise and enhancing its overall competitiveness.

(3) Flexible production mix and process adaptability to meet customer requirements

As fiber optic communication components are increasingly customized, the Company must respond quickly to diverse, small-volume orders as well as orders with short lead times and fluctuating quantities. The Company therefore maintains highly flexible production scheduling and rapid process changeover capabilities. Together with its strengths in process integration and development, it is able to effectively meet customers' customization needs. In addition, the Company sources key raw materials from at least two qualified suppliers with stable partnerships, ensuring reliable supply quality and capacity to support urgent and diverse order requirements.

(4) Established marketing channels and key customer relationships

The Company maintains business relationships with major domestic telecommunications operators and has expanded its presence among international customers. Its silicon photonics packaging products are supplied to globally recognized customers. The Company continues to strengthen its global marketing capabilities and expand its sales network to reinforce its market position, enhance product value, and improve overall competitiveness.

5. Favorable and unfavorable factors for future development and corresponding strategies

Benefiting from the continued deployment of cloud data centers, the rise of emerging technologies such as Internet of Things, 5G, and AI, as well as the United States' active investment in fiber network infrastructure, demand for related infrastructure remains substantial. In addition, as AI-related opportunities continue to expand, silicon photonics co-packaged optics (CPO), with its advantages of high performance, low power consumption, and compact size, has become a key technology for the future of the semiconductor industry and is rapidly gaining attention in both academia and industry. Based on this context, the Company conducts a SWOT analysis, examining its strengths, weaknesses, opportunities, and threats, in order to identify and reinforce its competitive advantages.

Strengths

- Certified for GR-326 products and production lines

- Possesses key technologies and patents in silicon photonics packaging, having established an early-mover position in the industry
- High FA production yield with extensive mass production experience
- Strong R&D capabilities in active components, facilitating customer development and product integration

Weaknesses

- Talent shortages in the domestic market and intense competition for high-salary talent from the semiconductor industry, making recruitment and retention challenging
- Aging plant facilities and infrastructure, which may be less suitable for semiconductor-grade packaging equipment production

Opportunities

- Strong growth momentum in CPO, driving expansion in the component market
- AI development fueling a new wave of computing and communication innovation
- Active global deployment of data centers and increasing demand for high-speed broadband communication products

Threats

- U.S. technology export controls on China and geopolitical tensions creating trade barriers
- Increasingly stringent regulations on carbon emissions
- Ongoing international conflicts and slow economic recovery
- Risk of intellectual property infringement in silicon photonics development

Based on the analysis of the Company's strengths and weaknesses, as well as external opportunities and threats, the Company will adopt the following strategies to address market competition:

(1) Strengthen design and development capabilities at the Taiwan headquarters and enhance production capacity for silicon photonics (SiPh package) products

The Taiwan headquarters serves as the core of the Company's operations and development. In addition to continuously strengthening product and technology development, the Company reinforced the load-bearing capacity of the first floor of its facility and established cleanroom infrastructure in 2025. The Company will focus on building high-precision automated production lines for silicon photonics fiber array components, with mass production expected in 2026. In the future, medium- to long-term capacity planning will be carried out in line with market and technological developments.

(2) Strengthen supply chain resilience in response to changes in the manufacturing environment in China

In addition to increasingly stringent labor conditions and recruitment challenges in China, rising cross-strait tensions have led customers to seek alternative manufacturing locations. Accordingly, for both traditional passive optical components and silicon photonics packaging services, the Company continues to invest in automation equipment development while initiating the establishment and construction of a new plant in Thailand. These preparations and deployments are being made in advance to mitigate potential future risks.

(3) Focus resources on global key customers and secure stable orders through strategic partnerships

Building on a stable business foundation, the Company will focus its resources on maintaining strong strategic relationships with global key customers and concentrate on key products such as MPO patch cords. The Company continues to enhance its capabilities, including obtaining professional certifications for products and production lines, and participating in the development of high-specification products in collaboration with customers. Through joint product development, the Company aims to secure stable and planned orders, optimize production resources, and maximize capacity utilization.

(4) Continue investing in automation equipment development to reduce reliance on manual labor

Due to the high labor costs in Taiwan and the relative difficulty in recruiting production personnel, the Company continues to invest in the development of automated production equipment to reduce dependence on skilled labor. Through process redesign, it aims to minimize barriers associated with customized requirements. By leveraging new technologies and AI, the Company seeks to implement intelligent manufacturing solutions. In 2026, continued investments will be made in automation for MPO and FAU production, as well as in the optimization and performance enhancement of silicon photonics packaging alignment equipment, thereby strengthening competitive advantages.

(5) Cultivate high-quality R&D talent and enhance R&D capabilities

In addition to strengthening recruitment channels, the Company actively engages in industry–academia collaboration, enabling students to participate in relevant technologies and operations at an early stage as part of its long-term talent development strategy. The Company will also improve the working environment and continuously optimize compensation and incentive systems, including the use of employee stock options, to retain outstanding talent.

(6) Promote green manufacturing and strengthen intellectual property strategy

While advancing production automation, the Company will further optimize energy efficiency to avoid significant increases in greenhouse gas emissions and minimize environmental impact. In addition, with respect to patent portfolio management and the mitigation of infringement risks, the Company will continue to pursue patent applications and strengthen its patent portfolio, and will work with patent firms to conduct regular infringement risk assessments to ensure adequate protection of intellectual property arising from its technological developments. Furthermore, the

Company will continue to strengthen controls over information systems and document management to ensure that trade secrets are properly safeguarded.

(7) Strengthen security monitoring and information security

Through the renovation of cleanrooms and facility floors, the Company will simultaneously upgrade its security systems by implementing more comprehensive access control and surveillance measures to ensure the safety and proper management of personnel and materials. In terms of information security, the Company will promote a zero-trust architecture, replace outdated IT and communication equipment, and complete ISO 27001 certification, thereby enhancing its information security capabilities to align with the standards of leading semiconductor companies.

(II) Major product applications and production processes

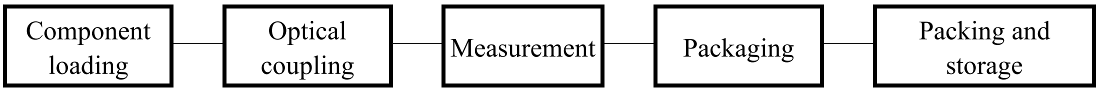
1. Key applications of major products

Major Products	Applications
Optical fiber components and modules	Used in signal transmission paths of optical communication systems or equipment, serving as components for connection, splitting, wavelength multiplexing/demultiplexing, and signal attenuation, as well as modules for signal transmission, reception, and monitoring.
Silicon photonics packaging products	Applied in optical communication chip packaging, silicon photonics component packaging, and packaging for optical MEMS and automotive electronic chips.

2. Production process of major products

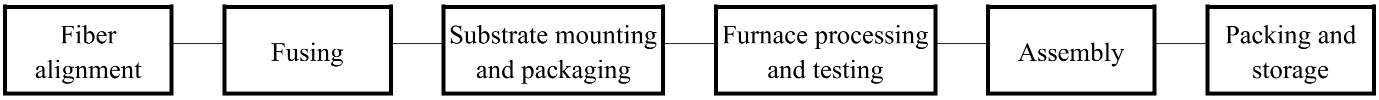
The Company's principal products include passive optical components and integrated optical fiber transmission modules manufactured in accordance with customer requirements. Based on different manufacturing processes, passive optical components can be further classified into five major categories. The production flowcharts for these products are illustrated below:

Silicon Photonics Packaging

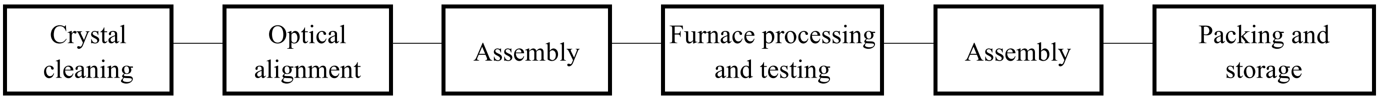


Optical Fiber Connector Components

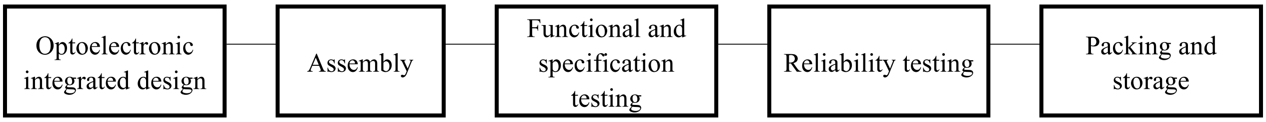
Optical Fiber Fused Components



Micro-Optical Components



Optical Fiber Transmission Modules



(III) Supply status of major raw materials

Major Procurement Items	Major Suppliers	Supply Status
Passive optical components	APOLLO, US Conec, Sanwa, Senko, Ningbo Doppler	Good and stable
Optical fibers and cables	Corning, TMC, YOFC, OFS, Youngan Optics, LLC, Baylite	Good and stable
Optical components	HOYA, GRANOPT, Corning, Apogee	Good and stable
Active optical component products	II- VI, Broadcom, Macom	Good and stable
Others (metal parts, springs, ceramic ferrules)	Chaozhou Three-Circle, Senko, Hon Hai Precision	Good and stable
SiPh components	Himax, Senko	Good and stable

(IV) Explanation of significant changes in major purchases and sales in the most recent two years

1. Suppliers accounting for 10% or more of total purchases in any of the past two years, including their purchase amounts and percentages

Unit: NT$ thousand

Item	2025				2024			
	Name	Amount	Percentage of Total Annual Net Purchases (%)	Relationship with the Company	Name	Amount	Percentage of Total Annual Net Purchases (%)	Relationship with the Company
1	Company A	310,216	27.08	None	Company S	217,410	30.32	None
2	Company S	205,319	17.92	None	Company T	81,920	11.43	None
—	Others	629,934	55.00	-	Others	417,674	58.25	-
—	Net purchases	1,145,469	100	-	Net purchases	717,004	100	-

Explanation of changes: The variations were primarily due to increased customer order demand and the activation of second-source suppliers, resulting in changes in the supplier mix.

2. Customers accounting for 10% or more of total sales in any of the past two years, including their sales amounts and percentages

Unit: NT$ thousand

Item	2025				2024			
	Name	Amount	Percentage of Total Annual Net Sales (%)	Relationship with the Company	Name	Amount	Percentage of Total Annual Net Sales (%)	Relationship with the Company
1	Company C	1,327,446	70.16	None	Company C	975,971	71.56	None
—	Others	564,548	29.84	-	Others	387,906	28.44	-
—	Net sales	1,891,994	100.00	-	Net sales	1,363,877	100.00	-

Explanation of changes: The Company's principal products are passive optical communication components. In recent years, its major customers have primarily consisted of domestic and international manufacturers of optical communication modules, optical communication equipment manufacturers , and distributors. Variations in sales amounts are mainly attributable to changes in customer demand.

III Number of employees, average years of service, average age, and educational distribution for the most recent two years and as of the date of publication of the annual report

Unit: persons; %

Year		2024	2025	March 30, 2026
Number of employees (persons)	Managerial Officers	21	27	28
	Engineers	113	107	117
	Administrative personnel	139	134	153
	Production line employees	194	265	251
	Total	467	533	549
Average age		37.64	36.54	35.78
Average years of service		7.75	5.93	4.34
Educational distribution (%)	Ph.D.	0.31%	0.38%	0.36%
	Master's degree	10.19%	12.00%	11.84%
	College/University	28.70%	39.59%	42.45%
	High school (and below)	60.80%	48.03%	45.35%

IV Environmental protection expenditures

1. 1. Description of the status of applications for pollution control facility installation permits or pollution discharge permits, payment of pollution control fees, and

establishment of environmental protection personnel as required by applicable laws and regulations:

The Company does not generate significant sources of pollution in its production processes. However, in response to potential regulatory changes, the Company has designated environmental protection personnel and conducts regular reviews of regulatory updates to assess any potential impact on its operations. The Company is not subject to any requirement to obtain pollution-related installation, operation, or emission permits that have not been obtained.

2. Investment in major environmental pollution control equipment, its purpose, and expected benefits: None.
3. Environmental improvement efforts and any pollution disputes in the most recent two years and as of the date of publication of the annual report: None.
4. Losses incurred due to environmental pollution in the most recent two years and as of the date of publication of the annual report (including compensation and violations identified in environmental protection inspections, specifying the date of penalty, reference number, violated provisions, description of violations, and penalties imposed), as well as estimated amounts of current and future potential losses and corresponding measures, or an explanation if such amounts cannot be reasonably estimated: None.
5. Current pollution status and its impact on the Company's earnings, competitive position, and capital expenditures, as well as any significant planned environmental protection capital expenditures for the next two years: None.

V Labor–Management Relations

(I) Employee welfare, continuing education and training, retirement system and their implementation, as well as labor–management agreements and measures for safeguarding employee rights

1. Employee welfare measures

In addition to complying with the Labor Standards Act and related regulations, the Company provides group insurance and regular health checkups for employees. An Employee Welfare Committee has also been established to coordinate employee welfare programs. In addition to providing subsidies for marriage, bereavement, hospitalization, and childbirth, the Company organizes domestic and overseas travel and other welfare activities from time to time to enhance employees' well-being. The Company has also entered into agreements with medical institutions, whereby on-site physicians and nurses provide health consultations and implement health promotion programs.

2. Continuing education and training

The Company periodically organizes internal management and professional training programs. In addition, employees are assigned, as needed, to participate in courses and training programs offered by external institutions, with the aim of enhancing their professional capabilities and core competencies, and establishing comprehensive training and development channels.

Employee education and training data for 2025

Item	Total Number of Participants	Total Hours (hours)	Total Cost (NT$)
Professional on-the-job training	392	1,299	162,056
New employee training	392	539	6,274
Fire safety training	450	843	29,300
Occupational safety and health training	223	474.5	7,422
Other on-the-job training	971	1,043.5	0
Total	2,428	4,199	205,052

3. Retirement system and its implementation

In 2021, in accordance with the Labor Standards Act and the Labor Pension Act, the Company reached agreements with employees who had accrued service years under the old pension system to settle such service years. Approval from the Trust Department of the Bank of Taiwan was obtained on September 8, 2021.

Since the implementation of the Labor Pension Act on July 1, 2005, all employees of the Company have elected to participate in the new pension system. In accordance with the Labor Pension Act, the Company contributes no less than 6% of each employee's monthly wages to their individual pension accounts and handles all retirement-related matters in compliance with applicable regulations.

4. Labor-management agreements and employee rights protection measures

The Company had always emphasized humane management. For labor-management issues, it had employed multiple channels of communication, and routinely placed importance on employee benefit and on two-way communication with employee. Therefore, labor-management relations were very harmonious, and no major labor-management disputes occurred. The Company places great emphasis on people-oriented management and adopts multiple communication channels to address labor–management issues. It consistently values employee welfare and promotes two-way communication, resulting in harmonious labor–management relations with no material labor disputes to date. The Company will continue to enhance its welfare measures and hold regular labor–management meetings to further strengthen relations and minimize the likelihood of disputes.

5. Employee work environment and personal safety protection measures

Guided by its commitment to sustainable operations and corporate social responsibility, the Company places strong emphasis on environmental protection and employee safety. The relevant management systems and measures include:

A. Complying with applicable laws and regulations and customer requirements, and conduct periodic reviews of management measures.
B. Establishing pollution prevention equipment and measures in accordance with regulations.
C. Complying with RoHS requirements and implementing environmental control measures to ensure that raw materials supplied by vendors meet relevant standards.
D. Implementing rigorous workplace environmental monitoring.
E. Establishing an occupational safety office and assigning dedicated personnel to oversee occupational safety matters.
F. Conducting regular inspections and maintenance of fire safety equipment.
G. Providing periodic employee health examinations.

(II) Losses incurred due to labor disputes in the most recent year and as of the date of publication of the annual report (including violations of the Labor Standards Act identified in labor inspections, specifying the date of penalty, reference number, violated provisions, description of violations, and penalties imposed), as well as estimated amounts of current and future potential losses and corresponding measures, or an explanation if such amounts cannot be reasonably estimated: None.

VI Information security management

(I) Description of the information security risk management framework, policies, specific management measures, and resources invested in information security management:

1. Information security risk management framework

The Company established an Information Security Committee on August 6, 2021, with the Head of Information (Chief Information Officer) serving as the convener. The Committee is responsible for reviewing the "Information Security Management Policy" and for planning, supervising, and promoting the implementation of the information security management system. Its scope of responsibilities includes information identification, detection, response, protection, recovery, and governance, with the aim of enhancing the Company’s information security capabilities. The Company formulates and periodically reviews its information security policies, including incident reporting and response mechanisms, and regularly communicates these policies to employees. These efforts help improve the efficiency and quality of information operations while achieving effective prevention and corrective control.

2. Information security policy

The Company is committed to protecting its information assets from threats such as unauthorized use, leakage, alteration, theft, and damage, and to minimizing any potential impact or harm to its business operations. In accordance with applicable government regulations, the Company has established internal policies such as Trade Secret Management Regulations and Personal Data Protection Management Regulations. It also continuously monitors and analyzes the latest information security–related laws and regulations in order to formulate or revise relevant management policies.

The Company's information security policy focuses on enhancing employee awareness and capabilities, preventing data leakage, strengthening routine operations and maintenance, and ensuring service availability.

3. Specific information security management measures and resources invested:
    - A. Strengthen the security of internal systems, and enhance remote access management, data backup, and offline backup mechanisms.
    - B. Upgrade and replace legacy systems to enhance information security levels, mitigate ransomware threats, and disable unnecessary services.
    - C. Provide regular information security training for all employees to enhance awareness and promote compliance with security policies.
    - D. Enter into agreements with Chunghwa Telecom to protect the Company from external cyberattacks.
    - E. Engage external IT service providers to conduct periodic network security assessments and promptly remediate potential risks.
    - F. Provide information security training to new employees on their first day to ensure understanding of relevant policies, and regularly communicate security controls and major incidents to reinforce awareness.
    - G. Participate in the government-sponsored cybersecurity defense programs of Science Park ISAC and TW-ISAC.
    - H. The information security unit conducts phishing simulations from time to time and provides follow-up information security awareness training to employees who fall for the tests.
    - I. Actively invest in information security resources and infrastructure, including firewall reconfiguration, deployment of EDR and MDR solutions, enhancement of the security environment, and implementation of document encryption systems.
    - J. Regularly participates in technical courses on information security and cybersecurity offense and defense to enhance cybersecurity capabilities.
    - K. In Q4 2025, the Company initiated the ISO 27001 project aimed at enhancing compliance and optimizing information governance.

Through the above information security planning and implementation, the Company continues to strengthen its cybersecurity defenses, safeguard its digital assets, and establish a secure and sustainable digital operating environment.

(II) Losses, potential impacts, and response measures arising from material information security incidents in the most recent year and as of the date of publication of the annual report, or an explanation if such amounts cannot be reasonably estimated: None.

VII Material contracts

Type of Contract	Counterparty	Contract Term	Key Terms	Restrictions
Land lease agreement	Hsinchu Science Park Administration	2026/3/15~ 2036/3/14	1. Lease of a parcel of public land within the science park by the Company. 2. Rent is payable monthly. During the lease term, if the government adjusts land value, the rent will be adjusted accordingly; however, amounts already paid will neither be retroactively charged nor refunded.	None
Consortium project cooperation agreement	Taipei Computer Association	2024/9/1~ 2027/8/31	MOEA R&D Project – IC Design Advancement Subsidy Program	-
Project agreement	Taipei Computer Association	2025/3/1~ 2027/2/28	MOEA R&D Project – A+ Enterprise Innovation R&D Program	-

Chapter 5 Review and Analysis of Financial Status and Performance and Risk Matters

I Financial Status

(I) Comparative Analysis of Consolidated Financial Position

Unit: NT$ thousand; %

Item \ Year	2025	2024	Variance	
			Amount	%
Current assets	2,207,389	2,141,288	66,101	3.09%
Property, plant and equipment	647,424	485,106	162,318	33.46%
Other assets	302,266	340,834	(38,568)	(11.32%)
Total assets	3,157,079	2,967,228	189,851	6.40%
Current liabilities	521,974	347,215	174,759	50.33%
Non-current liabilities	86,013	89,377	(3,364)	(3.76%)
Total liabilities	607,987	436,592	171,395	39.26%
Share capital	1,036,406	1,036,406	0	0%
Capital surplus	1,463,952	1,439,857	24,095	1.67%
Retained earnings	273,488	276,086	(2,598)	(0.94%)
Total equity	2,549,092	2,530,636	18,456	0.73%
Note: 1. The increase in property, plant and equipment was mainly due to increased capital expenditures. 2. The increase in current liabilities was mainly due to increases in accounts payable for purchases and payables for capital expenditures on equipment. 3. The increase in total liabilities was primarily attributable to the increase in current liabilities.				

(II) Comparative Analysis of Parent Company Financial Position

Unit: NT$ thousand; %

Item \ Year	2025	2024	Variance	
			Amount	%
Current assets	1,821,678	1,889,581	(67,903)	(3.59%)
Property, plant and equipment	584,232	435,866	148,366	34.04%
Other assets	600,049	631,074	(31,025)	(4.92%)
Total assets	3,005,959	2,956,521	49,438	1.67%
Current liabilities	381,301	347,941	33,360	9.59%
Non-current liabilities	75,566	77,944	(2,378)	(3.05%)
Total liabilities	456,867	425,885	30,982	7.27%
Share capital	1,036,406	1,036,406	0	0%
Capital surplus	1,463,952	1,439,857	24,095	1.67%

Retained earnings	273,488	276,086	(2,598)	(0.94%)
Total equity	2,549,092	2,530,636	18,456	0.73%
Note: The increase in property, plant and equipment was mainly due to increased capital expenditures.				

