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# Paragon Technologies Co., Ltd.

## 2025 Annual Report

Corporate website: <http://www.pttech.com.tw>

Annual Report is available at: <https://mops.twse.com.tw>

Printed on April 11<sup>th</sup>, 2026

## **1. Spokesperson & Deputy Spokesperson**

Spokesperson: Liu, Ming-Yi

Title: Financial Dept. Deputy General Manager

Tel: (03) 212-8833

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Deputy Spokesperson: Yu, Hsiu-Ping

Name: General Manager

Tel: (03) 212-8833

E-mail: [paragon@pttech.com.tw](mailto:paragon@pttech.com.tw)

## **2. Headquarters and Plant**

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Tel: (03) 212-8833

## **3. Stock Transfer Agent**

Name: Taishin Securities Co., Limited Stock Agency Department

Website: <https://www.tssco.com.tw>

Address: No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City 104496,  
Taiwan

Tel: (02) 2504-8125

## **4. Auditors of the latest fiscal year**

Auditors: Auditor Weng, Bo-Ren, Auditor Yu, Meng-Kuei

Accounting Firm: Deloitte & Touche Taiwan

Website: <http://www.deloitte.com.tw>

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City 110016, Taiwan

Tel: (02)2725-9988

## **5. Overseas Securities Exchange**

Name of exchange for trading listed foreign securities and methods for obtaining information on such securities: N/A

## **6. Corporate Website**

<http://www.pttech.com.tw>

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# I. Letter to Shareholders

In recent years, the competitive landscape of the global technology industry has undergone rapid changes. In the face of volatile international conditions, rising tariff barriers, and increasingly stringent export controls and geopolitical fragmentation risks, traditional single-market and contract manufacturing models are being severely challenged. According to market research institutions, global notebook shipments are expected to face downward revision pressure, affected by rising costs of key components and cautious end-market demand. In response to short-term fluctuations in market size, the Company has proactively adjusted its strategies with a pragmatic approach. The Company not only responds flexibly to the restructuring of the supply chain, but also transforms external challenges into opportunities for corporate transformation by accelerating the deployment of silicon carbide (SiC) and physical vapor deposition (PVD) core technologies, thereby enhancing its long-term competitiveness through technological upgrades. The operating results for Fiscal Year 2025 and the business plan for Fiscal Year 2026 are hereby reported as follows:

## 1. 2025 business report

### (1) Operating results

2025 consolidated operating revenue of Paragon was NT\$ 319,9025 thousand; operating net loss was NT\$ 157,064 thousand; net loss after tax was NT\$ 149,3936 thousand; net loss after tax per share was NT\$ 1.56; shareholders' equity was NT\$ 1,400,119 thousand, and net worth per share was NT\$ 13.64.

(2) Budget implementation: the Company did not publish financial forecasting, so there's no situation of budget achievement.

### (3) Analysis of financial income and expenditure and profitability:

Item		FY 2025	FY 2024	
Financial Structure	Debt-to-Asset Ratio (%)	37.66	33.37	
	Long-term capital to fixed assets ratio (%)	212.38	684.48	
Profitability	Return on Assets (ROA) (%)	(6.12)	(10.90)	
	Return on Equity (ROE) (%)	(10.47)	(15.83)	
	Percentage of paid-in capital (%)	Operating income	(15.30)	(15.04)
		Profit Before Tax	(11.94)	(14.31)
	Net Profit Margin (%)	(46.70)	(59.92)	
EPS (NT\$)	(1.56)	(2.39)		

(4) Research and development condition: R&D expenses invested in 2025 was NT\$ 53,118 thousand, and accounted for 16.60% of consolidated operating revenue.

## 2. 2025 business plan

Looking ahead to Fiscal Year 2026, the overall environment presents both challenges and opportunities. According to the latest report by TrendForce, affected by limited momentum in economic recovery, increasingly conservative consumer behavior, and the rapid increase in the cost of components such as memory, global notebook shipments in 2026 are expected to face downward revision pressure, with an estimated annual decline of approximately 5.4%. In response to changes in the industry, while maintaining its market share in existing EMI products, Paragon will shift its strategic focus toward increasing the proportion of revenue derived from high-value-added functional coatings and silicon carbide (SiC) product applications. The Company continues to invest resources in the development of advanced PVD processes and silicon carbide integration technologies, covering applications in advanced semiconductor processes, irregular

crystal processing, artificial intelligence (AI), 5G networks, electric vehicles (EV), renewable energy, and wearable devices (AR). In addition, the Company has initiated the research and development of next-generation large-size crystal technologies to enhance product diversification and overall competitiveness.

In the fiscal year 2026, Paragon will continue to optimize its product portfolio and expand into advanced manufacturing processes and integrated services. The future operating strategies are as follows:

- (1) To continue to deepen its presence in the notebook market for EMI and decorative film products, thereby consolidating market share.
- (2) To expand the application of PVD process technologies, enhance capacity utilization, and enter higher-end markets.
- (3) To actively develop new applications for silicon carbide materials and PVD process technologies, promote integrated high-value-added solutions, and adjust the business model to reduce reliance on pure contract manufacturing.
- (4) To continuously implement process optimization projects, strengthen in-house equipment development capabilities, optimize costs, and improve production efficiency.

Under the dual-track deployment of PVD and silicon carbide (SiC) products, Paragon, while consolidating its leading position in the notebook EMI shielding market, also actively focuses on the development of advanced applications in the semiconductor field. The Company actively develops environmentally friendly processes in compliance with ESG requirements and flexibly allocates resources to transform toward a provider of PVD equipment and technical services. Leveraging the superior physical properties of silicon carbide, the Company not only continues to enhance its presence in the electric vehicle (EV) market, but also, in response to the semiconductor industry's demand for large-size materials, has initiated forward-looking technology research and development and facility deployment. The Company aims to establish capabilities in process design and integration for irregular-shaped machines. Through the integration of these two core technologies, Paragon will move beyond the role of a single-material supplier and comprehensively promote integrated high-value-added solutions to meet the growing market demand for advanced and customized silicon carbide materials, thereby injecting stable growth momentum into future operations.

In terms of research and development, Paragon, with “environmental sustainability, innovation, and professionalism” as its core principles, is committed to the deep integration of material innovation, process design, and in-house equipment development, while proactively deploying silicon carbide material applications and specialized processing technologies. At the same time, through optimization of upstream and downstream processes and the establishment of strategic alliances across the value chain, the Company aims to develop integrated high-value-added solutions. By strengthening cross-industry collaboration and deepening partnerships, Paragon will continue to enhance its core competitiveness and demonstrate its long-term corporate value.

Looking ahead, Paragon will uphold a pragmatic approach in planning its growth objectives, with a comprehensive focus on the in-depth development of advanced PVD process technologies and the silicon carbide material market, while optimizing its profit structure to generate long-term and stable growth momentum for future operations.

On behalf of the Company, we hereby express our sincere appreciation to our shareholders for their long-term support and trust, and we look forward to your continued encouragement.

Chairman: Huang, Yi-Chun

## II. Corporate Governance Report

### 1. Director, Supervisors and Management Team

#### (1) Directors

##### A. Director's Name, Major Experience and Education, Shareholdings and Nature of Shareholding

Apr. 11, 2026

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected (Note1)	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Republic of China	Chun Tung International Investment Co., Ltd	-	2024.06.18	3	2024.06.18	1,505,000	1.79%	1,666,168	1.62%	0	0.00%	0	0.00%	Department of Accounting ,National Chengchi University Chairman of Chun Tung International Investment Co., Ltd. Director, Jing Cheng Material Co., LTD Director, Macro Sight Technology Limited. Director, Essence International Investment Limited. Director, Precise International Investment Limited. Director, Paragon (Jiangsu) Technology Co., LTD Director, Paragon (Neijiang) Technology Co., LTD.	Chairman, Paragon Technologies Co., Ltd. Chairman, Chun Tung International Investment Co., Ltd Director, Jing Cheng Material Co., LTD Director, Macro Sight International Co., Ltd Director, Macro Sight Technology Limited. Director, Essence International Investment Limited. Director, Precise International Investment Limited. Director, Paragon (Jiangsu) Technology Co., LTD Director, Paragon (Neijiang) Technology Co., LTD.	None	None	None	None
	Republic of China	Representative: Huang, Yi-Chun	M 51~60				0	0.00%	247,274	0.24%	2,286,138	2.23%	0	0.00%						
Director	Republic of China	Chen, Tsai-Pu	M 61~70	2024.06.18	3	1995.10.17	2,046,810	2.44%	2,046,810	1.99%	501	0.00%	0	0.00%	MBA of National Chengchi University Chairman& CIO of Paragon Technologies Co., Ltd. Deputy Chairman of Paragon Technologies Co., Ltd. GM,Paragon Technologies Co., Ltd. Deputy GM, Shing Chang Plastics CO., LTD.	Director, Paragon Technology Investment Ltd . Director, Jing Cheng Material Co., LTD. Director, Zhejiang Paragon Technology Co., LTD. Director, Paragon Semiconductor Lighting Technology Co., Ltd.	None	None	None	None
Director	Republic of China	Chen, Wan-De (Note3)	M 71~80	2024.06.18	3	1998.06.26 (Note2)	1,427,566	1.70%	-	-	-	-	-	-	The 12th session of the advanced research class for managers of the Association of Professional Managers of Small and Medium-sized Enterprises of Taiwan Chairman, Huei De Industrial Co., Ltd.	None	None	None	None	None
Independent Director	Republic of China	Liu, Yi-Zhen	M 71~80	2024.06.18	3	2021.08.04	0	0.00%	0	0.00%	0	0.00%	0	0.00%	National Yang Ming Chiao Tung University EMBA 5E EMBA General Manager, Yulon Motor Co., LTD. General Manager, Yulon Motor Co., LTD. Hua-Chuang Automobile Information General Manager , Technical Center Co., LTD. Director, Taiwan Transportation Vehicle Manufacturers Association Deputy Chairman , Hua-Chuang Automobile Information Technical Center Co., LTD. Chairman , Yueki Industrial Co., Ltd. Chairman , Y-Teks Co., Ltd.	Corporate Representative/ Director , Mecom Industries Corp	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected (Note1)	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Su, Cong-Min	M 71~80	2024.06.18	3	2021.08.04	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Australia Curtin University Master of International Business Director/special assistant, Dong Feng Yulon Motor Co., LTD. Assistant Manager, Hua-Chuang Automobile Information Technical Center Co., LTD. Procurement Manager, Yulon Motor Co., LTD. Manager of Sales and Service Office, Yulon Motor Co., LTD. Assistant Manager/Manager (Production Office), Yulon Motor Co., LTD. Director of Production Dept., Yulon Motor Co., LTD.	Senior Specialist , Jui Li Enterprise Co., LTD.	None	None	None	None
Independent Director	Republic of China	Zhang, Dong-Long	M 71~80	2024.06.18	3	2024.06.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	National Tsing Hua University EMBA Deputy General, Business and Planning of Pioneer International Semiconductor Corporation Deputy General Manager, Fab and Technology Center of Mosel Vitelic INC. R&D manager, Microchip. R&D manager, ROHM. R & D engineer, ZNTEE .	Director, PROGATE GROUP CORPORATION. Independent Director, Truelight Corporation. Independent Director, 3S Silicon Tech., Inc. Advisor, LARGAN Precision Co., Ltd. Advisor, Dacian Precision Co., Ltd.	None	None	None	None
Independent Director	Republic of China	Zheng, Qin-Xin	F 51~60	2024.06.18	3	2024.06.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduate Institute of Business Administration of National Taipei University. Audit Associate, Deloitte Taiwan Partnership Accountant, MACRO CPA Accountant, Grand H&C CPAs Firm Finance Committee, Visiting Committee, Ministry of Health and Welfare	Director, Grand H&C CPAs Firm Partnership Accountant, Grand H&C CPAs Firm General Manager, GRAND CONSULTANT CO., LTD. General Manager, Tax Consultant, Tax consultant for health care and marketing companies, Jing Shen Tang Investment Co., Ltd.	None	None	None	None

Note 1: The term of the 13th director is from August 4th, 2021 to August 3rd, 2024.

Note 2: Mr. Chen Wan-De was first appointed as the company's supervisor on June 26th, 1998. He resigned on December 24th, 2002 due to personal reasons, and was re-appointed as the company's supervisor on March 31st, 2006. His tenure was from March 31st, 2006 to June 18th, 2015.

Note 3: Mr. Chen Wan-De resigned as the company's director from May 16th, 2025.

### B. Major shareholders of the institutional shareholders:

Apr. 11, 2026

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholder
Chun Tung International Investment Co., Ltd	Huang, Yi-Chun 60% / Wang, Hui-Yu 40%

C. Disclosure of Directors' Professional Qualifications and Information Regarding the Independence of Independent Directors

(a) Disclosure of Directors' Professional Qualifications and Information Regarding the Independence of Independent Directors:

Criteria Name	Professional qualifications and experiences	Independence criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Chun Tung International Investment Co., Ltd Representative: Huang, Yi-Chun	Graduated from the Department of Accounting, National Chengchi University. Currently serves as the Chairman of the Company, Chairman of Chun Tung International Investment Co., Ltd., and Director of Jing Cheng Material Co., LTD. Possessing more than five years of work experience in business, legal affairs, finance, accounting, or corporate affairs, There is no circumstances under Section 30 of the Company Law.	Not applicable	None
Director Chen, Tsai-Pu	Graduated from National Cheng Chi University MBA, Chen used to be Chairman& CIO, Deputy Chairman and General Manager of Paragon Technologies and a Deputy GM in Shing Chang Plastics Co., Ltd. Chen is now Director of Jing Cheng Material Co., LTD. Possessing more than five years of work experience in business, legal affairs, finance, accounting, or corporate affairs, There is no circumstances under Section 30 of the Company Law.	Not applicable	None
Independent Director Liu, Yi-Zhen	Graduated from National Yang Ming Chiao Tung University EMBA 5E EMBA , Liu used to be GM of Yulon Motor Co., Ltd. General Manager and Hua-Chuang Automobile Information Technical Center Co., Ltd. and Association Director of Taiwan Transportation Vehicle Manufacturers Association, Vice Chairman of Hua-Chuang Automobile Information Technical Center Co., Ltd., Chairman of Yueki Industrial Co., Ltd. and Y-Teks Co., Ltd Chairman. Liu is now a Representative Director in Mecom Industries Corp., Possessing more than five years of work experience in business, legal affairs, finance, accounting, or corporate affairs.	The statement means that during the two years before the election and the period of employment, the individual must meet the following independence evaluation criteria: (1)They cannot be an employee of the company or any of its related enterprises. (2)They cannot be a director or supervisor of the company or any of its related enterprises. However, if the independent director serves as an independent director of the company and its parent company, subsidiaries, or affiliates established under securities trading laws or local laws, the restriction does not apply. (3)They, their spouse, minor children, or natural person shareholders holding more than 1% of the total issued shares of the company or the top ten shareholders cannot hold shares under the name of others. (4)They cannot be a manager listed in (1) or a spouse, a relative within two degrees of kinship, or a direct lineal relative within three degrees of kinship of the personnel listed in (2) or (3). (5)They cannot be a director, supervisor, or employee of a legal person shareholder who directly holds more than 5% of the total issued shares of the company, is one of the top five shareholders, or is appointed as a representative of the company's director or supervisor under Article 27, paragraph 1 or 2 of the Company Act. However, if the independent director serves as an independent director of the company and its parent company, subsidiaries, or affiliates established under securities trading laws or local laws, the restriction does not apply.	None
Independent Director Su, Cong-Min	Graduated from Australia Curtin University Master of International Business, Su used to be Director/special assistant of Dong FengYulon Motor Co., Ltd, Assistant Manager of Hua-Chuang Automobile Information Technical Center Co., Ltd., Procurement Manager of Yulon Motor Co., Ltd. ,Manager of Sales and Service Office of Yulon Motor Co., LTD., Assistant Manager/Manager(Production Office) of Yulon Motor Co., LTD., and Director of Production Dept. of Yulon Motor Co., LTD. Su is now Senior Specialist in Jui Li Enterprise Co., LTD., Possessing more than five years of work experience in business, legal affairs, finance, accounting, or corporate affairs.	(6)They cannot be a director, supervisor, or employee of a company or institution whose board of directors, supervisors, or employees who control more than half of the company's voting rights or seats on the board of directors are controlled by the same person. However, if the independent director serves as an independent director of the company and its parent company, subsidiaries, or affiliates established under securities trading laws or local laws, the restriction does not apply.	None
Independent Director Zhang, Dong-Long	Graduated from National Tsing Hua University EMBA Zhang used to be Deputy General, Business and Planning of Pioneer International Semiconductor Corporation. Deputy General Manager, Fab and Technology Center of Mosel Vitelec INC. R&D manager, Microchip. R&D manager, ROHM.R & D engineer,	(7)They cannot be a director (trustee), supervisor (auditor), or employee of a company or institution whose chairman or	2

Criteria Name	Professional qualifications and experiences	Independence criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	<p>ZNTEE. Zhang is now Director, PROGATE GROUP CORPORATION Independent Director, Truelight Corporation. Independent Director, 3S Silicon Tech., Inc. Advisor, LARGAN Precision Co., Ltd. Advisor, Dacian Precision Co., Ltd. Possessing more than five years of work experience in business, legal affairs, finance, accounting, or corporate affairs.</p>	<p>general manager or equivalent position is the same person or spouse as the company's chairman, general manager, or equivalent position. However, if the independent director serves as an independent director of the company and its parent company, subsidiaries, or affiliates established under securities trading laws or local laws, the restriction does not apply.</p> <p>(8)They cannot be a director (trustee), supervisor (auditor), manager, or shareholder holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the company, except that if the specific company or institution holds more than 20% of the company's total issued shares, but not more than 50%, and is a parent company, subsidiary, or affiliate established under securities trading laws or local laws, the restriction does not apply.</p>	
Independent Director Zheng, Qin-Xin	<p>Graduated from Graduate Institute of Business Administration of National Taipei University. Zheng used to be Audit Associate, Deloitte Taiwan. Partnership Accountant, MACRO CPA. Accountant, Grand H&amp;C CPAs Firm. Finance Committee, Visiting Committee, Ministry of Health and Welfare. Zheng is now Director, Grand H&amp;C CPAs Firm. Partnership Accountant, Grand H&amp;C CPAs Firm. General Manager, GRAND CONSULTANT CO., LTD. General Manager, Tax Consultant, Tax consultant for health care and marketing companies, Jing Shen Tang Investment Co., Ltd. Possessing more than five years of work experience in business, legal affairs, finance, accounting, or corporate affairs.</p>	<p>(9)They cannot be a professional, sole proprietorship, partnership, company, or institution that provides related services in business, law, finance, accounting, or related fields to the company or related enterprises, and the cumulative amount of compensation received in the past two years does not exceed NT\$500,000. However, remuneration committees, public acquisition review committees, or merger special committees performing duties under securities trading laws or relevant laws are not subject to this restriction.</p> <p>(10)They cannot have a spouse or relative within two degrees of kinship with any other director.</p> <p>(11)They must meet other requirements as stipulated by the Company Act.</p> <p>(12)There is no provision in Article 27 of the Company Law that allows the government, legal entities, or their representatives to be elected.</p>	None

(b) Board Diversity Policy and Director Independence:

a. Diversity of the Board of Directors:

Our company has a 'Corporate Governance Best Practice Guidelines' which mandates diversity in the composition of the Board of Directors. The number of directors who are also company executives should not exceed one-third of the total number of directors. Furthermore, the Board should establish appropriate diversity policies considering factors such as gender, age, nationality, culture, professional background, skills, and industry experience, based on the company's operations, business model, and development needs.

Board members should possess the necessary knowledge, skills, and qualities required to perform their duties. To achieve the ideal goal of corporate governance, the Board as a whole should possess the following abilities:

- (1) Operational judgement
- (2) Accounting and financial analysis
- (3) Business management
- (4) Crisis management
- (5) Industry expertise
- (6) International market awareness
- (7) Leadership
- (8) Decision-making

Our Board of Directors consists of 6 members, including 4 independent directors, who have extensive experience and expertise in finance, commerce, and management. The proportion of employee directors is 0%, while independent directors make up 67%. Among the 4 independent directors, their tenure ranges from 1 to 5 years. Of the remaining directors, 2 are between the ages of 51-60. 1 are between the ages of 61-70, and 3 are between the ages of 71-80. Our company emphasizes gender equality in the composition of our board of directors to

achieve our goals of gender equality and diversity. Currently, we have one female director, representing 17% of the board. We are also actively seeking female professionals with industry experience to join our board and increase the number of female directors to one-third of the board seats, thus fulfilling our goals of gender equality and diversity.

**•Diversity Implementation of board of Directors:**

Core Elements of Diversity Name	Basic Compositions						Industry Experiences						Professions				
	Gender	Nationality	Concurrently Employed in the company	Age			Term of service		Other Electronic	Electronic Components	Automotive Industry	Accounting and Asset Management	Other Computer Peripherals	Other	Business Management	Accounting and Risk Management	Mechanical and Industrial Design
				51 to 60	61 to 70	71 to 80	Less than 3 years	3 to 6 years									
Huang, Yi-Chun	Male	Republic of China		V							V			V	V		
Chen, Tsai-Pu	Male	Republic of China			V			V				V		V			
Liu, Yi-Zhen	Male	Republic of China				V				V						V	
Su, Tsung-Min	Male	Republic of China			V					V				V	V		
Zhang, Dong-Long	Male	Republic of China				V	V		V				V	V			
Zheng, Qin-Xin	Female	Republic of China		V			V				V			V	V		

**b. Independence of the Board of Directors:**

The company currently has 6 directors, including 4 independent directors, accounting for 67%. The directors all perform their duties faithfully. The board of directors is independent and operates well. The independent directors all comply with the Financial Supervisory Commission's regulations on independent directors. The directors is no provision for Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act, and more than half of the persons have spouses and relatives within the second degree.