II Financial Performance

(I) Analysis of Operating Results for the Most Recent Two Years (Consolidated)

Unit: NT$ thousand; %

Year Item	2025	2024	Increase (Decrease)	% Change
Net operating revenue	1,891,994	1,363,877	528,117	38.72%
Operating costs	1,537,079	1,184,721	352,358	29.74%
Gross profit	354,915	179,156	175,759	98.10%
Operating expenses	354,427	272,532	81,895	30.05%
Operating income (loss)	488	(93,376)	93,864	(100.52%)
Non-operating income and expenses	22,324	36,844	(14,520)	(39.41%)
Profit (loss) before tax	22,812	(56,532)	79,344	(140.35%)
Income tax expense (benefit)	6,618	(8,260)	14,878	(180.12%)
Net income (loss)	16,194	(48,272)	64,466	(133.55%)

Analysis of changes:

1. The increases in net operating revenue, operating costs, and gross profit were mainly attributable to an improved product mix and higher gross margin.
2. The increase in operating expenses was mainly attributable to continued investment in innovation in the field of silicon photonics, with resources increasingly focused on R&D projects that enhance core competitiveness and have clear commercialization prospects.
3. The reduction in operating loss was mainly attributable to the increase in gross profit.
4. The decrease in non-operating income and expenses was mainly attributable to a reduction in foreign exchange gains due to exchange rate fluctuations.
5. The increase in profit before tax was mainly attributable to the increase in operating income.
6. The decrease in income tax benefit was mainly attributable to the increase in profit before tax.
7. The increase in net income was mainly attributable to the increase in profit before tax.

(II) Analysis of Operating Results for the Most Recent Two Years (Parent Company)

Unit: NT$ thousand; %

Year Item	2025	2024	Increase (Decrease)	% Change
Net operating revenue	1,757,503	1,314,337	443,166	33.72%
Operating costs	1,447,154	1,190,316	256,838	21.58%

Realized/Unrealized gain (loss) on sales	(642)	(1,178)	536	(45.50%)
Gross profit	310,991	125,199	185,792	148.40%
Operating expenses	327,741	244,079	83,662	34.28%
Operating income (loss)	(16,750)	(118,880)	102,130	(85.91%)
Non-operating income and expenses	33,867	50,737	(16,870)	(33.25%)
Profit (loss) before tax	17,117	(68,143)	85,260	(125.12%)
Income tax expense (benefit)	923	(19,871)	20,794	(104.64%)
Net income (loss)	16,194	(48,272)	64,466	(133.55%)

Analysis of changes:

1. The increases in net operating revenue, operating costs, and gross profit were mainly attributable to an improved product mix and higher gross margin.
2. The increase in realized/unrealized loss on sales was mainly attributable to intercompany sales between the parent and its subsidiaries.
3. The increase in operating expenses was mainly attributable to continued investment in innovation in the field of silicon photonics, with resources increasingly focused on R&D projects that enhance core competitiveness and have clear commercialization prospects.
4. The reduction in operating loss was mainly attributable to the increase in gross profit.
5. The decrease in non-operating income and expenses was mainly attributable to a reduction in foreign exchange gains due to exchange rate fluctuations.
6. The increase in profit before tax was mainly attributable to the increase in operating income.
7. The increase in income tax expense was mainly attributable to the increase in profit before tax.
8. The increase in net income was mainly attributable to the increase in profit before tax.

(III) Expected sales volume and basis thereof, and the potential impact on the Company’s future financial and operating performance, as well as the Company’s response plans:

The expected sales volume is determined based on market demand conditions and development trends, taking into consideration customers’ estimated order volumes for the coming year and the Company’s production capacity.

III Cash Flows

(I) Analysis of changes in cash flow ratios for the most recent year

Unit: %

Year Item	2025	2024	Increase (Decrease) (%)
Cash flow ratio (%)	(3.34)	20.08	(116.6%)
Cash flow adequacy ratio (%)	54.92	82.82	(33.7%)
Cash reinvestment ratio (%)	(0.60)	0.74	(181.1%)

Analysis of changes in ratios: The decreases in the cash flow ratio and cash reinvestment ratio were mainly attributable to a decline in net cash inflows from operating activities.

Notes: Cash flow ratio = Net cash flows from operating activities / current liabilities.

Adequacy ratio of net cash flows = Net cash flows from operating activities for the most recent five years / (capital expenditures + increase in inventories + cash dividends for the most recent five years).

Cash reinvestment ratio = (Net cash flows from operating activities − cash dividends) / (gross property, plant and equipment + long-term investments + other assets + working capital).

Consolidated cash flow movements for 2025:

Unit: NT$ thousand

Beginning cash balance	Net cash flows from operating activities for the year	Net cash flows from investing and financing activities for the year	Ending cash balance	Liquidity improvement plans	
				Investment plan	Financial management plan
1,469,741	(17,452)	(40,317)	1,411,972	—	—

Analysis of consolidated cash flow movements for 2025:

1. Operating activities: Mainly due to an increase in inventories, resulting in cash outflows from operating activities.
2. Investing activities: Mainly due to increased purchases of property, plant and equipment during the year, resulting in cash outflows from investing activities.
3. Financing activities: Mainly due to an increase in short-term borrowings, resulting in cash inflows from financing activities.

(II) Liquidity improvement plan: The Company currently has no issues with insufficient liquidity.

(III) Cash liquidity analysis for the coming year:

The Company expects stable growth in its business over the next year. In the event of any cash shortfall from operating activities, the Company plans to address such needs through a cash capital increase, private placement of common shares, and bank financing.

IV Impact of major capital expenditures on financial and operating performance in the most recent year

In 2025, consolidated capital expenditures (including prepayments for equipment) amounted to approximately NT$ 218,854 thousand. The funds were sourced from internal funds and were used for the purchase of R&D and machinery equipment to support the Company’s operational planning and development needs.

V Investment policy for the most recent fiscal year; the primary causes of its profits or losses; the improvement measures implemented; and investment plans for the upcoming one-year period.

(I) Investment policy: In line with the Company’s business strategy and operational needs, investments are primarily held on a long-term basis.

(II) Main reasons for profits or losses from investees in the most recent year and improvement plans

Unit: NT$ thousand

Investee	Investment amount	Policy	Share of profit or loss of investee (most recent year)	Main reasons for profit or loss	Improvement plan
FIOPTEC Inc.	USD 6,866	Investment holding company for establishing production bases in Mainland China	(NTD 5,910)	Mainly due to recognition of liquidation losses of Jiangxi FOCI.	—
FOCI (Thailand) Co., Ltd.	THB 110,500	Production and marketing base in Southeast Asia	(NTD 3,260)	Mainly due to operating costs during the initial stage, resulting in a slight loss.	—
Shanghai FOCI Fiber Optic Communications, Inc.	USD 5,200	Production base and marketing base in Mainland China	NTD 14,050	Mainly due to a favorable product mix in customer orders.	—
Jiangxi FOCI Telecommunications Technology Co., Ltd.	—	Production base	(NTD 276)	Mainly due to operating costs incurred during the liquidation period.	—
Zhongshan FOCI Fiber Optic Communications, Inc.	RMB 20,000	Production base	(NTD 13,822)	Mainly affected by product mix.	—

(III) Investment plans for the coming year: The Company has no plans for investments in 2026.

VI Risk Management Analysis

(I) Impact of changes in interest rates, exchange rates, and inflation on the Company's profit or loss and corresponding response measures

1. Interest rate risk:
   In 2025 and 2024, the Company's interest expenses amounted to NT$ 8,134 thousand and NT$ 2,603 thousand, respectively, representing 0.43% and 0.19% of consolidated net operating revenue for the respective years. As the proportions are not significant, fluctuations in interest rates have no material impact on the Company. Going forward, the Company will adjust its capital utilization in response to changes in interest rates offered by financial institutions to mitigate the impact of such fluctuations on its profit or loss. In addition, the Company will make appropriate use of capital market financing instruments to reduce funding costs.

2. Exchange rate risk:

Unit: NT$ thousand

Year Item	2025	2024
Foreign exchange (loss) gain (1)	(7,667)	19,194
Operating revenue (2)	1,891,994	1,363,877
Operating income (3)	488	(93,376)
(1)/(2)	(0.41%)	1.41%
(1)/(3)	(1,571.11%)	(20.56%)

In 2025 and 2024, the Company recorded foreign exchange (losses) gains of (NT$ 7,667 thousand) and NT$ 19,194 thousand, respectively, representing (0.41%) and 1.41% of net operating revenue. The Company's purchase and sales transactions are primarily denominated in New Taiwan dollars and U.S. dollars, with most transactions conducted in U.S. dollars, thereby providing a natural hedge against exchange rate fluctuations. The Company's policy in managing exchange rate risk is to focus on foreign exchange hedging that does not adversely affect the stable operation of its core business, rather than seeking to generate significant foreign exchange gains. Accordingly, in response to exchange rate fluctuations, the Company continuously monitors and collects information on foreign exchange market developments to better understand exchange rate trends. In addition, it strengthens the awareness of foreign exchange hedging among its finance personnel to ensure timely assessment and response to exchange rate movements.

3. Inflation risk:

As of the date of this report, inflation has not had a material impact on the Company's profit or loss. The Company closely monitors market price fluctuations, maintains good relationships with suppliers and customers, and adjusts product prices and raw material inventory levels as appropriate to mitigate the impact of inflation.

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

1. Since its establishment, the Company has focused on its core business operations and has not engaged in any high-risk or highly leveraged investment activities.
2. Status of lending of funds as of thepublication date of this annual report:

Unit: NT$ thousand

Lending Company	Borrower	Nature of Loan	Currency	Balance as of December 31, 2025	Balance as of the publication date of this annual report
Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	Working capital	CNY	15,000	11,000

3. As of the publication date of this annual report, the Company has provided endorsements and guarantees to its subsidiary, Shanghai FOCI, in the amount of RMB 8,000 thousand, and to its subsidiary, Zhongshan FOCI, in the amount of RMB 10,000 thousand.
4. As of the publication date of this annual report, the Company has not engaged in any derivatives trading.

(III) Future R&D plans and expected R&D expenditures

Technological innovation and research and development are fundamental to the Company's sustainable growth and long-term operations. Accordingly, the Company formulates annual R&D strategies and allocates corresponding R&D budgets to ensure its competitive advantages. Optical interconnect technology is one of the Company's key core competencies. The Company will continue to focus its R&D efforts on products and manufacturing technologies related to high-speed transmission interfaces, as well as the development of processes and components for silicon photonics co-packaged optics (CPO). In line with its strategic R&D direction, the Company will continue to develop relevant technologies and products this year. The planned development projects include:

1. Polarization-Maintaining Fiber Array (PM FA) Packaging Technology
   This product is used in coherent communication modules and can be applied to coherent optical modules for high-speed transmission at 100G and 400G. It is a passive component used in the optimal solutions for long-distance high-speed transmission. It can be applied in various components, including Micro-Integrable Tunable Laser Assembly (micro-ITLA), Coherent Driver Modulator (CDM), and Intradyne Coherent Receiver (micro-ICR). The coherent communication modules in which it is used can support transmission distances exceeding 1,000 km, making it a key passive component in leading-edge optical communication applications in recent years.
2. Co-Packaged Optics (CPO) Components and Process Development
   Photonics components are currently at a critical stage of transformation. As network speeds increase to 800 Gbps and beyond, pluggable optical modules face challenges in density and power consumption. Co-Packaged Optics (CPO) has emerged as a system integration solution urgently needed by the industry. This solution can be integrated with silicon photonics technology to deliver higher fiber counts, greater density, and higher transmission speeds. FOCI will continue to strengthen its technological leadership in high-fiber-count, high-density polarization-maintaining fiber array technologies, and will actively develop ReLFACon® (Reflowable Lensed Fiber Array Connector) products for applications in optical switches, HPC, AI, ML, LiDAR, and sensors. These products are designed to meet the process environment requirements of standard semiconductor packaging, providing a more comprehensive solution for silicon photonics co-packaging.
3. Development of Automated Manufacturing Equipment

Due to the requirements for product precision and reliability, particularly the increasing demand for miniaturized optical components such as FA and MT, as well as applications in high-speed transmission and silicon photonics packaging, the Company's existing equipment, processes, and production capacity are no longer sufficient to meet future market demand. The Company has collaborated with strategic partners to develop automated assembly and mass production equipment to rapidly enhance assembly capacity, ensure stable production, and reduce labor requirements and production costs. Since its establishment, the Company has continuously invested in the development of active and passive optical communication components, modules, and subsystem products and technologies, while also emphasizing the transfer of expertise. In addition, the Company engages in technical collaboration with professional academic institutions to enhance its capabilities, pursue innovation in technologies and processes, and develop new products. By integrating existing resources and talent for in-house development and maintaining ongoing investment in R&D, the Company aims to sustain its market competitiveness. It is expected that R&D expenses will continue to account for more than 8% of revenue to support the aforementioned technological development needs.

(IV) Impact of significant domestic and international policy and legal changes on the Company's financial and operating performance and corresponding response measures

The Company's operations are conducted in accordance with its internal policies and procedures and in compliance with relevant domestic and international laws and regulations. In recent years, the Company's operations have not been materially affected by changes in such policies or laws.

(V) Impact of technological changes (including information security risks) and industry developments on the Company's financial and operating performance and corresponding response measures

Driven by the increasing demand for high-speed data center infrastructure fueled by global cloud computing and artificial intelligence (AI), the Company has actively transformed from a traditional optical fiber manufacturer in recent years and has strategically expanded into silicon photonics (SiPh) and Co-Packaged Optics (CPO) technologies. Leveraging its high-precision optical fiber packaging and integration capabilities, the Company has established strong competitive barriers. The Company has successfully developed multiple key technologies and has become an important part of the high-speed interconnect supply chain for data centers. In addition, building on its existing design and manufacturing capabilities for optical communication components, the Company continues to invest in the automated production of advanced optical interconnect components and modules to capture emerging industry opportunities.

In response to the increasing frequency of cyberattacks, the Company has proactively strengthened its information security measures. In addition to deploying various security defense systems and mechanisms, the Company is promoting ISO 27001 information security management system certification and implementing a zero trust initiative to further enhance information security governance. The Company has also established and regularly reviews its information security policies, including incident reporting and response mechanisms, and conducts regular employee awareness programs to improve operational efficiency and quality, as well as to enhance preventive and corrective capabilities, thereby effectively controlling and mitigating cybersecurity risks.

(VI) Impact of changes in corporate image on crisis management and corresponding response measures: There have been no material changes in the Company's corporate image in the most recent year.

Since its establishment, the Company has adhered to prudent and integrity-based management principles, and has continuously strengthened its internal management and enhanced its quality management capabilities to build a strong corporate image. The Company also seeks to attract outstanding talent to join its team, thereby reinforcing its management strength and contributing its achievements back to society. In the most recent year and the application year, the Company has maintained a positive corporate image. There have been no adverse reports affecting its reputation in the market, and the Company has established a professional image in the field of silicon photonics packaging. Going forward, while pursuing the maximization of shareholders' and employees' interests, the Company will also continue to fulfill its corporate social responsibilities.

(VII) Expected benefits, potential risks, and response measures for mergers and acquisitions: None.

(VIII) Expected benefits, potential risks, and response measures for plant expansion

The Company plans to expand the cleanroom facilities at its Hsinchu Science Park plant to meet the mass production requirements of silicon photonics products, and to strengthen the development of its production lines in Thailand in response to geopolitical risks. To address potential engineering risks, the Company will comply with relevant regulatory filing requirements and adhere to applicable occupational safety and health regulations and other public safety requirements to ensure that construction is completed on schedule and in accordance with required quality standards.

(IX) Risks arising from concentration in procurement or sales and corresponding response measures

1. Risks arising from concentration in procurement and corresponding response measures: To reduce production costs, enhance competitiveness, and better serve customers, the Company primarily adopts an outsourced manufacturing model, contracting production to its wholly owned subsidiaries, Shanghai FOCI Fiber Optic Communications, Inc. and Zhongshan FOCI Fiber Optic Communications, Inc. In line with the Group's overall operational planning, the Taiwan parent company focuses on order acquisition and R&D, while centrally managing procurement of raw materials and allocating them to the Shanghai and Zhongshan subsidiaries for production. In addition, for each raw material,

the Company adopts a procurement policy of maintaining at least two suppliers and diversifying sourcing channels. Therefore, there is no significant risk of over-concentration in procurement. The Company also maintains strong relationships with its suppliers to ensure a stable supply.

2. Risks arising from concentration in sales and corresponding response measures

   The Company focuses on serving internationally recognized major customers, concentrating resources to enhance value-added services and customer loyalty. It will continue to develop multiple large customers to replicate successful experiences and expand its business reach, thereby strengthening its market position. Leveraging its strong R&D and manufacturing capabilities, the Company maintains long-term relationships with existing customers while actively developing new customers to expand and diversify its revenue sources. As a result, customer concentration does not pose a material risk to the Company's stable growth.

(X) Impact, risks, and response measures associated with significant changes in shareholdings or transfers of shares by Directors, Supervisors, or major shareholders holding more than 10% of the Company's shares

The Company's major shareholders provide strong support for the Company's operations and management, and the shareholdings of Directors, Supervisors, and shareholders holding more than 10% are reported in accordance with applicable securities regulations. As of the publication date of this annual report, there have been no significant transfers or changes in shareholdings; therefore, no material impact on the Company has been identified.

(XI) Impact, risks, and response measures related to changes in control

As of the publication date of this annual report, there have been no changes in control of the Company; therefore, this is not applicable.

(XII) For litigation or non-litigation matters, the Company, its Directors, Supervisors, President, de facto responsible persons, and major shareholders holding more than 10% of the shares should be listed; for subsidiary companies, any significant litigation, non-litigation, or administrative disputes that have been adjudicated or are still pending, the outcome of which may have a significant impact on shareholders' equity or securities prices, the facts of the dispute, the amount in dispute, the date of commencement of the litigation, the main parties involved, and the status of the handling up to the publication date of the annual report should be disclosed: None.

(XIII) Other significant risks and corresponding response measures: None.

VII Other important matters

Information security and management measures

The Company has established information security policies to create a secure environment for its computer networks and information systems, thereby protecting its intellectual property and customers' confidential information.

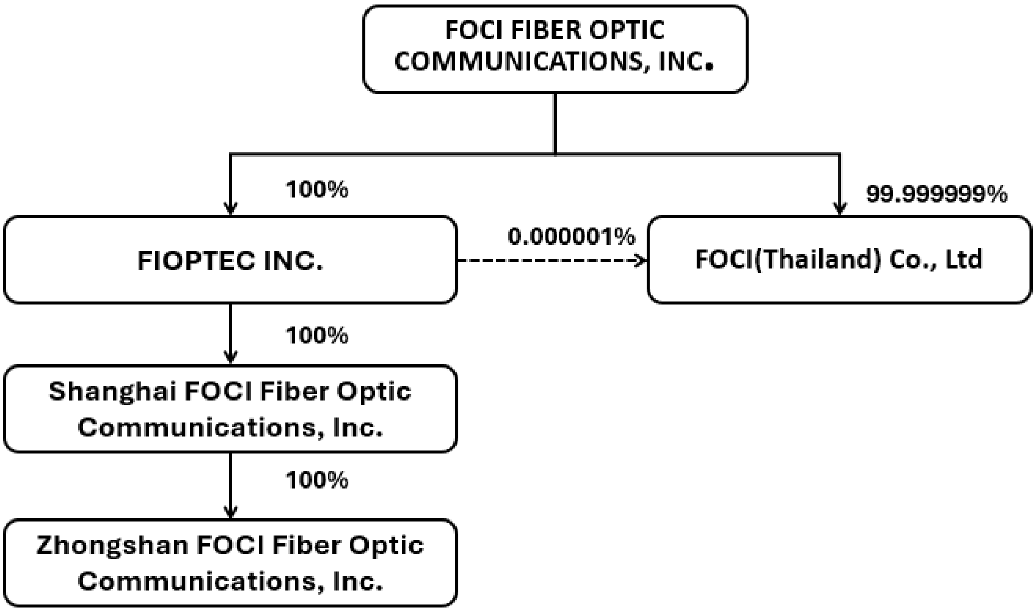
In response to the increasing incidence of cyberattacks and data breaches, the Company has implemented security control mechanisms for its computer network systems to ensure the security of data transmission, safeguard network operations, and prevent unauthorized system access and potential leakage of confidential information. For inter-company network systems, the Company has strengthened network security management. Internally, antivirus software is installed, and external network firewalls are deployed to prevent the intrusion of computer viruses and malicious software that could disrupt the Company's network systems. The Company also promotes the proper use of licensed software among employees and enhances their awareness of cybersecurity threats and email security practices, thereby strengthening information security awareness and integrating it into daily operations.

Chapter 6 Other items deserving special mention

I Information on affiliates

(I) Consolidated business report of affiliates

1. Organizational chart of affiliates



2. Basic information of each affiliate

December 31, 2025; Unit: in thousands

Company name	Date of incorporation	Address	Paid-in capital	Main business/products
FIOPTEC INC.	1998.08.28	4th Floor,Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands	USD6,866	Investment holding
Shanghai FOCI Fiber Optic Communications, Inc.	1999.11.13	No.8, Qiu Jing Rd., Jiu Ting Economic Development Zone, SongJiang, Shanghai, China	USD5,200	Manufacturing and processing of fiber optic passive components, including patch cords, pigtails, couplers, testers, switches, optical controllers, fiber optic communication equipment and facilities, and related components, as well as the provision of consulting and technical services and the sale of the Company's own products.
Zhongshan FOCI Fiber Optic Communications, Inc.	2016.08.02	301 of 3rd floor, 4th floor and 502 of 5th floor, No. 18-2, Zhiye Rd, Torch Hi-tech Industrial Development Zone, Zhongshan, China	CNY20,000	
FOCI(Thailand) Co., Ltd.	2025.07.04	7/460 Moo 6, Tambol Mabyangporn, Amphur Pluakdaeng, Rayong Province, Thailand	THB 110,000	

3. Entities presumed to have a controlling and subordinate relationship in accordance with Article 369-3 of the Company Act: None.

4. Industries covered by the overall business operations of the affiliates:
The Company and its affiliates are primarily engaged in investment holding and optical communications businesses, mainly involving the design, manufacturing, and sales of optical fiber components, optical fiber modules, and integrated systems.

5. Information on Directors, Supervisors, and Presidents of each affiliate

December 31, 2025; Unit: shares; %

Name of Affiliate	Title	Name or Representative	Shareholdings	
			Shares	Shareholding Ratio %
FIOPTEC INC.	Director	Song-fure Lin	–	–
Shanghai FOCI Fiber Optic Communications, Inc. (Note)	Director	Song-fure Lin	–	–
	Director	Chun-ying Kung	–	–
	Director	Chien-Hsing Kao	–	–
	President	Chun-ying Kung	–	–
Zhongshan FOCI Fiber Optic Communications, Inc. (Note)	Director	Chun-ying Kung	–	–
	President	Chun-ying Kung	–	–
FOCI(Thailand) Co., Ltd	Director	Chun-ying Kung	–	–
	Director	Shy-jge Wang	–	–

Note: As a limited company, no shares have been issued.

6. Operating overview of each affiliate

December 31, 2025; Unit: in thousands (except EPS, expressed in NT$)

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Profit (loss) for the period (after tax)	Earnings per share
FIOPTEC INC.	USD6,866	225,315	0	225,315	0	0	(5,910)	N/A
Shanghai FOCI Fiber Optic Communications, Inc.	USD5,200	370,707	145,402	225,305	477,756	34,045	14,050	N/A
Zhongshan FOCI Fiber Optic Communications, Inc.	CNY20,000	295,744	217,891	77,853	1,000,380	(13,534)	(13,822)	N/A
FOCI(Thailand) Co., Ltd	THB110,000	123,254	16,618	106,636	0	(2,951)	(3,260)	N/A

(II) Consolidated financial statements of affiliates: Please refer to Attachment 1, Consolidated Financial Statements for 2025.

(III) Affiliation report: Not applicable.

II Status of private placement of securities in the most recent year and as of the date of publication of this annual report

On February 20, 2025, the Board of Directors resolved to conduct a private placement of common shares for 2025:

Item	Private Placement in 2025 Issuance Date: Not issued
Type of privately placed securities	Common shares
Date and amount approved by the shareholders' meeting	Date of shareholders' meeting approval: May 23, 2025 Approved amount: Within a limit of not more than 10,000 thousand shares, to be issued in one to three tranches within one year from the date of the shareholders' meeting resolution.
Basis for and reasonableness of pricing	The offering price shall be set at no less than 80% of the higher of the following two benchmark prices: 1. The simple arithmetic average closing price of common shares for one, three, or five business days prior to the pricing date, adjusted for ex-rights and ex-dividends, and adding back the post-capital reduction price adjustment. 2. The simple arithmetic average closing price of common shares for thirty business days prior to the pricing date, adjusted for ex-rights and ex-dividends, and adding back the post-capital reduction price adjustment. 3. The actual pricing date and private placement price shall be determined by the Board of Directors within the range approved by the shareholders' meeting based on negotiations with specific investors.
Method of selecting specific investors	1. The private placement targets shall be limited to specific persons as defined under Article 43-6 of the Securities and Exchange Act and Financial Supervisory Commission (FSC) Order No. 1120383220 issued on September 12, 2023. The selected investors must be strategic investors. 2. To support the Company's operational development, the Company will select individuals or entities that can contribute to enhancing its technology, product development, cost reduction, market expansion, or customer relations. Through their experience, technology, knowledge, reputation, or distribution channels, the Company aims to strengthen its competitiveness, improve operational efficiency, and drive long-term growth.
Necessity for conducting the private placement	Considering the conditions of the capital market, fundraising timeliness, issuance costs, and the three-year transfer restriction on privately placed shares, a private placement is deemed more suitable for securing and strengthening long-term partnerships with strategic collaborators. The execution of this plan is expected to enhance the Company's competitiveness, improve operational efficiency, support long-term development, and maximize overall shareholder value.

Item	Private Placement in 2025 Issuance Date: Not issued
Date of completion of payment	Not issued
Information on subscribers	Not issued
Actual subscription (or conversion) price	Not issued
Difference between actual subscription (or conversion) price and reference price	Not issued
Impact of the private placement on shareholders' equity	Not issued
Utilization of funds and progress of the private placement plan	Not issued
Realization of benefits from the private placement	Not issued

Note: Pursuant to the resolution of the Board of Directors on February 26, 2026, the private placement proposal expired on May 22, 2026, and will therefore not be carried out.

III Shareholding or disposal of the company's shares by subsidiaries in the most recent year and as of the date of publication of this annual report

None.

IV Other necessary supplementary information

As of the date of publication of this annual report, the Company has no pending commitments related to its OTC listing.

Chapter 7 Situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None.

Attachment 1

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2025 AND 2024

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of FOCI FIBER OPTIC COMMUNICATIONS, INC. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2025 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of FOCI FIBER OPTIC COMMUNICATIONS, INC. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10. Additionally, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, FOCI FIBER OPTIC COMMUNICATIONS, INC. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,
FOCI FIBER OPTIC COMMUNICATIONS, INC.
By

Song-fure Lin, Chairman
February 26, 2026

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR25000390

To the Board of Directors and Shareholders of FOCI Fiber Optic Communications, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of FOCI Fiber Optic Communications, Inc. and subsidiaries (the "Group") as at December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Assessment of Inventory Valuation

Description of key audit matter

Refer to Note 4(14) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(6) for details of inventories. The Group is primarily engaged in researching, developing, manufacturing, selling of optical fiber communication. Due to the rapid innovations in communication technology and the highly competitive market, there was a higher risk of incurring inventory loss on decline in market value or having obsolete inventory. Given that the net realisable value used in the inventory valuation usually involved subjective judgement and estimation uncertainty, and the inventories were material to the financial statements, we considered the inventory valuation as one of the key audit matters.

How the matter was addressed in our audit

In relation to the key audit matter above, our principal audit procedures are as follows:

1. Obtained an understanding on the Group’s operations and its industry characteristic to assess the reasonableness of the Group’s policies on and procedures for allowance for inventory valuation losses.

2. Assessed and tested the reasonableness of the basis of net realisable value used by management and the accuracy of the net realisable value calculation.
3. Acquired management's individually identified obsolete or damaged inventory list, inspected the related supporting documents and proper recognition in the financial statements.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of FOCI Fiber Optic Communications, Inc. as at and for the years ended December 31, 2025 and 2024.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

Shu-Chien Pai	Li, Tien-Yi

For and on Behalf of PricewaterhouseCoopers, Taiwan
February 26, 2026

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

	Assets	Notes	December 31, 2025 AMOUNT	%	December 31, 2024 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,411,972	45	$ 1,469,741	50
1110	Financial assets at fair value through profit or loss - current	6(2)	19,700	1	43,050	1
1150	Notes receivable, net	6(5)	23	-	2,461	-
1170	Accounts receivable, net	6(5)	276,416	9	282,464	9
1200	Other receivables		4,835	-	10,558	-
1220	Current income tax assets		4,152	-	-	-
130X	Inventories	6(6)	408,706	13	287,857	10
1470	Other current assets		81,585	2	45,157	2
11XX	**Current Assets**		2,207,389	70	2,141,288	72
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	38,998	1	100,455	4
1535	Financial assets at amortised cost - non-current	6(4) and 8	2,939	-	2,939	-
1600	Property, plant and equipment	6(8)	647,424	21	485,106	16
1755	Right-of-use assets	6(9)	104,894	3	95,726	3
1760	Investment property, net	6(11)	1,920	-	49,724	2
1780	Intangible assets		22,375	1	31,831	1
1840	Deferred income tax assets	6(28)	55,560	2	50,786	2
1900	Other non-current assets	6(12)	75,580	2	9,373	-
15XX	**Non-current assets**		949,690	30	825,940	28
1XXX	**Total assets**		$ 3,157,079	100	$ 2,967,228	100

(Continued)

	Liabilities and Equity	Notes	December 31, 2025 AMOUNT	%	December 31, 2024 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(13)	$ 153,133	5	$ -	-
2130	Contract liabilities - current	6(21)	2,523	-	8,616	-
2150	Notes payable		2,669	-	1,905	-
2170	Accounts payable		190,965	6	199,716	7
2200	Other payables	6(14)	138,865	4	102,503	4
2230	Current income tax liabilities		-	-	4,436	-
2250	Current provisions		8,153	-	11,004	-
2280	Lease liabilities - current		19,346	1	16,185	1
2300	Other current liabilities		6,320	-	2,850	-
21XX	**Current Liabilities**		521,974	16	347,215	12
	Non-current liabilities					
2570	Deferred income tax liabilities	6(28)	2,703	-	5,612	-
2580	Lease liabilities - non-current		83,254	3	82,051	3
2600	Other non-current liabilities		56	-	1,714	-
25XX	**Non-current liabilities**		86,013	3	89,377	3
2XXX	**Total Liabilities**		607,987	19	436,592	15
	Equity					
	Share capital	6(17)				
3110	Share capital - common stock		1,036,406	33	1,036,406	35
	Capital surplus	6(18)				
3200	Capital surplus		1,463,952	47	1,439,857	49
	Retained earnings	6(19)				
3310	Legal reserve		136,341	4	136,341	5
3320	Special reserve		221,187	7	221,187	7
3350	Accumulated deficit		(84,040)	(3)	(81,442)	(3)
	Other equity interest	6(20)				
3400	Other equity interest		(224,754)	(7)	(221,713)	(8)
3XXX	**Total equity**		2,549,092	81	2,530,636	85
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 3,157,079	100	$ 2,967,228	100

	Items	Notes	Year ended December 31			
			2025		2024	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(21) and 7	$ 1,891,994	100	$ 1,363,877	100
5000	Operating costs	6(6)(26)(27)	(1,537,079)	(81)	(1,184,721)	(87)
5900	Net operating margin		354,915	19	179,156	13
	Operating expenses	6(26)(27)				
6100	Selling expenses		(31,917)	(2)	(29,349)	(2)
6200	General and administrative expenses		(110,261)	(6)	(96,395)	(7)
6300	Research and development expenses		(212,250)	(11)	(146,640)	(11)
6450	Expected credit gains (losses)	12(2)	1	-	(148)	-
6000	Total operating expenses		(354,427)	(19)	(272,532)	(20)
6900	Operating gain (loss)		488	-	(93,376)	(7)
	Non-operating income and expenses					
7100	Interest income	6(22)	19,261	1	13,496	1
7010	Other income	6(23)	18,746	1	12,150	1
7020	Other gains and losses	6(24)	(7,549)	-	15,465	1
7050	Finance costs	6(25)	(8,134)	(1)	(2,603)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	-	-	(1,664)	-
7000	Total non-operating income and expenses		22,324	1	36,844	3
7900	**Profit (loss) before income tax**		22,812	1	(56,532)	(4)
7950	Income tax (expense) benefit	6(28)	(6,618)	-	8,260	-
8200	**Profit (loss) for the year**		$ 16,194	1	($ 48,272)	(4)
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gain (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	($ 46,017)	(2)	($ 47,501)	(3)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(20)	4,981	-	19,350	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(20)(28)	(997)	-	(3,870)	-
8300	**Other comprehensive loss for the year**		($ 42,033)	(2)	($ 32,021)	(2)
8500	**Total comprehensive loss for the year**		($ 25,839)	(1)	($ 80,293)	(6)
	Profit (loss), attributable to:					
8610	Owners of parent		$ 16,194	1	($ 48,272)	(4)
	Comprehensive loss attributable to:					
8710	Owners of parent		($ 25,839)	(1)	($ 80,293)	(6)
	Basic earnings (loss) per share	6(29)				
9750	Basic earnings (loss) per share		$ 0.16		($ 0.48)	
	Diluted earnings (loss) per share	6(29)				
9850	Diluted earnings (loss) per share		$ 0.16		($ 0.48)	

2024									
Balance at January 1, 2024		$ 986,406	$ 1,017,177	$ 135,135	$ 168,227	$ 54,166	($ 41,894)	($ 180,968)	$ 2,138,249
Loss for the year		-	-	-	-	(48,272)	-	-	(48,272)
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	-	15,480	(47,501)	(32,021)
Total comprehensive income (loss)		-	-	-	-	(48,272)	15,480	(47,501)	(80,293)
Appropriation and distribution of 2023 earnings	6(19)								
Legal reserve		-	-	1,206	-	(1,206)	-	-	-
Special reserve		-	-	-	52,960	(52,960)	-	-	-
Cash capital increase	6(17)(18)	50,000	472,000	-	-	-	-	-	522,000
Cash dividends from capital surplus	6(18)(19)(30)	-	(49,320)	-	-	-	-	-	(49,320)
Disposal of financial assets or liabilities at fair value through other comprehensive income	6(3)(20)	-	-	-	-	(33,170)	-	33,170	-
Balance at December 31, 2024		$ 1,036,406	$ 1,439,857	$ 136,341	$ 221,187	($ 81,442)	($ 26,414)	($ 195,299)	$ 2,530,636
2025									
Balance at January 1, 2025		$ 1,036,406	$ 1,439,857	$ 136,341	$ 221,187	($ 81,442)	($ 26,414)	($ 195,299)	$ 2,530,636
Profit for the year		-	-	-	-	16,194	-	-	16,194
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	-	3,984	(46,017)	(42,033)
Total comprehensive income (loss)		-	-	-	-	16,194	3,984	(46,017)	(25,839)
Disposal of financial assets or liabilities at fair value through other comprehensive income	6(3)(20)	-	-	-	-	(18,792)	-	18,792	-
Disposal of subsidiary	6(20)	-	-	-	-	-	20,200	-	20,200
Share-based payments	6(16)(18)	-	24,095	-	-	-	-	-	24,095
Balance at December 31, 2025		$ 1,036,406	$ 1,463,952	$ 136,341	$ 221,187	($ 84,040)	($ 2,230)	($ 222,524)	$ 2,549,092

CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		$ 22,812	($ 56,532)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(11)(26)	107,288	100,351
Amortisation expense	6(26)	15,672	13,945
Expected credit (gains) losses	12(2)	(1)	148
Net gain on financial assets at fair value through profit or loss	6(2)(24)	(4,361)	(1,620)
Interest expense	6(25)	8,134	2,603
Interest income	6(22)	(19,261)	(13,496)
Dividend income	6(23)	(1,140)	(4,500)
Share-based payments	6(16)(18)(27)	24,095	-
Share of profit of associates accounted for using equity method	6(7)	-	1,664
(Gain) loss on disposals of property, plant and equipment	6(24)	(79)	524
Loss on disposals of investments	6(24)	-	4,500
Loss on disposals of subsidiary	4(3) and 6(24)	20,200	-
Reversal of impairment loss on property, plant and equipment	6(8)(24)	(15,615)	(689)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2,438	(1,820)
Accounts receivable		6,049	(3,551)
Other receivables		2,540	326
Inventories		(120,849)	(43,046)
Other current assets		(36,431)	(30,262)
Changes in operating liabilities			
Contract liabilities - current		(6,093)	6,360
Notes payable		764	32
Accounts payable		(8,751)	82,717
Other payables		2,009	19,160
Provisions		(2,851)	5,804
Other current liabilities		3,470	391
Cash inflow generated from operations		39	83,009
Dividends received		1,140	4,500
Income taxes paid		(18,631)	(17,804)
Net cash flows (used in) from operating activities		(17,452)	69,705

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss		$ 27,711	$ 168,970
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	15,439	611
Acquisition of property, plant and equipment	6(30)	(154,220)	(181,620)
Proceeds from disposal of property, plant and equipment		169	353
Increase in guarantee deposits paid		(2,211)	-
Decrease in guarantee deposits paid		-	4,363
Acquisition of intangible assets		(6,211)	(34,997)
Decrease in other non-current assets		638	1,093
(Increase) decrease in prepayments for equipment		(64,634)	46,786
Interest received		18,492	13,260
Net cash flows (used in) from investing activities		(164,827)	18,819
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(31)	1,144,043	-
Decrease in short-term loans	6(31)	(990,910)	-
Decrease in guarantee deposits received	6(31)	(1,658)	-
Payments of lease liabilities	6(31)	(22,332)	(16,828)
Cash dividends paid	6(19)(30)	-	(49,293)
Cash capital increase	6(17)	-	522,000
Interest paid		(7,571)	(2,603)
Net cash flows from financing activities		121,572	453,276
Effect of exchange rate changes		2,938	14,901
Net (decrease) increase in cash and cash equivalents		(57,769)	556,701
Cash and cash equivalents at beginning of year		1,469,741	913,040
Cash and cash equivalents at end of year		$ 1,411,972	$ 1,469,741

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

FOCI Fiber Optic Communications, Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on June 14, 1995 and started operation in September 1995. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the research, manufacture and sales of various passive fiber optical components, fiber optic test equipment, fiber optics application system and plan, design, consulting and technology services of system integration of the aforementioned products.

The Company's stock was listed on the Taipei Exchange on February 25, 2011.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on February 26, 2026.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027(Note)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a Hyperinflationary Presentation Currency'	January 1, 2027

Note：The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment:

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2025	December 31, 2024	Note
FOCI Fiber Optic Communications, Inc.	FIOPTEC Inc.	Investment business	100%	100%	
FOCI Fiber Optic Communications, Inc.	FOCI (Thailand) Co.,Ltd	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company’s products	99.999999%	-	Note 2
FIOPTEC Inc.	FOCI (Thailand) Co.,Ltd	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company’s products	0.000001%	-	Note 2

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2025	Ownership(%) December 31, 2024	Note
FIOPTEC Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company’s products	100%	100%	
FIOPTEC Inc.	Jiangxi FOCI Fiber Optic Communication, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company’s products	-	100%	Note 1
Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company’s products	100%	100%	

Note 1: Jiangxi FOCI Fiber Optic Communication, Inc. had been liquidated in the second quarter of 2025. The loss on liquidation amounted to $20,200 (shown as ‘Other gains and losses’).

Note 2: FOCI (Thailand) Co., Ltd was incorporated in the third quarter of 2025, and the Company completed commercial and industrial registrations.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets that are expected to be realiszed, or are intended to be sold or consumed in the normal operating cycle;

(b) Assets that are held primarily for the purpose of trading;

(c) Assets that are expected to be realiszed within twelve months after the reporting period;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled in the normal operating cycle;

(b) Liabilities that are held primarily for the purpose of trading;

(c) Liabilities that are due to be settled within twelve months after the reporting period;

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. Restricted bank deposits are classified as financial assets at amortized cost due to not meeting the definition of cash and cash equivalents.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor)－lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognized as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(15) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

G. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the financial statements prepared on a consolidation basis. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the financial statements prepared on a consolidation basis.

(16) <u>Property, plant and equipment</u>

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 55 years
Machinery and equipment	3 ~ 10 years
R&D equipment	2 ~ 6 years
Transportation equipment	5 ~ 10 years
Office equipment	6 ~ 10 years
Miscellaneous equipment	3 ~ 10 years

(17) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate;

(c) Amounts expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 8 ~ 55 years.

(19) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(20) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(21) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(27) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(29) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells various optical fiber passive components, optical fiber testing instruments, and optical fiber application systems. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) As the time interval between the transfer of committed goods or services to the customer and the payment of customer does not exceed one year, the Company does not adjusted the transaction price to reflect the time value of money.

(c) Accounts receivable are recognized when the goods are delivered to the customer because the Company has unconditional rights to the contract price from that point in time. The consideration can be collected from the customer only after time passes.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2025, the carrying amount of inventories was $408,706.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Petty cash	$ 289	$ 308
Checking accounts and demand deposits	411,683	270,203
Time deposits	1,000,000	1,199,230
Total	$ 1,411,972	$ 1,469,741

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's restricted cash and cash equivalents were classified as "non-current financial assets at amortized cost", please refer to Notes 6(4) and 8.

(2) Financial assets at fair value through profit or loss

	December 31, 2025	December 31, 2024
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 23,746	$ 59,365
Valuation adjustment	(4,046)	(16,315)
	$ 19,700	$ 43,050

Amounts recognized in profit in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
Items	2025	2024
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 4,361	$ 1,620

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2025	December 31, 2024
Non-current items:		
Equity instruments		
Emerging stocks	$ 34,232	$ 68,463
Unlisted stocks	227,291	227,291
Valuation adjustment	(222,525)	(195,299)
Total	$ 38,998	$ 100,455

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $38,998 and $100,455 as at December 31, 2025 and 2024, respectively.

B. The Group disposed financial assets at fair value through other comprehensive income – equity instruments whose fair value was $15,439 and $611 for the years ended December 31, 2025 and 2024, respectively. The cumulative losses on disposal of $18,792 and $33,170 were transferred from other equity to retained earnings, respectively.

C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
Items	2025	2024
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 46,017)	($ 47,501)
Cumulative (losses) profits transferred to retained earnings due to derecognition	$ 18,792	$ 33,170

(4) Financial assets at amortized cost

Items	December 31, 2025	December 31, 2024
Non-current items:		
Time deposits	$ 2,939	$ 2,939

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Years ended December 31,	
Items	2025	2024
Interest income	$ 50	$ 48

B. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was $2,939.

C. Information relating to credit risk of financial assets at amorti,zed cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

D. Details of the Group's non-current financial assets at amortized cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	$ 23	$ 2,461
Accounts receivable - general customers	276,499	282,548
	276,522	285,009
Less: Allowance for uncollectible accounts	(83)	(84)
	$ 276,439	$ 284,925

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2025		December 31, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 232,359	$ 23	$ 257,061	$ 2,461
Up to 30 days	40,841	-	17,821	-
31 to 90 days	2,985	-	6,457	-
91 to 180 days	314	-	1,018	-
Over 181 days	-	-	191	-
	$ 276,499	$ 23	$ 282,548	$ 2,461

The above ageing analysis was based on past due date.

B. As of December 31, 2025 and 2024, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2024, the balance of receivables from contracts with customers amounted to $279,306.

C. As of December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were $23 and $2,461; $276,416 and $282,464, respectively.