(2) General Manager, Deputy GM, Exec. Director, Dept. & Branch Head

Record date for shareholding: Apr. 11, 2026

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholdings		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers who are Spouses or Within Two Degrees or Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	Republic of China	Yu, Hsiu-Ping	F	2024.08.09	133,553	0.13%	0	0.00%	0	0.00%	Chung Hua University Bachelor of Business Administration Paragon Technologies Head of Operation Office Paragon Technologies Marketing Manager Paragon Technologies Executive Deputy General Manager	Chairman, Paragon (Suzhou) Technology LTD Chairman, Paragon (Jiangsu) Technology Co., LTD Chairman, Paragon (Neijiang) Technology Co., LTD. Chairman, Baiji (Suzhou) Technology Co., Ltd. Director, Zhejiang Paragon Technology Co., LTD.	Senior Manager	Yu, Jing-Feng	Sibling	None
Deputy General Manager	Republic of China	Liu, Ming-Yi	F	2024.08.01	223,190	0.22%	0	0.00%	0	0.00%	National Central University Master of Finance Paragon Technologies Financial Dept. Manager Paragon Technologies Financial Dept. Senior Manager	Director, Paragon (Suzhou) Technology LTD Director, Paragon (Jiangsu) Technology Co., LTD Director, Paragon (Neijiang) Technology Co., LTD. Chairman, Zhejiang Paragon Technology Co., LTD. Supervisor, Cubee auto parts inc. Chairman & GM, Jing Cheng Material Co., Ltd.	None	None	None	None
Senior Manager	Republic of China	Yu, Jing-Feng	M	2019.02.01	30,000	0.03%	3,654	0.00%	0	0.00%	National Central University Master of Mechanical Engineering Engineer in Chi Hua Fitness Co., Ltd. Paragon Technologies Manager of R&D	None	General Manager	Yu, Hsiu-Ping	Sibling	None

2. Remuneration of directors, supervisors, GM, and Deputy GM in the most recent years

(1). Remuneration of Ordinary Directors and Independent Directors

Unit: NT\$ thousands/thousand shares

Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income (%)		Remuneration received by directors for concurrent service as an employee						Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note6)						
		Base Compensation (A) (Note1)		Retirement pay and pension(B)		Director profit-sharing compensation(C) (Note2)		Expenses and perquisites (D)(Note3)				Salary, rewards, and special disbursement (E)(Note4)		Retirement pay and pension(F)		Employee Compensation(G) (Note5)										
		The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	Cash	Stock	Cash	Stock		The company	All consolidated entities				
Chairman	Chun Tung International Investment Co., Ltd. Representative: Huang, Yi-Chun	0	0	0	0	0	0	36	36	36	36	-0.02%	-0.02%	0	0	0	0	0	0	0	0	36	36	-0.02%	-0.02%	None
Director	Chen, Tsai-Pu	600	600	0	0	0	0	36	36	636	636	-0.43%	-0.43%	0	0	0	0	0	0	0	0	636	636	-0.42%	-0.42%	None
Director	Chen, Wan-De (Note 7)	0	0	0	0	0	0	18	18	18	18	-0.01%	-0.01%	0	0	0	0	0	0	0	0	18	18	-0.01%	-0.01%	None
Independent Director	Liu, Yi-Zhen	480	480	0	0	0	0	42	42	522	522	-0.35%	-0.35%	0	0	0	0	0	0	0	0	522	522	-0.35%	-0.35%	None
Independent Director	Su, Cong-Min	480	480	0	0	0	0	36	36	516	516	-0.35%	-0.35%	0	0	0	0	0	0	0	0	516	516	-0.35%	-0.35%	None
Independent Director	Zhang, Dong-Long	480	480	0	0	0	0	36	36	516	516	-0.35%	-0.35%	0	0	0	0	0	0	0	0	516	516	-0.35%	-0.35%	None
Independent Director	Zheng, Qin-Xin	480	480	0	0	0	0	42	42	522	522	-0.35%	-0.35%	0	0	0	0	0	0	0	0	522	522	-0.35%	-0.35%	None

1. Please describe the independent director's compensation policy, system, standards, and structure, and explain the correlation between the amount of compensation and their responsibilities, risks, and input time: Our company's independent directors serve as members of the Audit Committee and the Remuneration Committee, receiving fixed director remuneration. In addition, their participation in director remuneration distribution is based on their level of involvement in company operations and their contribution value.
2. In addition to the disclosure in the table above, the remuneration received by company directors for services provided in the past year (such as serving as a consultant for the parent company/ all companies listed in the financial reports/ non-employee advisors for invested businesses): None.

Note 1: Refers to the compensation of directors in the latest fiscal year, including director salaries, job allowances, severance pay, various bonuses, rewards, and so on.

Note 2: No directors' remuneration is planned to be paid in 2025.

Note 3: Refers to the expenses related to the execution of business by directors in the latest fiscal year, including transportation expenses, special support fees, various subsidies, dormitories, vehicles provided in kind, and so on.

Note 4: Refers to the compensation received by directors who also serve as employees in the latest fiscal year (including those who serve as general managers, deputy general managers, other managers, and employees), including salaries, job allowances, severance pay, various bonuses, rewards, transportation expenses, special support fees, various subsidies, dormitories, vehicles provided in kind, and so on.

Note 5: No remuneration for employees is planned to be paid in 2025.

Note 6: The amount of remuneration received by Company directors from investee companies or the parent company outside of subsidiaries.

Note 7: Mr. Chen Wan-De resigned as the company's director from May 16th, 2025.

## (2). Remuneration of the GM and Deputy GM

Unit: NT\$ thousand/thousand shares

Title	Name	Base compensation(A) (Note 1)		Retirement pay and pension (B)		Rewards, and special disbursement (C)(Note2)		Employee profit-sharing compensation(D) (Note3)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 4)
		The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company		All consolidated entities		The company	All consolidated entities	
								Cash	Stock	Cash	Stock			
General Manager	Yu, Hsiu-Ping	2,651	3,824	0	0	1,720	1,720	0	0	0	0	4,371 -2.93%	5,544 -3.71%	None
Deputy General Manager	Liu, Ming-Yi	2,009	2,554	0	0	1,622	1,622	0	0	0	0	3,631 -2.43%	4,176 -2.80%	None

Note 1: This Base compensation for the most recent fiscal year for the General Manager and Deputy General Manager. Include the salary, position allowance, and severance pay.

Note 2: This Rewards and special disbursement for the General Manager and Deputy General Manager for the most recent fiscal year. Include the various bonuses, incentives, transportation and other allowances, dormitories, company cars, and other forms of compensation.

Note 3: No remuneration for employees is planned to be paid in 2025.

Note 4: The general manager and deputy general manager of the company receive remuneration amounts from the subsidiaries' external investment enterprises or the parent company.

\* The disclosure of compensation in this table differs from the concept of income under the Income Tax Act, so the purpose of this table is for information disclosure and not for taxation purposes.

## (3). Managerial officers with the top five highest remuneration amounts

Unit: NT\$ thousand/thousand shares

Title	Name	Base Compensation(A) (Note1)		Retirement pay and pension(B)		Rewards and special disbursement(C)(Note2)		Employee profit-sharing compensation(D) (Note3)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note4)
		The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company		All consolidated entities		The company	All consolidated entities	
								Cash	Stock	Cash	Stock			
General Manager	Yu, Hsiu-Ping	2,651	3,824	0	0	1,720	1,720	0	0	0	0	4,371 -2.93%	5,544 -3.71%	None
Deputy General Manager	Liu, Ming-Yi	2,009	2,554	0	0	1,622	1,622	0	0	0	0	3,631 -2.43%	4,176 -2.80%	None
Senior Manager	Yu, Jing-Feng	1,347	1,815	0	0	1,538	1,538	0	0	0	0	2,885 -1.93%	3,353 -2.24%	None

Note 1: This Base compensation for the most recent fiscal year for the General Manager and Deputy General Manager. Include the salary, position allowance, and severance pay.

Note 2: This Rewards and special disbursement for the General Manager and Deputy General Manager for the most recent fiscal year. Include the various bonuses, incentives, transportation and other allowances, dormitories, company cars, and other forms of compensation.

Note 3: No remuneration for employees is planned to be paid in 2025.

Note 4: Managerial officers with the top five highest remuneration amounts of the company receive remuneration amounts from the subsidiaries' external investment enterprises or the parent company.

\* The disclosure of compensation in this table differs from the concept of income under the Income Tax Act, so the purpose of this table is for information disclosure and not for taxation purposes.

(4). Names of Managers who receive employee compensation and the distribution situation

2025 Unit: NT\$(in thousands)

	Title	Name	Employee Compensation- in Stock (Fair Market Value)	Employee Compensation- in Cash(Note1)	Total	Ratio of Total Amount to Net Income (%)
Managers	General Manager	Yu, Hsiu-Ping	0	0	0	0%
	Deputy General Manager	Liu, Ming-Yi				
	Senior Manager	Yu, Jing-Feng				

Note: As the Company incurred a net loss after tax for Fiscal Year 2025, no employee remuneration will be distributed.

(5). The total amount of remuneration paid to directors, general managers, and deputy general managers of our company and all companies included in the consolidated financial statements in the past two years, as well as an analysis of the proportion of the total amount to the after-tax net income of the individual financial reports, the policies, standards and composition of remuneration payment, the procedures for determining remuneration, and the correlation with business performance and future risks.

A. The total amount of remuneration paid to directors, supervisors, general managers, and deputy general managers in the past two years as a proportion of the after-tax net income:

Unit: NT\$ thousand

Title	The company				All consolidated entities			
	2024		2025		2024		2025	
	Total	Ratio of total remuneration to net income	Total	Ratio of total remuneration to net income	Total	Ratio of total remuneration to net income	Total	Ratio of total remuneration to net income
Directors	16,542	-7.81%	2,766	-1.85%	21,563	-10.18%	2,766	-1.85%
GM& Deputy GM	21,400	-10.09%	8,002	-5.36%	28,308	-13.34%	9,720	-6.51%
Net income after tax	-212,095	-	-149,392	-	-212,095	-	-149,392	-

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

(a) Policy, standards, and combination of compensation:

The remuneration for directors of the company is determined according to the company's articles of incorporation. When directors perform their duties, their compensation is authorized by the Board of Directors based on their level of participation and contribution to the company's operations, and with reference to industry standards. The compensation is determined within the highest salary range set by the company's salary administration regulations. If the company makes a profit, remuneration is distributed according to Article 23 of the company's articles of incorporation.

The compensation for the company's executives is determined based on the salary management regulations and is approved by the remuneration committee and the Board of Directors. Additionally, annual performance evaluations are conducted according to the evaluation methods for directors and executives, taking into account the company's annual operating conditions, and bonuses are distributed accordingly. If the company makes a profit for the year, employee remuneration is also distributed according to Article 23 of the company's articles of incorporation.

The company has established annual and performance bonus regulations, which consider individual employee performance

throughout the year and distribute rewards accordingly to achieve motivational effects. If the company makes a profit for the year, one to ten percent is allocated for employee remuneration in accordance with the company's articles of incorporation.

(b) Procedures for determining compensation:

The assessment of remuneration for directors and executives of the company is carried out in accordance with the evaluation methods for directors and executives of the company, and in compliance with the provisions of the organizational regulations of the remuneration committee. The process takes into account industry standards for remuneration, as well as the individual's investment of time, responsibilities, achievements of individual goals, performance in other positions, and salaries paid to those in equivalent positions at the company in recent years. Short-term and long-term business goals, the company's financial condition, and other factors are considered to evaluate individual performance, business performance, and the rational relationship with future risks. The assessment of directors' and executives' performance and remuneration is approved through review by the remuneration committee and the Board of Directors.

(c) Relationship with business performance and future risk:

The company's articles of incorporation and the operation of the Board of Directors and the remuneration committee ensure timely review of the compensation for directors and senior executives based on their level of participation and contribution to the company's operations, thereby reducing the likelihood and relevance of future risks to the lowest possible level, to achieve a balance between sustainable business operations and risk management.

i. Directors:

The evaluation of director performance is conducted based on the evaluation methods for directors and executives, and the remuneration committee regularly reviews relevant policies, systems, standards, and structures to ensure the reasonableness of the performance evaluation items.

ii. Managers:

The compensation for executives is determined based on the salary management regulations and is approved by the remuneration committee and the Board of Directors, taking into account the annual performance evaluation and the company's business performance and future risks.

### 3. Implementation of Corporate Governance

(1). Operations of the Board of Directors

Total of 6 (A) meetings of the Board of Directors were held in the period 2025. The attendance of the director and supervisor were as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate(%) 【B/A】	Remarks
Chairman	Huang, Yi-Chun	6	0	100%	
Director	Chen, Tsai-Pu	6	0	100%	
Director	Chen, Wan-De	3	0	100%	Resigned as the company's director from May 16th, 2025.
Independent director	Su, Cong-Min	5	1	83%	
Independent director	Liu, Yi-Zhen	6	0	100%	
Independent director	Zhang, Dong-Long	6	0	100%	
Independent director	Zheng, Qin-Xin	6	0	100%	

Attendance Status of Independent Directors at each Board Meeting during the Fiscal Year 2025.

◎: Attendance in person ; ☆: By Proxy ; \*: No attendance

2025	February 7	March 12	May 7	June 24	August 6	November 5
Su, Cong-Min	◎	◎	◎	◎	☆	◎
Liu, Yi-Zhen	◎	◎	◎	◎	◎	◎
Zhang, Dong-Long	◎	◎	◎	◎	◎	◎
Zheng, Qin-Xin	◎	◎	◎	◎	◎	◎

Other mentionable items:

- In case of the following situations in the operation of the board of directors, it is necessary to provide details such as the date and session of the meeting, the content of the motion, the opinions of all independent directors, and how the company dealt with those opinions
  - Regarding the matters listed in Article 14-3 of the Securities and Exchange Act, this company has established an audit committee and is exempt from the regulations. Please refer to pages 18 to 20 of the annual report for information on the operation of the audit committee.
  - There were no board meeting decisions, other than the ones mentioned earlier, that faced opposition or reservation from independent directors with recorded or written statements. For the current year, independent directors did not express any objections or reservations.
- When directors recuse themselves from matters related to their interests, the following details should be disclosed: their names, the details of the matter, the reasons for recusal, and whether they participated in the voting: None.
- The Board of Directors' self-evaluation (or peer evaluation) should include information about the evaluation cycle, duration, scope, methods, and content. Additionally, the implementation status of the self-evaluation should be reported. :

**The Board of Directors' self-evaluation should include a report on its implementation status.**

Evaluation Cycle	Evaluation period	Scope of evaluation	Evaluation Method	Evaluation items
Executed once a year	Jan 1 <sup>st</sup> 2025~ Dec 31 <sup>st</sup> 2025	Individual Performance Director Evaluation	Self-assessment of Board members	Individual Director Performance Evaluation: 1.Understanding of Company Goals and Objectives 2.Awareness of Director Responsibilities 3.Participation in Company Operations 4.Internal Relationship Management and Communication 5.Professionalism and Continuous Learning 6.Internal Control
		Board Performance Evaluations	Internal Board Self-Assessment	Board of Directors Performance Evaluation: 1.Participation in Company Operations 2.Enhancing Decision-Making Quality of the Board 3.Composition and Structure of the Board 4.Director Selection and Continuous Learning 5.Internal Control
		Audit Committee and Remuneration Committee	Internal Self-Assessment in functional committee	Functional Committee Performance Evaluation: 1.Participation in Company Operations 2.Understanding of Committee Responsibilities 3.Enhancing Decision-Making Quality of the Committee 4.Composition and Member Selection of the Committee 5.Internal Control

- Assessment of Objectives and Execution in Strengthening Board Functions in the Current and Previous Years (e.g. establishment of audit committee, enhancement of information transparency):
  - The Company's Board of Directors authorized the establishment of the Remuneration Committee and the Audit Committee on December 22, 2011, and June 18, 2015, respectively, to assist the Board in fulfilling its supervisory responsibilities. The Remuneration Committee is composed entirely of three Independent Directors, and the Audit Committee is composed entirely of four Independent Directors. The chairpersons of each committee report regularly to the Board of Directors on their respective activities and resolutions.
  - As per the resolution passed by the Board of Directors on August 8, 2018, Liu, Ming-Yi Deputy General Manager, was designated as the company's governance officer to protect shareholder rights and enhance the functions of the Board of Directors.

## (2). Audit Committee

The Audit Committee of our company consists of 4 independent directors, and its purpose is to assist the Board of Directors in supervising the company's accounting, auditing, financial reporting process, financial quality, and integrity.

The Audit Committee held 5 meetings in 2025, and the matters deliberated mainly included:

1. Establishment or revision of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Processing procedures for significant financial business transactions, such as the acquisition or disposal of assets, engaging in derivative transactions, lending funds to others, endorsing or providing guarantees for others, in accordance with Article 36-1 of the Securities and Exchange Act.
4. Review of matters involving conflicts of interest of directors themselves.
5. Review of significant asset or derivative transactions.
6. Review of significant lending, endorsement, or guaranteeing of funds.
7. Review of the issuance, offering, or private placement of equity securities.
8. Review of the qualifications and independence of accountants.
9. Review of the appointment, dismissal, or remuneration of signing accountants.
10. Review of the appointment or dismissal of financial, accounting, or internal audit executives.
11. Review of the annual financial reports and quarterly, semi-annual financial reports.
12. Review of the self-evaluation questionnaire of the committee's performance assessment.
13. Other significant matters stipulated by the company or competent authorities.

### ● Review of financial reports

The Board of Directors approved the annual operating report, financial statements, and profit distribution proposal, among which the financial reports were audited and issued an unqualified audit report by the joint accounting firm of Deloitte, with the auditors Weng, Bo-Ren and Yu, Meng-Kuei. The above operating report, financial report, and loss offsetting proposal have been reviewed by our audit committee and deemed to be in compliance.

### ● Evaluation of the effectiveness of the internal control system

The Audit Committee evaluated the effectiveness of the company's policies and procedures regarding the internal control system. It also reviewed the audit department, signing accountants, and management's periodic reports, including risk management and regulatory compliance. The Audit Committee believes that the company's risk management and internal control system are effective, and the company has adopted the necessary control mechanisms to monitor and correct non-compliant behavior.

### ● Appointment of signing accountants

The Audit Committee is entrusted with the responsibility of supervising the independence of the certified public accounting firm to ensure the fairness of the financial statements. Generally speaking, except for tax-related services or specially approved projects, visa accounting firms are not allowed to provide other services to the company. All services provided by Visa Accountants must be approved by the Audit Committee. In order to ensure the independence of the certified accounting firm, the Audit Committee has formulated an independence assessment form with reference to Article 47 of the Accountant Law and the Accountant Professional Ethics Bulletin No. 10 "Integrity, Fairness, Objectivity and Independence" to evaluate the independence of the accountant, professionalism and competency assessment, and assessment of whether the company is related to each other, has business or financial interests with each other, etc.

The 11th meeting of the 4th session of the Audit Committee on March 9, 2025, and the 13th meeting of the 14th session of the Board of Directors on March 9, 2025, reviewed and approved the accounting firm Weng,

Bo-Ren Accountants, and Yu, Meng-Kuei Accountants, which also met the independence assessment standards and was qualified to serve in the same capacity. The Audit Committee is entrusted with the responsibility of supervising the independence of the certified public accounting firm to ensure the fairness of the financial statements.

Total of 5(A) meetings of the Audit Committee were held in the period (2025). The attendance of the independent director were as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate(%) 【B/A】	Remarks
Independent director	Su, Cong-Min	4	1	80%	
Independent director	Liu, Yi-Zhen	5	0	100%	
Independent director	Zhang, Dong-Long	5	0	100%	
Independent director	Zheng, Qin-Xin	5	0	100%	

Other mentionable items:

1. If any of the following circumstances occur, specify the board meeting date, meeting session number, contents of motion(s), the opinions of all the independent directors, reserved opinions, or significant recommendations, the resolution of the Audit Committee, and the company's handling of the Audit Committee's opinions.

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

Audit Committee Meeting Date	Period	Content of proposal	Independent Directors' Dissenting Opinions, Reservations, and Key Recommendations.	Audit Committee Resolution Result	Company's handling of Audit Committee opinions
2025.03.12	4 <sup>th</sup> term 5 <sup>th</sup> session	1. 2024 Annual Business Report and Financial Statements Proposal. 2. 2024 Loss Compensation Proposal. 3. 2024 Internal Control System Declaration Proposal. 4. Appointment and Independence Evaluation of the Company's Certified Public Accountant Compensation Proposal. 5. The company intends to conduct a cash capital increase by issuing ordinary shares through a private placement.	None	The proposal was unanimously approved by all attending committee members.	The proposal is to be submitted to the Board of Directors for approval by the attending directors.
2025.05.07	4 <sup>th</sup> term 6 <sup>th</sup> session	1. Financial statements for the first quarter of the year 2025. 2. Amendments to certain clauses of the "Audit Committee Organization Procedures". 3. Amendments to the company's internal control system, "Payroll Cycle - Payroll Operations".	None	The proposal was unanimously approved by all attending committee members.	The proposal is to be submitted to the Board of Directors for approval by the attending directors.
2025.06.24	4 <sup>th</sup> term 7 <sup>th</sup> session	1. A case concerning the employee roster and quantity related matters regarding the issuance of new shares with restricted employee rights for the third time in 2023.	None	The proposal was unanimously approved by all attending committee members.	The proposal is to be submitted to the Board of Directors for approval by the attending directors.
2025.08.06	4 <sup>th</sup> term 8 <sup>th</sup> session	1. Financial statements for the second quarter of the year 2025 2. The company provides Endorsement and guarantee for its subsidiaries.	None	The proposal was unanimously approved by all attending committee members.	The proposal is to be submitted to the Board of Directors for approval by the attending directors.
2025.11.05	4 <sup>th</sup> term 9 <sup>th</sup> session	1. Financial Statements for the third quarter of the year 2025. 2. 2026 annual audit plan. 3. Cash capital increase private placement of common stock pricing and issuance 4. The company provides Endorsement and guarantee for its subsidiaries.	None	The proposal was unanimously approved by all attending committee members.	The proposal is to be submitted to the Board of Directors for approval by the attending directors.