D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2025	December 31, 2024
Finished goods	$ 278,901	$ 193,987
Work in progress	78,225	35,165
Raw materials	126,649	102,646
Subtotal	483,775	331,798
Allowance for inventory valuation losses	(75,069)	(43,941)
Total	$ 408,706	$ 287,857

The cost of inventories recognized as expense for the year:

	Years ended December 31,	
Items	2025	2024
Cost of goods sold	$ 1,502,806	$ 1,177,591
Loss on decline in market value	30,264	1,897
Loss on scrapping inventory	3,305	3,552
Lease cost	704	1,681
	$ 1,537,079	$ 1,184,721

(7) Investments accounted for using equity method

	December 31, 2025	December 31, 2024
BKS TEC Corp.	$ -	$ -

A. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

	Years ended December 31,	
	2025	2024
Loss for the period from continuing operations	$ -	($ 1,664)
Other comprehensive loss, net of tax	-	-
Total comprehensive loss for the period	$ -	($ 1,664)

B. BKS TEC Corp. increased its capital on April 1, 2024. The Group did not participate in the capital increase. As a result, the Group decreased its share interest from 11.07% to 3.89%. In addition, BKS TEC Corp. held an annual shareholders' meeting and re-elected directors on June 25, 2024 and the Group is no longer a director of the entity. Therefore, the Group lost significant influence over the entity starting from the date based on the judgement. The investments were transferred to financial assets at fair value through other comprehensive income and losses on disposals of investments amounting to $4,500 were recognized.

(8) Property, plant and equipment

	2025							
	Buildings and structures	Machinery and equipment	Research and development equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
Cost								
Opening net book amount as at January 1	$ 377,158	$ 325,936	$ 102,781	$ 1,951	$ 8,713	$ 30,056	$ 118,206	$ 964,801
Additions for the year	9,905	27,125	8,139	-	7,258	13,076	122,507	188,010
Disposals for the year	(3,250)	(78,530)	(21,933)	-	(715)	(104)	-	(104,532)
Reclassifications in the year	91,670	25,418	(4,903)	-	-	-	(21,525)	90,660
Translation adjustments	(24)	671	-	7	103	603	22	1,382
At December 31	$ 475,459	$ 300,620	$ 84,084	$ 1,958	$ 15,359	$ 43,631	$ 219,210	$ 1,140,321
Accumulated depreciation and impairment								
At January 1	$ 188,840	$ 208,779	$ 56,465	$ 1,217	$ 4,717	$ 19,677	$ -	$ 479,695
Depreciation expense for the year	15,775	42,219	26,304	138	1,263	3,357	-	89,056
Disposals for the year	(3,250)	(78,492)	(21,933)	-	(681)	(86)	-	(104,442)
Reversal of impairment loss	-	(15,615)	-	-	-	-	-	(15,615)
Reclassifications in the year	43,560	4,545	(4,545)	-	-	-	-	43,560
Translation adjustments	(46)	478	1	10	3	197	-	643
Closing net book amount as at December 31	244,879	161,914	56,292	1,365	5,302	23,145	-	492,897
Net amount	$ 230,580	$ 138,706	$ 27,792	$ 593	$ 10,057	$ 20,486	$ 219,210	$ 647,424

	2024							
	Buildings and structures	Machinery and equipment	Research and development equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
Cost								
Opening net book amount as at January 1	$ 392,762	$ 285,867	$ 93,141	$ 1,884	$ 6,417	$ 24,868	$ 13,385	$ 818,324
Additions for the year	4,317	59,008	19,102	-	3,489	4,894	118,206	209,016
Disposals for the year	(20,549)	(33,070)	(11,462)	-	(1,338)	(613)	-	(67,032)
Reclassifications in the year	-	11,385	2,000	-	-	-	(13,385)	-
Translation adjustments	628	2,746	-	67	145	907	-	4,493
At December 31	$ 377,158	$ 325,936	$ 102,781	$ 1,951	$ 8,713	$ 30,056	$ 118,206	$ 964,801
Accumulated depreciation and impairment								
At January 1	$ 195,090	$ 199,720	$ 43,616	$ 1,038	$ 5,326	$ 17,641	$ -	$ 462,431
Depreciation expense for the year	13,683	40,676	24,311	142	544	1,920	-	81,276
Disposals for the year	(20,549)	(32,343)	(11,462)	-	(1,280)	(519)	-	(66,153)
Reversal of impairment loss	-	(689)	-	-	-	-	-	(689)
Translation adjustments	616	1,415	-	37	127	635	-	2,830
Closing net book amount as at December 31	188,840	208,779	56,465	1,217	4,717	19,677	-	479,695
Net amount	$ 188,318	$ 117,157	$ 46,316	$ 734	$ 3,996	$ 10,379	$ 118,206	$ 485,106

A. The significant components of buildings include main plants and electromechanical power equipment and constructions and clean room, which are depreciated over 55 years, 10 years, and 10 years, respectively.

B. The equipment was for the Group’s own use and not for lease.

(9) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 20 years.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2025	December 31, 2024
	Carrying amount	Carrying amount
Land	$ 65,492	$ 70,281
Buildings	23,830	24,772
Machinery and equipment	15,572	-
Transportation equipment (Business vehicles)	-	673
	$ 104,894	$ 95,726

	Years ended December 31,	
	2025	2024
	Depreciation charge	Depreciation charge
Land	$ 2,285	$ 2,369
Buildings	14,570	13,619
Transportation equipment (Business vehicles)	673	1,406
	$ 17,528	$ 17,394

C. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were $29,342 and $19,390, respectively.

D. For the years ended December 31, 2025 and 2024, the disposal of right-of-use assets were $2,827 and $0, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2025	2024
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,885	$ 1,976
Expense on short-term lease contracts	3,721	1,167
Expense on leases of low-value assets	250	276
Total	$ 5,856	$ 3,419

F. For the years ended December 31, 2025 and 2024, the Group’s total cash outflow for leases were $28,188 and $20,247, respectively.

(10) Leasing arrangements – lessor

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor’s ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a certain amount of guarantee deposits is required.

B. For the years ended December 31, 2025 and 2024, the Group recognized rent income in the amounts of $4,326 and $10,530, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2025	December 31, 2024
Not later than one year	$ 156	$ 4,051
Later than one year but not later than five years	67	223
Total	$ 223	$ 4,274

(11) Investment property

	December 31, 2025	December 31, 2024
Buildings and structures		
Cost		
Equity at beginning of year	$ 94,436	$ 94,436
Reclassifications for the year	(90,660)	-
Equity at end of year	3,776	94,436
Accumulated depreciation		
Equity at beginning of year	44,712	43,031
Additions for the year	704	1,681
Reclassifications for the year	(43,560)	-
Equity at end of year	1,856	44,712
Closing net book amount as at December 31	$ 1,920	$ 49,724

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2025	2024
Rental income from investment property	$ 4,326	$ 10,530
Direct operating expenses arising from the investment property that generated rental income during the year	$ 704	$ 1,681

B. The fair value of the investment property held by the Group as at December 31, 2025 and 2024, were $1,353 and $92,074, respectively, which was valued by the Group using the income approach which is categorized within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	December 31, 2025	December 31, 2024
Discount rate	4.502%	2.470%

(12) Other non-current assets

	December 31, 2025	December 31, 2024
Prepayments for business facilities	$ 70,333	$ 5,699
Guarantee deposits paid	5,247	3,036
Other assets	-	638
	$ 75,580	$ 9,373

(13) Short-term borrowings

Type of borrowings	December 31, 2025	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 153,133	4.2812%~4.6%	None

Interest expense recognised in profit or loss amounted to $6,205 for the year ended December 31, 2025.

December 31, 2024: None.

(14) Other payables

	December 31, 2025	December 31, 2024
Salaries and bonuses payable	$ 37,963	$ 34,839
Payable on equipment	66,443	32,653
Dividends payable	27	27
Others	34,432	34,984
	$ 138,865	$ 102,503

(15) Pensions

A. The Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The Company’s mainland China subsidiaries in Shanghai, Jiangxi, and Zhongshan have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

C. The Company’s Thailand subsidiary, in accordance with the pension insurance system established by the Thai government's social insurance regulations, contributes to the pension fund monthly based on a certain percentage of the total salaries of local employees. The retirement-related benefits for each employee are managed and coordinated by the government. Apart from these monthly contributions, the Group has no further obligations.

D. The pension costs under defined contribution pension plans of the Group for the years ended December 31 2025 and 2024 were $23,959 and $21,661, respectively.

(16) Share-based payment

A. For the year ended December 31, 2025, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
First issuance of employee stock options in 2025	2025.3.27	1,280,000	5 years	2 years' service can be vested with 50% 3 years' service can be vested with 25% 4 years' service can be vested with 25%
Second issuance of empoloyee stock options in 2025	2025.8.7	325,000	5 years	2 years' service can be vested with 50% 3 years' service can be vested with 25% 4 years' service can be vested with 25%

Among the share-based payment arrangements above are settled by equity.

B. Details of the share-based payment arrangements are as follows:

	2025	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -
Options granted	1,605,000	287.92
Options forfeited	(210,000)	288.26
Options outstanding at December 31	1,395,000	287.87
Options exercisable at December 31	-	-

C. The expiry dates and exercise prices of outstanding stock warrants as of the balance sheet date are as follows:

		December 31, 2025	
Grant Date	Expiry Date	No. of options (in thousands)	Exercise price (in dollars)
March 21, 2025	March 27, 2030	1,120	$ 286
March 21, 2025	August 7, 2030	275	295.5

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility (Note 1)	Expected option life	Expected dividends (Note 2)	Risk-free interest rate	Fair value per unit
First issuance of employee stock options in 2025	2025.3.27	$ 286	$ 286	39.77%~39.98%	3.5~4.5	4.45%	1.4286%~1.5014%	$62.41~66.29
Second issuance of employee stock options in	2025.8.7	$ 295.9	$ 295.5	40.10%~40.27%	3.5~4.5	6.02%	1.2582%~1.2975%	$56.72~58.76

Note 1: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

Note 2: The expected dividend yield was adjusted by using the securities lending revenue as the additional dividends received by the stockholders and the average expense rate for securities lending transactions of that month.

E. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2025
Equity-settled	$ 24,095

F. For the year ended December 31, 2024, the Group had no share-based payment arrangements.

(17) Share capital

A. As of December 31, 2025, the Company's authorized capital was $1,800,000, consisting of 180,000 thousand shares of ordinary stock (including 6,000 thousand shares reserved for employee stock options), and the paid-in capital was $1,036,406 with a par value of NT$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2025 (in thousands)	2024 (in thousands)
At January 1	103,641	98,641
Cash capital increase	-	5,000
At December 31	103,641	103,641

B. The Board of Directors of the Company during their meeting on June 11, 2024 adopted a resolution to raise additional cash through private placement by issuing 5,000 thousand ordinary shares with a par value of NT$10 (in dollars) per share, the issuing price was NT$104.4 (in dollars) per share and $522,000 in total. The effective date of the capital increase was set on June 25, 2024. Proceeds had been fully collected and the registration for the change had been completed.

C. To purchase machinery and equipment and fulfil working capital, the Company's Board of Directors during their meeting on November 6, 2025 resolved to increase its capital by issuing new shares, issued 10,000 thousand shares with a par value of NT$10 (in dollars) per share, at an issue price of NT$316 (in dollars) per share. The total capital increase amounted to $3,160,000, and the effective date for capital increase was set on January 26, 2026.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2025				
	Share premium	Options	Changes in ownership interests in subsidiaries	Gains on disposals of fixed assets and others	Total
At January 1	$ 1,437,824	$ -	$ 1,775	$ 258	$ 1,439,857
Share-based payments	-	24,095	-	-	24,095
At December 31	$ 1,437,824	$ 24,095	$ 1,775	$ 258	$ 1,463,952

	2024			
	Share premium	Changes in ownership interests in subsidiaries	Gains on disposals of fixed assets and others	Total
At January 1	$ 1,015,144	$ 1,775	$ 258	$ 1,017,177
Capital surplus distributed as cash	(49,320)	-	-	(49,320)
Cash capital increase	472,000	-	-	472,000
At December 31	$ 1,437,824	$ 1,775	$ 258	$ 1,439,857

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be appropriated in the following orders:

(a) Pay all taxes;

(b) Cover prior years' losses;

(c) Set aside 10% as legal reserve (unless the legal reserve has reached the total capital);

(d) Set aside or reverse special reserve as required by regulations;

(e) The remainder, if any, along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and be resolved by the shareholders.

B. The Board of Directors of the Company may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors, distribute dividends, bonus, legal reserve, or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting.

C. The Company's dividend policy is set up in accordance with the Company Act and the Company's Articles of Incorporation, and in consideration of factors including the Company's capital and financial structure, operational condition, earnings, and the industry's nature and cycle, etc. Suppose the Company has a surplus in its final annual accounts, and the distributable surplus reaches 2% of the paid-in capital. In that case, the dividend distribution shall not be less than 10% of the distributable surplus. Cash dividends are preferred in the distribution of earnings, but stock dividends can also be distributed on the basis that the distribution ratio of stock dividends is no higher than 50% of total dividends of the year.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. Legal reserve shall be set aside until its balance reaches the Company's total paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of its paid-in capital, the excess may be transferred to capital or distributed in cash.

F. The Board of Directors on February 22, 2024 adopted a resolution on the distribution of 2023 earnings, distribute cash dividends from capital surplus amounting to $49,320 at NT$0.5 (in dollars) per share.

G. The Board of Directors on February 22, 2024 and the shareholder's meeting on May 30, 2024 adopted a resolution on the distribution of 2023 earnings, appropriating $1,206 as legal reserve and $52,960 as special reserve.

(20) Other equity items

	2025		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	($ 26,414)	($ 195,299)	($ 221,713)
Proceeds from disposal of subsidiary transferred to profit or loss			
– Group	20,200	-	20,200
Revaluation – gross	-	(46,017)	(46,017)
Revaluation transferred to retained earnings – gross	-	18,792	18,792
Currency translation differences – Group:			
–Group	4,981	-	4,981
–Tax on Group	(997)	-	(997)
At December 31	($ 2,230)	($ 222,524)	($ 224,754)

	2024		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	($ 41,894)	($ 180,968)	($ 222,862)
Revaluation – gross	-	(47,501)	(47,501)
Revaluation transferred to retained earnings – gross	-	33,170	33,170
Currency translation differences – Group:			
–Group	19,350	-	19,350
–Tax on Group	(3,870)	-	(3,870)
At December 31	($ 26,414)	($ 195,299)	($ 221,713)

(21) Operating revenue

	Years ended December 31,	
	2025	2024
Revenue from contracts with customers	$ 1,887,668	$ 1,353,347
Others－lease revenue	4,326	10,530
Total	$ 1,891,994	$ 1,363,877

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

Year ended December 31, 2025	Taiwan	China	America	Asia	Other regions	Total
Revenue from external customer contracts	$106,419	$132,182	$1,506,184	$ 86,836	$ 56,047	$ 1,887,668

Year ended December 31, 2024	Taiwan	China	America	Asia	Other regions	Total
Revenue from external customer contracts	$155,361	$ 41,788	$1,060,644	$ 73,781	$ 21,773	$ 1,353,347

B. Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	December 31, 2025	December 31, 2024	January 1, 2024
Product sales contracts	$ 2,523	$ 8,616	$ 2,256

C. Revenue recognized that was included in the contract liability balance at the beginning of the period:

	Years ended December 31,	
	2025	2024
Product sales contracts	$ 8,170	$ 2,168

(22) Interest income

	Years ended December 31,	
	2025	2024
Interest income from bank deposits	$ 19,211	$ 13,448
Interest income from financial assets measured at amortised cost	50	48
	$ 19,261	$ 13,496

(23) Other income

	Years ended December 31,	
	2025	2024
Dividend income	$ 1,140	$ 4,500
Government grant income	15,473	2,390
Other income	2,133	5,260
	$ 18,746	$ 12,150

(24) Other gains and losses

	Years ended December 31,	
	2025	2024
Gains (losses) on disposals of property, plant and equipment	$ 79	($ 524)
Loss on disposal of investments	-	(4,500)
Loss on disposal of subsidiary	(20,200)	-
Foreign exchange (losses) gains	(7,667)	19,194
Gains on financial assets and liabilities at fair value through profit or loss	4,361	1,620
Reversal of impairment loss on property, plant and equipment	15,615	689
Other gains and losses	263	(1,014)
	($ 7,549)	$ 15,465

(25) Finance costs

	Years ended December 31,	
	2025	2024
Interest expense on lease liabilities	$ 1,885	$ 1,976
Interest expense on short-term loans	6,205	438
Other interest expense	44	189
	$ 8,134	$ 2,603

(26) Expenses by nature

	Years ended December 31,	
	2025	2024
Employee benefit expense	$ 480,419	$ 388,053
Depreciation expense	107,288	100,351
Amortization expense	15,672	13,945
	$ 603,379	$ 502,349

(27) Employee benefit expense

	Years ended December 31,	
	2025	2024
Wages and salaries	$ 379,642	$ 319,696
Share-based payments	24,095	-
Directors' remuneration	3,790	3,797
Labour and health insurance fees	23,421	21,499
Pension costs	23,959	21,661
Other personnel expenses	25,512	21,400
	$ 480,419	$ 388,053

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 5% ~ 15% for employees' compensation, with no less than 25% of this allocation designated for distribution among junior employees, and shall not be higher than 5% for directors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses.

B. For the years ended December 31, 2025 and 2024, no employees' compensation and directors' remuneration were accrued because of losses incurred for the period.

Employees' compensation and directors' remuneration of 2024 as resolved by the Board of Directors both amounted to $0, which were in agreement with those amounts recognised in the 2024 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense (benefit)

(a) Components of income tax expense (benefit):

	Years ended December 31,	
	2025	2024
Current tax:		
Current tax on profits for the year	$ 11,110	$ 17,164
Prior year income tax underestimation	4,188	2,334
Total current tax	15,298	19,498
Deferred tax:		
Origination and reversal of temporary differences	(8,680)	(27,758)
Total deferred tax	(8,680)	(27,758)
Income tax expense (benefit)	$ 6,618	($ 8,260)

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2025	2024
Currency translation differences	$ 997	$ 3,870

(c) The income tax charged/(credited) to equity during the period is as follows: None.

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31, 2025	Years ended December 31, 2024
Tax calculated based on profit (loss) before tax and	$ 4,720	($ 1,168)
Expenses disallowed by tax regulation	(8,182)	89
Temporary differences not recognised as deferred tax assets	9,387	1,847
Effect from investment tax credits	(3,495)	(11,362)
Prior year income tax underestimation	4,188	2,334
Income tax benefit	$ 6,618	($ 8,260)

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2025			
	January 1	Recognised in profit or loss	Translation differences	December 31
－Deferred tax assets:				
Temporary differences:				
Allowance for inventories impairment losses	$ 3,308	$ 2,203	$ -	$ 5,511
Unrealized impairment loss	122	(122)	-	-
Investment tax credits	16,325	3,495	-	19,820
Loss carryforward	31,031	(802)	-	30,229
Subtotal	50,786	4,774	-	55,560
－Deferred tax liabilities:				
Temporary differences:				
Other	(5,612)	3,906	(997)	(2,703)
Subtotal	(5,612)	3,906	(997)	(2,703)
Total	$ 45,174	$ 8,680	($ 997)	$ 52,857

	2024			
	January 1	Recognised in profit or loss	Translation differences	December 31
—Deferred tax assets:				
Temporary differences:				
Allowance for inventories impairment losses	$ 2,991	$ 317	$ -	$ 3,308
Unrealized impairment loss	880	(758)	-	122
Other	2,490	(2,490)	-	-
Investment tax credits	4,963	11,362	-	16,325
Loss carryforward	13,888	17,143	-	31,031
Subtotal	25,212	25,574	-	50,786
—Deferred tax liabilities:				
Temporary differences:				
Other	(3,926)	2,184	(3,870)	(5,612)
Subtotal	($ 3,926)	$ 2,184	($ 3,870)	($ 5,612)
Total	$ 21,286	$ 27,758	($ 3,870)	$ 45,174

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

	December 31, 2025		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 4,512	$ -	2026
Machinery and equipment	4,194	-	2026
Research and development	5,773	-	2027
Machinery and equipment	5,341	-	2027
Total	$ 19,820	$ -	

	December 31, 2024		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 3,934	$ -	2025
Machinery and equipment	3,882	-	2025
Research and development	5,476	-	2026
Machinery and equipment	3,033	-	2026
Total	$ 16,325	$ -	

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2025				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	$ 64,446	$ 64,446	$ -	2033
2024	103,928	103,928	13,219	2034
Total	$ 168,374	$ 168,374	$ 13,219	

December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	$ 69,391	$ 69,391	$ -	2033
2024	85,764	85,764	-	2034
Total	$ 155,155	$ 155,155	$ -	

F. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

(29) Earnings (losses) per share

	Year ended December 31, 2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 16,194	103,641	$ 0.16
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 16,194	103,641	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock option	-	7	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 16,194	103,648	$ 0.16

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 48,272)	101,229	($ 0.48)

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2025	2024
Purchase of property, plant and equipment	$ 188,010	$ 209,016
Add: Opening balance of payable on equipment	32,653	5,257
Less: Ending balance of payable on equipment	(66,443)	(32,653)
Cash paid during the year	$ 154,220	$ 181,620

B. Financing activities with partial cash payments:

	Years ended December 31,	
	2025	2024
Cash dividends declared	$ -	$ 49,320
Add: Opening balance of dividends payable	27	-
Less: Ending balance of dividends payable	(27)	(27)
Cash paid during the year	$ -	$ 49,293

(31) Changes in liabilities from financing activities

	2025			
	Short-term borrowings	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ -	$ 1,714	$ 98,236	$ 99,950
Changes in cash flow from financing activities	153,133	(1,658)	(22,332)	129,143
Interest payments	-	-	(1,885)	(1,885)
Amortisation charges on interest expenses	-	-	1,885	1,885
Changes in other non-cash items	-	-	26,488	26,488
Impact of changes in foreign exchange rate	-	-	208	208
At December 31	$ 153,133	$ 56	$ 102,600	$ 255,789

	2024	
	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 95,900	$ 95,900
Changes in cash flow from financing activities	(16,828)	(16,828)
Interest payments	(1,976)	(1,976)
Amortisation charges on interest expenses	1,976	1,976
Changes in other non-cash items	18,613	18,613
Impact of changes in foreign exchange rate	551	551
At December 31	$ 98,236	$ 98,236

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
BKS TEC Corp.	Associate (Note)

Note: BKS TEC Corp. held an annual shareholders' meeting and re-elected directors on June 25, 2024 and the Group is no longer a director of the entity. Therefore, the Group lost significant influence over the entity starting from the date based on the judgement.