- (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.
3. Communications between the independent directors, the Company's chief internal auditor and CPAs.
- (1). The head of internal audit regularly reports on the execution of internal audits to the audit committee and communicates with independent directors through face-to-face meetings, phone calls, emails, etc., as needed. At least once a quarter, they hold a review meeting with the audit committee to discuss any deficiencies in the internal control system, with no management or operational personnel present.
- (2). Independent directors hold regular meetings with the auditors at least once a quarter, where the auditor's report on the financial condition, domestic and overseas subsidiary financial and operational status, internal control audit status of the company, and fully communicate about any significant adjustment entries or changes in laws and regulations that may affect the financial reporting. In case of significant abnormality, the meeting can be called at any time.
- (3). The records of the communication meetings held irregularly between independent directors and auditors or internal audit are available on the company's website at the following URL: <http://www.pttech.com.tw/chief-audit-accountant-communication/>

(3). Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status(1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” on January 30 <sup>th</sup> 2016. The information has been disclosed on the Company’s website.	None
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rule?	V V V V		(1). A spokesperson system has been established and is managed by dedicated personnel to handle related issues appropriately. (2). The company has commissioned a stock agent to effectively grasp the list of major shareholders and maintain proper communication at all times to ensure the stability of management and operational rights. (3). The “Operation Management Procedure for Supervising Subsidiaries” and the “Operation Procedures for Transactions with Specific Companies, Related Parties, Affiliated Companies, and Group Enterprises” have been formulated and implemented. The finance, operational, and accounting affairs of related enterprises are independently operated and subject to the control and audit of the parent company. (4). The company has formulated the "Code of Conduct for Honest Operation and Professional Ethics", which prohibits insiders from trading in securities with undisclosed information.	None
3. Composition and Responsibilities of the Board of Directors (1). Does the Board develop and implement a diversified policy for the composition of its members?	V		(1). The company has established a diversified policy for the composition of the board of directors in accordance with the "Corporate Governance Best Practice Principles." The board of directors formulates and implements the diversity policy for its members. The nomination and selection of board members are conducted in accordance with the company’s bylaws, using a candidate nomination system. In addition to evaluating the candidates’ education, experience, and qualifications, the company adheres to the "Corporate Governance Best Practice Principles" and "Director Election Regulations" to ensure the	None

Evaluation Item	Implementation Status(1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>(2). Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3). Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?</p>	V		<p>diversity and independence of board members. "Implementation of the Company’s Diversity Policy": The company’s board of directors consists of 6 members, including 4 independent directors. The board members collectively possess diverse backgrounds in different industries and professional experiences. For more information, please refer to page 10. In terms of composition, employee directors account for 0%, independent directors account for 67%, and general directors account for 33%. In terms of age distribution, 33% are aged 51-60, 33% are aged 61-70.42% are aged 71-80.</p> <p>"Diversity Management Goals":</p> <p>i. The Company places great importance on gender equality in the composition of the Board of Directors. Currently, female directors account for 17% of the Board. The Company is actively seeking female professionals with industry experience to further promote gender equality and achieve its diversity objectives.</p> <p>ii. The board of directors supports and oversees actions taken by management to improve the ratio of women in senior management positions.</p> <p>The board of directors discloses the diversity policy for member composition on the company’s website.</p> <p>(2). In addition to the legally required remuneration committee and audit committee, the company, on November 8, 2022, adopted a board resolution to establish the "Sustainable Development Committee" and legally appoint members of the committee.</p> <p>(3). The company has established the "Director and Executive Performance Evaluation Measures." The board of directors conducts regular evaluations of its performance on an annual basis (after the end of each fiscal year). Based on the scoring results from the "Board of Directors Performance Assessment Self-Assessment Form," "Board Member Performance Assessment Self-Assessment Form," and "Functional and Committee Performance Assessment Self-Assessment Form," the evaluations are reviewed by the Remuneration Committee and presented for discussion at the board of directors. The self-assessment of the board of directors’ performance for</p>	

Evaluation Item	Implementation Status(1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4). Does the company regularly evaluate the independence of CPAs?	V		<p>the 2025 fiscal year has been completed, and the results of the board of directors’ performance evaluation, including relevant assessment items and results, have been reported to the board of directors on February 11 2026. Please refer to Appendix 1 and the company’s website for more details.</p> <p>(4). The audit committee evaluates the independence and suitability of the appointed auditors on an annual basis. In addition to requiring auditors to provide a "Statement of Absolute Independence" and "Audit Quality Indicators (AQIs)," the evaluation is conducted based on the standards and 13 AQI indicators listed in Appendix 2. After confirming that the auditors and the company have no other financial interests or business relationships apart from the audit and tax-related fees, and that the auditors’ family members comply with the independence requirements, as well as considering the AQI indicator information, it is confirmed that the auditors and the accounting firm have superior audit experience and training hours compared to industry averages. Additionally, the company has been continuously implementing digital audit tools in the past three years to enhance audit quality. After the audit committee discussed and approved the evaluation results on February 11 2026. The independence and suitability assessment of the auditors was submitted to the board of directors for approval on the same date, February 11 2026.</p>	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders’ meetings, and producing minutes of board meetings and shareholders’ meetings)?	V		<p>On August 8, 2018, the board of directors of the company passed a resolution appointing Liu, Ming-Yi as an executive to serve as a corporate governance officer. This appointment aims to protect shareholders’ rights and strengthen the functions of the board of directors. Liu, Ming-Yi has more than three years of experience in financial, shareholder, and administrative management in publicly traded companies. The main responsibilities of the corporate governance officer include providing the board of directors with the necessary information for executing their duties, assisting the board in complying with laws and regulations, and handling matters related to board meetings and shareholder meetings in accordance with the law. For details on the execution of duties and professional development, please refer to Appendix 5.</p>	None

Evaluation Item	Implementation Status(1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The company has established a dedicated section for stakeholders on its website, providing a channel for open communication with banks, other creditors, employees, customers, and suppliers. The contact telephone numbers and contact points are disclosed to facilitate engagement with stakeholders and address their concerns.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates Taishin Securities Co., Limited to deal with shareholder affairs.	None
7. Information Disclosure (1). Does the company have a corporate website to disclose both financial standings and the status of corporate governance?  (2). Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?  (3). Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V  V  V		(1). The company has established a corporate website where it discloses financial and business-related information. Stakeholders can also access relevant financial, business, and corporate governance information through the Public Information Observation System. (2). The company has designated individuals responsible for the disclosure of information on the Public Information Observation System of Taiwan Stock Exchange and the company website. The company has appointed a spokesperson and deputy spokesperson to implement the spokesperson system. The company’s corporate presentation materials and video recordings are available on the company website. (3). The financial statements for the 2025 fiscal year will be reported in accordance with the regulations of the Securities and Exchange Act and have not been announced in advance.	None
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		1. Employee Rights: The Company has always treated employees with integrity, establishing a good relationship of trust and mutual reliance through enriching welfare systems and comprehensive education and training programs, while prioritizing the protection of employee rights. 2. Employee Care: The Company has established a Staff Welfare Committee to fully cater to the needs and ensure the well-being of employees. Measures such as subsidizing employee club activities, providing assistance for weddings, funerals, and childbirth, offering education subsidies for employees’ children, medical consultation subsidies, and travel allowances are in place.	None

Evaluation Item	Implementation Status(1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>3. Investor Relations: The Company has designated personnel responsible for investor relations, handling suggestions, communication, and maintaining relationships with investors.</p> <p>4. Supplier Relationships: The Company has established long-term and mutually beneficial partnerships with suppliers.</p> <p>5. Stakeholder Relationships: The Company respects and safeguards the legitimate rights and interests of stakeholders, including creditors, employees, and suppliers, maintaining effective communication channels. The company also complies with regulatory requirements by making timely disclosures of relevant information and providing various corporate updates.</p> <p>6. Director Training: The Company directors possess industry expertise and practical management experience. They participate in professional training for at least six hours annually as required by law. For specific details, please refer to Appendix Three.</p> <p>7. Implementation of Risk Management Policies and Standards: The Company has established internal regulations and conducts various risk management and assessment processes. Additionally, the directors uphold a high level of self-discipline, refraining from participating in discussions and voting on agenda items that may involve conflicts of interest and potential harm to the company’s interests.</p> <p>8. Execution of Customer Policies: The Company is dedicated to improving quality and enhancing professional skills, providing customers with the best services and products.</p> <p>9. Purchase of Liability Insurance for Directors and Supervisors: The Company has provisions in its articles of incorporation for the purchase of liability insurance for directors and supervisors. It annually purchases directors’ and supervisors’ liability insurance with coverage of USD 7 million from Shin Kong Property &amp; Casualty Insurance Company.</p> <p>10. Manager Training: Please refer to Appendix Four for information regarding manager training.</p>	
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. : None.</p>				

**Attachment 1: Board of Directors’ Performance Evaluation Methods and Results**

The company revised and passed the "Board of Directors’ Performance Evaluation Methods" on November 12, 2019. The Board conducts an annual performance evaluation for the previous year, and the evaluation includes the overall operation of the Board, the Audit Committee, and the Remuneration Committee. Each director is also required to conduct a self-evaluation. The criteria for evaluating the Board, the Audit Committee, and the Remuneration Committee include the following:

Board of Directors’ Performance Evaluation Criteria:

1. Participation in the Company’s operations
2. Improvement of the Board’s decision-making quality
3. Composition and structure of the Board of Directors
4. Selection and ongoing education of directors
5. Internal control

Functional Committee Performance Evaluation Criteria:

1. Participation in the Company’s operations
2. Understanding of the duties of the functional committee
3. Improvement of the functional committee’s decision-making quality
4. Composition and member selection of the functional committee
5. Internal control

Director Performance Evaluation Criteria:

1. Understanding of the company’s goals and tasks
2. Understanding of the director’s duties
3. Participation in the Company’s operations
4. Management of internal relationships and communication
5. Professionalism and continuing education of the director
6. Internal control

The results of the 2025 Board of Directors’ Performance Evaluation are as follows:

1. The overall self-evaluation of the Board of Directors’ performance is excellent.
2. The overall self-evaluation of the Audit Committee and the Remuneration Committee is excellent.
3. The overall self-evaluation of the director’s performance is excellent.

The detailed content of the above performance evaluation was reported to the Board of Directors on February 11 2026.

**Attachment 2: Independent Auditor’s Independence Evaluation Standards**

Item	Evaluation item	Weng, Bo-Ren Accountant		Yu, Meng-Kuei Accountant	
		Evaluation Result	Compliance with independence	Evaluation Result	Compliance with independence
1	Whether the accountant has a direct or significant indirect financial interest in the company	No	Yes	No	Yes
2	Whether the accountant has financing or guarantee transactions with the company or its directors	No	Yes	No	Yes
3	Whether the accountant has a close business relationship or potential employment relationship with the company	No	Yes	No	Yes
4	Whether the accountant or any member of their audit team has served as a director, executive, or in a position significantly affecting the audit work in the company in the current or past two years	No	Yes	No	Yes
5	Whether the accountant has provided non-audit services to the company that could have a direct impact on the audit work	No	Yes	No	Yes
6	Whether the accountant holds stocks or other securities issued by an intermediary company	No	Yes	No	Yes
7	Whether the accountant has served as the company’s legal counsel or representative in coordinating conflicts with third parties	No	Yes	No	Yes
8	Whether the accountant has a relative who is a director, executive, or a person in a position significantly affecting the audit case in the company	No	Yes	No	Yes

AQI Indicator Information:

Dimension 1: Professionalism

- Indicator 1-1: Audit experience
- Indicator 1-2: Training hours
- Indicator 1-3: Turnover rate
- Indicator 1-4: Professional support

Dimension 2: Quality Control

- Indicator2-1: Auditor workload
- Indicator 2-2: Audit input
- Indicator 2-3: Quality control review (EQCR) review status
- Indicator 2-4: Quality control support capabilities

Dimension 3, Independence:

- Indicator 3-1: Non-audit services
- Indicator 3-2: Client familiarity

Dimension 4, Supervision:

- Indicator 4-1: External inspection deficiencies and penalties
- Indicator 4-2: Improvement letters from regulatory authorities

Dimension 5, Innovation Capability:

- Indicator 5-1: Innovation planning or advocacy

**Attachment 3: Education and Training of Directors**

Title	Name	Organizer	Course Title	Hours
Chairman	Huang, Yi-Chun	Taipei Foundation Of Finance	2025 ESG Sustainability Summit: New Strategies for Net-Zero Sustainability: Challenges and Opportunities of Integrating ESG into Corporate DNA	3
		Securities and Futures Institute	Advocacy Meeting on the Prevention of Insider Trading for the Year 2025	3
Chairman	Chen, Tsai-Pu	Securities and Futures Institute	Operational Strategies and Outlook of Taiwanese PMI Manufacturers in the Second Half of the Year Amid the Trump Reciprocal Tariff Storm	3
			International Economic Situation and Taiwan's Industrial Dynamics under Trump 2.0	3
Chairman	Chen, Wan-De	Chinese National Association of Industry and Commerce	Trends in Labor Law under the Impact of the AI Wave and Guidelines for Corporate Adaptation	3
Independent Director	Su, Cong-Min	Accounting Research and Development Foundation	2025 ESG Summit	6
		Chinese National Association of Industry and Commerce	Mergers and Acquisitions (M&A) Practice and Related Labor Issues	3
Independent Director	Liu, Yi-Zhen	Taipei Foundation Of Finance	2025 ESG Sustainability Summit: New Strategies for Net-Zero Sustainability: Challenges and Opportunities of Integrating ESG into Corporate DNA	3
		Securities and Futures Institute	2025 Briefing on Legal Compliance for Insider Share Trading	3
Independent Director	Zheng, Qin-Xin	Securities and Futures Institute	Operational Strategies and Outlook of Taiwanese PMI Manufacturers in the Second Half of the Year Amid the Trump Reciprocal Tariff Storm	3
		Institute of Financial Law and Crime Prevention	Practical Case Analysis of Shareholder Meeting Disputes	3
Independent Director	Zhang, Dong-Long	Business Council for Sustainable Development of R.O.C Taiwan Stock Exchange Corporation World Business Council for Sustainable Development	Release Event of the Report on Mapping CDP Questionnaire to IFRS S2	3
		Securities and Futures Institute	NVIDIA's Three-Trillion Miracle: A New Perspective on the Semiconductor Industry Revolution Behind A	3
		Taiwan Corporate Governance Association	Key Points of IFRS 18 "Presentation and Disclosure of Financial Statements"	3
		Taiwan Academy of Banking and Finance	Corporate Governance Forum	3

#### **Attachment 4: Training and Education for Managerial Staff on Corporate Governance.**

Title	Name	Organizer	Course Title	Hours
Chairman	Huang, Yi-Chun	Taipei Foundation Of Finance Securities and Futures Institute	2025 ESG Sustainability Summit: New Strategies for Net-Zero Sustainability: Challenges and Opportunities of Integrating ESG into Corporate DNA	3
			Advocacy Meeting on the Prevention of Insider Trading for the Year 2025	3
Deputy General Manager	Liu, Ming-Yi	Accounting Research and Development Foundation	Continuing Education Program for Accounting Officers of Issuers, Securities Firms, and Exchanges	12

#### **Attachment 5: Business Execution and Continuing Education of Corporate Governance Officers**

The board of directors of our company resolved in August 8<sup>th</sup> 2018 to appoint Ms. Liu, Ming-Yi as the corporate governance officer to protect the shareholders' rights and enhance the functions of the board. Ms. Liu has over three years of experience in financial, shareholding, and unit management in publicly traded companies and has obtained a certificate of basic competence in corporate governance issued by the Securities and Futures Market Development Foundation of the Republic of China. The main responsibilities of the corporate governance officer include providing the board with the necessary information for executing its duties, assisting the board in complying with laws and regulations, and handling matters related to board and shareholders' meetings in accordance with the law.

The business execution in 2025 is as follows:

1. Assisting independent directors and ordinary directors in performing their duties, providing necessary information, and arranging their continuing education:
  - (1) Regularly informing the members of the board of directors of the latest developments in the company's business and governance-related laws and regulations and assisting the board in complying with laws and regulations and keeping up-to-date with the latest legislative developments.
  - (2) Checking the confidentiality level of relevant information and providing the company information required by the directors to maintain smooth communication and exchange with the directors and business executives.
  - (3) When internal audit directors or signing accountants need to meet individually to understand the company's financial business needs according to the corporate governance practice guidelines, the independent directors shall assist in arranging relevant meetings.
2. Assisting the board and shareholders' meeting procedures and compliance matters:
  - (1) Reporting the company's corporate governance operations to the board of directors, independent directors, and audit committee and ensuring that the convening of shareholders' meetings and board meetings complies with relevant laws and corporate governance guidelines.
  - (2) Assisting and reminding the directors to comply with laws and regulations when executing their duties or making formal board resolutions, and providing suggestions if there are any illegal resolutions made during board meetings.
  - (3) Responsible for checking the publication of significant information related to important board resolutions after the meeting to ensure the legality and accuracy of the information, thereby ensuring that investment information is equally shared among investors.

3. Maintaining investor relations: arranging for directors to communicate with major shareholders, institutional investors, or ordinary shareholders as necessary, so that investors can obtain sufficient information to evaluate the company's reasonable capital market value and ensure the protection of shareholders' rights.
4. Drafting the board meeting agenda, notifying the directors seven days in advance, convening the meeting, providing meeting materials, giving prior notice if the agenda requires avoiding conflicts of interest, and completing the board meeting minutes within 20 days after the meeting in accordance with the law.
5. Registering the shareholders' meeting date in advance, preparing the notice of meeting, the agenda, the meeting minutes, and revising the registration form within the statutory period, in accordance with the law.

The training details of the Corporate Governance Officer for the year 2025 are as follows:

Training Date		Organization	Course Title	Hours	Total hours for the year
Starts from	Ends at				
2025.10.03	2025.10.03	Accounting Research and Development Foundation	Practical Application Analysis of Sustainability Policies and Sustainability Disclosure Standards	6	12
2025.10.23	2025.10.23	Accounting Research and Development Foundation	Common Deficiencies in Financial Statement Review and Practical Analysis of Key Internal Control Regulations	6	

- (4). If the company has established a remuneration committee, it should disclose its composition, responsibilities, and operation:

Our company established a remuneration committee on December 22, 2011. The committee is composed of three independent directors authorized by the Board of Directors. The responsibilities of the remuneration committee include "implementing recommendations, evaluating, and supervising the company's overall compensation policies, executive and manager compensation levels, employee stock option plans, employee bonus plans, or other employee incentive plans." Since its establishment, the remuneration committee has operated in accordance with the regulations of the "Remuneration Committee Regulations" of our company, and its operation complies with the "Corporate Governance Best Practice Principles for Listed and OTC Companies" and the "Regulations on the Establishment and Exercise of Remuneration Committees."

A. Member information of the remuneration committee:

Title (Note1)	Criteria		Professional qualification and experience Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Name			
Independent Director (Convener)	Liu, Yi-Zhen		Please refer to page 8 for information regarding the professional qualifications of directors and the disclosure of independent directors' independence	Note
Independent Director	Su, Cong-Min			Note
Independent Director	Zheng, Qin-Xin			Note

April 11<sup>th</sup> 2026

B. Information on Remuneration Committee Authority

The function of our company's Remuneration Committee is to evaluate the salary and compensation policies and systems of our company's directors, supervisors, and managers in a professional and objective

manner. The committee meets at least twice a year and may convene meetings as needed to provide recommendations to the board of directors for their decision-making reference.

(a). Authority of the Remuneration Committee

- (1) Regularly review and propose revisions to this regulation.
- (2) Regularly review the annual and long-term performance goals of the company's directors, supervisors, and managers, as well as the policies, systems, standards, and structures of salary and compensation.
- (3) Regularly evaluate the performance goals of the company's directors, supervisors, and managers and recommend the content and amount of individual salary and compensation.

(b). When executing the aforementioned authority, the committee shall follow the following principle:

- (1) Ensure that the company's salary and compensation arrangements comply with relevant laws and regulations and are sufficient to attract excellent talents.
- (2) The performance evaluation and salary and compensation of directors, supervisors, and managers should refer to the usual practice in the industry and consider the time invested, job responsibilities, personal goals achieved, performance in other positions, and the salary and compensation of equivalent positions given by the company in recent years, as well as the individual performance evaluation based on the company's short-term and long-term business objectives, financial condition, and the reasonable correlation between performance and future risks.
- (3) Do not guide directors and managers to engage in risky behavior to pursue salary and compensation.
- (4) Regarding the proportion of short-term performance bonuses and the timing of partial variable salary and compensation payments to directors and senior executives, it should be determined based on the characteristics of the industry and the nature of the company's business.
- (5) Committee members may not participate in discussions or vote on their own salary and compensation decisions.

The aforementioned salary and compensation include cash compensation, stock options, bonus shares, retirement benefits or severance payments, various allowances, and other substantial reward measures. Their scope should be consistent with the criteria for disclosure in the annual report of a publicly-traded company regarding director, supervisor, and manager compensation.

If the compensation of directors and managers of our subsidiary companies is a decision that is subject to approval by the board of directors of our company based on the company's hierarchical responsibility, the committee shall first provide recommendations and then submit them to the board of directors for discussion.

(c). Information on the Operation of the Remuneration Committee

- (1) The remuneration committee of the company consists of three members.
- (2) This committee's term is from June 18, 2024 to June 17, 2027. In the past year (2025), the Remuneration Committee held 2 meetings (A), and the membership and attendance of the committee members are as follows:

Title	Name	Attendance In person(B)	By proxy	Attendance rate(%(B/A))	Remarks
Convener	Liu, Yi-Zhen	2	0	100%	
Committee Member	Su, Cong-Min	2	0	100%	
Committee Member	Zheng, Qin-Xin	2	0	100%	

(3) The dates of the two meetings held by the Remuneration Committee in the most recent fiscal year (2025), the matters discussed, and the resolutions adopted are as follows:

Dates of the meetings of the Remuneration Committee	Agenda and Follow-up Handling	Resolution Results	Company's Opinions on the Remuneration Committee
2025.02.05	1. Review of the Performance Evaluation for Directors and Managers for Fiscal Year 2024 and Proposal for Manager Performance Evaluation Criteria for Fiscal Year 2025	Approved by all attending committee members.	Approved by the attending directors at the board meeting
2025.11.05	1. The proposal regarding the settlement of seniority for the company's managers under the old system	Approved by all attending committee members.	Approved by the attending directors at the board meeting.
<p>Other mentionable items:</p> <ol style="list-style-type: none"> <li>If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the board should state the date, term, agenda content, board resolution results, and the company's handling of the Remuneration Committee's opinions. If the board approves compensation and benefits that are better than the recommendations of the Remuneration Committee, the differences and reasons should be stated: None.</li> <li>In the event of opposition or reservations from members of the Remuneration Committee, with records or written statements, the date, term, agenda content, all members' opinions, and the handling of these opinions should be documented: None.</li> </ol>			

(5). Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons									
	Yes	No	Summary Description										
1. Has the company established a governance framework for promoting sustainable development, set up a dedicated unit for promoting sustainable development, authorized senior management by the board of directors to handle this, and supervised by the board of directors? (Listed and over-the-counter companies should report the execution status, if not applicable, provide an explanation.)	V		<p>In accordance with the company's vision and mission of sustainable development policy, the Board of Directors is the highest decision-making body for sustainable development-related issues. In 2022, the "Sustainability Development Committee" was established, with the Chairman serving as the Chairman.</p> <p>The sustainable development committee has established the ESG promotion office, with the chairman and general manager serving as the chairperson and vice chairperson respectively. Following the principles of sustainable development practices, the office is tasked with developing annual specific plans and implementing them in environmental sustainability, corporate governance, and social issues. It is required to report on the implementation of sustainable development to the Board of Directors at least once a year and disclose this information on the company's website.</p> <p>In 2025, the sustainable development committee held a total of one meeting, covering (1) action plans for sustainability related issues, and (2) revisions to the sustainability development policies. The Sustainability Development Committee reported the above mentioned progress to the Board of Directors on November 5, 2025. The Board received the committee's sustainability report and expressed its support for the implementation status and the future direction of sustainability initiatives.</p>	None									
2. Has the company assessed risks related to environmental, social, and corporate governance issues that are material to its operations based on materiality principles, and established corresponding risk management policies or strategies?( Listed and over-the-counter companies should report the execution status, if not applicable, provide an explanation.)	V		<p>This disclosure covers the company's sustainability performance at major operational sites from January to December 2025. The risk assessment primarily focuses on the company, including its subsidiaries in Taiwan, China, other regions in Asia, the Americas, and Oceania. Based on the relevance to core business operations and the level of impact on material topics, the following subsidiaries are included in the assessment: Paragon (Neijiang) Technology Co., Ltd. Paragon (Jiangsu) Technology Co., Ltd. and Baiji (Suzhou) Technology Co., Ltd.</p> <p>The Sustainability Development Committee conducts analysis in accordance with the major principle of the Sustainability Report. It engages with internal and external stakeholders and reviews both domestic and international research reports and literature. By integrating assessment data from various departments and subsidiaries, the committee evaluates major ESG issues and establishes effective risk management policies for identifying, measuring, monitoring, and controlling risks. It also formulates concrete action plans to mitigate the impact of related risks.</p> <p>Based on the assessed risks, the following risk management policies or strategies have been formulated:</p> <table border="1" data-bbox="869 1225 1839 1479"> <thead> <tr> <th>Significant issues</th> <th>Assessment item</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Compliance with Regulations and Environmental Standards/Management Systems</td> <td>The company production processes comply with WEEE and RoHS regulations, and regularly obtain "IECQ QC80000:2017" and "ISO14001:2015" environmental management certifications.</td> </tr> <tr> <td>Society</td> <td>Product Safet</td> <td>The company's products adhere to international standards such as RoHS, halogen-free flame retardant,</td> </tr> </tbody> </table>	Significant issues	Assessment item	Description	Environment	Compliance with Regulations and Environmental Standards/Management Systems	The company production processes comply with WEEE and RoHS regulations, and regularly obtain "IECQ QC80000:2017" and "ISO14001:2015" environmental management certifications.	Society	Product Safet	The company's products adhere to international standards such as RoHS, halogen-free flame retardant,	None
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Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons													
	Yes	No	Summary Description														
			<table border="1"> <tr> <td></td> <td></td> <td>and have actively applied for and passed UL certification, containing no harmful substances.</td> </tr> <tr> <td></td> <td>Occupational Safety</td> <td>The company holds two occupational safety seminars and fire drills annually to enhance employees' emergency response capabilities and foster self-awareness in safety management.</td> </tr> <tr> <td rowspan="3">Corporation Governance</td> <td>Legal Compliance</td> <td> <ol style="list-style-type: none"> <li>By establishing a corporate governance structure and implementing internal control mechanisms, the company ensures that all personnel and operations of the company comply with relevant legal requirements.</li> <li>All products developed by the company have applied for patents to safeguard the company's rights.</li> </ol> </td> </tr> <tr> <td>Enhancement of Director Functions</td> <td> <ol style="list-style-type: none"> <li>Each year, the directors are provided with updates on the latest regulations, institutional laws, and policies, and relevant training topics are planned for their professional development.</li> <li>Every year, directors are legally insured with director's liability insurance to safeguard them in the event of litigation or claims against them.</li> </ol> </td> </tr> <tr> <td>Stakeholder Communication</td> <td> <ol style="list-style-type: none"> <li>Each year, the company analyzes important stakeholders and their relationship issues to avoid misunderstandings that may arise from differences in perspectives, thus minimizing operational or litigation risks.</li> <li>To establish various communication channels, such as setting up an investor relations contact email, managed by a spokesperson who is responsible for responding to and addressing inquiries, fostering proactive communication, and reducing confrontation and misunderstandings.</li> </ol> </td> </tr> </table>			and have actively applied for and passed UL certification, containing no harmful substances.		Occupational Safety	The company holds two occupational safety seminars and fire drills annually to enhance employees' emergency response capabilities and foster self-awareness in safety management.	Corporation Governance	Legal Compliance	<ol style="list-style-type: none"> <li>By establishing a corporate governance structure and implementing internal control mechanisms, the company ensures that all personnel and operations of the company comply with relevant legal requirements.</li> <li>All products developed by the company have applied for patents to safeguard the company's rights.</li> </ol>	Enhancement of Director Functions	<ol style="list-style-type: none"> <li>Each year, the directors are provided with updates on the latest regulations, institutional laws, and policies, and relevant training topics are planned for their professional development.</li> <li>Every year, directors are legally insured with director's liability insurance to safeguard them in the event of litigation or claims against them.</li> </ol>	Stakeholder Communication	<ol style="list-style-type: none"> <li>Each year, the company analyzes important stakeholders and their relationship issues to avoid misunderstandings that may arise from differences in perspectives, thus minimizing operational or litigation risks.</li> <li>To establish various communication channels, such as setting up an investor relations contact email, managed by a spokesperson who is responsible for responding to and addressing inquiries, fostering proactive communication, and reducing confrontation and misunderstandings.</li> </ol>	
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3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		<table border="1"> <tr> <td colspan="3">All subsidiaries of the company have established environmental management systems in accordance with ISO 14001:2015 and have been certified by third-party certification bodies.</td> </tr> <tr> <td>Company's Name</td> <td>Paragon (Jiangsu) Technology Co., Ltd.</td> <td>Paragon (Neijiang) Technology Co., Ltd.</td> </tr> <tr> <td>Validity</td> <td>2023.8.29~2026.8.28</td> <td>2025.3.28~2028.3.27</td> </tr> </table>	All subsidiaries of the company have established environmental management systems in accordance with ISO 14001:2015 and have been certified by third-party certification bodies.			Company's Name	Paragon (Jiangsu) Technology Co., Ltd.	Paragon (Neijiang) Technology Co., Ltd.	Validity	2023.8.29~2026.8.28	2025.3.28~2028.3.27	None				
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Validity	2023.8.29~2026.8.28	2025.3.28~2028.3.27															

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons									
	Yes	No	Summary Description										
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		<p>1. The company attaches great importance to environmental protection and material recycling in manufacturing. The production processes adhere to relevant regulations and international standards, such as the EU WEEE and RoHS environmental directives. If new plastics are introduced in the upstream production, we actively apply for and obtain UL certification to ensure that the materials used in recycling contain no harmful substances, thereby reducing environmental impact.</p> <p>2. The company is committed to improving the efficiency of resource utilization by establishing research and development projects to enhance processes and develop energy-saving equipment, thereby enhancing energy efficiency.</p>	None									
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		The company's assessment of climate change related risks and opportunities, as well as corresponding response measures, are disclosed in Section 5-1 of the annual report.	None									
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>The company's greenhouse gas inventory results, assurance status, and reduction policies are also disclosed in Section 5.1 of the annual report.</p> <p>Our company has long been concerned with water conservation and environmental protection issues, and has taken active steps to reduce water consumption in our manufacturing processes. Through continuous process improvement, we have effectively saved approximately 13.69 million metric tons, a reduction of 4%.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Water Consumption (metric tons)</td> <td>36,695</td> <td>35,326</td> </tr> <tr> <td>Water Saving(metric tons)</td> <td colspan="2">1,369</td> </tr> </tbody> </table> <p>The company is dedicated to environmental protection. In 2025, all subsidiaries successfully passed ISO 14001 Environmental Management Systems certification. To reduce environmental impact and conserve natural resources, the company has established waste management policies for both daily operations and business activities, which employees are required to follow.</p>	Year	2024	2025	Water Consumption (metric tons)	36,695	35,326	Water Saving(metric tons)	1,369		None
Year	2024	2025											
Water Consumption (metric tons)	36,695	35,326											
Water Saving(metric tons)	1,369												
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The company complies with the regulations of the Labor Standards Act and respects the internationally recognized principles of basic labor rights. It has formulated an employee handbook in accordance with the law to clearly define and protect the rights of employees.	None									

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																
	Yes	No	Summary Description																	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		<p>The company has established year-end bonus and performance bonus regulations, which distribute rewards based on individual employees' annual performance to provide motivation. If the company generates profits in a given year, it allocates a percentage ranging from 1 to 10 percent for employee remuneration, as stipulated in the company's articles of incorporation.</p> <p>To prevent and address workplace harassment, promote gender equality in the workplace, and protect personal dignity, the company has established measures to prevent and address workplace sexual harassment, along with disciplinary guidelines. It has also established a dedicated unit responsible for handling complaints to ensure a complete complaint mechanism.</p> <p>Gender Equality Indicator</p> <table border="1"> <thead> <tr> <th>Criteria</th> <th>proportion</th> <th>Pay Equality Indicator</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>Female employees/Total employees</td> <td>28.5%</td> <td>Average Pay Gender Difference</td> <td>7.9%</td> </tr> <tr> <td>Female supervisors/Total supervisors</td> <td>29%</td> <td>Median Pay Gender Difference</td> <td>2.2%</td> </tr> <tr> <td>Female Senior Managers/Total Senior Managers</td> <td>29%</td> <td></td> <td></td> </tr> </tbody> </table>	Criteria	proportion	Pay Equality Indicator	Difference	Female employees/Total employees	28.5%	Average Pay Gender Difference	7.9%	Female supervisors/Total supervisors	29%	Median Pay Gender Difference	2.2%	Female Senior Managers/Total Senior Managers	29%			None
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Female Senior Managers/Total Senior Managers	29%																			
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>1. The Company regularly conducts employee health examinations and provides occupational safety training courses, along with routine environmental safety inspections.</p> <p>2. No fire incidents occurred during the year. The Company also conducts two fire safety and health education training sessions annually.</p> <p>3. There were no occurrences of employee occupational accidents or fire incidents during the year.</p>	None																
(4) Does the company provide its employees with career development and training sessions?	V		<p>The Company provides employees with effective professional competency development programs. A total of 1536 hours of professional skills training were conducted for employees during the year.</p>	None																
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		<p>As the company operates in the front-end manufacturing supply chain, it does not cater directly to general consumers. However, the company still pays attention to the interests of other stakeholders and has set up a stakeholder zone on its website to provide communication and complaint channels, ensuring the protection of customer rights.</p>	None																
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		<p>The company has established a supplier management policy, requiring suppliers to adhere to relevant standards concerning environmental protection, occupational health and safety, and labor rights. Before engaging in business transactions, the company evaluates suppliers for any records that may have an impact on the environment and society, to avoid engaging with suppliers that contradict the company's social responsibility policies.</p> <p>When signing contracts with its main suppliers, the contracts should include provisions for both parties to comply with their respective corporate social responsibility policies. If a supplier violates these policies and significantly affects the environment and society of the supply source community, the company reserves the right to terminate or dissolve the contract at any time</p>	None																

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
5. Does the company follow internationally recognized guidelines or frameworks when preparing non-financial information reports such as sustainability reports? Has the aforementioned reports obtained assurance or certification from a third-party verification unit?	V		The company's sustainability report in accordance with the GRI Standard:2021 issued by the Global Reporting Initiative. In addition, the company referenced the sustainability accounting standards for the electronics manufacturing services and original design manufacturing industries issued by the Sustainability Accounting Standards Board (SASB), as well as the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), in preparing the report. Going forward, the company will seek assurance from an independent third-party verification body based on implementation progress.	None
6. 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: The company's board of directors approved the adoption of the "Corporate Social Responsibility Best Practice Principles" in January 2016. Subsequently, in March 2020, the board approved amendments to the principles to further strengthen the implementation of corporate social responsibility initiatives. In August 2022, in line with the latest revisions to the "Best Practice Principles for Sustainable Development for TWSE/TPEX Listed Companies", the Company renamed the "Corporate Social Responsibility Best Practice Principles" as the "Sustainable Development Best Practice Principles." Thereafter, the board approved the latest amendments to the principles in September 2024. The company has operated in accordance with the relevant regulations and continuously improved its practices and no discrepancies observed to date.				
7. Other important information that helps understand the implementation of sustainable development: For information on the company's various sustainability performances, please refer to the company's website ( <a href="http://www.pttech.com.tw/">http://www.pttech.com.tw/</a> ), press releases, and the 2025 Sustainability Report.				

**(5-1).Climate-related Information of Listed Companies**

Implementation Status of Climate-related Information

Item	Implementation Status
<p>1. Disclose the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.</p>	<p>To address the high level of uncertainty associated with climate change and the rapid shifts in policy and market conditions, the company has adopted a proactive approach to identifying and assessing the potential impacts of climate change. In alignment with the Financial Supervisory Commission’s “Sustainable Development Roadmap” and the “Corporate Sustainability Action Plan,” the company has enhanced the disclosures in the Sustainability Report by referencing the TCFD framework. This approach enables the company to identify and evaluate climate-related risks and opportunities that may affect its operations.</p> <p>The company has established a "Risk Management Policy and Procedure," under which the Board of Directors serves as the highest decision-making body for risk management, with the audit committee assisting in overseeing related matters. Regarding climate change issues, the Board of Directors is responsible for approving the company’s strategies for managing climate-related risks and opportunities, including the development of short, medium, and long-term goals, as well as overall management. The Board of Directors also provides guidance and feedback on these matters.</p> <p>The Sustainability Development Committee is the management body for climate-related risks and opportunities. Under its oversight, the “Risk Management Task Force” within the Sustainability Promotion Office acts as the implementing unit. This task force is composed of department chief manager from across the company and is led by the chairman as the chief convener and the general manager as the deputy convener. The task force supervises and reviews the company’s climate-related goals, strategies, and concrete action plans, monitors the control of climate-related risks and opportunities, and regularly evaluates the performance of climate management and environmental indicators. It reports to the Board of Directors on a regular basis, serving as a key reference for the formulation of the company’s sustainability strategies.</p> <p>The governance of climate-related risks and opportunities in 2025, along with annual sustainability risk management issues, was re-ported to the Board of Directors in November.</p>

Item	Implementation Status																								
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the enterprise (short-term, medium-term, long-term).</p>	<p>The company remains committed to addressing and managing climate change by continuously assessing the potential operational and financial impacts of climate-related risks and opportunities. Corresponding solutions are being formulated to support the development and implementation of effective response strategies.</p> <table border="1" data-bbox="976 295 2067 1137"> <thead> <tr> <th colspan="2" data-bbox="976 295 1361 359">Climate-related risks and opportunities</th> <th data-bbox="1370 295 1621 359">Impact</th> <th data-bbox="1630 295 2067 359">Response Strategies</th> </tr> </thead> <tbody> <tr> <td data-bbox="976 365 1137 576" rowspan="2">Transition Risk</td> <td data-bbox="1146 365 1361 448">Enhance emission reporting</td> <td data-bbox="1370 365 1621 448">Increase operating costs</td> <td data-bbox="1630 365 2067 448">The company is planning to implement a greenhouse gas inventory and apply for third-party verification.</td> </tr> <tr> <td data-bbox="1146 454 1361 576">Costs of transition to low-carbon technology</td> <td data-bbox="1370 454 1621 576">Increase production / operating costs</td> <td data-bbox="1630 454 2067 576">持 Continuously invest in equipment and process improvement technologies, while also innovating and developing new applications for PVD equipment.</td> </tr> <tr> <td data-bbox="976 582 1137 761">Physical Risk</td> <td data-bbox="1146 582 1361 761">Average temperatures rising</td> <td data-bbox="1370 582 1621 761">Disruptions in production capacity / higher production costs / reduce output leading to decrease revenue</td> <td data-bbox="1630 582 2067 761">To establish procedures for handling production anomalies and implemented a warning system with graded alert levels for reducing potential impacts.</td> </tr> <tr> <td data-bbox="976 767 1137 1137" rowspan="2">Opportunity</td> <td data-bbox="1146 767 1361 920">Recycling and reuse</td> <td data-bbox="1370 767 1621 920">Increase market acceptance to increase revenue</td> <td data-bbox="1630 767 2067 920">The company's eco-friendly low-temperature PVD process can be widely applied to various substrates (such as metal and plastic) without affecting their recycle and reuse.</td> </tr> <tr> <td data-bbox="1146 927 1361 1137">Research and innovation in developing new products and services</td> <td data-bbox="1370 927 1621 1137">Increase market acceptance to increase revenue</td> <td data-bbox="1630 927 2067 1137">The company continuously expands the diverse applications of PVD technology, from functionality to aesthetics, and from technical services to equipment development which ensures the long-term sustainability of the operations.</td> </tr> </tbody> </table>			Climate-related risks and opportunities		Impact	Response Strategies	Transition Risk	Enhance emission reporting	Increase operating costs	The company is planning to implement a greenhouse gas inventory and apply for third-party verification.	Costs of transition to low-carbon technology	Increase production / operating costs	持 Continuously invest in equipment and process improvement technologies, while also innovating and developing new applications for PVD equipment.	Physical Risk	Average temperatures rising	Disruptions in production capacity / higher production costs / reduce output leading to decrease revenue	To establish procedures for handling production anomalies and implemented a warning system with graded alert levels for reducing potential impacts.	Opportunity	Recycling and reuse	Increase market acceptance to increase revenue	The company's eco-friendly low-temperature PVD process can be widely applied to various substrates (such as metal and plastic) without affecting their recycle and reuse.	Research and innovation in developing new products and services	Increase market acceptance to increase revenue	The company continuously expands the diverse applications of PVD technology, from functionality to aesthetics, and from technical services to equipment development which ensures the long-term sustainability of the operations.
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<p>3. Describe the financial impact of extreme weather events and transition actions</p>	<p>&lt;Financial Impact of Extreme Climate Events on the Company&gt;  The company's risk management team identifies potential risks to production caused by extreme climate changes through internal discussions, assessments, and reviews. High temperatures may lead to unexpected power outages and regional electricity rationing policies, both of which increase production costs and result in reduced operating income.  &lt;Financial Impact of Transition Actions on the Company&gt;  In response to potential changes in policies, regulations, technologies, and markets</p>																								

Item	Implementation Status
	brought by the transition to a low-carbon economy, the Company places great importance on water resource consumption and continuously improves equipment and processes to enhance energy efficiency. The company also emphasizes innovation by expanding the diverse applications of PVD technology and consistently investing in the development of green products. As a result of these transition risks, capital expenditures and operating costs are expected to increase.
4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system	<p>The company designates the Board of Directors as the highest decision-making body for risk management, directly overseeing the company’s risk governance framework. To enhance assessment and strengthen management functions, in 2023, the company established a risk management team which operates under the Sustainable Development Committee. This team is responsible for identifying and managing operational risks, including physical and transition risks related to climate change, and for leading the planning of relevant response measures. Based on the nature of the company’s operations and internal and external environmental factors, the risk management team conducts risk identification and analysis across 7 key areas: strategic, operational, financial, information, legal compliance, integrity, and ESG. In accordance with the identified risks, each department formulates corresponding response strategies, integrating and managing risks that may impact operations and profitability. A management performance and risk control report is submitted to the Sustainable Development Committee at least once a year, which in turn reports to the Board of Directors.</p> <p>In November 2025, the ESG and climate risk implementation status was reported to the Board of Directors.</p>
5. If utilizing scenario analysis to assess resilience to climate change risks, it should outline the scenarios, parameters, assumptions, analysis factors, and major financial impacts used/	<p>According to the IPCC 6th assessment report on climate change, under the SSP1-2.6 scenario,</p> <ul style="list-style-type: none"> <li>● Increased severity of extreme weather events such as typhoons and floods: By the mid and late 21st century, Taiwan’s average annual total rainfall is projected to increase by approximately 12% and 16%, respectively. The intensity of the maximum one-day heavy rainfall is expected to increase by about 15.7% and 15.3%, respectively.</li> <li>● Rising average temperatures: The annual average temperature in Taiwan may rise by 1.3°C and 1.4°C by the mid and late 21st century, respectively. The days with high temperatures exceeding 36°C is projected to increase by approximately 6.8 and 6.6 days, respectively.</li> </ul> <p>The major financial impacts on the company include increased operational costs due to energy restrictions (power/water rationing), energy-saving policy requirements,</p>

Item	Implementation Status
	rising electricity prices, and the imposition of water consumption.
<p>6. If there is a transformation plan to address climate-related risks, please describe the content of the plan, as well as the indicators and goals used to identify and manage physical risks and transition risk.</p>	<p>With increasingly frequent extreme climate events and governments worldwide successively introducing more stringent sustainable development policies, corporate net-zero transformation has become inevitable under the ultimate “net-zero” targets established by governments. In the future, the company will formulate the net-zero transition pathway and the internal operational strategies in alignment with Science Based Targets (SBT).</p> <p>The company continues to respond to potential climate change-related risks through various carbon reduction initiatives including enhancing the energy efficiency of equipment, optimizing manufacturing processes to improve production efficiency, and upgrading and maintaining existing equipment and facilities.</p>
<p>7. If using internal carbon pricing as a planning tool, please explain the basis for price determination.</p>	<p>Although the company is not currently subject to carbon fee collection under the Ministry of Environment “Regulation Governing the Collection of Carbon Fee”, it will continue to closely monitor subsequent developments and related issues concerning government carbon fee policies.</p>
<p>8. If climate-related goals are set, please provide information on the activities covered, greenhouse gas emission scopes, planning timelines, annual progress towards achievement, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, please specify the source and quantity of offset carbon emissions or the quantity of RECs exchanged.</p>	<p>The company commenced the greenhouse gas inventory in 2025 in accordance with ISO 14064-1:2018. In the future, the company plans to introduce third-party verification procedures in 2028 in compliance with applicable government regulations.</p>
<p>9. Greenhouse gas inventory and verification status, along with reduction targets, strategies, and specific action plans (to be filled out separately in sections a1-1 and a1-2).</p>	<p>Please refer to the following instructions.</p>

(a1) The Company's Greenhouse Gas Inventory and Verification Status for Recent Two-Year

(a1-1).Information of Greenhouse Gas Inventory

Describe the greenhouse gas emissions for the past two years (in metric tons of CO<sub>2</sub>e), intensity (in metric tons of CO<sub>2</sub>e per NT\$ million), and the scope of data coverage.