(2) Significant related party transactions

Operating revenue:

	Years ended December 31,	
	2025	2024
Sales of goods:		
BKS TEC Corp.	$ -	$ 189

Goods are sold based on the price lists in force and terms that would be available to third parties.

(3) Key management compensation

	Years ended December 31,	
	2025	2024
Short-term employee benefits	$ 13,555	$ 15,470
Post-employment benefits	585	526
Share-based payments	7,709	-
	$ 21,849	$ 15,996

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2025	December 31, 2024	Purpose
Time deposits (Note)	$ 2,939	$ 2,939	Land lease deposits

Note: "Financial assets at amortized cost – non-current" are listed in the table.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On February 26, 2026, the Company's Board of Directors resolved to issue ordinary shares through the private placement, with the total number of shares not exceeding 10,000 thousand shares. The private placement will be processed 1 to 3 times within one year from the date of the resolution at the shareholders' meeting.

12. Others

(1) Capital management

The Group manages its capital to ensure that the Group will be able to stay in operation while maximizing the return to stakeholders. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of the Company's net debt (being borrowings offset by cash) and equity (comprising share capital, capital surplus, retained earnings and other equity).

(2) Financial instruments

A. Financial instruments by category

	December 31, 2025	December 31, 2024
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 19,700	$ 43,050
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	38,998	100,455
Financial assets at amortised cost		
Cash and cash equivalents	1,411,972	1,469,741
Notes receivable	23	2,461
Accounts receivable	276,416	282,464
Other receivables	4,835	10,558
Financial assets at amortised cost	2,939	2,939
Guarantee deposits paid	5,247	3,036
	$ 1,760,130	$ 1,914,704

	December 31, 2025	December 31, 2024
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 153,133	$ -
Notes payable	2,669	1,905
Accounts payable	190,965	199,716
Other payables	138,865	102,503
Guarantee deposits received	56	1,714
	$ 485,688	$ 305,838
Lease liability	$ 102,600	$ 98,236

B. Financial risk management policies

The Group’s major financial instruments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, net notes and accounts receivable, notes and accounts payable, etc. The Group’s objectives when managing financial risks are to manage foreign exchange risk, price risk, interest rate risk, credit risk and liquidity risk related to its operating activities. In order to decrease the relevant financial risk, the Group focuses on identifying, evaluating and hedging market uncertainties to minimize potential adverse effects from markets on the Group's financial performance.

The Group’s major financial activities are reviewed by the Board of Directors in accordance with relevant regulations and internal controls. During the implementation of financial plans, the Group must comply with the financial procedures relating to overall financial risk management and segregation of duties.

C. Significant financial risks and degrees of financial risks

(a) Market risk

The Group’s operating activities exposed it primarily to financial risks, which are foreign exchange risk, interest rate risk and price risk. There have been no changes to the Group’s exposure to market risks or the manner in which these risks are managed and measured.

Exchange rate risk

i. The Group’s cash inflows and outflows are partially denominated in foreign currencies and therefore have a natural hedging effect. The Group manages exchange rate risk for hedging purposes, not for profit-making.

ii. The Group’s strategy to manage exchange rate risk is to regularly review the net position of assets and liabilities in each currency and manage the risk accordingly. Currently, trading foreign currency deposits is the main tool to hedge exchange rate risk.

iii. As the net investments in foreign operations are considered to be strategic investments, the Company does not hedge the investments.

iv. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: RMB,THB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2025		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 8,447	31.42	$ 265,405
USD:RMB	2,250	6.98	70,695
USD:THB	1,425	31.55	44,744
Non-monetary items			
USD:NTD	$ 10,598	31.42	$ 332,990
Financial liabilities			
Monetary items			
USD:NTD	$ 7,306	31.42	$ 229,555
USD:RMB	1,409	6.98	44,271
Non-monetary items: None.			

	December 31, 2024		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 10,454	32.77	$ 342,578
USD:RMB	8,826	7.31	289,228
Non-monetary items			
USD:NTD	$ 9,717	32.77	$ 318,438
Financial liabilities			
Monetary items			
USD:NTD	$ 7,599	32.77	$ 249,019
USD:RMB	1,606	7.31	52,629
Non-monetary items: None.			

v. The total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024 amounted to ($7,667) and $19,194, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2025		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,654	$ -
USD:RMB	1%	707	-
USD:THB	1%	447	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 2,296)	$ -
USD:RMB	1%	(9)	-

	Year ended December 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 3,426	$ -
USD:RMB	1%	2,892	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 2,490)	$ -
USD:RMB	1%	(526)	-

(b) Price risk

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial asset measured at fair value through profit or loss and measured at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31 2025 and 2024 would have increased/decreased by $190 and $475, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $2,615 and $2,958, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(c) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with good credit rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

iii. The Group adopts the assumptions under IFRS 9 that if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

v. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.

vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable and accounts receivable. On December 31, 2025 and 2024, the provision matrix is as follows:

At December 31, 2025	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
Expected loss rate	0.03%	0.03%	0.03%	0.03%-0.04%	0.04%-100%	
Total book value	$ 232,382	$ 40,841	$ 2,985	$ 314	$ -	$ 276,522
Loss allowance	($ 65)	($ 17)	($ 1)	$ -	$ -	($ 83)

At December 31, 2024	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
Expected loss rate	0.03%	0.03%	0.03%	0.03%-46.31%	0.03%-100%	
Total book value	$ 259,522	$ 17,821	$ 6,457	$ 1,018	$ 191	$ 285,009
Loss allowance	($ 77)	($ 5)	($ 2)	$ -	$ -	($ 84)

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable and other receivables are as follows:

	2025	2024
	Accounts receivable	Accounts receivable
At January 1	$ 84	$ 79
Write-offs during the period	-	(143)
Provision for impairment loss	-	148
Reversal of impairment loss	(1)	-
At December 31	$ 83	$ 84

x. Financial assets at amortized cost held by the Group are the restricted bank deposits. The credit ratings of the counterparty banks are all with high credit quality, so it expects that the risk of incurring credit losses is remote.

(d) Liquidity risk

i. The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

ii. The Group has the following undrawn borrowing facilities:

	December 31, 2025	December 31, 2024
Floating rate:		
Expiring within one year	$ 2,079,572	$ 748,906

iii.The table below analyses the Group’s non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

At December 31, 2025

Non-derivative financial liabilities	Immediate payment or less than 1 month	Between 1 and 3 month(s)	Between 3 months and 1 year	Between 1 and 5 year(s)	Over 5 years	Total
Short-term borrowings	$ 47,716	$107,994	$ -	$ -	$ -	$155,710
Notes payable	389	-	2,280	-	-	2,669
Accounts payable	114,987	57,867	18,111	-	-	190,965
Other payables	57,814	45,229	35,822	-	-	138,865
Lease liability	2,027	4,039	14,572	30,236	66,865	117,739
Guarantee deposits received	-	-	-	56	-	56

Derivative financial liabilities: None.

At December 31, 2024

Non-derivative financial liabilities	Immediate payment or less than 1 month	Between 1 and 3 month(s)	Between 3 months and 1 year	Between 1 and 5 year(s)	Over 5 years	Total
Notes payable	$ 15	$ -	$ 1,890	$ -	$ -	$ 1,905
Accounts payable	57,271	121,186	21,259	-	-	199,716
Other payables	49,346	28,657	24,500	-	-	102,503
Lease liability	1,517	2,986	13,212	23,263	72,177	113,155
Guarantee deposits received	-	-	-	1,714	-	1,714

Derivative financial liabilities: None.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group’s investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds, corporate bonds and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group’s investment in off-the-run government bonds, corporate bonds, bank debentures, convertible bonds and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group’s investment in certain derivative instruments, equity investment without active market and investment property is included in Level 3.

B. Fair value information of the Group's investment property at cost is provided in Note 6(11).

C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, lease liabilities (current and non-current) and guarantee deposits received are approximate to their fair values.

D. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2025 and 2024, are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 19,700	$ -	$ -	$ 19,700
Financial assets at fair value through other comprehensive income				
Emerging stocks	16,578	-	-	16,578
Unlisted stocks	-	-	22,420	22,420
Total	$ 36,278	$ -	$ 22,420	$ 58,698

Liabilities

Recurring fair value measurements: None.

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 43,050	$ -	$ -	$ 43,050
Financial assets at fair value through other comprehensive income				
Emerging stocks	24,290	-	-	24,290
Unlisted stocks	-	-	76,165	76,165
Total	$ 67,340	$ -	$ 76,165	$ 143,505

Liabilities

Recurring fair value measurements: None.

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed stock and Emerging stocks
Market quoted price	Closing price

ii. When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

E. For the years ended December 31 2025 and 2024, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31 2025 and 2024:

	2025	2024
	Financial instruments	Financial instruments
At January 1	$ 76,165	$ 117,429
Reclassification from investments accounted for using equity method	-	480
Gain or loss recognized in other comprehensive income	(53,745)	(42,355)
Sold in the period	-	611
At December 31	$ 22,420	$ 76,165

G. For the years ended December 31 2025 and 2024, there was no transfer into or out from Level 3.

H. Treasury segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. Investment property is valuated regularly by the Group based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 21,589	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	831	Market comparable companies	Discount for lack of marketability	16.40%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 29,615	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	1,152	Market comparable companies	Discount for lack of marketability	21.07%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	26,138	Market comparable companies	Discount for lack of marketability	15.60%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	19,260	Income approach	Discount for lack of marketability and discount for lack of control	33.14% 20.90%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. Based on the assessment, there is no material impact on profit or loss or other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed.

13. Supplementary Disclosures

The transactions with subsidiaries were eliminated when preparing consolidated financial statements. The following disclosure information is for reference only.

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

E. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

F. The business relationships and significant transactions between the parent company and its subsidiaries, as well as among the subsidiaries, along with the associated amounts.: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

14. Segment Information

(1) General information

Information reported to the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance focuses on types of products. Each product has similar economic characteristics, and the products are sold through a centralised sales method, and thus the Group summarises that it has only one reportable operating segment.

(2) Measurement of segment information

The segment information provided by the Group to the chief operating decision-maker for review is measured in a manner consistent with that in the consolidated financial statements.

	Years ended December 31,	
	2025	2024
Revenue from external customers	$ 1,891,994	$ 1,363,877
Segment income (loss)	$ 16,194	($ 48,272)
	December 31, 2025	December 31, 2024
Segment assets (Note)	$ 3,034,635	$ 2,766,962

Note: Of which non-current assets do not include deferred tax assets and financial instruments.

(3) Reconciliation for segment income (loss): None.

(4) Information on products and services

The details of the income balance are as follows:

	Years ended December 31, 2025	Years ended December 31, 2024
Sales revenue	$ 1,887,668	$ 1,353,347
Others－lease revenue	4,326	10,530
Total	$ 1,891,994	$ 1,363,877

(5) Geographical information

Geographical information for the years ended December 31, 2025 and 2024 is as follows:

	Year ended December 31, 2025		Year ended December 31, 2024	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 110,745	$ 753,794	$ 165,891	$ 543,028
Mainland China	132,182	73,732	41,788	128,732
America	1,506,184	-	1,060,644	-
Others	142,883	24,667	95,554	-
Total	$ 1,891,994	$ 852,193	$ 1,363,877	$ 671,760

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2025 and 2024 is as follows:

	Year ended December 31, 2025		Year ended December 31, 2024	
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue
Customer C	$ 1,327,446	70%	$ 975,971	72%

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2025

Table 1

Expressed in thousands of NTD; thousands of USD; thousands of CNY

(Except as otherwise indicated)

													Collateral				
Number (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2025 (Note 2)	Balance at December 31, 2025	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for creditor counterparty doubtful accounts	Item	Value	Limit on loans granted to a single party	Ceiling on total Interest rate loans granted	Footnote
1	Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	Other receivables due from related parties	Yes	$67,500 (CNY 15,000)	$67,500 (CNY 15,000)	$67,500 (CNY 15,000)	3.00	Short-term financing	$ -	Opertations	-	-	-	$225,305 (Note 4)	$225,305 (Note 4)	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2025

Note 3: The column of ‘Nature of loan’ shall fill in ‘Business transaction or ‘Short-term financing’.

Note 4: For loans granted by Shanghai FOCI Fiber Optic Communication, Inc. to companies whoes voting rights are 100% directly or indirectly owned by the parent company, ceiling on total loans granted is the net assets of Shanghai FOCI Fiber Optic Communication, Inc.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2025

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/ guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2025	Outstanding endorsement/ guarantee amount at December 31, 2025	Actual amount drawn down	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company (%)	Ceiling on total amount of endorsements/guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	The Company	Shanghai FOCI Fiber Optic Communications,	2	$ 764,728	$ 36,000	$ 36,000	$ -	$ -	1.41%	$ 1,274,546	Y	N	Y	
0	The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	2	764,728	45,000	45,000	-	-	1.77%	1,274,546	Y	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Ceiling on total amount of endorsements/guarantees provided by the Company shall not exceed 50% of its current net assets. Limit on endorsements/guarantees provided for a single party shall not exceed 20% of its current net assets, and for a single foreign affiliated company shall not exceed 30% of net assets.

If the endorsements/guarantees are provided because of having business relationship, the amount of endorsements/guarantees shall not exceed the total transaction amount with the Company in the latest year.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2025

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2025				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares/units (thousands of shares/units)	Book value	Ownership (%)	Fair value	Footnote
FOCI Fiber Optic Communications, Inc.	APEX OPTECH CORPORATION	None	Financial assets at fair value through other comprehensive income	99	$ 1,545	3.95%	1,545	Note 1
FOCI Fiber Optic Communications, Inc.	APEX BVI	None	Financial assets at fair value through other comprehensive income	155	-	1.83%	-	Note 1
FOCI Fiber Optic Communications, Inc.	DARJUN VENTURE CORPORATION	None	Financial assets at fair value through other comprehensive income	2,738	20,044	5.78%	20,044	Note 1
FOCI Fiber Optic Communications, Inc.	Xsense Technology Corporation, INC.	None	Financial assets at fair value through other comprehensive income	2,263	-	9.84%	-	Note 1
FOCI Fiber Optic Communications, Inc.	Aptos Technology Inc.	None	Financial assets at fair value through other comprehensive income	9,000	-	14.91%	-	Note 1
FOCI Fiber Optic Communications, Inc.	ADVAGENE BIOPHARMA CO., LTD.	None	Financial assets at fair value through other comprehensive income	591	16,578	1.00%	16,578	
FOCI Fiber Optic Communications, Inc.	BKS TEC Corp.	None	Financial assets at fair value through other comprehensive income	600	831	3.89%	831	Note 2
FOCI Fiber Optic Communications, Inc.	United Microelectronics Corporation	None	Financial assets at fair value through profit or loss	400	19,700	0.00%	19,700	

Note 1: There was no quoted market price. It pertained to the company's self-assessed fair value.
Note 2: There was no quoted market price. The fair value was determined based on the valuation report issued by external experts.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2025

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance at December 31, 2025	Percentage of total notes/accounts receivable (payable)	Footnote
The Company	Shanghai FOCI Fiber Optic Communications, Inc.	second-tier subsidiary	Purchase	$ 387,199	21.93%	60 days	Note 1	Note 1	($ 42,345)	38.51%	
The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	second-tier subsidiary	Purchase	871,200	49.35%	60 days	Note 1	Note 1	(4,093)	14.25%	
The Company	Shanghai FOCI Fiber Optic Communications, Inc.	second-tier subsidiary	Sales	125,646	7.15%	60 days	Note 2	Note 2	6,166	29.56%	
The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	second-tier subsidiary	Sales	261,727	14.89%	60 days	Note 2	Note 2	36,611	7.06%	

Note 1: The goods purchased by the Company from related parties have not been purchased from other suppliers, and thus there is no market price for comparison. Transaction prices were determined by referring to market prices and based mutual agreement. Payment terms were available to third parties, but the payments can also be collected according to the capital needs of subsidiaries.

Note 2: The products sold by the Company to related parties have not been sold to other customers, and thus there is no selling price for comparison. The payment terms for related parties are 60~90 days, and the third parties are 30~120 days.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
Year ended December 31, 2025

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Purchase	$ 387,199	Note 5	21%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Sales	125,646	Note 5	8%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Accounts payable	42,345	Note 5	4%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Accounts receivable	6,166	Note 5	1%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Purchase	871,200	Note 5	49%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Sales	261,727	Note 5	15%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Accounts payable	4,093	Note 5	3%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Accounts receivable	36,611	Note 5	4%
2	Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	3	Purchase	78,593	Note 5	4%
2	Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	3	Accounts payable	63,991	Note 5	2%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: The price of related party transactions was based on the mutual agreement, the collecting and payment terms were 60~90 days after the date of sales or purchase.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Information on investees(Excluding companies invested in mainland China)

Year ended December 31, 2025

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2025					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value	Net income of investee as of December 31, 2025	Investment income(loss) recognised by the Company for the year ended December 31, 2025	Footnote
FOCI Fiber Optic Communications, Inc.	FIOPTEC Inc.	Cayman Islands	Investment business	$ 215,938	$ 291,444	6,866,000	100%	$ 227,089	($ 5,910)	($ 5,910)	Note1 , Note2
FOCI Fiber Optic Communications, Inc.	FOCI(Thailand) Co., Ltd	Thailand	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company’s products	104,294	-	130,000,000	99.999999%	105,901	(3,260)	(3,260)	

Note 1: On August 8, 2024, the Board of Directors of FIOPTEC Inc. resolved to reduce capital and return cash amounting to USD 2,000 thousand (approximately NT$65,580 thousand). The amounts were actually paid on February 5, 2025.

Note 2: On August 7, 2025, the Board of Directors of FIOPTEC Inc. resolved to reduce capital and return cash amounting to USD 334 thousand (approximately NT$9,926 thousand). The amounts were actually paid on August 7, 2025.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2025

Table 7

Expressed in thousands of NTD; thousands of USD; thousands of CNY

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee as of December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2025 (Note 3)	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company’s products	USD 5,200	Note 1	$ 239,388 (USD 7,200)	$ -	$ 65,580 (USD 2,000)	$ 173,808 (USD 5,200)	$ 14,050	100%	$ 14,050	$ 225,966	$ 166,843	Note 4 Note 6
Jiangxi FOCI Fiber Optic Communication, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company’s products	-	Note 1	52,056 (USD 2,000)	-	52,056 (USD 2,000)	-	(276)	-	(276)	-	-	Note 5
Zhongshan FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company’s products	CNY 20,000	Note 2	-	-	-	-	(13,822)	100%	(13,822)	77,853	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
FOCI Fiber Optic Communications, Inc.	$ 173,808	$ 173,808	$ 1,529,455

Note 1: Reinvestments in Mainland China company through FIOPTEC INC.

Note 2: Reinvestment in Mainland China company through Shanghai FOCI Fiber Optic Communications, Inc.

Note 3: The financial statements of Shanghai FOCI Fiber Optic Communications, Inc. and Zhongshan FOCI Fiber Optic Communications, Inc. were audited and calculated by the parent company’s CPA in the same period.

Note 4: On August 8, 2024, the Board of Directors of Shanghai FOCI Fiber Optic Communications, Inc. resolved to reduce capital and return cash amounting to USD 2,000 thousand (approximately NT$65,580 thousand). The amounts were actually paid on February 5, 2025.

Note 5: Jiangxi FOCI Fiber Optic Communication, Inc. had been liquidated in the second quarter of 2025.

Note 6: On June 23, 2025, the Board of Directors of Shanghai FOCI Fiber Optic Communications, Inc. resolved the distribution of earnings for and before 2024, distributed cash dividends amounting to CNY 7,143 thousand, approximately NT$29,174 thousand, and deducted withholding income tax amounting to CNY 714 thousand, approximately NT$2,917 thousand. The amounts were actually paid on July 10, 2025.

Attachment 2

FOCI FIBER OPTIC COMMUNICATIONS, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2025 AND 2024

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR25000419

To the Board of Directors and Shareholders of FOCI Fiber Optic Communications, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of FOCI Fiber Optic Communications, Inc. as at December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of FOCI Fiber Optic Communications, Inc. as at December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of FOCI Fiber Optic Communications, Inc. in accordance with the Norm of Professional Ethics for Certified

Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Assessment of Inventory Valuation

Description of key audit matter

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(6) for details of inventories. FOCI Fiber Optic Communications, Inc. is primarily engaged in researching, developing, manufacturing, selling of optical fiber communication. Due to the rapid innovations in communication technology and the highly competitive market, there was a higher risk of incurring inventory loss on decline in market value or having obsolete inventory. Given that the net realisable value used in the inventory valuation usually involved subjective judgement and estimation uncertainty, and the inventories were material to the financial statements, we considered the inventory valuation as one of the key audit matters.