In accordance with the Sustainable Development Roadmap for TWSE/TPEX listed companies, the scope of information required to be disclosed by the company includes the following:

1. The parent company on a standalone basis shall commence greenhouse gas inventorying in 2025.
2. Subsidiaries included in the consolidated financial statements shall commence greenhouse gas inventorying in 2027.

Beginning in 2025, the company established a greenhouse gas inventory management mechanism for the parent company on a standalone basis in accordance with International Organization for Standardization ISO 14064-1 greenhouse gas inventory standards. The company seeks to better understand the greenhouse gas usage and emissions profile, thereby establishing an emissions baseline and future reduction targets.

The company's greenhouse gas inventory data are consolidated using the operational control approach, with details as follows:

2025 greenhouse gas emission intensity (revenue-based): 4.0513 metric tons CO<sub>2</sub>e/NT\$ million

Year	Scope	Total emission (metric tons CO <sub>2</sub> e)	Emission intensity (metric tons CO <sub>2</sub> e/NT\$ million)
2024	Scope 1	17.84	9.8526
	Scope 2	3,469.83	
2025 (Based on ISO 14064-1 mechanism)	Scope 2	531.34	4.0513
	Scope 2	764.68	

(a1-2).Information of Greenhouse Gas Verification

Provide an explanation of the verification status for the most recent two years as of the date of the annual report printing, including the scope of verification, verifying organization, verification criteria, and verification opinion.

In accordance with the Sustainable Development Roadmap for TWSE/TPEX listed companies, the company shall disclose the parent company's greenhouse gas inventory information in 2026, and disclose the inventory information together with assurance status in 2028. In addition, the company shall disclose the consolidated entities' greenhouse gas inventory information in 2027, and disclose the inventory information together with assurance status in 2029.

(a2) Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Outline the baseline year and data for greenhouse gas reduction, reduction targets, strategies, specific action plans, and progress towards achieving reduction targets.

Following the completion of its greenhouse gas emissions inventory in 2026, the company will determine the baseline year for greenhouse gas reduction and establish corresponding reduction targets. During operations, the company will implement two key strategies, self-managed inventorying and periodic disclosure, and carry out reduction plans through continuous process optimization, energy-saving improvements...etc.

**6. Company's adherence to business integrity and measures taken**

The company has established internal control systems, internal and external auditing systems, and various management practices. Internal auditors periodically conduct random checks on company operations and announce the internal audit status and results in compliance with regulatory requirements. External accountants are appointed to regularly review the company's operational performance, and relevant financial information is disclosed on the Public Information Observation System (PIOS) to enable shareholders, creditors, employees, suppliers, and other stakeholders to have timely access to company information. The company has also formulated "Operating Procedures for Handling Material Non-Public Information" to ensure the accuracy, completeness, and timeliness of information disclosure.

**A. Implementation of business integrity**

Evaluation Item	Implementation Status(Note1)		Summary Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
<p>1. Establishing Ethical Management Policy and Program</p> <p>(1) Has the company established an Ethical Management policy approved by the board of directors and clearly stated the policy and practices of Ethical Management in its regulations and external documents? Does the board of directors and senior management actively implement the commitment to the business policy?</p> <p>(2) Has the company established a mechanism to assess the risks of dishonest behavior, regularly analyzing and evaluating business activities with a higher risk of dishonest behavior within its scope of operations, and using it to develop preventive measures against dishonest behavior, including at least the preventive measures for the behaviors listed in Article 7, Paragraph 2 of the "Ethical Management Guidelines for Listed and OTC Companies"?</p> <p>(3) Does the company clearly define operational procedures, behavior guidelines, disciplinary measures for violations, and complaint mechanisms in the preventive measures</p>	V		<p>(1) On January 30<sup>th</sup> 2016, the company's board of directors approved the "Ethical Management Operational Procedures and Behavioral Guidelines." It was revised on March 24 2020 to explicitly require directors and senior management to issue statements adhering to the Ethical Management policy. The company also includes compliance with the Ethical Management policy as a requirement for employment. These measures are in place to prevent misconduct.</p> <p>(2).The company's "Ethical Management Operational Procedures and Behavioral Guidelines" and "Corporate Governance Practices" clearly define operational procedures, behavioral guidelines, disciplinary measures for violations, and complaint mechanisms, which are effectively implemented. The company encourages both internal and external individuals to report instances of dishonest or improper conduct. Depending on the severity of the reported misconduct, rewards may be granted. However, internal individuals who engage in false reporting or malicious accusations will face disciplinary actions, including termination of employment for severe cases.</p> <p>(3)A. The company has established the "Ethical Management Operational Procedures and Behavioral Guidelines," which specify operational procedures, behavioral guidelines,</p>	None

Evaluation Item	Implementation Status(Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
against dishonest behavior, and effectively implement and periodically review and revise the aforementioned measures?			disciplinary measures for violations, and complaint mechanisms. B. The company promotes corporate governance and Ethical Management concepts through monthly or ad hoc meetings. If any integrity-related incidents occur, the company engages relevant units to conduct reviews and deliberations.	
<p>2. Ethical Management Practice</p> <p>(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p> <p>(2) 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?</p>	V	V	<p>(1) When signing contracts with customers and suppliers, the company includes detailed obligations for both parties and incorporates confidentiality clauses.</p> <p>(2) The company designates the Finance Department as the responsible unit (referred to as the company's responsible unit) and provides adequate resources and competent personnel to handle the revision, implementation, and documentation of operational procedures and behavioral guidelines. It also supervises and monitors the execution of these guidelines and reports regularly (at least once a year) to the board of directors. The dedicated unit reported its execution status to the board of directors on November 5<sup>th</sup> 2025.</p> <p>The company effectively implements the Ethical Management policy. The highlights of its implementation in 2025 are as follows:</p> <p>a Assisting in integrating integrity and ethical values into the company's business strategy and establishing a corporate culture of Ethical Management through compliance with laws and regulations. The company has established the "Corporate</p>	None

Evaluation Item	Implementation Status(Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>Governance Practices" to promote Ethical Management.</p> <p>b Regularly analyzing and assessing the risks of dishonest behavior within the business scope and developing preventive measures. The company has established operational procedures and behavioral guidelines such as the "Internal Significant Information Handling Operational Procedures" and the "Ethical Management Code of Conduct Operational Procedures and Behavioral Guidelines" to prevent dishonest behavior.</p> <p>c Planning internal organization, structure, and responsibilities to establish mechanisms for mutual supervision and balance for business activities with higher risks of dishonest behavior. The company has established accounting systems, decision-making authority, and agent management regulations to ensure strict control over each transaction. It has also set up an audit department to conduct regular and ad hoc internal audits. Additionally, annual internal and external ISO operational audits are conducted at each plant to ensure mutual supervision and balance for business activities with higher risks of dishonest behavior.</p> <p>d Promoting and coordinating the dissemination of integrity policy awareness and training. New employees are briefed on the company's rules and regulations, including the code of conduct and integrity ethics by the HR department. The company periodically communicates ethical management policies, preventive measures, and the consequences of violating integrity</p>	

Evaluation Item	Implementation Status(Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
<p>(3) Has the company established a policy to prevent conflicts of interest, provide appropriate channels for disclosure, and effectively implement it? V</p> <p>(4) Has the company established effective accounting systems and internal control systems to implement Ethical Management? Does the internal audit unit develop relevant audit plans based on the assessment of dishonest behavior risks and conduct audits to ensure compliance with the preventive measures against dishonest behavior? Alternatively, does the company engage external</p>			<p>during department meetings, management meetings, and educational training sessions</p> <p>e Establishing a whistleblowing system to ensure its effectiveness. The company has internally announced an independent whistleblowing mailbox, hotline, and mailing address, and published the management regulations and reporting channels on its website for internal and external individuals to use. As of the current year, the Finance Department has not received any whistleblowing letters from internal or external sources.</p> <p>f Assisting the board of directors and management in verifying and evaluating the effectiveness of the preventive measures established for Ethical Management and conducting regular evaluations of compliance with relevant business processes. The Finance Department conducts periodic audits and reports the results to the management and board of directors.</p> <p>(3) Regarding matters related to conflicts of interest, internal employees can report them to their immediate department supervisors.</p> <p>(4) The company has established an internal audit plan, and the internal audit unit carries out various audit operations according to the plan. In the event of special circumstances, separate project audits are arranged.</p>	

Evaluation Item	Implementation Status(Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
accountants to perform audits? (5) Does the company regularly organize internal and external education and training on ethical management?	V		(5) The company regularly participates in external education and training programs.	
3. Operation of Whistleblowing System (1) Has the company established specific whistleblowing and reward systems, and established convenient channels for whistleblowing? Have appropriate personnel been assigned to handle reports against the accused party? (2) Has the company established standard operating procedures for investigating reported matters, including the necessary follow-up actions and related confidentiality mechanisms? (3) Does the company take measures to protect whistleblowers from improper treatment as a result of their reports?	V V V		(1) The company has established the "Employee Rewards and Penalties Policy" and has placed it on the company's internal website for employees to access at any time. (2) If the company encounters any reported whistleblowing matters, they are handled by the Human Resources department, which has established relevant operational procedures and confidentiality mechanisms to protect the rights and confidentiality of the whistleblower. (3) Personnel involved in handling whistleblowing matters in the company are required to provide a written declaration to maintain the confidentiality of the whistleblower's identity and the reported content. The company also commits to protecting the whistleblower from any improper treatment resulting from the whistleblowing incident.	None
4. Enhancing Information Disclosure Does the company disclose the content and effectiveness of its Ethical Management policy on its website and public information platform?	V		The company has established a code of conduct, operational procedures, and behavioral guidelines for ethical operations, which are disclosed on the company's website and public information disclosure platform.	None
5. If the company has established its own Ethical Management policy based on the "Ethical Management Guidelines for Listed and OTC Companies," please describe the operational aspects and any differences from the policy.				

Evaluation Item	Implementation Status(Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
The company has established a code of conduct, operational procedures, and behavioral guidelines for Ethical Management, which are implemented without any differences from the aforementioned policy.				
6. Other important information that contributes to understanding the company's Ethical Management practices (e.g., reviews and revisions of the established Ethical Management policy): None.				

(7). Other important information that enhances understanding of the company's corporate governance operations may also be disclosed:

A. Information regarding individuals responsible for financial information transparency and their possession of relevant licenses specified by regulatory authorities.

Title	Name	obtain the relevant licenses as specified by the competent authority
Deputy General Manager in Financial Dept.	Liu, Ming-Yi	The issuer's securities firm has obtained professional certification for the accounting director designated by the securities exchange. The issuer has passed the basic competence test for corporate governance conducted by the Securities and Futures Development Fund.
Head of Audit Dept.	Li, Bing-Long	The issuer's securities firm has obtained professional certification for the audit director designated by the securities exchange.

B. Internal Major Information Processing Procedures of the Company

In order to establish a sound internal system for handling and disclosing major information within the company, to prevent improper leakage of information, and to ensure the consistency and accuracy of the company's external disclosures, the company passed the "Internal Major Information Processing Procedures" on May 6, 2015, as approved by the board of directors. All major information processing within the company is carried out in accordance with the relevant regulations.

(8). Implementation Status of Internal Control System

A. Internal Control System

Paragon Technologies Co., Ltd  
Internal Control System Statement

March 9<sup>th</sup> 2026

Based on our self-evaluation results, we hereby declare the following regarding the internal control system established, implemented, and maintained by our company for the fiscal year 2025:

1.Our company acknowledges that it is the responsibility of our board of directors and managers to establish, implement, and maintain an internal control system. We have already established this system with the purpose of achieving reliable reporting on operational effectiveness and efficiency (including profitability, performance, and asset security), as well as ensuring compliance with relevant regulations and laws.

2.The effectiveness of an internal control system is inherently limited, and even the most well-designed system can only provide reasonable assurance towards achieving the above three goals. Furthermore, changes in the environment and circumstances may affect the effectiveness of the internal control system. However, our company's system includes a self-supervision mechanism, and any deficiencies identified will be corrected immediately.

3.Our company evaluated the design and implementation of our internal control system using the criteria for determining the effectiveness of internal control systems outlined in the "Guidelines for Establishing Internal Control Systems for Public Companies" (referred to as the "Guidelines" below). The criteria used in the Guidelines divide internal control systems into five components: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communication, and 5. Monitoring activities. Each component includes several items, which can be found in the Guidelines.

4.Our company has used the criteria outlined in the Guidelines to evaluate the effectiveness of our internal control system's design and implementation.

5.Based on our evaluation results, we believe that our internal control system, including the supervision and management of our subsidiaries, as of December 31, 2025, which includes understanding the extent to which operational effectiveness and efficiency goals have been achieved, reporting that is reliable, timely, transparent, and compliant with relevant regulations and laws, is effectively designed and implemented to reasonably ensure the achievement of the aforementioned goals.

6.This statement will be a major part of our company's annual report and public disclosure. If any fraudulent or illegal activities such as falsification or concealment are discovered in the disclosed content, our company may face legal responsibilities under the Securities and Exchange Act, Articles 20, 32, 171, and 174.

7.This statement was approved by our board of directors on March 9 2026, with 0 directors dissenting and the remaining directors agreeing to the contents of this statement.

Paragon Technologies Co., Ltd

Chairman Huang, Yi-Chun

Signature

General Manager Yu Hsiu-Ping

Signature

- A. Disclosure of Auditor’s Review Report for Internal Control System entrusted to the accountant: None.
- (9). Important resolutions of the Shareholders’ Meeting and Board of Directors for the fiscal year 2025 and up to April 11, 2026:
- A. Resolutions and implementation status of the 2025 Annual Shareholders’ Meeting:
- (a). Approval of the annual business report and financial statements for the fiscal year 2024.
  - (b). Adoption of the Proposal for 2024 Deficit Compensation.  
Implementation status: The accumulated deficit was fully offset as of June 11, 2025, resulting in a zero balance.
  - (c). Amendment to the company’s corporate charter (Articles of incorporation).  
Implementation status: It was approved for registration by the Ministry of Economic Affairs on July 28, 2025.
  - (d). Proposal of Release the Prohibition on Directors from Participation in Competitive Business  
Implementation status: The announcement was made public on June 11, 2025
- B. Important resolutions of the Board of Directors for the fiscal year 2025 and up to April 11 2026:

Date	Committee	Important Resolution
2025.02.07	Board of Directors	1. Approval of the Company’s 2025 annual budget and business plan.
2025.03.12	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of the business report and financial statements for the fiscal year 2024.</li> <li>2. Approval of the deficit compensation for the fiscal year 2024.</li> <li>3. Approval of the internal control system statement for the fiscal year 2024.</li> <li>4. Setting the date, location, and agenda for the Annual Shareholders’ Meeting.</li> <li>5. Setting the announcement, review criteria, and procedures for shareholder proposals.</li> <li>6. Amendment to certain provisions of the Company’s Articles of Incorporation.</li> <li>7. Lifting the restriction on non-competition for Directors and their representatives.</li> <li>8. Approval for the purchase of Directors’ liability insurance.</li> <li>9. Approval of the 2025 audit fees for the Company’s CPA and evaluation of their independence.</li> <li>10. Review of accounts receivable overdue by more than three months as of December 31, 2024, and other receivables, which are not considered lending in nature.</li> <li>11. Approval to apply for short-term guaranteed loan facilities in the amount of NT\$90 million from the bank.</li> <li>12. Approval to conduct a private placement of common shares for cash capital increase.</li> <li>13. Approval of the 2024 performance evaluation for Directors and Managers, and the performance evaluation criteria for Managers for 2025.</li> </ol>
2025.05.07	Board of Directors	<ol style="list-style-type: none"> <li>14. Financial statements for the first quarter of the year 2025.</li> <li>15. Review of accounts receivable overdue by more than three months as of first quarter of fiscal year 2025, and other receivables, which are not considered lending in nature</li> <li>16. Proposal to Define the Scope of Entry-Level Employees of the Company.</li> <li>17. Amendments to certain clauses of the "Audit Committee Organization Procedures".</li> </ol>

Date	Committee	Important Resolution
		18. Amendments to the company's internal control system, "Payroll Cycle - Payroll Operations". 19. The company has acquired the common shares of Uniconn Technology Inc.
2025.06.24	Board of Directors	1. Approval of the list of new restricted employee shares to be allocated in the Company for the third fiscal year 2023 2. The Company's Third Restriction on Employee Rights New Share Issuance and Determination of Base Date in 2023. 3. The Company has set a capital reduction benchmark date for the cancellation of 75,000 newly issued shares with restricted employee rights.
2025.08.06	Board of Directors	1. Financial statements for the second quarter of the year 2025. 2. Review of accounts receivable overdue by more than three months as of second quarter of fiscal year 2025, and other receivables, which are not considered lending in nature. 3. Revise certain provisions of the Company's "Measures for the Issuance and Conversion of the First Domestic Guaranteed Convertible Corporate Bonds". 4. Application for short-term loan quota from a bank. 5. Amendment to the number of new shares issued by the Company in 2023 for the third time restricting employee rights. 6. To cancel 75,000 new shares restricting employee rights, the Company has amended its paid-in capital share capital after the cancellation. 7. 2024 Sustainability Report. 8. The company provides Endorsement and guarantee for its subsidiaries.
2025.11.05	Board of Directors	1. Financial statements for the third quarter of the year 2025. 2. Review of accounts receivable overdue by more than three months as of third quarter of fiscal year 2025, and other receivables, which are not considered lending in nature. 3. 2026 annual audit plan. 4. Revise the relevant content regarding the use of funds in the "Private Placement of Common Stock for Capital Increase" approved by the Board of Directors on March 12. 5. Cash capital increase private placement of common stock pricing and issuance. 6. Application for short-term loan quota from a bank. 7. The Company has set a capital reduction benchmark date for the cancellation of 225,000 new shares with restricted employee rights. 8. The case of the termination of the equity transfer agreement by a subsidiary of the Company. 9. The company provides Endorsement and guarantee for its subsidiaries. 10. Case regarding the settlement of the old pension system seniority for the company's managers
2026.02.11	Board of Directors	1. 2025 Performance Evaluation Review of Directors and Managers 2. "Proposal to Amend the Scope of Entry-Level Employees of the Company. 3. Ratification of the Company's Acquisition and Disposal of Domestic Stocks. 4. Application for short-term loan quota from a bank. 5. Approval of the Company's 2025 annual budget and business plan.
2026.03.09	Board of Directors	1. Approval of the business report and financial statements for the fiscal year 2025.

Date	Committee	Important Resolution
		2. Approval of the internal control system statement for the fiscal year 2025. 3. Setting the announcement, review criteria, and procedures for shareholder proposals 4. Amendment to certain provisions of the Company's Articles of Incorporation. 5. Approval for the purchase of Directors' liability insurance 6. Approval of the 2026 audit fees for the Company's CPA and evaluation of their independence. 7. Review of accounts receivable overdue by more than three months as of December 31, 2025, and other receivables, which are not considered lending in nature. 8. Proposed application to banks for short-term guaranteed loan quotas. 9. Case concerning the Company's loans to its subsidiaries.

(10). Regarding Directors' or Supervisors' Dissenting Opinions on Important Resolutions Passed by the Board of Directors for the Year 2025 and up to April 11 2026, with Records or Written Statements, the main content is as follows: None.

#### 4. Information about CPA Audit Fee

(1). Information Regarding the Company's Audit fee and non-audit fee:

Unit: NT\$ thousand

Accounting Firm	Name of CPA	Period covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche Taiwan	Weng, Bo-Ren	2025/01/01~ 2025/12/31	3,100	244	3,344	Non-audit fees include payment for accountant's travel expenses, transportation expenses, typing and printing costs, etc.
	Yu, Meng-Kuei					

(2). If the Company has changed CPA or Accounting Firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason: None.

(3). In the case where the audit fees decrease by ten percent or more compared to the previous year, the amount, percentage, and reasons for the reduction in audit fees should be disclosed: The reduction in expenses amounted to NT\$430,000, a decrease of 12%, mainly due to the reduction in the number of subsidiary companies.

#### 5. Information about the replacement of CPA:

(1). Information regarding the former CPAs

Date of replacement	2024.11.06		
Reason for replacement and explanation	To accommodate the internal adjustment required by Deloitte Touche Taiwan.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Parties		The Company
	Circumstances	CPAs	
	Terminated the engagement	Not applicable	Not applicable
	No longer accepted (discontinued) the engagement	Not applicable	Not applicable
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	No		

Disagreement with the Company?	Yes	Accounting Principles or Practices
		Disclosure of Financial Statements
		Scope or Procedures of Audit
		Others
	No	V
Illustrate		
Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	No	

(2). Information Regarding the Successor CPAs

Name of accounting firm	Deloitte & Touche Taiwan.
Names of CPAs	Weng Bo-Ren, Yu, Meng-Kuei
Date of engagement	2024.11.06
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	Not applicable
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	Not applicable

(3). The reply letter from the former CPA regarding the Company's disclosures regarding the matters under article 10.6.A and 10.6.B(c) of the Regulations: None.

6. The Company's Chairman, CEO, CFO, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during: None.

7. 10% or Above Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

(1). Changes in Shareholding

Title	Name	2025		As of Apr. 11, 2026	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Chun Tung International Investment Co., Ltd.	0	1,000,000	0	0
Representative	Huang, Yi-Chun	0	0	0	0
Director	Chen, Tsai-Pu	0	0	0	0
General Manager	Yu, Hsiu-Ping	50,000	0	0	0
Deputy General Manager	Liu, Ming-Yi	50,000	0	0	0
Senior Manager	Yu, Jing-Feng	30,000	0	0	0
Independent Director	Liu, Yi-Zhen	0	0	0	0
Independent Director	Zhang, Dong-Long	0	0	0	0
Independent Director	Zheng, Qin-Xin	0	0	0	0
Independent Director	Su, Cong-Min	0	0	0	0
Finance Department Manager	Liu, Ming-Yi	50,000	0	0	0
Accounting Department Manager	Liu, Ming-Yi	50,000	0	0	0

(2). Shares Trading with Related Parties: None.

(3). Shares Pledge with Related Parties: None.

## 8. Relationship among the Top Ten Shareholders

As of Apr. 11, 2026  
Unit: Share/%

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Chen, Li-hua	4,763,990	4.64%	0	0.00%	0	0.00%	None	None	Note 1
Huang, Chang-Hua	4,485,199	4.37%	0	0.00%	0	0.00%	None	None	Note 1
Samoa Business Dayu International Co., Ltd.	2,688,910	2.62%	0	0.00%	0	0.00%	None	None	Note 1
Wang, Hui-Yu	2,056,971	2.00%	476,441	0.46%	0	0.00%	None	None	None
Chen, Tsai-Pu	2,046,810	1.99%	501	0.00%	0	0.00%	None	None	None
Restricted Stocks with Voting and Dividend Rights (2023) Held in Custody by Taishin Bank for Employees of Paragon Technology Co., Ltd.	1,885,000	1.84%	0	0.00%	0	0.00%	None	None	Note 1
Chun Tung International Investment Co., Ltd	1,666,168	1.62%	0	0.00%	0	0.00%	None	None	None
Li, Shu-Fa	1,614,767	1.57%	0	0.00%	0	0.00%	None	None	Note 1
Chen, Wan-De	1,499,442	1.46%	0	0.00%	0	0.00%	None	None	Note 1
Gao, Wen-Xiang	1,463,142	1.43%	0	0.00%	0	0.00%	None	None	Note 1

Note1: As the shareholder is not an insider, information regarding their spouse, minor children, or holdings held under another person's name cannot be obtained.

## 9. Ownership of Shares in Affiliated Enterprises

2025/12/31  
Unit: shares/%

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors /Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
MACRO SIGHT INTERNATIONAL CO., LTD.	13,992,000	100%	0	0	13,992,000	100%
Paragon Cubee auto parts inc.	500,000	50%	0	0	500,000	50%
Jing Cheng Material Co., LTD.	78,000,000	100%	0	0	78,000,000	100%

### III. Capital Overview

#### 1 Capital and Shares

##### (1) Source of Capital

##### A. Issued Shares

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1995.10	10	2,400	24,000	2,400	24,000	Authorized capital	None	None
1996.08	10	5,000	50,000	5,000	50,000	Cash capital increase of 1,077.5 thousand shares	Offsetting of Debt against Equity 1,522.5 thousand shares	Note1
1997.05	10	6,000	60,000	6,000	60,000	Cash capital increase of 1,000 thousand shares	None	Note2
1997.12	11	8,000	80,000	8,000	80,000	Cash capital increase of 2,000 thousand shares	None	Note3
1999.01	11	12,000	120,000	12,000	120,000	Cash capital increase of 4,000 thousand shares	None	Note 4
2000.06	10	15,000	150,000	15,000	150,000	Cash capital increase of 3,000 thousand shares	None	Note 5
2000.09	35	16,500	165,000	16,500	165,000	Cash capital increase of 1,500 thousand shares	None	Note 6
2001.04	10	20,850	208,500	20,850	208,500	Capital reserve of 4,350 thousand shares	None	Note 7
2001.08	11	25,438	254,384	25,438	254,384	Cash capital increase of 4,588 thousand shares	None	Note 8
2003.01	16	30,400	304,000	26,698	266,975	Cash capital increase of 1,260 thousand shares	None	Note 9
2004.01	16	30,400	304,000	30,032	300,315	Cash capital increase of 3,334 thousand shares	None	Note 10
2005.01	12	54,000	540,000	36,032	360,315	Cash capital increase of 6,000 thousand shares	None	Note 11
2005.05	30	54,000	540,000	38,032	380,315	Cash capital increase of 2,000 thousand shares	None	Note 12
2006.04	10	100,000	1,000,000	48,678	486,784	Capitalization of retained earnings and employee stock option certificate 10,646 thousand shares	None	Note 13
2006.06	136	100,000	1,000,000	53,678	536,784	Cash capital increase of 5,000 thousand shares	None	Note 14
2007.06	10	100,000	1,000,000	62,146	621,462	Capitalization of retained earnings and employee stock option certificate of 8,468 thousand shares	None	Note 15
2007.09	10	100,000	1,000,000	62,746	627,462	Employee stock option of 600 thousand shares	None	Note 16
2007.11	168	100,000	1,000,000	69,946	699,462	Cash capital increase of 7,200 thousand shares	None	Note 17
2008.07	10	100,000	1,000,000	78,540	785,408	Capitalization of retained earnings and employee stock option certificate of 8,595 thousand shares	None	Note 18
2009.07	10	100,000	1,000,000	78,620	786,208	Employee stock option of 80 thousand shares	None	Note 19
2009.11	10	100,000	1,000,000	78,640	786,408	Employee stock option of 20 thousand shares	None	Note 20
2010.05	10	100,000	1,000,000	79,000	790,008	Employee stock option of 60 thousand shares	None	Note 21

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2010.07	10	100,000	1,000,000	82,821	828,209	Capitalization of retained earnings of 3,800 thousand share and employee stock option of 20 thousand shares	None	Note 22
2011.01	10	100,000	1,000,000	82,921	829,209	Employee stock option of 100 thousand shares	None	Note 23
2011.04	10	100,000	1,000,000	82,981	829,809	Employee stock option of 60 thousand shares	None	Note 24
2011.07	10	100,000	1,000,000	79,981	799,809	Cancellation of Treasury stock of 3,000 thousand shares	None	Note 25
2011.11	10	100,000	1,000,000	80,041	800,409	Employee stock option of 60 thousand shares	None	Note 26
2012.04	10	100,000	1,000,000	80,221	802,209	Employee stock option of 180 thousand shares	None	Note 27
2012.09	10	100,000	1,000,000	84,232	842,319	Capitalization of retained earnings of 4,011 thousand shares	None	Note 28
2013.09	10	100,000	1,000,000	85,074	850,742	Capital reserve of 842 thousand shares	None	Note 29
2015.08	10	100,000	1,000,000	86,547	865,472	Employee stock option of 1,473 thousand shares	None	Note 30
2015.12	10	100,000	1,000,000	86,707	867,072	Employee stock option of 160 thousand shares	None	Note 31
2016.05	10	100,000	1,000,000	84,207	842,072	Cancellation of Treasury stock of 2,500 thousand shares	None	Note 32
2016.08	10	100,000	1,000,000	80,707	807,072	Cancellation of Treasury stock of 3,500 thousand shares	None	Note 33
2017.11	10	100,000	1,000,000	80,107	801,072	Cancellation of Treasury stock of 600 thousand shares	None	Note 34
2018.02	10	100,000	1,000,000	80,752	807,522	Employee stock option of 645 thousand shares	None	Note 35
2020.07	10	200,000	2,000,000	80,752	807,522	None	None	Note 37
2022.08	10	200,000	2,000,000	79,142	791,422	Cancellation of Treasury stock of 1,610 thousand shares	None	Note 38
2022.09	10	200,000	2,000,000	80,742	807,422	Cash capital increase of and private placement of 1,600 thousand shares	None	Note 39
2023.08	10	200,000	2,000,000	83,042	830,422	Cash capital increase of and private placement of 2,300 thousand shares	None	Note 40
2023.09	10	200,000	2,000,000	84,042	840,422	1,000 thousand new restricted stock award shares issued to Employees	None	Note 41
2024.08	10	200,000	2,000,000	96,042	960,422	Cash capital increase of 12,000 thousand shares.	None	Note 42
2024.10	10	200,000	2,000,000	96,962	969,622	920 thousand new restricted stock award shares issued to Employees	None	Note 43

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2025.10	10	200,000	2,000,000	97,887	978,872	1,000 thousand new restricted stock award shares issued to employees and Cancellation of 75 thousand new restricted stock award shares issued to employees	None	Note 44
2025.11	10	200,000	2,000,000	97,662	976,622	Cancellation of 225 thousand new restricted stock award shares issued to employees	None	Note 45
2025.12	10	200,000	2,000,000	102,662	1,026,622	Cash capital increase of 5,000 thousand shares.	None	Note 46

Apr. 11, 2026 / Unit: Share

Share Type	Authorized Capital					Remarks
	Issued Shares			Un-issued Shares	Total Shares	
	Listed	Unlisted	Total			
Common Shares	102,662,230	—	102,662,230	97,337,770	200,000,000	

Note1: Approved by letter No. 223374 of the Ministry of Economic Affairs.  
Note2: Approved by letter No. 170127 of the Ministry of Economic Affairs.  
Note3: Approved by letter No. 280541 of the Ministry of Economic Affairs.  
Note4: Approved by letter No. 087143688 of the Ministry of Economic Affairs.  
Note5: Approved by letter No. 089119020 of the Ministry of Economic Affairs.  
Note6: Approved by letter No. 089134053 of the Ministry of Economic Affairs.  
Note7: Approved by letter No. 09001147030 of the Ministry of Economic Affairs.  
Note8: Approved by letter No. 090011337410 of the Ministry of Economic Affairs.  
Note9: Approved by letter No. 09101520400 granted by the Ministry of Economic Affairs on January 2, 2003.  
Note10: Approved by letter No. 09331506000 granted by the Ministry of Economic Affairs on January 5, 2004.  
Note11: Approved by letter No. 09431548020 granted by the Ministry of Economic Affairs on January 13, 2005.  
Note12: Approved by letter No. 09432111390 granted by the Ministry of Economic Affairs on May 12, 2005.  
Note13: Approved by letter No. 09532033000 granted by the Ministry of Economic Affairs on April 14, 2006.  
Note14: Approved by letter No. 09501110310 granted by the Ministry of Economic Affairs on June 8, 2006.  
Note15: Approved by letter No. 09601126900 granted by the Ministry of Economic Affairs on June 8, 2007.  
Note16: Approved by letter No. 09601249560 granted by the Ministry of Economic Affairs on October 15, 2007.  
Note17: Approved by letter No. 09601295960 granted by the Ministry of Economic Affairs on November 30, 2007.  
Note18: Approved by letter No. 09701163070 granted by the Ministry of Economic Affairs on July 10, 2008.  
Note19: Approved by letter No. 09801160740 granted by the Ministry of Economic Affairs on July 22, 2009.  
Note20: Approved by letter No. 09801258020 granted by the Ministry of Economic Affairs on November 6, 2009.  
Note21: Approved by letter No. 09901090070 granted by the Ministry of Economic Affairs on May 4, 2010.  
Note22: Approved by letter No. 09901169940 granted by the Ministry of Economic Affairs on July 28, 2010.  
Note23: Approved by letter No. 10001020780 granted by the Ministry of Economic Affairs on January 31, 2011.  
Note24: Approved by letter No. 10001080430 granted by the Ministry of Economic Affairs on April 21, 2011.  
Note25: Approved by letter No. 10001166930 granted by the Ministry of Economic Affairs on July 22, 2011.  
Note26: Approved by letter No. 10001260450 granted by the Ministry of Economic Affairs on November 17, 2011.  
Note27: Approved by letter No. 10101068690 granted by the Ministry of Economic Affairs on April 23, 2012.  
Note28: Approved by letter No. 10101189870 granted by the Ministry of Economic Affairs on September 12, 2012.  
Note29: Approved by letter No. 10201183550 granted by the Ministry of Economic Affairs on September 5, 2013.  
Note30: Approved by letter No. 10401170110 granted by the Ministry of Economic Affairs on August 10, 2015.  
Note31: Approved by letter No. 10401264540 granted by the Ministry of Economic Affairs on December 11, 2015.  
Note32: Approved by letter No. 10501106980 granted by the Ministry of Economic Affairs on May 24, 2016.  
Note33: Approved by letter No. 10501183860 granted by the Ministry of Economic Affairs on August 3, 2016.  
Note34: Approved by letter No. 10601160840 granted by the Ministry of Economic Affairs on November 27, 2017.  
Note35: Approved by letter No. 10701016360 granted by the Ministry of Economic Affairs on February 9, 2018.  
Note36: Approved by letter No. 10701075900 granted by the Ministry of Economic Affairs on July 3, 2018.  
Note37: Approved by letter No. 10901111550 granted by the Ministry of Economic Affairs on July 13, 2020.  
Note38: Approved by letter No. 11101135760 granted by the Ministry of Economic Affairs on August 5, 2022.  
Note39: Approved by letter No. 11101174340 granted by the Ministry of Economic Affairs on September 13, 2022.  
Note40: Approved by letter No. 11230142700 granted by the Ministry of Economic Affairs on August 17, 2023.  
Note41: Approved by letter No. 11230179450 granted by the Ministry of Economic Affairs on September 20, 2023.  
Note42: Approved by letter No. 11330136250 granted by the Ministry of Economic Affairs on August 20, 2024.  
Note43: Approved by letter No. 11330172070 granted by the Ministry of Economic Affairs on October 15, 2024.  
Note44: Approved by letter No. 11430116940 granted by the Ministry of Economic Affairs on October 15, 2025.  
Note45: Approved by letter No. 11430185860 granted by the Ministry of Economic Affairs on November 24, 2025.  
Note46: Approved by letter No. 11430193910 granted by the Ministry of Economic Affairs on December 23, 2025.

B. Information on Comprehensive Disclosure System: Not applicable.

(2) List of Major Shareholders

As of Apr. 11, 2026

Shareholding	Shares	Percentage
Shareholder's Name		
Chen, Li-hua	4,763,990	4.64%
Huang, Chang-Hua	4,485,199	4.37%
Samoa Business Dayu International Co., Ltd.	2,688,910	2.62%
Wang, Hui-Yu	2,056,971	2.00%
Chen, Tsai-Pu	2,046,810	1.99%
Restricted Stocks with Voting and Dividend Rights (2023) Held in Custody by Taishin Bank for Employees of Paragon Technology Co., Ltd.	1,885,000	1.84%
Chun Tung International Investment Co., Ltd	1,666,168	1.62%
Li, Shu-Fa	1,614,767	1.57%
Chen, Wan-De	1,499,442	1.46%
Gao, Wen-Xiang	1,463,142	1.43%

(3) Dividend Policy and Implementation Status

A. Dividend Policy

If the company generates profits in a fiscal year, it shall allocate between 1% and 10% for employee compensation and no more than 3% for director and supervisor remuneration. However, if the company has accumulated losses, an amount should be reserved to offset those losses. No less than 0.5% of the employee compensation should be allocated to grassroots employees for compensation distribution. The determination of the distribution ratio for employee compensation and director and supervisor remuneration, whether in the form of stocks or cash, shall be decided by the Board of Directors and reported at the shareholders' meeting. Employee compensation, in the form of stocks or cash, may be granted to employees of subsidiary companies who meet certain conditions.

If there is a surplus in the annual overall financial statements, tax payments shall be settled first, followed by offsetting accumulated losses from previous years. From the remaining balance, 10% shall be allocated to statutory surplus reserves, unless the statutory surplus reserves have reached the level of paid-in capital, in which case further allocation is not required. The remaining balance may be allocated to special surplus reserves or be included in the cumulative undistributed earnings, and a proposal for dividend distribution shall be prepared by the Board of Directors for approval at the shareholders' meeting.

The dividend distribution policy of the company shall prioritize shareholders' equity and take into account factors such as the current and future domestic and international industry competition, investment environment, and capital requirements. Dividends may be distributed in the form of either stock dividends or cash dividends. Considering that the company is currently in a growth stage and for the purpose of long-term financial planning, the total amount of dividends distributed each year shall be no less than 30% of the post-tax net profit of the fiscal year, with a minimum of 20% of the total dividends distributed in cash.

B. Proposed Distribution of Dividend: None.

(4) Impact of proposed bonus shares on the company's business performance and earnings per share: Not applicable.

## (5) Compensation of Employees, Directors and Supervisors:

- A. The percentage or range of compensation for employees, directors, and supervisors as stated in the company's articles of incorporation:

If the company generates profits in a fiscal year, it shall allocate between 1% and 10% for employee compensation and no more than 3% for director and supervisor remuneration. However, if the company has accumulated losses, an amount should be reserved to offset those losses. No less than 0.5% of the employee compensation should be allocated to grassroots employees for compensation distribution. The determination of the distribution ratio for employee compensation and director and supervisor remuneration, whether in the form of stocks or cash, shall be decided by the Board of Directors and reported at the shareholders' meeting. Employee compensation, in the form of stocks or cash, may be granted to employees of subsidiary companies who meet certain conditions.

- B. The basis for estimating the amount of compensation for employees, directors, and supervisors, the basis for calculating the number of shares for employee compensation in the form of stocks, and the accounting treatment for any discrepancy between the actual distribution amount and the estimated figure:

- (a) Basis for estimating the remuneration of employees, directors and supervisors in the current period

Due to the net loss after tax in 2025, employee remuneration and director remuneration payable have not been estimated.

- (b) Accounting treatment for any discrepancy between the actual distribution amount and the estimated figure:

After the end of the fiscal year, if there is a significant change in the amount approved by the Board of Directors, the original provision for expenses in the current fiscal year shall be adjusted. If the amount still changes on the date of the shareholders' meeting, it shall be handled as an accounting estimate adjustment and adjusted in the year of the shareholders' meeting resolution. If the shareholders' meeting resolution approves the distribution of employee compensation in the form of stocks, the number of stock-based compensation shares shall be determined by dividing the approved dividend amount by the fair value of the stock. The fair value of the stock is based on the closing price on the day prior to the shareholders' meeting (taking into account ex-dividend and ex-rights effects).

- C. Details of the distribution of compensation approved by the Board of Directors:

- (a) Amount of employee and director compensation distributed in cash or stocks:

Due to a pre-tax loss in fiscal year 2025, the Company will not distribute employee or director compensation.

- (b) Amount of employee compensation distributed in stocks and the percentage it represents in relation to the after-tax net income stated in the individual financial reports for the current period and the total employee compensation:

There were no proposed distributions of employee compensation in the form of stocks for the current period, so this does not apply.

- D. Distribution of Compensation of Employees, Directors and Supervisors Approved in the Board of Directors Meeting

- (a) Due to a pre-tax loss in fiscal year 2024, the Company did not distribute any remuneration.

- (b) Difference between the above amount and the recognized employee and director remuneration: Not applicable.

- (6) Buy-back of Treasury Stock: None.