How the matter was addressed in our audit

In relation to the key audit matter above, our principal audit procedures are as follows:

1. Obtained an understanding on the Company's operations and its industry characteristic to assess the reasonableness of the Company's policies on and procedures for allowance for inventory valuation losses.
2. Assessed and tested the reasonableness of the basis of net realisable value used by management and the accuracy of the net realisable value calculation.
3. Acquired management's individually identified obsolete or damaged inventory list, inspected the related supporting documents and proper recognition in the financial statements.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing FOCI Fiber Optic Communications, Inc.'s financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

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

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

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

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

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

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

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

Shu-Chien Pai	Li, Tien-Yi

For and on Behalf of PricewaterhouseCoopers, Taiwan
February 26, 2026

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

	Assets	Notes	December 31, 2025 AMOUNT	December 31, 2025 %	December 31, 2024 AMOUNT	December 31, 2024 %
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,240,344	41	$ 1,265,014	43
1110	Financial assets at fair value through profit or loss - current	6(2)	19,700	1	43,050	2
1150	Notes receivable, net	6(5)	23	-	2,461	-
1170	Accounts receivable, net	6(5)	208,000	7	270,780	9
1180	Accounts receivable - related parties	6(5) and 7	42,777	2	51,477	2
1200	Other receivables		2,925	-	8,657	-
1210	Other receivables - related parties	7	943	-	-	-
130X	Inventories	6(6)	280,627	9	219,170	7
1470	Other current assets		26,339	1	28,972	1
11XX	**Current Assets**		1,821,678	61	1,889,581	64
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	38,998	1	100,455	3
1535	Non-current financial assets at amortised cost, net	6(4) and 8	2,939	-	2,939	-
1550	Investments accounted for using equity method	6(7)	332,990	11	318,438	11
1600	Property, plant and equipment	6(8)	584,232	19	435,866	15
1755	Right-of-use assets	6(9)	81,064	3	70,953	2
1760	Investment property - net	6(11)	1,920	-	49,724	2
1780	Intangible assets		21,882	1	31,394	1
1840	Deferred income tax assets	6(28)	55,560	2	50,786	2
1900	Other non-current assets	6(12) and 7	64,696	2	6,385	-
15XX	**Non-current assets**		1,184,281	39	1,066,940	36
1XXX	**Total assets**		$ 3,005,959	100	$ 2,956,521	100

(Continued)

	Liabilities and Equity	Notes	December 31, 2025 AMOUNT	%	December 31, 2024 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(13)	$ 153,133	5	$ -	-
2130	Current contract liabilities	6(21)	2,523	-	8,616	-
2150	Notes payable		2,669	-	1,905	-
2170	Accounts payable		45,710	2	28,362	1
2180	Accounts payable - related parties	7	46,438	2	212,421	7
2200	Other payables	6(14) and 7	112,093	4	80,901	3
2250	Current provisions		8,153	-	11,004	1
2280	Current lease liabilities		5,242	-	2,737	-
2300	Other current liabilities		5,340	-	1,995	-
21XX	**Current Liabilities**		381,301	13	347,941	12
	Non-current liabilities					
2570	Deferred tax liabilities	6(28)	2,703	-	5,612	-
2580	Non-current lease liabilities		72,807	2	70,618	2
2600	Other non-current liabilities		56	-	1,714	-
25XX	**Non-current liabilities**		75,566	2	77,944	2
2XXX	**Total Liabilities**		456,867	15	425,885	14
	Equity					
	Share capital	6(17)				
3110	Share capital - common stock		1,036,406	34	1,036,406	35
	Capital surplus	6(18)				
3200	Capital surplus		1,463,952	49	1,439,857	49
	Retained earnings	6(19)				
3310	Legal reserve		136,341	5	136,341	5
3320	Special reserve		221,187	7	221,187	8
3350	Accumulated deficit		(84,040)	(3)	(81,442)	(3)
	Other equity interest	6(20)				
3400	Other equity interest		(224,754)	(7)	(221,713)	(8)
3XXX	**Total equity**		2,549,092	85	2,530,636	86
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 3,005,959	100	$ 2,956,521	100

			Year ended December 31			
			2025		2024	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(21)	$ 1,757,503	100	$ 1,314,337	100
5000	Operating costs	6(6)(26)(27)	(1,447,154)	(82)	(1,190,316)	(90)
5900	Net operating margin		310,349	18	124,021	10
5910	Unrealized (profit) loss from sales		(530)	-	1,172	-
5920	Realized profit on from sales		1,172	-	6	-
5950	Net operating margin		310,991	18	125,199	10
	Operating expenses	6(26)(27)				
6100	Selling expenses		(29,111)	(2)	(25,370)	(2)
6200	General and administrative expenses		(86,397)	(5)	(72,063)	(6)
6300	Research and development expenses		(212,251)	(12)	(146,640)	(11)
6450	Expected credit gains (losses)	12(2)	18	-	(6)	-
6000	Total operating expenses		(327,741)	(19)	(244,079)	(19)
6900	Operating loss		(16,750)	(1)	(118,880)	(9)
	Non-operating income and expenses					
7100	Interest income	6(22)	18,761	1	12,587	1
7010	Other income	6(23)	16,602	1	7,647	1
7020	Other gains and losses	6(24)	14,731	1	3,232	-
7050	Finance costs	6(25)	(7,057)	-	(1,387)	-
7070	Share of (loss) profit of associates and joint ventures accounted for using equity method	6(7)	(9,170)	(1)	28,658	2
7000	Total non-operating income and expenses		33,867	2	50,737	4
7900	**Profit (loss) before income tax**		17,117	1	(68,143)	(5)
7950	Income tax (expense) benefit	6(28)	(923)	-	19,871	1
8200	**Profit (loss) for the year**		$ 16,194	1	($ 48,272)	(4)
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	($ 46,017)	(2)	($ 47,501)	(3)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(20)	4,981	-	19,350	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(20)(28)	(997)	-	(3,870)	-
8300	**Other comprehensive loss for the year**		($ 42,033)	(2)	($ 32,021)	(2)
8500	**Total comprehensive loss for the year**		($ 25,839)	(1)	($ 80,293)	(6)
	Basic earnings (loss) per share	6(29)				
9750	Basic earnings (loss) per share		$ 0.16		($ 0.48)	
	Diluted earnings (loss) per share	6(29)				
9850	Diluted earnings (loss) per share		$ 0.16		($ 0.48)	

2024									
Balance at January 1, 2024		$ 986,406	$ 1,017,177	$ 135,135	$ 168,227	$ 54,166	($ 41,894)	($ 180,968)	$ 2,138,249
Loss for the year		-	-	-	-	(48,272)	-	-	(48,272)
Other comprehensive income (loss) for the year		-	-	-	-	-	15,480	(47,501)	(32,021)
Total comprehensive (loss)income		-	-	-	-	(48,272)	15,480	(47,501)	(80,293)
Appropriation and distribution of 2023 earnings	6(19)								
Legal reserve		-	-	1,206	-	(1,206)	-	-	-
Special reserve		-	-	-	52,960	(52,960)	-	-	-
Cash capital increase	6(17)(18)	50,000	472,000	-	-	-	-	-	522,000
Capital surplus used to issue cash	6(18)	-	(49,320)	-	-	-	-	-	(49,320)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	-	-	-	-	(33,170)	-	33,170	-
Balance at December 31, 2024		$ 1,036,406	$ 1,439,857	$ 136,341	$ 221,187	($ 81,442)	($ 26,414)	($ 195,299)	$ 2,530,636
2025									
Balance at January 1, 2025		$ 1,036,406	$ 1,439,857	$ 136,341	$ 221,187	($ 81,442)	($ 26,414)	($ 195,299)	$ 2,530,636
Profit for the year		-	-	-	-	16,194	-	-	16,194
Other comprehensive income (loss) for the year		-	-	-	-	-	3,984	(46,017)	(42,033)
Total comprehensive (loss) income		-	-	-	-	16,194	3,984	(46,017)	(25,839)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(13)(20)	-	-	-	-	(18,792)	-	18,792	-
Disposal of subidiary	6(20)	-	-	-	-	-	20,200	-	20,200
Share-based payments	6(16)(18)	-	24,095	-	-	-	-	-	24,095
Balance at December 31, 2025		$ 1,036,406	$ 1,463,952	$ 136,341	$ 221,187	($ 84,040)	($ 2,230)	($ 222,524)	$ 2,549,092

CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		$ 17,117	($ 68,143)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(11)(26)	81,641	77,556
Amortisation expense	6(26)	15,585	13,866
Expected credit (gains) loss	12(2)	(18)	6
Net (gain) loss on financial assets at fair value through profit or loss	6(24)	(4,361)	(1,620)
Interest expense	6(25)	7,057	1,387
Interest income	6(22)	(18,761)	(12,587)
Dividend income	6(3)(23)	(1,140)	(4,500)
Share-based payments	6(16)(27)	24,095	-
Share of profits of subsidiaries, associates and joint ventures	6(7)	9,170	(28,658)
Gain on disposal of property, plant and equipment	6(24)	(131)	(101)
Losses on disposals of investments	6(24)	-	4,500
Reversal of impairment loss on property, plant and equipment	6(8)(24)	(15,615)	(689)
Unrealized (realized) gains with subsidiaries		(642)	(1,178)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2,438	(1,820)
Accounts receivable		62,798	(7,396)
Accounts receivable - related parties		8,700	29,830
Other receivables		2,549	(2,966)
Other receivables - related parties		(269)	1,856
Inventories		(61,457)	(18,999)
Other current assets		2,633	(21,908)
Changes in operating liabilities			
Notes payable		764	32
Accounts payable		17,348	(15,419)
Accounts payable - related parties		(165,983)	(60,331)
Other payables		(1,220)	14,820
Current contract liabilities		(6,093)	6,360
Current provisions		(2,851)	5,804
Other current liabilities		3,345	444
Cash outflow generated from operations		(23,301)	(89,854)
Dividends received	6(3)	30,314	43,962
Income taxes paid		(4,654)	(7,968)
Net cash flows from (used in) operating activities		2,359	(53,860)

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss		$ 27,711	$ 168,970
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	15,439	611
Impairment loss of investments accounted for using equity method		(104,294)	-
Proceeds from capital reduction of investments accounted for using equity method	6(7)	75,506	97,560
Acquisition of property, plant and equipment	6(30)	(132,007)	(168,030)
Proceeds from disposal of property, plant, and equipment		400	301
Acquisition of intangible assets		(6,073)	(38,017)
Increase in guarantee deposits paid		(49)	-
Decrease in guarantee deposits paid		-	187
(Increase) decrease in prepayments for equipment		(58,900)	46,786
Decrease in other non-current assets		638	1,093
Interest received		17,992	12,351
Net cash flows (used in) from investing activities		(163,637)	121,812
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(31)	1,144,043	-
Decrease in short-term loans	6(31)	(990,910)	-
Decrease in guarantee deposits received	6(31)	(1,658)	-
Payments of lease liabilities	6(31)	(8,374)	(3,449)
Cash dividends paid	6(19)(30)	-	(49,293)
Cash capital increase	6(17)	-	522,000
Interest paid		(6,493)	(1,387)
Net cash flows from financing activities		136,608	467,871
Net (decrease) increase in cash and cash equivalents		(24,670)	535,823
Cash and cash equivalents at beginning of year		1,265,014	729,191
Cash and cash equivalents at end of year		$ 1,240,344	$ 1,265,014

FOCI FIBER OPTIC COMMUNICATIONS, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

FOCI Fiber Optic Communications, Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on June 14, 1995 and started operation in September 1995. The Company is primarily engaged in the research, manufacture and sales of various passive fiber optical components, fiber optic test equipment, fiber optics application system and plan, design, consulting and technology services of system integration of the aforementioned products.

The Company’s stock was listed on the Taipei Exchange on February 25, 2011.

2. The Date of Authorization for Issuance of the parent company only Financial Statements and Procedures for Authorization

These parent company only financial statements were authorized for issuance by the Board of Directors on February 26, 2026.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘ Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027(Note)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’	January 1, 2027

Note：The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment:

IFRS 18, ‘Presentation and disclosure in financial statements’

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. Restricted bank deposits are classified as financial assets at amortized cost due to not meeting the definition of cash and cash equivalents.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor)－lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘lease receivables’ at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognized as ‘unearned finance income of finance lease’.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method / Subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses arising from transactions between the Company and subsidiaries are eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless evidence show an impairment of the asset transferred from the transaction. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionally, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investment accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

K. When the Company disposes its investment in an associate and loses significant influence over the associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amount previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

L. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the financial statements prepared on a consolidation basis. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the financial statements prepared on a consolidation basis.

(15) <u>Property, plant and equipment</u>

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 55	years
Machinery and equipment	3 ~ 8	years
R&D equipment	2 ~ 6	years
Office equipment	6 ~ 10	years
Miscellaneous equipment	3	years

(16) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate;

(c) Amounts expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 8 ~ 55 years.

(18) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(19) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(20) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(21) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(26) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(28) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells various optical fiber passive components, optical fiber testing instruments, and optical fiber application systems. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) As the time interval between the transfer of committed goods or services to the customer and the payment of customer does not exceed one year, the Company does not adjusted the transaction price to reflect the time value of money.

(c) Accounts receivable are recognized when the goods are delivered to the customer because the Company has unconditional rights to the contract price from that point in time. The consideration can be collected from the customer only after time passes.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

(29) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty.

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2025, the carrying amount of inventories was $280,627.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Petty cash	$ 120	$ 100
Checking accounts and demand deposits	240,224	132,914
Time deposits	1,000,000	1,132,000
Total	$ 1,240,344	$ 1,265,014

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company's restricted cash and cash equivalents were classified as "non-current financial assets at amortized cost", please refer to Notes 6(4) and 8.

(2) Financial assets at fair value through profit or loss

	December 31, 2025	December 31, 2024
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 23,746	$ 59,365
Valuation adjustment	(4,046)	(16,315)
	$ 19,700	$ 43,050

Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
Items	2025	2024
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 4,361	$ 1,620

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2025	December 31, 2024
Non-current items:		
Equity instruments		
Emerging stocks	$ 34,232	$ 68,463
Unlisted stocks	227,291	227,291
Valuation adjustment	(222,525)	(195,299)
Total	$ 38,998	$ 100,455

A. The Company has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $38,998 and $100,455 as at December 31, 2025 and 2024, respectively.

B. The Company disposed financial assets at fair value through other comprehensive income – equity instruments whose fair value were $15,439 and $611 for the years ended December 31, 2025 and 2024, respectively. The cumulative losses on disposal of $18,792 and $33,170 were transferred from other equity to retained earnings, respectively.

C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

Items	Years ended December 31, 2025	Years ended December 31, 2024
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	($ 46,017)	($ 47,501)
Cumulative (losses) profits transferred to retained earnings due to derecognition	$ 18,792	$ 33,170

(4) Financial assets at amortized cost

Items	December 31, 2025	December 31, 2024
Non-current items:		
Time deposits	$ 2,939	$ 2,939

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

Items	Years ended December 31, 2025	Years ended December 31, 2024
Interest income	$ 50	$ 48

B. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company were both $2,939.

C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

D. Details of the Company's non-current financial assets at amortized cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	$ 23	$ 2,461
Accounts receivable - general customers	208,063	270,861
Accounts receivable due from related parties	42,777	51,477
	250,863	324,799
Less: Allowance for uncollectible accounts	(63)	(81)
	$ 250,800	$ 324,718

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2025		December 31, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 207,257	$ 23	$ 299,319	$ 2,461
Up to 30 days	40,284	-	16,458	-
31 to 90 days	2,985	-	6,362	-
91 to 180 days	314	-	8	-
Over 180 days	-	-	191	-
	$ 250,840	$ 23	$ 322,338	$ 2,461

The above ageing analysis was based on past due date.

B. As of December 31, 2025 and 2024, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2024, the balance of receivables from contracts with customers amounted to $345,338.

C. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was $23 and $2,461; $250,777 and $322,257, respectively.

D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2025	December 31, 2024
Finished goods	$ 244,133	$ 197,264
Work in progress	49,210	21,973
Raw materials	14,839	16,474
	308,182	235,711
Allowance for inventory valuation losses	(27,555)	(16,541)
Total	$ 280,627	$ 219,170

The cost of inventories recognized as expense for the period:

	Years ended December 31,	
Items	2025	2024
Cost of goods sold	$ 1,433,572	$ 1,186,890
Loss on decline in market value	11,014	1,584
Loss on scrapping inventory	1,864	161
Lease cost	704	1,681
	$ 1,447,154	$ 1,190,316

(7) Investments accounted for using equity method

	December 31, 2025	December 31, 2024
Subsidiary		
FIOPTEC Inc. (Cayman Island)	$ 227,089	$ 318,438
FOCI (Thailand) Co,.Ltd	105,901	-
Associate		
BKS TEC Corp.	-	-
Total	$ 332,990	$ 318,438

A. Subsidiary

(a) For information on the Company’s subsidiaries, please refer to Note 4(3) of the Company’s 2025 consolidated financial statements.

(b) The Board of Directors of FIOPTEC Inc. approved the cash capital reduction and returned $97,560 in 2024. The returned proceeds were actually remitted back in 2024.

(c) The Board of Directors of FIOPTEC Inc. approved the cash capital reduction and returned $75,506 in 2025. The returned proceeds were actually remitted back in 2025.

B. BKS TEC Corp. increased its capital on April 1, 2024. The Company did not participate in the capital increase. As a result, the Company decreased its share interest from 11.07% to 3.89%. In addition, BKS TEC Corp. held an annual shareholders’ meeting and re-elected directors on June 25, 2024 and the Company is no longer a director of the entity. Therefore, the Company lost significant influence over the entity starting from the date based on the judgement. The investments were transferred to financial assets at fair value through other comprehensive income and losses on disposals of investments amounting to $4,500 were recognised.

(8) Property, plant and equipment

	2025						
	Buildings and structures	Machinery and equipment	Research and development equipment	Office equipment	Transportation equipment	Unfinished construction and equipment under acceptance	Total
Cost							
Opening net book amount as at January 1	$ 375,656	$ 228,560	$ 103,315	$ 4,627	$ 685	$ 118,206	$ 831,049
Additions for the year	9,344	18,559	8,139	5,140	583	122,090	163,855
Disposals for the year	(1,800)	(79,255)	(21,933)	(374)	-	-	(103,362)
Reclassifications in the year	91,670	25,418	(4,903)	-	-	(21,525)	90,660
At December 31	$ 474,870	$ 193,282	$ 84,618	$ 9,393	$ 1,268	$ 218,771	$ 982,202
Accumulated depreciation and impairment							
At January 1	$ 187,338	$ 150,285	$ 56,465	$ 1,038	$ 57	$ -	$ 395,183
Depreciation expense for the year	15,670	34,520	26,304	1,212	274	-	77,980
Disposals for the year	(1,800)	(79,031)	(21,933)	(374)	-	-	(103,138)
Reversal of impairment loss	-	(15,615)	-	-	-	-	(15,615)
Reclassifications in the period	43,560	4,545	(4,545)	-	-	-	43,560
Closing net book amount as at December 31	244,768	94,704	56,291	1,876	331	-	397,970
Net amount	$ 230,102	$ 98,578	$ 28,327	$ 7,517	$ 937	$ 218,771	$ 584,232

	2024						
	Buildings and structures	Machinery and equipment	Research and development equipment	Office equipment	Transportation equipment	Unfinished construction and equipment under acceptance	Total
Cost							
Opening net book amount as at January 1	$ 371,581	$ 198,211	$ 93,141	$ 1,896	$ -	$ 13,385	$ 678,214
Additions for the year	4,317	49,486	19,636	3,489	685	118,206	195,819
Disposals for the year	(242)	(30,522)	(11,462)	(758)	-	-	(42,984)
Reclassifications in the year	-	11,385	2,000	-	-	(13,385)	-
At December 31	$ 375,656	$ 228,560	$ 103,315	$ 4,627	$ 685	$ 118,206	$ 831,049
Accumulated depreciation and impairment							
At January 1	$ 174,353	$ 147,244	$ 43,616	$ 1,324	$ -	$ -	$ 366,537
Depreciation expense for the year	13,227	34,033	24,311	472	57	-	72,100
Disposals for the year	(242)	(30,303)	(11,462)	(758)	-	-	(42,765)
Reversal of impairment loss	-	(689)	-	-	-	-	(689)
Closing net book amount as at December 31	187,338	150,285	56,465	1,038	57	-	395,183
Net amount	$ 188,318	$ 78,275	$ 46,850	$ 3,589	$ 628	$ 118,206	$ 435,866

A. The significant components of buildings include main plants and electromechanical power equipment and constructions and clean room, which are depreciated over 55 years, 10 years and 10 years, respectively.

B. The equipment was for the Company’s own use and not for lease.

(9) Leasing arrangements－lessee

A. The Company leases various assets including land, buildings, business vehicles. Rental contracts are typically made for periods of 1 to 20 years.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2025	December 31, 2024
	Carrying amount	Carrying amount
Land	$ 65,492	$ 70,280
Transportation equipment (Business vehicles)	-	673
Machinery and equipment	15,572	-
	$ 81,064	$ 70,953

	Years ended December 31,	
	2025	2024
	Depreciation charge	Depreciation charge
Land	$ 2,284	$ 2,369
Transportation equipment (Business vehicles)	673	1,406
	$ 2,957	$ 3,775

C. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were $15,572 and $0, respectively.

D. For the years ended December 31, 2025 and 2024, the disposal to right-of-use assets were $2,504 and $0, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2025	2024
Items affecting profit or loss		
Interest expense on lease liabilities	$ 850	$ 922
Expense on short-term lease contracts	2,398	225
Expense on leases of low-value assets	251	276
Total	$ 3,499	$ 1,423

F. For the years ended December 31, 2025 and 2024, the Company’s total cash outflow for leases were $11,873 and $4,872, respectively.

(10) Leasing arrangements – lessor

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor’s ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a certain amount of guarantee deposits is required.

B. For the years ended December 31, 2025 and 2024, the Company recognized rent income in the amounts of $4,326 and $10,530, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2025	December 31, 2024
Not later than one year	$ 156	$ 4,255
Later than one year but not later than five years	67	223
Total	$ 223	$ 4,478

(11) Investment property

	December 31, 2025	December 31, 2024
Buildings and structures		
Cost		
Equity at beginning of year	$ 94,436	$ 94,436
Reclassifications for the year	(90,660)	-
Equity at end of year	3,776	94,436
Accumulated depreciation		
Equity at beginning of year	44,712	43,031
Additions for the year	704	1,681
Reclassifications for the year	(43,560)	-
Equity at end of year	1,856	44,712
Closing net book amount as at December 31	$ 1,920	$ 49,724

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2025	2024
Rental income from investment property	$ 4,326	$ 10,530
Direct operating expenses arising from the investment property that generated rental income during the period	$ 704	$ 1,681

B. The fair value of the investment property held by the Company as at December 31, 2025 and 2024 was $1,353 and $92,047, respectively, which was valued by the Company using the income approach which is categorized within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	December 31, 2025	December 31, 2024
Discount rate	4.502%	2.470%

(12) Other non-current assets

	December 31, 2025	December 31, 2024
Prepayments for business facilities	$ 64,599	$ 5,699
Guarantee deposits paid	97	48
Other assets	-	638
Total	$ 64,696	$ 6,385

(13) Short-term borrowings

Type of borrowings	December 31, 2025	Interest rate range	Collateral
Bank borrowings			
bank secured borrowings	$ 153,133	4.2812%~4.6%	None

A. Interest expense recognised in profit or loss amounted to $6,205 for the year ended December 31, 2025.

B. December 31, 2025: None.

(14) Other payables

	December 31, 2025	December 31, 2024
Salaries and bonuses payable	$ 24,745	$ 23,720
Payable on equipment	64,891	33,043
Pension expense payable	2,163	2,098
Dividends payable	27	27
Others	20,267	22,013
	$ 112,093	$ 80,901

(15) Pensions

A. The Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2025 and 2024 were $8,461 and $7,725, respectively.

(16) Share-based payment

A. For the years ended December 31, 2025, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
The first employee stock option warrant for the year 2025	2025.3.27	1,280,000	5 years	50% vesting upon completion of 2 years of service 25% vesting upon completion of 3 years of service 25% vesting upon completion of 4 years of service
The second employee stock option warrant for the year 2025.	2025.8.7	325,000	5 years	50% vesting upon completion of 2 years of service 25% vesting upon completion of 3 years of service 25% vesting upon completion of 4 years of service

Among the share-based payment arrangements above, settlement is made by equity.

B.Details of the share-based payment arrangements are as follows:

	2025	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	$ -	$ -
Options granted	1,605,000	287.92
Options forfeited	(210,000)	288.26
Options outstanding at December 31	1,395,000	287.87
Options exercisable at December 31	-	-

C.The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2025	
Issue date approved	Expiry date	No. of option(in thousands)	Exercise price(in dollars)
2025.3.21	2030.3.27	1,120	$ 286
2025.3.21	2030.8.7	275	295.5

D. The Company’s fair value information of share-based payment transactions is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (Note 1)	Expected option life	Expected dividends (Note 2)	Risk-free interest rate	Fair value per unit
The first employee stock option warrant for the year 2025	2025.3.27	$ 286	$ 286	39.77%~ 39.98%	3.5~4.5	4.45%	1.4286%~ 1.5014%	$62.41~ 66.29
The second employee stock option warrant for the year 2025.	2025.8.7	$ 295.5	$ 295.5	40.10%~ 40.27%	3.5~4.5	6.02%	1.2582%~ 1.2975%	$56.72~ 58.76

Note 1:The expected volatility is estimated using stock prices from the most recent period corresponding to the expected remaining term of the stock option as the sample interval, and is calculated based on the standard deviation of stock returns during that period.

Note 2:The expected dividend yield is derived by considering securities lending income as an additional dividend received by the stockholder, adjusted by the average securities lending transaction fee rate for that month.

E. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2025
Equity-settled	$ 24,095

F. For the year ended December 31, 2024, the Company had no share-based payment arrangements.

(17) Share capital

A. As of December 31, 2025, the Company's authorized capital was $1,800,000, consisting of 180,000 thousand shares of ordinary stock (including 6,000 thousand shares reserved for employee stock options), and the paid-in capital was $1,036,406 with a par value of NT$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2025 (in thousands)	2024 (in thousands)
At January 1	103,641	98,641
Cash capital increase	-	5,000
At December 31	103,641	103,641

B. The Board of Directors of the Company during their meeting on June 11, 2024 adopted a resolution to raise additional cash through private placement by issuing 5,000 thousand ordinary shares with a par value of NT$10 (in dollars) per share, the issuing price was NT$104.4 (in dollars) per share and $522,000 in total. The effective date of the capital increase was set on June 25, 2024. Proceeds had been fully collected and the registration for the change had been completed.

C. To purchase machinery and equipment and fulfil working capital, the Company's Board of Directors during their meeting on November 6, 2025 resolved to increase its capital by issuing new shares, issued 10,000 thousand shares with a par value of NT$10 (in dollars) per share, at an issue price of NT$316 (in dollars) per share. The total capital increase amounted to $3,160,000, and the effective date for capital increase was set on January 26, 2026.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2025				
	Share premium	Stock options	Changes in ownership interests in subsidiaries	Gains on disposals of fixed assets and others	Total
At January 1	$ 1,437,824	$ -	$ 1,775	$ 258	$ 1,439,857
Share-based payments	-	24,095	-	-	24,095
At December 31	$ 1,437,824	$24,095	$ 1,775	$ 258	$ 1,463,952

	2024			
	Share premium	Changes in ownership interests in subsidiaries	Gains on disposals of fixed assets and others	Total
At January 1	$ 1,015,144	$ 1,775	$ 258	$ 1,017,177
Capital surplus distributed as cash	(49,320)	-	-	(49,320)
Cash capital increase	472,000	-	-	472,000
At December 31	$ 1,437,824	$ 1,775	$ 258	$ 1,439,857

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be appropriated in the following orders:
   (a) Pay all taxes;
   (b) Cover prior years' losses;
   (c) Set aside 10% as legal reserve (unless the legal reserve has reached the total capital);
   (d) Set aside or reverse special reserve as required by regulations;
   (e) The remainder, if any, along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and be resolved by the shareholders.

B. The Board of Directors of the Company may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors, distribute dividends, bonus, legal reserve or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting.

C. The Company's dividend policy is set up in accordance with the Company Act and the Company's Articles of Incorporation, and in consideration of factors including the Company's capital and financial structure, operational condition, earnings, and the industry's nature and cycle, etc. Suppose the Company has a surplus in its final annual accounts, and the distributable surplus reaches 2% of the paid-in capital. In that case, the dividend distribution shall not be less than 10% of the distributable surplus. Cash dividends are preferred in the distribution of earnings, but stock dividends can also be distributed on the basis that the distribution ratio of stock dividends is no higher than 50% of total dividends of the year.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. Legal reserve shall be set aside until its balance reaches the Company's total paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of its paid-in capital, the excess may be transferred to capital or distributed in cash.

F. The Board of Directors on February 22, 2024 adopted a resolution on the distribution of 2023 earnings, distribute cash dividends from capital surplus amounting to $49,320 at NT$0.5 (in dollars) per share.

G. The Board of Directors on February 22, 2024 and the shareholder's meeting on May 30, 2024 adopted a resolution on the distribution of 2023 earnings, appropriating $1,206 as legal reserve and $52,960 as special reserve.

(20) Other equity items

	2025		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	($ 26,414)	($ 195,299)	($ 221,713)
Gain (or loss) on disposal of subsidiary recognized in profit or loss			
–Group	20,200	-	20,200
Revaluation – gross	-	(46,017)	(46,017)
Revaluation transferred to retained earnings – gross	-	18,792	18,792
Currency translation differences:			
–Group	4,981	-	4,981
–Tax on Group	(997)	-	(997)
At December 31	($ 2,230)	($ 222,524)	($ 224,754)

	2024		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	($ 41,894)	($ 180,968)	($ 222,862)
Revaluation – gross	-	(47,501)	(47,501)
Revaluation transferred to retained earnings – gross	-	33,170	33,170
Currency translation differences:			
–Group	19,350	-	19,350
–Tax on Group	(3,870)	-	(3,870)
At December 31	($ 26,414)	($ 195,299)	($ 221,713)

(21) Operating revenue

	Years ended December 31,	
	2025	2024
Revenue from contracts with customers	$ 1,753,177	$ 1,303,807
Others－lease revenue	4,326	10,530
Total	$ 1,757,503	$ 1,314,337

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

Year ended December 31, 2025	Taiwan	China	America	Asia	Other regions	Total
Revenue from external customer contracts	$ 106,360	$ 11,118	$ 1,506,183	$ 73,469	$ 56,047	$ 1,753,177

Year ended December 31, 2024	Taiwan	China	America	Asia	Other regions	Total
Revenue from external customer contracts	$ 141,181	$ 16,375	$ 1,060,644	$ 63,834	$ 21,773	$ 1,303,807

B. Contract assets and liabilities

The Company has recognized the following revenue-related contract assets and liabilities:

	December 31, 2025	December 31, 2024	January 1, 2024
Product sales contracts	$ 2,523	$ 8,616	$ 2,256

C. Revenue recognized that was included in the contract liability balance at the beginning of the period

	Years ended December 31,	
	2025	2024
Product sales contracts	$ 8,170	$ 2,168

(22) Interest income

	Years ended December 31,	
	2025	2024
Interest income from bank deposits	$ 18,711	$ 12,539
Interest income from financial assets measured at amortised cost	50	48
	$ 18,761	$ 12,587

(23) Other income

	Years ended December 31,	
	2025	2024
Dividend income	$ 1,140	$ 4,500
Government grants	15,003	1,930
Other income	459	1,217
	$ 16,602	$ 7,647

(24) Other gains and losses

	Years ended December 31,	
	2025	2024
Gains on disposals of property, plant and equipment	$ 131	$ 101
Losses on disposals of investments	-	(4,500)
Foreign exchange (losses) gains	(5,376)	6,862
Gains on financial assets at fair value through profit or loss	4,361	1,620
Reversal of impairment loss on property, plant and equipment	15,615	689
Other gains and losses	-	(1,540)
	$ 14,731	$ 3,232

(25) Finance costs

	Years ended December 31,	
	2025	2024
Interest expense on short-term loans	$ 6,205	$ -
Interest expense on lease liabilities	850	922
Others interest expense	2	465
	$ 7,057	$ 1,387

(26) Expenses by nature

	Years ended December 31, 2025	Years ended December 31, 2024
Employee benefit expense	$ 243,596	$ 205,122
Depreciation expense	81,641	77,556
Amortisation expense	15,585	13,866
	$ 340,822	$ 296,544

(27) Employee benefit expense

	Years ended December 31, 2025	Years ended December 31, 2024
Wages and salaries	$ 176,570	$ 166,631
Share-based payments	24,095	-
Labour and health insurance fees	17,933	16,013
Directors' remuneration	3,790	3,797
Pension costs	8,461	7,725
Other personnel expenses	12,747	10,956
	$ 243,596	$ 205,122

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 5% ~ 15% for employees' compensation, with no less than 25% of the allocation designated for distribution among junior employees, and shall not be higher than 5% for directors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses.

B. For the years ended December 31, 2025 and 2024, no employees' compensation and directors' remuneration were accrued because of losses incurred for the period.

Employees' compensation and directors' remuneration of 2024 as resolved by the Board of Directors both amounted to $0, which were in agreement with those amounts recognised in the 2024 financial statements.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2025	2024
Current tax:		
Current tax on profits for the year	$ 5,229	$ -
Prior year income tax underestimation	3,952	4,017
Total current tax	9,181	4,017
Deferred tax:		
Origination and reversal of temporary differences	(8,258)	(23,888)
Total deferred tax	(8,258)	(23,888)
Income tax expense	$ 923	($ 19,871)

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2025	2024
Currency translation differences	$ 997	$ 3,870

(c) The income tax charged/(credited) to equity during the period is as follows: None.

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2025	2024
Tax calculated based on profit (loss) before tax and statutory tax rate	$ 3,423	($ 13,629)
Expenses disallowed by tax regulation	(8,143)	89
Temporary differences not recognised as deferred tax assets	5,186	1,014
Effect from investment tax credits	(3,495)	(11,362)
Prior year income tax underestimation	3,952	4,017
Income tax expense (benefit)	$ 923	($ 19,871)

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2025			
	January 1	Recognised in profit or loss	Translation differences	December 31
—Deferred tax assets:				
Temporary differences:				
Allowance for inventories impairment losses	$ 3,308	$ 2,203	$ -	$ 5,511
Unrealized impairment loss	122	(122)	-	-
Investment tax credits	16,325	3,495	-	19,820
Loss carryforward	31,031	(802)	-	30,229
Subtotal	50,786	4,774	-	55,560
—Deferred tax liabilities:				
Temporary differences:				
Other	(5,612)	3,906	(997)	(2,703)
Subtotal	(5,612)	3,906	(997)	(2,703)
Total	$ 45,174	$ 8,680	($ 997)	$ 52,857

	2024			
	January 1	Recognised in profit or loss	Translation differences	December 31
—Deferred tax assets:				
Temporary differences:				
Allowance for inventories impairment losses	$ 2,991	$ 317	$ -	$ 3,308
Unrealized impairment loss	880	(758)	-	122
Other	2,490	(2,490)	-	-
Investment tax credits	4,963	11,362	-	16,325
Loss carryforward	13,888	17,143	-	31,031
Subtotal	25,212	25,574	-	50,786
—Deferred tax liabilities:				
Temporary differences:				
Other	(3,926)	2,184	(3,870)	(5,612)
Subtotal	(3,926)	2,184	(3,870)	(5,612)
Total	$ 21,286	$ 27,758	($ 3,870)	$ 45,174

D. Details of the amount the Company is entitled as investment tax credit and unrecognized deferred tax assets are as follows:

	December 31, 2025		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 4,512	$ -	2026
Machinery and equipment	4,194	-	2026
Research and development	5,773	-	2027
Machinery and equipment	5,341	-	2027
Total	$ 19,820	$ -	

	December 31, 2024		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 3,934	$ -	2025
Machinery and equipment	3,882	-	2025
Research and development	5,476	-	2026
Machinery and equipment	3,033	-	2026
Total	$ 16,325	$ -	

E. Expiration dates of unused tax losses and amounts of unrecognized' deferred tax assets are as follows:

		December 31, 2025		
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	$ 64,446	$ 64,446	$ -	2033
2024	103,928	103,928	13,219	2034
	$ 168,374	$ 168,374	$ 13,219	

		December 31, 2024		
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	$ 66,391	$ 69,391	$ -	2033
2024	85,764	85,764	-	2034
	$ 152,155	$ 155,155	$ -	

F. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

(29) Earnings (losses) per share

	Year ended December 31, 2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 16,194	103,641	$ 0.16
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 16,194	103,641	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock option	-	7	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 16,194	103,648	$ 0.16

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted losses per share			
Loss attributable to ordinary shareholders	($ 48,272)	101,229	($ 0.48)

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2025	2024
Purchase of property, plant and equipment	$ 163,855	$ 195,819
Add: Opening balance of payable on equipment	33,043	5,254
Less: Ending balance of payable on equipment	(64,891)	(33,043)
Cash paid during the year	$ 132,007	$ 168,030

B. Financing activities with partial cash payments:

	Years ended December 31,	
	2025	2024
Cash dividends declared	$ -	$ 49,320
Add: Opening balance of dividends payable	27	-
Less: Ending balance of dividends payable	(27)	(27)
Cash paid during the year	$ -	$ 49,293

(31) Changes in liabilities from financing activities

	2025			
	Short-term borrowings	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ -	$ 1,714	$ 73,355	$ 75,069
Changes in cash flow from financing activities	153,133	(1,658)	(8,374)	143,101
Interest payments	-	-	(850)	(850)
Amortisation charges on interest expenses	-	-	850	850
Changes in other non-cash items	-	-	13,068	13,068
At December 31	$ 153,133	$ 56	$ 78,049	$ 231,238

	2024	
	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 76,804	$ 76,804
Changes in cash flow from financing activities	(3,449)	(3,449)
Interest payments	(922)	(922)
Amortisation charges on interest expenses	922	922
At December 31	$ 73,355	$ 73,355

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
FIOPTEC Inc.	Subsidiaries directly held by the Company
FOCI (Thailand) Co., Ltd	Subsidiaries directly held by the Company
Shanghai FOCI Fiber Optic Communications, Inc.	Sub-subsidiary indirectly held by the Company
Zhongshan FOCI Fiber Optic Communications, Inc.	Sub-subsidiary indirectly held by the Company
BKS TEC Corp.	Associate (Note)

Note: BKS TEC Corp. held an annual shareholders' meeting and re-elected directors on June 25, 2024 and the Company is no longer a director of the entity. Therefore, the Company lost significant influence over the entity starting from the date based on the judgement.

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2025	2024
Sales of goods:		
Zhongshan FOCI Fiber Optic Communications, Inc.	$ 261,727	$ 228,316
Shanghai FOCI Fiber Optic Communications, Inc.	125,646	102,761
BKS TEC Corp.	-	189
Total	$ 387,373	$ 331,266

B. Purchases:

	Years ended December 31,	
	2025	2024
Purchases of goods:		
Zhongshan FOCI Fiber Optic Communications, Inc.	$ 871,200	$ 568,267
Shanghai FOCI Fiber Optic Communications, Inc.	387,199	396,217
Total	$ 1,258,399	$ 964,484

The Company purchased inventories from subsidiaries and not from other suppliers. Since there was no market price to be compared with, the settlement prices were determined by reference to market prices and based on mutual agreement.

The Company commissioned its related parties to outsource the raw material processing and agreed to pay based on their actual processing costs, which was shown as operating costs.

The above purchases did not deduct sales revenue of $387,373 and $331,077 recognized by the Company due to the raw material processing of subsidiaries for the years ended December 31, 2025 and 2024, respectively. The Company’s accounts had deducted related revenue and purchasing costs in accordance with the regulations.

C. Receivables from related parties:

	December 31, 2025	December 31, 2024
Accounts receivable:		
Zhongshan FOCI Fiber Optic Communications, Inc.	$ 36,611	$ 46,197
Shanghai FOCI Fiber Optic Communications, Inc.	6,166	5,280
	42,777	51,477
Other receivable-current:		
FOCI (Thailand) Co., Ltd	943	-
	943	-
	$ 43,720	$ 51,477

The receivables from related parties arise from sale transactions. The receivables are due two months after the date of sales. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties:

	December 31, 2025	December 31, 2024
Accounts receivable:		
Shanghai FOCI Fiber Optic Communications, Inc.	$ 42,345	$ 75,445
Zhongshan FOCI Fiber Optic Communications, Inc.	4,093	136,976
	46,438	212,421
Other receivables:		
Shanghai FOCI Fiber Optic Communications, Inc.	3	4
Zhongshan FOCI Fiber Optic Communications, Inc.	42	468
	45	472
	$ 46,483	$ 212,893

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

E. Property transactions:

(a)Acquisition of property, plant and equipment:

	Years ended December 31,	
	2025	2024
Shanghai FOCI Fiber Optic Communications, Inc.	$ -	$ 400
Zhongshan FOCI Fiber Optic Communications, Inc.	814	1,029
	$ 814	$ 1,429

(b)Disposal of property, plant and equipment:

	Years ended December 31,	
	2025	2024
FOCI (Thailand) Co., Ltd	$ 923	$ -

(3) Key management compensation

	Years ended December 31,	
	2025	2024
Short-term employee benefits	$ 13,555	$ 15,470
Post-employment benefits	585	526
Share-based payments	7,709	-
	$ 21,849	$ 15,996

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2025	December 31, 2024	Purpose
Time deposits (Note)	$ 2,939	$ 2,939	Land lease deposits

Note： “ Financial assets at amortized cost – non-current ” are listed in the table.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On February 26, 2026, the Company's Board of Directors resolved to issue ordinary shares through the private placement, with the total number of shares not exceeding 10,000 thousand shares. The private placement will be processed 1 to 3 times within one year from the date of the resolution at the shareholders' meeting.

12. Others

(1) Capital management

The Company manages its capital to ensure that the Company will be able to stay in operation while maximizing the return to stakeholders. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of the Company's net debt (being borrowings offset by cash) and equity (comprising share capital, capital surplus, retained earnings and other equity).

(2) Financial instruments

A. Financial instruments by category

	December 31, 2025	December 31, 2024
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 19,700	$ 43,050
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	38,998	100,455
Financial assets at amortised cost		
Cash and cash equivalents	1,240,344	1,265,014
Notes receivable	23	2,461
Accounts receivable (including related parties)	250,777	322,257
Other receivables (including related parties)	3,868	8,657
Financial assets at amortised cost	2,939	2,939
Guarantee deposits paid	97	48
	$ 1,556,746	$ 1,744,881

	December 31, 2025	December 31, 2024
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Short-term borrowings	$ 153,133	$ -
Notes payable	2,669	1,905
Accounts payable (including related parties)	92,148	240,783
Other payables	112,093	80,901
Guarantee deposits received	56	1,714
	$ 360,099	$ 325,303
Lease liability (including current portion)	$ 78,049	$ 73,355

B. Financial risk management policies

The Company's major financial instruments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, net notes and accounts receivable, notes and accounts payable, etc. The Company's objectives when managing financial risks are to manage foreign exchange risk, price risk, interest rate risk, credit risk and liquidity risk related to its operating activities. In order to decrease the relevant financial risk, the Company focuses on identifying, evaluating and hedging market uncertainties to minimize potential adverse effects from markets on the Company's financial performance.

The Company's major financial activities are reviewed by the Board of Directors in accordance with relevant regulations and internal controls. During the implementation of financial plans, the Company must comply with the financial procedures relating to overall financial risk management and segregation of duties.

C. Significant financial risks and degrees of financial risks

(a) Market risk

The Company's operating activities exposed it primarily to financial risks, which are foreign exchange risk, interest rate risk and price risk. There have been no changes to the Company's exposure to market risks or the manner in which these risks are managed and measured.

Exchange rate risk

i. The Company's cash inflows and outflows are partially denominated in foreign currencies and therefore have a natural hedging effect. The Company manages exchange rate risk for hedging purposes, not for profit-making.

ii. The Company's strategy to manage exchange rate risk is to regularly review the net position of assets and liabilities in each currency and manage the risk accordingly. Currently, trading foreign currency deposits is the main tool to hedge exchange rate risk.

iii. As the net investments in foreign operations are considered to be strategic investments, the Company does not hedge the investments.

iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2025		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 8,447	31.42	$ 265,405
Non-monetary items			
USD:NTD	$ 10,598	31.42	$ 332,990
Financial liabilities			
Monetary items			
USD:NTD	$ 7,306	31.42	$ 229,555
Non-monetary items: None.			