## 2. Corporate Bonds:

## (1) Corporate Bond Information:

Type of corporate bonds	Domestic 1 <sup>st</sup> secured convertible corporate bond
Issue (transaction) date	August 15, 2024
Face Value	NT\$ 100,000
Place of issue and trading	Not applicable
Issue Price	NT\$ 118.63
Issue amount	NT\$ 300,000,000
Coupon rate	0%
Term	Maturity: 3 years Maturity date: August 15, 2027
Guarantor	Taishin International Bank Co., Ltd.
Trustee	Chang Hwa Commercial Bank, Ltd.
Underwriter	Taishin Securities Co., Ltd.
Attesting lawyer	Handsom Attorneys-at-Law / Qiu Ya Wen
Attesting CPA	Deloitte Taiwan / Weng Bo Ren · He Rui Xuan
Redemption method	Except where bondholders convert their bonds into the company's common shares in accordance with article 10 of the company's Regulations Governing the Issuance and Conversion of the Domestic 1 <sup>st</sup> Unsecured Convertible Corporate Bonds, or where the company redeems the bonds early pursuant to article 18 of the same regulations, or the bonds are repurchased and canceled by the company through securities firms, the company shall repay the holders of the convertible bonds in full in cash based on the par value of the bonds within 10 business days following the maturity date of the convertible bonds.
Unredeemed balance	NT\$ 300,000,000
Conditions for redemption or early redemption	<p>(1) From the day following 3 months after the issuance date (November 16, 2024) until 40 days before the maturity of the issuance period (July 6, 2027), if the closing price of the company's common shares on the Taiwan Stock Exchange exceeds the then-effective conversion price by 30% or more 30 business days, the company may, within 30 business days thereafter, send a "Bond Redemption Notice" by registered mail giving 30 days' notice to the bondholders (with the notice period commencing from the date the company sends the notice, and the final day of that period serving as the bond redemption record date. This notice period must not fall within the conversion suspension period under article 9). The bondholders shall be those listed in the bondholder register as of the 15 business day prior to the date the "Bond Redemption Notice" is sent. For holders who acquire the convertible bonds through purchase or other means after that date, notification shall be made by public announcement. The redemption price shall be at par value, and the bonds shall be redeemed in cash. The company shall also request the Taipei Exchange to make a public announcement. The company must complete the cash redemption of all outstanding convertible bonds at par value within 5 business days after the bond redemption record date.</p> <p>(2) From the day following 3 months after the issuance date (November 16, 2024) until 40 days before the maturity of the issuance period (July 6, 2027), if the outstanding</p>

	<p>balance of the convertible bonds falls below 10% of the original total issued principal amount, the Company may, at any time thereafter, send a "Bond Redemption Notice" by registered mail with a 30 day notice period (calculated from the date the company sends the notice, with the 9 day before the end of such period serving as the bond redemption record date. This notice period must not fall within the conversion suspension period under article 9) to the bondholders (as listed in the bondholder register as of the 15 business day prior to the date the notice is sent. For bondholders who acquire the bonds by purchase or other means thereafter, notification shall be made by public announcement). The redemption price shall be at par value, and the bonds shall be redeemed in cash in full. The company shall also request the Taipei Exchange to publicly announce the exercise of its redemption right. When executing the redemption request, the company shall complete the cash redemption of the outstanding convertible bonds at par value within 5 business days after the bond redemption record date.</p> <p>(3) If a bondholder does not provide a written response to the company's agent of stock affairs prior to the bond redemption record date specified in the "Bond Redemption Notice" (effective upon delivery; if sent by mail, the postmark date shall prevail), the company shall redeem the convertible bonds held by such bondholder in cash at par value within 5 business days following the bond redemption record date.</p> <p>(4) The business day following the bond redemption record date shall be the delisting date of the convertible corporate bonds. The final deadline for bondholders to request conversion shall be the second business day after the delisting date. However, bondholders must apply with their original brokerage firm to convert the convertible bonds into the company's common shares no later than the business day following the delisting date. If bondholders fail to apply for conversion within the aforementioned period, the company will redeem their convertible bonds at par value and settle in cash within 5 business days after the bond redemption record date. If any of the aforementioned dates falls on a non-business day of the Taipei Exchange, the date shall be postponed to the next business day.</p>
Restrictive covenants	N/A
Name of rating agency, date and result of rating	Not applicable

Other right	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	No bondholders have exercised the conversion option.
	The issuance and conversion, exchange, or subscription rules	Please refer to the company's "Procedures for the Issuance and Conversion of the Domestic 1 <sup>st</sup> Unsecured Convertible Corporate Bonds."
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance.		Please refer to Section III, Subsection 2, Item (8), Paragraph 4 of the Company's Prospectus for the 2024 Cash Capital Increase through New Share Issuance and the Domestic 1 <sup>st</sup> Secured Convertible Corporate Bonds.
Name of the custodian institution of the exchange underlyings		Not applicable

(2) Convertible corporate bonds information:

Type of corporate bond		Domestic 1 <sup>st</sup> secured convertible corporate bond		
Fiscal year		2024	2025	As of April 11, 2026 in the current fiscal year
Item				
Market price of convertible corporate bonds	Maximum	129.50	111.00	108.45
	Minimum	105.00	98.00	101.65
	Average	123.07	102.39	103.98
Conversion price		NT\$ 35	NT\$ 35	NT\$ 34.9
Issue (transaction) date and conversion price at issuance		Issue date: August 15, 2024 Conversion price at issuance: NT\$ 35		
Method for performance of conversion obligations		Issuance of new shares		

- (3) Exchange of corporate bond information: None.  
(4) Summary of the declaration of issuance of corporate bonds: None.  
(5) Attached warrant bond information: None.

3. Preferred Shares: None.

4. Global Depository Receipts: None.

5. Employee Stock option:

- (1) Disclosure of employee stock option certificates that have not yet reached maturity as of the date of the annual report and their impact on shareholders' equity: None.  
(2) Names of the top ten employees, who are managers and have acquired employee stock option certificates, and their acquisition and subscription details as of the

date of the annual report: None.

## 6. Issuance of New Restricted Employee Shares:

### (1) Issuance of New Restricted Employee Shares

As of Apr. 11, 2026

Type of new restricted employee share	The 1 <sup>st</sup> of new restricted employee share	The 2 <sup>nd</sup> of new restricted employee share	The 3 <sup>rd</sup> of new restricted employee share										
Effective registration date and total number of share	Jul.11, 2023 3,000,000 shares												
Issue date	Sep. 1, 2023	Sep. 2,2024	Jul. 9,2025										
Number of new restricted employee shares issues	1,000,000 shares	920,000 shares	1,000,000 shares										
Number of new restricted employee shares still available for issuance	2,000,000 shares	1,080,000 shares	80,000 shares										
Issue price	NT\$ 10												
Ratio of the number of new restricted employee shares issued to the total number of issued shares	0.97%	0.90%	0.97%										
Vesting conditions of the new restricted employee shares	<p>1. Employees who are allocated restricted employee shares shall, from the date of receiving such options until the expiration of the subscription period, remain in employment without any violation of labor contracts or workplace regulations. Additionally, upon meeting the individual performance indicators required by the company on the expiration date, they will receive the new shares according to the following schedule and the proportion of subscribed shares:</p> <table style="margin-left: 40px;"> <thead> <tr> <th>Maturity Period Subscription</th> <th>Share Ratio</th> </tr> </thead> <tbody> <tr> <td>1 years after subscription</td> <td>25%</td> </tr> <tr> <td>2 years after subscription</td> <td>25%</td> </tr> <tr> <td>3 years after subscription</td> <td>25%</td> </tr> <tr> <td>4 years after subscription</td> <td>25%</td> </tr> </tbody> </table> <p>2. Performance Indicator: Each year, the individual performance must meet or exceed the "Grade A" appraisal in order to receive the full allocation of the newly issued shares.</p>			Maturity Period Subscription	Share Ratio	1 years after subscription	25%	2 years after subscription	25%	3 years after subscription	25%	4 years after subscription	25%
Maturity Period Subscription	Share Ratio												
1 years after subscription	25%												
2 years after subscription	25%												
3 years after subscription	25%												
4 years after subscription	25%												
Restrictions on rights in the new restricted employee shares	<p>1. Before employees meet the conditions for receiving newly allocated shares, except through inheritance, they are not allowed to sell, mortgage, transfer, gift, pledge, or dispose of the restricted employee stock rights shares in any other manner.</p> <p>2. Attendance, proposals, speeches, voting rights, etc., at the shareholders' meeting shall be executed according to the trust and custody agreement.</p> <p>3. Except for restrictions imposed by the trust agreement, employees allocated restricted employee stock rights shares under these regulations, before meeting the conditions for acquisition, shall have all other rights, including but not limited to: cash dividends, stock dividends, and capital surplus; subscription rights for cash capital increases; and any other benefits allocated due to statutory reasons such as mergers, splits, or stock conversions, equivalent to the ordinary shares issued by the Company.</p> <p>4. During the vested period, if the Company conducts capital reduction, such as cash reduction, which is not due to statutory reduction of capital, the restricted employee stock rights shares shall be cancelled in proportion to the reduction. In the case of cash reduction, the refunded cash must be delivered to the trust, and can only be delivered to employees upon meeting the vested conditions and timeframe; however, if the vested conditions are not met by the expiration date, the Company will reclaim the cash.</p>												
Custody of the new restricted employee shares	<p>1. If the Company determines that it is necessary to entrust the restricted employee stock rights shares obtained by employees under these regulations to a trust institution for safekeeping, the Company reserves the right to negotiate, sign, amend, extend,</p>												

	<p>terminate, and terminate trust custody contracts on behalf of employees, as well as transfer or dispose of trust property (shares and cash), and undertake other actions based on these regulations.</p> <p>2. Employees who are allocated restricted employee stock rights shares under these regulations must deliver them to the trust institution designated by the Company for safekeeping before the vested conditions are met.</p>		
<p>Treatment of the new restricted shares for which the grantee fails to meet the vesting conditions after receiving or subscribing to the shares</p>	<p>1. For those who have not met the vested conditions, the Company will repurchase their shares at the original issue price and proceed with cancellation in accordance with the law. However, the Company will provide employees with bonus shares and dividends obtained during the vested period free of charge.</p> <p>2. Resignation or Dismissal of Employees: If an employee leaves the company for any reason and has shares that have not met the vested conditions, the Company will repurchase their shares at the original issue price and proceed with cancellation in accordance with the law, except where approved by the Board of Directors. However, the handling of the restricted employee stock options that do not meet the vested conditions is subject to the decision of the Board of Directors</p> <p>3. If the event of occupational accident resulting in the inability to continue employment or death: (1) For those who are unable to continue employment due to occupational accidents, it is considered to have met the vested conditions and is not subject to the restrictions of the vesting period. (2) For those who die due to occupational accidents, it is considered to have met the vested conditions and is not subject to the restrictions of the vesting period. However, the necessary legal procedures must be completed by the heirs and relevant documentary evidence provided before they can apply to receive the shares or rights of disposition they are entitled to inherit.</p> <p>4. Unpaid Leave: Shares that have not met the vested conditions will regain their rights from the date of resumption of work, but the conditions of the vesting period should be deferred according to the period of unpaid leave.</p> <p>5. Transfer to Related Enterprises: Employees approved by the company for transfer to related enterprises will still be subject to the proportionate vesting schedule of the vested shares under this policy for shares that have not met the vested conditions, unaffected by the transfer.</p> <p>6. Retirement: Employees who retire according to the regulations and approved by the company, from the effective date of retirement, are deemed to have met the vested conditions and are not subject to the limitations of the vesting period.</p> <p>7. General Death: From the date of death, it is deemed to have met the vested conditions and is not subject to the limitations of the vesting period. However, the inheritor should complete necessary legal procedures and provide relevant documents to apply for receiving the shares or the rights to dispose of them.</p> <p>8. For other reasons not listed above, the Chairman is authorized to determine the proportion and time limit for meeting the vested conditions and shall report to the Board of Directors for retroactive approval.</p> <p>9. The provisions for terminating the labor contract listed in these regulations shall be interpreted in accordance with the governing law applicable to the employee's labor contract.</p>		
<p>Number of new restricted employee shares that have been retired or bought back</p>	<p>300,000 share</p>	<p>0 share</p>	<p>0 share</p>

Number of new restricted shares that have vested	400,000 share	230,000 share	0 share
Number of unvested new restricted shares	300,000 share	690,000 share	1,000,000 share
The ratio of the number of unvested new restricted shares to the total number of issued shares (%)	0.29%	0.67%	0.97%
The effect on shareholders' equity	The dilutive effect on the Company's earnings per share in future years is expected to be limited and does not have a material impact on shareholders' equity.		

(2) Names and Acquisition Details of Managers and Top Ten Employees Receiving Restricted Employee Shares

As of Apr. 11, 2026

	Job Title	Name	Number of new restricted employee shares granted (shares)	Ratio of the number of new restricted employee shares granted to number of issued shares (%)	Vested Restricted Shares				Unvested Restricted Shares			
					Number of vested shares (Shares)	Issue Price	Total purchase price (NT\$ thousands)	Ratio of the number of vested restricted shares to the total number of issued shares (%)	Number of vested shares (Shares)	Issue Price	Total purchase price (NT\$ thousands)	Ratio of the number of unvested restricted shares to the total number of issued shares (%)
Managerial officers	General Manager	Yu, Hsiu-Ping	520,000	0.5%	230,000	NT\$10	2,300	0.22%	290,000	NT\$10	2,900	0.28%
	Deputy General Manager	Liu, Ming-Yi										
	Senior Manager	Yu, Jing-Feng										
Employees	Subsidiary – Special Assistant	He, Chun-Hsien	1,240,000	1.21%	175,000	NT\$10	1,750	0.17%	1,065,000	NT\$10	10,650	1.04%
	Subsidiary – Deputy General Manager	Shen, Tien-Long (Note 1)										
	Subsidiary – Senior Manager	Chen, Tsung-Yu										
	Subsidiary – Senior Manager	Ding, Jun-Yuan										
	Subsidiary – Director	Chen, Feng-Kuan										
	Subsidiary – Manager	Yang, Mei-Te										
	Senior Assistant Manager	Hong, Li-Hua										
	Subsidiary – Assistant Manager	Guo, Cheng-Fu (Note 2)										
	Subsidiary – Assistant Manager	Lin, Yi-Fu										
Subsidiary – Section Manager	Chen, Yi-Jie											

Note1: Shen, Tien-Long resigned on Aug. 28, 2025.

Note2: Guo, Cheng-Fu resigned on Jun. 30, 2025.

7. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

8. Status of Capital Utilization Plan Implementation:

Required disclosure for analysis of the use of funds from the previous cash capital increase, merger, acquisition of other companies' shares for new share issuance, or issuance of corporate bonds: The Company has not conducted any mergers or acquisitions involving the issuance of new

shares for the acquisition of other companies' shares. The following is an overview of the plan and cash capital increase:

(1) Contents of plan:

Item	Type of Issuance	Issue Date	Issue Timeframe	Issue Shares	Expected progress
To replenish working capital to meet the company's long-term development needs and repay bank loans.	2025 First Private Placement First Phase	2026.01.02	N/A	5 million shares	As of the first quarter of 115, it had not yet been completed.

(2) Capital Utilization Plan and Progress of Utilization:

Unit: NT\$ thousand

Item	Type of Issuance	Estimated amount to be used	Situation as of Q1 2026	
			Actual amount used	Execution progress (%)
Repay bank loans	2025 First Private Placement First Phase	4,000	4,000	100%

Implementation efficiency:

The expected benefits include enhancing the company's operational competitiveness, strengthening its overall financial structure, and improving operational efficiency, which will benefit shareholders' equity. In the fourth quarter of 2025, the company will repay NT\$10,000,000 of bank loans and NT\$30,000,000 of bank loans in the first quarter of 2026.

## IV. Operational Highlights

### 1. Business Activities

#### (1) Business Scope

##### A. Main areas of business operations

- (a) CA04010 Surface treatment industry.
- (b) CB01010 Machinery and equipment manufacturing industry.
- (c) CB01990 Other machinery manufacturing industry.
- (d) CC01080 Electronic component manufacturing industry.
- (e) F113010 Machinery wholesale industry.
- (f) F119010 Electronic materials wholesale industry.
- (g) F401010 International trade industry.
- (h) CC01040 Lighting equipment manufacturing industry.
- (i) ZZ99999 Business activities not prohibited or restricted by laws, except for licensed businesses.

##### B. Revenue Distribution

Unit: NT\$ thousand

Major Divisions/Year	2024(Note)		2025	
	Total Sales	(%) of Total Sales	Total Sales	(%) of Total Sales
PVD coating products	368,171	99.85%	313,882	98.12%
Silicon Carbide Products	561	0.15%	1,201	0.37%
Others	7	0.00%	4,819	1.51%
Total	368,739	100.00%	319,902	100.00%

Note: Includes sales revenue from discontinued operations.

##### C. The current product (service) offerings of the company are as follows:

- (a) EMI Shielding Surface Treatment
- (b) PVD Surface Coating Treatment
- (c) Silicon Carbide Products

##### D. Planned new product(service)

###### (a) Functional Coating

In response to the increasing market demand for functional vacuum sputtering coatings, our company will leverage its existing process technologies and equipment development capabilities to continuously research and develop multifunctional thin-film products to enhance the performance and added value of consumer electronics. Compared to traditional processes, vacuum sputtering technology offers advantages such as low pollution and high process controllability, helping to provide cost-effective solutions. Given the wide range of applications for functional coatings, our company will evaluate factors such as market size, application requirements, technological feasibility, and cost-effectiveness, focusing on key technology development and using technology modularization to enhance the flexibility and scalability of products across application areas. Currently, our R&D unit has invested relevant resources in technology development, and the subsequent product commercialization timeline will require careful planning through stages such as product verification, market introduction, and customer acceptance enhancement. In the future, our company will continue to promote new product development to optimize our product structure and diversify operational risks.

###### (b) Silicon Carbide (SiC) Substrate

Silicon carbide (SiC) is a wide-bandgap compound semiconductor material. Compared to traditional silicon materials, it possesses higher bandgap,

thermal conductivity, and breakdown electric field, enabling it to effectively reduce energy loss and improve power conversion efficiency in high-voltage, high-temperature, and high-frequency applications. In terms of manufacturing technology, the main technological barriers for SiC substrates lie in crystal growth processes and defect control capabilities. Due to the slower crystal growth rate and more complex processes, production is more difficult, resulting in substrate costs accounting for a significant proportion of the overall device cost. Currently, the market is dominated by 6-inch wafers, while 8-inch wafers are in the gradual adoption and mass production stage. As large-size wafer manufacturing technologies mature, it is expected to help improve production efficiency and reduce unit costs. Our company will continue to invest in SiC substrate technology development, strengthen crystal growth process capabilities and quality control, and gradually advance the technology layout of large-size wafers according to market development trends to enhance product competitiveness and seize industry growth opportunities.

## (2) Industry Overview

### A. Current Status and Development of the Industry

#### (a) PVD Coating Products

The vacuum sputtering (PVD) coating treatment industry is used to coat the surface of metals, plastics, glass, or other materials. It has the advantages of low cost, high density, high output, and meeting the demands of green environmental protection. In addition to its traditional applications in electromagnetic interference (EMI) shielding and appearance coatings for 3C products such as mobile phones and notebook computers, the rapid growth of AI PCs and AI smartphones in 2026 has increased demand for enhanced high-frequency shielding and heat dissipation performance in hardware components. As a result, PVD technology has expanded into advanced packaging substrate coatings, optical transmission gratings, and surface treatment for medical-grade precision instruments, demonstrating broad and diverse applications. Furthermore, low-temperature vacuum sputtering technology can use on plastic substrates for thin film coating products also has the advantages of being lightweight, thin impact-resistant, and flexible. Through highly adhesive and functional coatings, PVD technology can provide multiple benefits, including substrate protection, decorative finishing, electrical conductivity, electromagnetic shielding, reflection, and anti-reflection functions.

EMI refers to Electro Magnetic Interference, which may impair signal transmission quality as the operating frequencies of electronic devices continue to increase if adequate shielding measures are not in place. Compared with traditional conductive coatings or metal shielding structures, vacuum sputtering offers superior adhesion, coating uniformity, and process stability which has gradually become one of the mainstream technologies for EMI protection in high-performance electronic products, while also enabling non-metallic enclosure products to achieve lightweight design and greater design flexibility.

Based on equipment configuration, vacuum sputtering processes may be categorized into batch manufacturing and continuous manufacturing process. Through its multi-chamber design, continuous sputtering enables automated loading and unloading operations while maintaining a high-vacuum environment, thereby enhancing production capacity and reducing unit costs. Compared with traditional electroplating processes, vacuum sputtering provides coating film density of over 98%, with film thickness maintained within 0.3-0.5 $\mu$ m, making it lightweight and easy to assemble and comply

with WEEE and Eu RoHS regulation. In addition, as the CBAM is expected to gradually enter its formal charging phase beginning in 2026, traditional high-pollution water electroplating processes are facing increasing environmental compliance and carbon cost pressures. This is accelerating the industry's transition toward lower-pollution process technologies such as PVD, in line with the global trend toward green manufacturing.

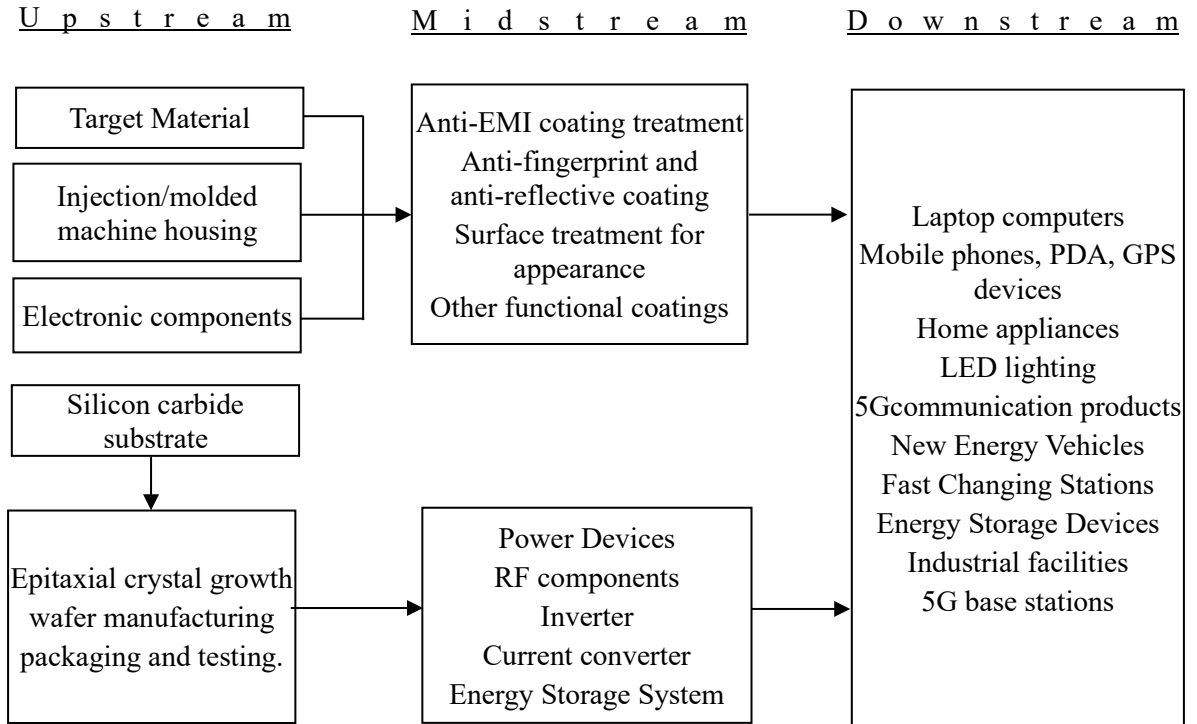
(b) Silicon Carbide (SiC) Substrate Products

Carbonized silicon (SiC) is a compound semiconductor material composed of silicon (Si) and carbon (C). It features a wide bandgap (3.3eV), a large thermal conductivity, and a high breakdown electric field. These characteristics enable SiC devices to effectively reduce energy losses and improve power conversion efficiency under high-voltage and high-frequency operating conditions.

As carbonized silicon (SiC) process technologies and the related materials supply chain continue to mature, major global suppliers are steadily expanding production capacity. In addition, the advancement of advanced packaging technologies is driving the application of SiC power semiconductors into the high-performance computing and AI server markets. The global SiC power device market is currently experiencing significant growth, driven by rising demand for energy-efficient solutions, the rapid adoption of electric vehicles, the expansion of renewable energy sources, the performance advantages of SiC over conventional silicon-based devices, and the increasing breadth of industrial applications.