	December 31, 2024		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 10,454	32.77	$ 342,578
Non-monetary items			
USD:NTD	$ 9,717	32.77	$ 318,438
Financial liabilities			
Monetary items			
USD:NTD	$ 7,599	32.77	$ 249,019
Non-monetary items: None.			

v. The total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2025 and 2024 amounted to ($5,376) and $6,862, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2025		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,654	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 2,296)	$ -

	Year ended December 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 3,426	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 2,490)	$ -

Price risk

i. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the consolidated balance sheet as financial asset measured at fair value through profit or loss and measured at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by $190 and $475, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $2,615 and $2,958, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.

ii. The Company manages their credit risk taking into consideration the Company’s concern. For banks and financial institutions, only independently rated parties with good credit rating are accepted. According to the Company’s credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the assumptions under IFRS 9 that if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

v. The Company classifies customers’ accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.

vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties；

(ii) The disappearance of an active market for that financial asset because of financial difficulties；

(iii) Default or delinquency in interest or principal repayments；

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

viii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable and accounts receivable. On December 31, 2025 and 2024, the provision matrix is as follows:

	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
At December 31, 2025						
Expected loss rate	0.03%	0.03%	0.03%	0.04%	0.04%~100	
Total book value	$ 207,280	$ 40,284	$ 2,985	$ 314	$ -	$ 250,863
Loss allowance	($ 45)	($ 17)	($ 1)	$ -	$ -	($ 63)
At December 31, 2024						
Expected loss rate	0%-0.03%	0.03%	0.03%	0.03%	0.03%-100%	
Total book value	$ 301,780	$ 16,458	$ 6,362	$ 8	$ 191	$ 324,799
Loss allowance	($ 74)	($ 5)	($ 2)	$ -	$ -	($ 81)

ix. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2025	2024
	Accounts receivable	Accounts receivable
At January 1	$ 81	$ 75
Provision for impairment	-	6
Reversal of impairment loss	(18)	-
At December 31	$ 63	$ 81

x. Financial assets at amortized cost held by the Company are the restricted bank deposits. The credit ratings of the counterparty banks are all with high credit quality, so it expects that the risk of incurring credit losses is remote.

(c) Liquidity risk

i. The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company’s operations and mitigate the effects of fluctuations in cash flows.

ii. The Company has the following undrawn borrowing facilities:

	December 31, 2025	December 31, 2024
Floating rate:		
Expiring within one year	$ 1,998,572	$ 667,564

iii. The table below analyses the Company’s non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

At December 31, 2025	Immediate payment or less than 1 month	Between 1 and 3 month(s)	Between 3 months and 1 year	Between 1 and 5 year(s)	Over 5 years	Total
Non-derivative financial liabilities						
Short-term borrowings	$ 47,716	$ 107,994	$ -	$ -	$ -	$155,710
Notes payable	389	-	2,280	-	-	2,669
Accounts payable	46,646	42,206	3,296	-	-	92,148
Other payables	42,038	36,060	33,995	-	-	112,093
Lease liability	517	1,034	4,656	18,066	66,865	91,138
Guarantee deposits	-	-	-	56	-	56
Derivative financial liabilities:	None.					

At December 31, 2024	Immediate payment or less than 1 month	Between 1 and 3 month(s)	Between 3 months and 1 year	Between 1 and 5 year(s)	Over 5 years	Total
Non-derivative financial liabilities						
Notes payable	$ 15	$ -	$ 1,890	$ -	$ -	$ 1,905
Accounts payable	141,355	98,712	716	-	-	240,783
Other payables	40,481	18,513	21,907	-	-	80,901
Lease liability	352	704	2,561	11,705	72,177	87,499
Guarantee deposits	-	-	-	1,714	-	1,714
Derivative financial liabilities:	None.					

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company’s investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds, corporate bonds and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company’s investment in off-the-run government bonds, corporate bonds, bank debentures, convertible bonds and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in certain derivative instruments, equity investment without active market and investment property is included in Level 3.

B. Fair value information of the Company's investment property at cost is provided in Note 6(11).

C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, lease liabilities (current and non-current) and guarantee deposits received are approximate to their fair values.

D. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2025 and 2024 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 19,700	$ -	$ -	$ 19,700
Financial assets at fair value through other comprehensive income				
Emerging stocks	16,578	-	-	16,578
Unlisted stocks	-	-	22,420	22,420
	$ 36,278	$ -	$ 22,420	$ 58,698
Liabilities				
Recurring fair value measurements:None.				

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 43,050	$ -	$ -	$ 43,050
Financial assets at fair value through other comprehensive income				
Emerging stocks	24,290	-	-	24,290
Unlisted stocks	-	-	76,165	76,165
	$ 67,340	$ -	$ 76,165	$ 143,505
Liabilities				
Recurring fair value measurements:None.				

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed stocks and Emerging stocks
Market quoted price	Closing price

ii. When assessing non-standard and low-complexity financial instruments, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

E. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2025 and 2024:

	2025	2024
	Financial instruments	Financial instruments
At January 1	$ 76,165	$ 117,429
Reclassification from investments accounted for using equity method	-	480
Gain or loss recognized in other comprehensive income	(53,745)	(42,355)
Sold in the period	-	611
At December 31	$ 22,420	$ 76,165

G. For the years ended December 31, 2025 and 2024, there was no transfer into or out from Level 3.

H. Treasury segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. Investment property is valuated regularly by the Company based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 21,589	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	831	Market comparable companies	Discount for lack of marketability	16.40%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 29,615	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	1,152	Market comparable companies	Discount for lack of marketability	21.07%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	26,138	Market comparable companies	Discount for lack of marketability	15.60%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	19,260	Income approach	Discount for lack of marketability and discount for lack of control	33.14% 20.90%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. Based on the assessment, there is no material impact on profit or loss or other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

E. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

F Significant inter-company transactions during the reporting period: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

14. Segment Information

Not applicable.

Item	Description	Amount
Cash：		
Cash on hand		$ 120
Cash in banks		
Checking deposits		390
Demand deposits		
-NTD		206,495
-USD	USD 1,061,090.74 Exchange Rate 31.42	33,339
Time deposits		
-NTD	Expiration date are January 2026 ~ February 2026, interest rate 1.50%~1.66%	1,000,000
		$ 1,240,344

Client Name	Description	Amount	Note
General customers:			
Customer C		$ 144,641	
Customer L		20,034	
Others		43,388	Balance of each client has not exceeded 5% of total account balance. Amount of account overdue one year is zero.
		208,063	
Less: Allowance for uncollectible accounts		(63)	
		208,000	
Related parties：			
Zhongshan FOCI Fiber Optic Communications, Inc.		36,611	
SHANGHAI FOCI Fiber Optic Communications, Inc.		6,166	
		42,777	
		$ 250,777	

Item	Description	Amount Cost	 Net Realizable Value	Note
Raw materials		$ 14,839	$ 7,930	Use replacement costs as market price
Work in process		49,210	32,673	Use net realizable value as market price
Finished goods		244,133	275,870	Use net realizable value as market price
		308,182	$ 316,473	
Less: Allowance for valuation loss		(27,555)		
		$ 280,627		

	Beginning Balance		Addition (Note 1)		Decrease (Note 1)		Ending Balance			Market Value or Net Assets Value			
Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral	Note
FIOPTEC Inc.(Cayman Island)	9,200	$318,438	-	$ -	(2,334)	($ 91,349)	6,866	100%	$ 227,089	$ 33.07	$ 227,089	None	
FOCI (Thailand) Co., Ltd	-	-	130,000	105,901	-	-	130,000	99.999999%	105,901	0.81	105,901	None	
		$318,438		$105,901		($ 91,349)			$ 332,990				

Note 1: Including investment profit or loss, realised (unrealised) gross profit from sales and currency translation differences.

Item	Volume (Thousand)	Amount
Sales revenue		
Optical fiber patch cords	16,620	$ 1,112,882
Others, non-optical fiber passive component	932	265,222
Optical fiber connectors	1,902	180,316
Optical fiber passive components - others	230	86,146
Micro optical fiber devices	18	38,929
Optical fiber coupling products	75	35,860
Other revenue		50,312
		1,769,667
Less: Sales returns and allowances		(16,490)
		1,753,177
Rental revenue		4,326
Net amount of operating revenue		$ 1,757,503

Item	Description	Total
Cost of goods sold from manufacturing		
Beginning raw materials		$ 16,474
Add: Materials purchased		674,630
Gains on physical count of raw materials		141
Less: Ending raw materials		(14,839)
Transfer to expenses		(7,806)
Transfer to scrap		(1,424)
Raw materials sold		(172,898)
Raw materials consumed		494,278
Direct labor		45,839
Manufacturing expense		145,397
Work in process – outsourced		4,217
Manufacturing cost		689,731
Add: Beginning work in Progress		21,973
Transferred from finished goods		3,507
Semi-finished goods purchased		47,769
Less: Ending work in Progress		(49,210)
Semi-finished goods transferred to expenses		(89,758)
Transfer to scrap		(41)
Loss on physical inventory		(21)
Cost of finished goods		623,950
Add: Beginning finished goods		197,264
Finished goods purchased		694,314
Less: Ending finished goods		(244,133)
Transferred to work in progress		(3,507)
Transfer to expenses		(5,081)
Transfer to scrap		(399)
Cost of goods sold		1,262,408
Loss on decline in market value		11,014
Losses from scrapped inventory		1,864
Cost of rental sales		704
Other operating costs		(1,614)
Raw materials sold		172,898
Gain on physical inventory		(120)
Total operating cost		$ 1,447,154

Item	Description	Amount	Note
Depreciation expense		$ 46,792	
Wages and salaries		71,130	
Utilities expense		9,109	
Other expenses		18,366	None of balances of each remaining items is greater than 5% of this account.
		$ 145,397	

Item	Description	Amount	Note
Wages and salaries		$ 10,862	
Traveling expense		5,363	
Professional service fees		4,304	
Sample expense		1,872	
Other expenses		6,710	None of balances of each remaining items is greater than 5% of this account.
		$ 29,111	

Item	Description	Amount	Note
Wages and salaries		$ 47,795	
Amortization expense		5,230	
Professional service fees		7,855	
Other expenses		25,517	None of balances of each remaining items is greater than 5% of this account.
		$ 86,397	

Item	Description	Amount	Note
Wages and salaries		$ 75,515	
Depreciation expense		30,682	
Material expense		65,304	
Other expenses		40,750	None of balances of each remaining items is greater than 5% of this account.
		$ 212,251	

Function Nature	Year ended December 31, 2025			Year ended December 31, 2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	$ 71,130	$ 105,440	$ 176,570	$ 62,158	$ 104,473	$ 166,631
Share-based payments	4,554	19,541	24,095	-	-	-
Labour and health insurance fees	7,774	10,159	17,933	6,210	9,803	16,013
Directors' remuneration	-	3,790	3,790	-	3,797	3,797
Pension costs	3,060	5,401	8,461	2,468	5,257	7,725
Other personnel expenses	6,953	5,794	12,747	5,430	5,526	10,956
Depreciation Expense	47,496	34,145	81,641	44,339	33,217	77,556
Amortisation Expense	6,844	8,741	15,585	7,786	6,080	13,866

Note:

1.As at December 31, 2025 and 2024, the Company had 230 and 212 employees,including 6 and 6 non-employee directors, respectively.

2.A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information：

(1) Average employee benefit expense in current year was $1,071.

(“total employee benefit expense for the current year – total directors’ remuneration”/ “the number of employees in the current year–the number of directors who didn't concurrently serve as employees.”).

Average employee benefit expense in previous year was $977.

(“total employee benefit expense for the previous year–total directors’ remuneration”/ “the number of employees in the previous year–the number of directors who didn't concurrently serve as employees.”).

(2) Average employees salaries in current year was $788.

(total salaries and wages for the current year/ "the number of employees in the current year– the number of directors who didn't concurrently serve as employees.”).

Average employees salaries in previous year was $809.

(total salaries and wages for the previous year/ “the number of employees in the previous year – the number of directors who didn't concurrently serve as employees.”)

(3) Adjustments of average employees salaries was 2.6%.

("the average employee salaries and wages for the current year–the average employee salaries and wages for the previous year"/ the average employee salaries and wages for the previous year)

(4) Since the Company has an Audit Committee, there is no remuneration for supervisors.

(5) The Company's compensation policies (including directors, executive officers and employees).

The emoluments of the Company's directors include independent directors' salaries, transportation allowances and directors'remuneration. Independent directors receive a fixed amount of remuneration monthly and do not participate in the distribution of the director remuneration. Transportation allowances are paid based on the directors' attendance at the Board of Directors' meetings. Except for the independent directors who do not participate in the distribution of the director remuneration, under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed at no higher than 5% as directors' remuneration, and the distribution shall be reviewed by the Remuneration Committee and be resolved by the Board of Directors. The emoluments of the Company's managers and employees include salaries, post-employment pensions, bonus and employees' compensation, etc., which are based on the general pay levels of the position in the same industry, the duties and responsibilities within the Company, the contribution to the Company's operating goals and personal performance achievements, in order to give reasonable compensation. The Remuneration Committee sets and periodically reviews directors' and managers' performance assessments and the policies, systems, standards, and structure of compensation, as well as periodically assesses and sets the reasonableness of directors' and managers' remuneration and reports the suggestions to the Board of Directors for discussion. Additionally, under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed 5%~15% as employees'compensation.

FOCI FIBER OPTIC COMMUNICATIONS, INC.

Loans to others

Year ended December 31, 2025

Table 1

Expressed in thousands of NTD; thousands of USD; thousands of CNY
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2025 (Note 2)	Balance at December 31, 2025	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for creditor counterparty doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	Other receivables due from related parties	Yes	$ 67,500 (CNY 15,000)	$ 67,500 (CNY 15,000)	$ 67,500 (CNY 15,000)	3.00	Short-term financing	$ -	Opertations	-	-	-	$ 225,305 (Note 4)	$ 225,305 (Note 4)	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.
Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2025.
Note 3: The column of ‘Nature of loan’ shall fill in ‘Business transaction or ‘Short-term financing’.
Note 4: For loans granted by Shanghai FOCI Fiber Optic Communication, Inc. to companies whoes voting rights are 100% directly or indirectly owned by the parent company, ceiling on total loans granted is the net assests of Shanghai FOCI Fiber Optic Communication, Inc.

FOCI FIBER OPTIC COMMUNICATIONS, INC.

Provision of endorsements and guarantees to others

Year ended December 31, 2025

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

		Party being endorsed/ guaranteed												
Number (Note 1)	Endorser/guarantor	Company name	Relationship with the endorser/guarantor (Note 2)	Limit on endorsements/guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2025	Outstanding endorsement/ guarantee amount at December 31, 2025	Actual amount drawn down	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company (%)	Ceiling on total amount of endorsements/guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	The Company	Shanghai FOCI Fiber Optic Communications, Inc.	2	$ 764,728	$ 36,000	$ 36,000	$ -	$ -	1.41%	$ 1,274,546	Y	N	Y	
0	The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	2	764,728	45,000	45,000	-	-	1.77%	1,274,546	Y	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is '0'.
(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Ceiling on total amount of endorsements/guarantees provided by the Company shall not exceed 50% of its current net assets. Limit on endorsements/guarantees provided for a single party shall not exceed 20% of its current net assets, and for a single foreign affiliated company shall not exceed 30% of net assets.
If the endorsements/guarantees are provided because of having business relationship, the amount of endorsements/guarantees shall not exceed the total transaction amount with the Company in the latest year.

FOCI FIBER OPTIC COMMUNICATIONS, INC.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2025

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2025				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares/units (thousands of shares/units)	Book value	Ownership (%)	Fair value	Footnote
FOCI Fiber Optic Communications, Inc.	APEX OPTECH CORPORATION	None	Financial assets at fair value through other comprehensive income	99	$ 1,545	3.95%	$ 1,545	Note 1
FOCI Fiber Optic Communications, Inc.	APEX BVI	None	Financial assets at fair value through other comprehensive income	155	-	1.83%	-	Note 1
FOCI Fiber Optic Communications, Inc.	DARJUN VENTURE CORPORATION	None	Financial assets at fair value through other comprehensive income	2,738	20,044	5.78%	20,044	Note 1
FOCI Fiber Optic Communications, Inc.	Xsense Technology Corporation, INC.	None	Financial assets at fair value through other comprehensive income	2,263	-	9.84%	-	
FOCI Fiber Optic Communications, Inc.	Aptos Technology Inc.	None	Financial assets at fair value through other comprehensive income	9,000	-	14.91%	-	Note 1
FOCI Fiber Optic Communications, Inc.	ADVAGENE BIOPHARMA CO., LTD.	None	Financial assets at fair value through other comprehensive income	591	16,578	1.00%	16,578	
FOCI Fiber Optic Communications, Inc.	BKS TEC Corp.	None	Financial assets at fair value through other comprehensive income	600	831	3.89%	831	Note 2
FOCI Fiber Optic Communications, Inc.	United Microelectronics Corporation	None	Financial assets at fair value through profit or loss	400	19,700	0.00%	19,700	

Note 1： There was no quoted market price. It pertained to the company's self-assessed

Note 2： There was no quoted market price. The fair value was determined based on the valuation report issued by external experts.

FOCI FIBER OPTIC COMMUNICATIONS, INC.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2025

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance at December 31, 2025	Percentage of total notes/accounts receivable (payable)	Footnote
The Company	Shanghai FOCI Fiber Optic Communications, Inc.	Second-tier subsidiary	Purchase	$ 387,199	21.93%	60 days	Note 1	Note 1	($ 42,345)	38.51%	
The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	Second-tier subsidiary	Purchase	871,200	49.35%	60 days	Note 1	Note 1	(4,093)	14.25%	
The Company	Shanghai FOCI Fiber Optic Communications, Inc.	Second-tier subsidiary	Sales	125,646	7.15%	60 days	Note 2	Note 2	6,166	29.56%	
The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	Second-tier subsidiary	Sales	261,727	14.89%	60 days	Note 2	Note 2	36,611	7.06%	

Note 1: The goods purchased by the Company from related parties have not been purchased from other suppliers, and thus there is no market price for comparison. Transaction prices were determined by referring to market prices and based mutual agreement. Payment terms were available to third parties, but the payments can also be collected according to the capital needs of subsidiaries.

Note 2: The Products sold by the Company to related parties have not been sold to other custimers, and thus there is no selling price for comparison.
The payment terms for related parties are 60 days, and the third parties are 30-120 days.

FOCI FIBER OPTIC COMMUNICATIONS, INC.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2025

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Purchase	$ 387,199	Note 5	21%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Sales	125,646	Note 5	8%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Accounts payable	42,345	Note 5	4%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Accounts receivable	6,166	Note 5	1%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Purchase	871,200	Note 5	29%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Sales	261,727	Note 5	15%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Accounts payable	4,093	Note 5	3%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Accounts receivable	36,611	Note 5	4%
2	Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	3	Purchase	78,593	Note 5	4%
2	Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	3	Accounts payable	63,991	Note 5	2%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: The price of related party transactions was based on the mutual agreement, the collecting and payment terms were 60 days after the date of sales or purchase.

FOCI FIBER OPTIC COMMUNICATIONS, INC.

Information on investees

Year ended December 31, 2025

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2025					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value	Net income of investee as of December 31, 2025	Investment income(loss) recognised by the Company for the year ended December 31, 2025	Footnote
FOCI Fiber Optic Communications, Inc.	FIOPTEC Inc.	Cayman Islands	Investment business	$ 215,938	$ 291,444	6,866,000	100%	$ 227,089	($ 5,910)	($ 5,910)	Note 1, 2
FOCI Fiber Optic Communications, Inc.	FOCI (Thailand) Co., Ltd	Thailand	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products.	104,294	-	130,000,000	99.999999%	105,901	(3,260)	(3,260)	

Note 1: On August 8, 2024, the Board of Directors of FIOPTEC Inc. resolved to reduce capital and return cash amounting to US$2,000 thousand (approximately NT$65,580 thousand). The amounts were actually paid on February 5, 2025.

Note 2: On August 7, 2025, the Board of Directors of FIOPTEC Inc. resolved to reduce capital and return cash amounting to US$334 thousand (approximately NT$9,926 thousand). The amounts were actually paid on August 7, 2025.

FOCI FIBER OPTIC COMMUNICATIONS, INC.

Information on investments in Mainland China

Year ended December 31, 2025

Table 7

Expressed in thousands of NTD; thousands of USD; thousands of CNY

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee as of December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2025 (Note 3)	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	USD 5,200	Note 1	$ 239,388 (USD 7,200)	$ -	$ 65,580 (USD 2,000)	$ 173,808 (USD 5,200)	$ 14,050	100%	$ 14,050	$ 225,966	$ 166,843	Note 4 Note 6
Jiangxi FOCI Fiber Optic Communication, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	-	Note 1	52,056 (USD 2,000)	-	52,056 (USD 2,000)	-	(276)	-	(276)	-	-	Note 5
Zhongshan FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	CNY 20,000	Note 2	-	-	-	-	(13,822)	100%	(13,822)	77,853	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
FOCI Fiber Optic Communications, Inc.	$ 173,808	$ 173,808	$ 1,529,455

Note 1: Reinvestments in Mainland China company through FIOPTEC INC.

Note 2: Reinvestment in Mainland China company through Shanghai FOCI Fiber Optic Communications, Inc.

Note 3: The financial statements of Shanghai FOCI Fiber Optic Communications, Inc. and Zhongshan FOCI Fiber Optic Communications, Inc. were audited and calculated by the parent company's CPA in the same period.

Note 4: On August 8, 2024, the Board of Directors of Shanghai FOCI Fiber Optic Communications, Inc. resolved to reduce capital and return cash amounting to USD 2,000 thousand (approximately NT$65,580 thousand). The amounts were actually paid on February 5, 2025

Note 5: Jiangxi FOCI Fiber Optic Communication, Inc. had been liquidated in the second quarter of 2025.

Note 6: On June 23, 2025, the Board of Directors of Shanghai FOCI Fiber Optic Communications, Inc. resolved the distribution of earnings for and before 2024, distributed cash dividends amounting to CNY 7,143 thousand, approximately NT$29,174 thousand, and deducted withholding income tax amounting to CNY 714 thousand, approximately NT$2,917 thousand. The amounts were actually paid on July 10, 2025.