The global SiC industry is currently transitioning from 6-inch SiC wafers to 8-inch SiC wafers. However, 8-inch products remain in the early stages of volume ramp-up and market adoption, with only a limited number of leading manufacturers currently possessing commercialization capabilities. As large-diameter wafer technologies continue to mature, they are expected to enhance production efficiency and reduce unit costs. According to a market report published by Lucintel, the global SiC substrate market is projected to grow steadily at a compound annual growth rate (CAGR) of 9.9% from 2026 to 2035. With ongoing advances in process technology and capacity expansion, SiC applications are expected to extend beyond the premium automotive market into industrial, energy, and consumer electronics sectors, including data center power supplies, renewable energy conversion equipment, and energy storage systems. Overall, SiC materials possess strong long-term growth potential and are expected to remain one of the key development directions of the semiconductor industry.

## B. Relationship between industries' upstream, midstream, and downstream



## C. Development Trends and Competitive Situation of Products

### (a) Development Trends and Competitive Landscape of EMI Protection Products

Driven by global net-zero emissions policies, environmental regulations such as EU RoHS and WEEE have imposed increasingly stringent requirements on materials used in electronic products and waste management practices. In addition to product functionality, manufacturers are placing growing emphasis on low-pollution manufacturing processes and the use of recyclable materials. Sustainability has become a key consideration in the development of electro magnetic interference (EMI) products, driving related materials and processes toward more environmentally friendly and higher-efficiency solutions.

The vacuum sputtering technology with low pollution, strong adhesion, and effective shielding performance, has been widely adopted in EMI protection applications for electronic products. Compared with traditional processes such as electroplating, water electroplating, conductive coatings, and metal covering, PVD offers superior process stability, lighter weight, higher process integration, and lower environmental impact. It is particularly well suited for EMI treatment of plastic housings, thereby supporting the development of lighter-weight and higher-performance electronic products.

From the application perspective, the development of high-frequency and high-speed computing devices continues to raise requirements for electro magnetic shielding performance, thereby driving demand for high-quality EMI coating solutions. Overall, PVD-based EMI protection technology has become one of the mainstream solutions in the market.

In terms of market competition, the EMI protection sputtering market has entered a mature stage, with key competitive factors centered on process stability, yield management, and economies of scale. As products continue to evolve toward thinner designs and multi-material applications, manufacturers with mass production capabilities and consistent quality standards are expected to maintain competitive advantages.

(b) Development Trends and Competitive Situation of Coating Products

As global attention to environmental protection issues continues to grow, non-environmentally friendly processes for appearance coating that cause environmental pollution, such as electroplating and spray painting, will gradually face production capacity restrictions. For example, factories using processes like water electroplating and spray painting will encounter limitations on expansion or relocation. Electroplating and spray painting plants that cause severe environmental damage will be constrained by environmental laws, unable to expand production capacity, and may even be required to relocate. Faced with potential environmental compensation costs and significant increases in environmental costs, managing such factories becomes even more challenging. In recent years, under the global push for carbon reduction and environmental policies, governments have required manufacturers to invest more in improving production processes to meet carbon emission reduction and pollution control goals. In the face of the "zero carbon emissions" sustainable development targets, businesses must reduce product carbon footprints, increase the use of renewable energy, and adopt more environmentally friendly green processes. Paragon, with its self-developed eco-friendly PVD (Physical Vapor Deposition) appearance coating technology, not only has cost advantages and the capability for large-scale production, but will also become the best solution for eco-friendly appearance coatings in the future.

In the past, most PVD coating suppliers used batch sputtering or vapor deposition equipment. Limited by this batch production model, they lacked large-scale production capacity and consistent quality. Furthermore, issues such as color differences, uneven film thickness, poor corrosion resistance, and easy film peeling easily occurred between different batches. Due to these quality instability and inability to mass-produce, the technology could not be applied to 3C products requiring large-scale production. Our company combines PVD coating technology with optoelectronic and functional coating capabilities. In addition to providing customers with products featuring a metallic sheen, we can coat aluminum-magnesium alloy surfaces that cannot be anodized with a dazzling metallic film. We can also apply easy-to-clean, fingerprint-resistant films to meet customers' anti-fouling requirements, enhancing the metallic texture of the product's appearance and providing a top-tier coating that is corrosion-resistant, durable, and has a metallic finish.

In recent years, regulatory oversight on carbon emissions and pollution control across various countries, such as carbon fee mechanisms under Taiwan's Climate Change Response Act and EU CBAM has placed increasing pressure on high energy consumption and highly polluting electroplating and spray-painting factories. The company's independently developed environmentally friendly PVD appearance coating technology not only provides metallic luster finishes and iridescent film effects, but can also be integrated with functional coatings such as anti-smudge and anti-fingerprint layers. This enables the company to offer high-quality, carbon neutrality advantaged green solutions and provide customers with more environmentally friendly, lower-carbon products to address increasingly stringent environmental regulations and carbon reduction policies.

(c) Development trends and competition in silicon carbide substrate products

With continuing growing demand for electric vehicles, renewable energy, and high-efficiency power systems, silicon carbide (SiC) and gallium nitride (GaN) third-generation semiconductor materials have gradually become key

development drivers in the power semiconductor industry due to their high efficiency and high-power performance characteristics. Among these materials, silicon carbide has advantages including high thermal conductivity, high voltage resistance, and strong reliability. It has been widely adopted in applications such as electric vehicles, energy conversion systems, and industrial control, and is gradually expanding into high performance computing related applications, including data center power supplies.

In terms of industry competition, the SiC power device market remains highly concentrated. According to 2024 industry data, the major suppliers include STMicroelectronics, Infineon, Wolfspeed, Onsemi, and Rohm. These companies account for more than 90% of total market share, indicating that the market continues to be dominated by a limited number of global players with advanced technological capabilities, many of which are strengthening supply chain control through vertical integration.

In upstream substrate manufacturing, the primary technological barriers are concentrated in crystal growth processes and defect control capabilities. Silicon carbide crystal growth is relatively slow and involves complex manufacturing processes, resulting in higher production difficulty and elevated costs. Substrate costs account for a significant portion of total device costs. At present, 6-inch SiC wafers remain the mainstream market standard, while 8-inch SiC wafers are in the gradual adoption and volume ramp-up stage. As large diameter wafer technologies continue to mature, they are expected to improve production efficiency and reduce unit costs. In addition, as applications demand higher performance from power devices, market demand for substrates with low defect density and high consistency continues to increase. Accordingly, crystal growth technology, defect management capability, and processing precision will become the core competitive factors for industry participants.

According to a market report published by Lucintel, the global silicon carbide substrate market is projected to grow steadily at a compound annual growth rate (CAGR) of 9.9% from 2026 to 2035, with the overall market size expected to reach approximately US\$6.8 billion by 2035.

The company has entered the SiC substrate market through the equity investment in Jingcheng Materials Company which has a technical team with many years of SiC crystal growth experience and continues to advance the development of both 6-inch and 8-inch substrate process technologies. In response to the industry trend toward larger diameter wafers, the company has established mass production and processing capacity for 8-inch crystals, enabling it to provide products that meet customer requirements. In the future, the company will continue to invest in crystal growth technology optimization and defect control enhancement, while progressively expanding its large-diameter wafer technology roadmap in line with market developments.

### (3) Technologies and R&D Overview

#### A. Technological levels of the business

##### (a) PVD vacuum coating technology

Physical Vapor Deposition (PVD) is a technique for depositing thin films based on physical phenomena. In semiconductor processes, there are mainly two PVD technologies: evaporation and sputtering. Evaporation involves heating the material to be evaporated and utilizing the high vapor pressure near its melting point for film deposition. On the other hand, sputtering uses ions generated by plasma to bombard the electrode of the target material, causing the vapor phase in the plasma to contain the atoms of the material to be coated, resulting in film deposition.

Sputtering is widely used in various industries because it can be applied to both metallic and non-metallic materials. The basic principle is to generate plasma in a vacuum chamber by high-pressure discharge of a small amount of gas (usually argon). The plasma becomes a high-energy state with electrons and ions. During the sputtering process, the high-energy gas ions strike the surface of the target material, causing particles on its surface to be ejected and then uniformly deposited on the desired substrate, forming a dense thin film. Since vacuum sputtering is carried out under clean and contamination-free conditions, it can be used to coat one or more layers of metal film on the surface of various conductive metals, alloys, semiconductor materials, insulators, and other substrates at room temperature. It can also be used for the combination of conductive and insulating layers on the same product surface, making it widely applicable.

Vacuum sputtering technology is mainly used for electromagnetic wave shielding treatment, appearance treatment, and functional coatings in electronic products. Compared with painting, traditional electroplating, metal foils, evaporation, or ion plating methods, PVD films have a density of over 98% and a controlled film thickness within 0.3 (0.5 $\mu$ m). They can be applied to various substrates such as engineering plastics, aluminum alloys, glass, magnesium-aluminum alloys, ceramics, and other materials. Vacuum sputtering is an environmentally friendly process that fully complies with international environmental certification standards.

(b) Silicon Carbide (SiC) Substrate Technology

The production silicon carbide (SiC) single crystal substrates, the process starts with the growth of SiC crystal. The method involves pouring silicon carbide powder into a growth furnace and sublimating it in a high-temperature and closed environment. The vapor from the sublimated powder condenses and attaches to the SiC seed crystal. Currently, the principal methods for Silicon Carbide (SiC) crystal growth include High-Temperature Chemical Vapor Deposition (HTCVD), Solution Growth, and Physical Vapor Transport (PVT). Among these methods, PVT is the most commonly used in the SiC semiconductor industry. It offers advantages such as the fastest production speed, scalability of wafer size, and relatively lower equipment costs. Under the PVT process, high-purity polycrystalline SiC powder feedstock is heated to high temperatures to induce sublimation. Through precise control of the thermal field, vapor phase materials are deposited onto a SiC single crystal seed, thereby growing high quality single crystal ingots.

Silicon carbide (SiC) is a wide-bandgap material with excellent breakdown voltage characteristics and its intrinsic carrier concentration is much lower than silicon, enabling stable performance under high voltage operating environments while reducing the likelihood of leakage current and making it highly suitable for power devices such as power converters. In addition, SiC exhibits thermal conductivity approximately 2-3 times greater than that of silicon. Compared to silicon, SiC can effectively dissipate heat generated by components, making it suitable a substrate material for GaN on SiC structures, in which Gallium Nitride (GaN) is grown on SiC for use in high frequency and RF devices.

B. R&D Overview

The company's R&D team is not only committed to recruiting professional technical talent, but also actively engaging in industry-academia collaboration with leading academic institutions and international enterprises. In the future, the company will continue to develop the application of sputtering technologies in metal appearance films, conductive films, magnetic films, and other functional films for both metal and non-metal substrates. In terms of new

product development, the company combines the advantages of “vacuum sputtering technology” with a focus on “new applications” to drive new products and new manufacturing processes, seeking markets with strong development potential, and further diversify the company’s product portfolio. The company will continue to pursue both product innovation and process improvement to enhance the future competitiveness. In addition to strengthening existing technologies and improving product quality, the company is also committed to developing another new product with strong market acceptance in order to widen the competitive advantage over competitors.

In the PVD coating field, Paragon has utilized metal coating processes to develop color metallization integration technology for magnesium-aluminum alloy housings, overcoming the limitation of material color and delivering a premium metallic appearance. In the future, the company will continue to leverage the advantages of PVD processes to develop more advanced surface finishing technologies and products.

In the field of silicon carbide (SiC) technology, the company and its investee subsidiaries’ technical teams continue to invest in crystal growth optimization and the enhancement of in-house process capabilities. The technical team successfully produced 6-inch SiC wafers in 2023 and in 2024, produced 8-inch SiC substrates meeting international P-grade standard. In the future, the company will continue to optimize the yield and stability of the existing processes, and allocate part of its production capacity to crystal processing capacity and wafer reclaim services. Moreover, the Company invest in the development of larger diameter SiC substrate technologies and advance SiC related thermal management substrate technologies for high performance power electronics applications, thereby strengthening its overall technology portfolio and market competitiveness.

C. R&D Personnel and their backgrounds

Unit: number of people

Diploma	2024	2025	As of Apr. 11 <sup>th</sup> 2026
Master’s degree and above	4	6	6
College degree	8	10	10
High School diploma or below	0	0	0
Total	12	16	16
Average year of experience(years)	9.35	8.15	8.39

D. R&D expenses invested annually in the past 5 years

Unit: NT\$ thousand

	2021	2022	2023	2024	2025
R&D expenses(A)	38,607	32,402	29,683	70,157	53,118
Operating Revenues(B)	800,103	457,220	382,573	368,739	319,902
(A)/(B) (%)	4.83%	7.09%	7.76%	19.03%	16.60%

Note1: From 2021 to 2025, the consolidated financial data was prepared in accordance with International Financial Reporting Standards (IFRS).

Note 2: Includes operating net revenue from discontinued operations.

Over the past five years, the company’s R&D expenses accounted for an average of approximately 9.62% of the consolidated operating revenue. It is projected that in the year 2025, the company will invest approximately NT\$48.75 million in R&D expenditure. The focus of these investments will be on the development of silicon carbide (SiC) crystal growth processes and coating technology. The company will continue to enhance existing technologies, optimize process integration, and strengthen its competitiveness and sustainable operations.

- E. Technologies or products successfully developed in the past five years  
 Since its establishment, the company has continuously engaged in self-led research and development and design. The following are some of the key R&D achievements:

Year	Research Result
2022	<ul style="list-style-type: none"> <li>• Appearance coating technology that does not affect signal transmission and reception.</li> <li>• Dummy 6" SiC Ingot and Wafer</li> </ul>
2023	<ul style="list-style-type: none"> <li>• Magnesium aluminum parts NB chassis non-ferrous metallization integration technology</li> <li>• Prime 6" SiC Ingot and Wafer</li> </ul>
2024	<ul style="list-style-type: none"> <li>• A nano protective layer (nano coating) that does not affect the metallic luster of metal or non-metal coatings.</li> <li>• Ultra Prime 6" SiC Ingot and Wafer</li> <li>• Prime 8" SiC Ingot</li> </ul>
2025	<ul style="list-style-type: none"> <li>• Development of In-Line Sputter Bias Mechanism</li> <li>• Low-Temperature DLC Coating</li> <li>• Development of 6-inch Semi-Insulating SiC Wafer</li> <li>• SiC Laser Drilling and Surface Microstructure Fabrication Technology</li> <li>• Development of SiC Thermal Testing Platform</li> </ul>

- F. Intellectual Property Management Plan  
 Our company has formulated this Intellectual Property Management Plan to align with the best practices of corporate governance, uphold a sustainable approach to business, strengthen the awareness of intellectual property protection among all employees, effectively enhance research and development innovation, continuously consolidate our position as a technological leader in the industry, and achieve our operational goals.  
 For detailed implementation information, please refer to the company website: <http://www.pttech.com.tw/intellectual-property-management/>.

#### (4) Long and Short-term Business Development Plans

- A. The company's short-term plans  
 Taiwan is the company's principal R&D and operations center, providing support to manufacturing facilities in various regions. Utilizing resources from the Group's global network to meet customer demands and provide responsive services, enhance production efficiency and product yield, and reduce unit costs through economies of scale, thereby improving overall operating performance. In addition to continuing to cultivate the PVD application market, the company is actively expanding into non-notebook EMI application segments and developing silicon carbide (SiC) products, promote product and market diversification to mitigate operational risks. In line with financial control principles, the company also formulates funding plans to support future business expansion. The company's strategies in respect of marketing, R&D, production, finance, and management are set out below:

- (a) Marketing Strategy:
- (1) Develop appearance coating products that combine environmentally friendly processes and functional performance to meet customer demands for product appearance and functionality. Also expand applications of magnesium-aluminum alloy products and eSports equipment.
  - (2) Develop functional coatings based on customer product requirements, such as special conductive films, non-NB product EMI coatings, and

- specific electromagnetic wave transmission films to expand the application scope of PVD technology and increasing product sales.
- (3) Increase revenue from non-NB products and actively advance the silicon carbide (SiC) products, and pursue diversified operations to reduce the risk of excessive revenue concentration.
  - (4) Establish mechanisms for early-stage design with customers and provide customized solutions and integrated mass production services, thereby enhancing customer stickiness and long-term partnerships.
  - (5) Establish effective communication channels with key customers to stay updated on market trends and changes.
- (b) Research and Development Strategy:
- (1) Strengthening the design of intelligent process equipment and developing new materials to improve cost and product competitiveness, raising barriers to entry for industry competitors.
  - (2) Collaborating with academic institutions and research organizations to jointly develop new technologies, processes, and products, reducing development time and staying informed about future technology and industry trends.
  - (3) Combining vacuum sputtering with other technologies (technology integration) to drive process and product innovations and enhance product competitiveness.
  - (4) Continuously optimize the crystal growth process to enhance crystal quality, increase substrate size, and improve production efficiency, in order to meet the demands of next generation power semiconductors.
  - (5) Continuously focusing on researching new technologies and extending their applications to other fields to develop high-profit niche products.
- (c) Production Strategy:
- (1) Continuously process optimization projects to reduce energy and labor costs. Using machines to replace manual operations and establishing a low-labor production facility to increase production efficiency.
  - (2) Strengthening the ability to adjust production capacities among different factories in response to changes in the NB supply chain layout to adapt to future industry environments.
  - (2) Strengthen capacity allocation capabilities among manufacturing sites in various regions in order to respond to customers' supply chain deployment strategies and potential changes in the industry environment.
  - (3) Continue investing in process energy-saving measures, improve energy efficiency, and increase the proportion of renewable energy usage to reduce the impact of energy cost fluctuations.
  - (4) In line with order demand, build silicon carbide (SiC) production capacity, and continuously enhance product quality and process yield rates.
  - (5) Improve the production efficiency of existing equipment to increase effective capacity and enhance asset utilization efficiency.
- (d) Financial Strategy:
- (1) Raising funds in the capital market and adopting a stable operational approach to achieve financial soundness and optimal fund utilization.
  - (2) Maintaining good relationships with financial institutions to establish financing channels and credit lines, increasing flexibility in fund utilization.
  - (3) Enhance the financial transparency and establish effective communication channels with domestic and international investors.

(e) Management Strategy:

- (1) Establishing an information management system to quickly respond to management decision-making needs, generate real-time and effective information, and provide a basis for management decisions.
- (2) Promoting information operation platforms to provide various operational systems and security management mechanisms, ensuring continuous system operation and data security.
- (3) Strengthen talent development and organizational growth, enhance internal organization, and improve overall operating performance.

B. The company's long-term business plan

Building upon the stable operating foundation of the existing EMI product business, the company appropriately diversifies production capacity to meet customers' supply chain decentralization needs and fulfill order demand across various regions and increase market share. The company also continues to expand functional coatings and non-NB EMI products to enhance market penetration and improve production utilization. In addition, the company is actively investing the development of SiC products, moving toward product diversification and market diversification to reduce operational risks and strengthen long-term competitiveness. In alignment with the company's operating scale and the integrated development of upstream and downstream industry resources, the company seeks to accumulate sustainable competitive advantages. The following outlines the company's strategies in marketing, research and development, production, financial and management:

(a) Marketing Strategy

- (1) Actively develop applications for metal coating products, using vacuum sputtering to replace electroplating and targeting niche markets, gradually reducing the proportion of the NB market to mitigate business risks.
- (2) Enter the promising electric vehicle market by supplying silicon carbide products and surface film products to the electric vehicle supply chain, diversifying products, customers, and global market presence to mitigate business risks.
- (3) Seek strategic alliances and partnerships to integrate upstream and downstream resources, increase cost competitiveness, and secure customer orders to achieve business growth.

(b) R&D Strategy

- (1) Utilize vacuum sputtering technology to penetrate future technology products and develop new technologies and processes, creating market-accepted products and enhancing technological depth.
- (2) Make "environmental protection" a core value and identify potential markets where vacuum sputtering technology can replace non-environmentally friendly processes, developing high-value goods and services.
- (3) Establish cooperative relationships with domestic and international research institutions, participate in joint research and development in the early stages of new technology development, and stay at the forefront of the latest science and technology to enhance the company's future competitiveness.
- (4) Research and develop silicon carbide processes and new materials, combining process technology and equipment development capabilities to enhance proprietary technological competitiveness.

(c) Production Strategy

- (1) Enhance equipment development capabilities to reduce process time and

improve production yield, providing customers with the best quality. Implement vertical integration of upstream and downstream relationships to achieve cost reduction and yield control objectives..

- (2) Establish an integrated upstream and downstream inventory management system to have real-time visibility of inventory status for upstream customers and suppliers. Conduct planned production to shorten material preparation time and reduce warehousing costs, creating a win-win situation.
- (3) Implement automation processes and process simplification to reduce manpower requirements and improve process yield, achieving the goal of minimizing costs.

(d) Financial Strategy

Flexibly utilize diversified financing channels and financial management instruments in the capital market to maintain a sound financial structure and support long-term development.

(e) Management Strategy

Implement international management systems, actively cultivate international talent, enhance employees' international perspectives, and pursue global market expansion, aiming to become an international-level enterprise.

## 2. Market and Production and Sales Overview

### (1) Market Analysis

#### A. The main product/service sales/provision area

Unit: NT\$ thousand

Sales area	2024 (Note)	2025
Taiwan	912	6,616
China	367,827	313,286
Total	368,739	319,902

Note: Includes sales revenue from discontinued operations.

#### B. Market Share

Regarding the market share of various methods applied to NB EMI, there is currently no complete and objective market statistics available for reference. The appearance of an NB laptop can be divided into four major components: A component (upper cover), B component (LCD frame), C component (keyboard frame), and D component (bottom cover). Assuming that an NB laptop requires approximately four pieces of EMI shielding components, the metal and plastic components of A and B are mainly using aluminum foil and iron components due to cost considerations. Only the plastic components of C and D require vacuum plating method. It is estimated that the company and its subsidiary will account for approximately 30~40% of the total shipment of vacuum plating EMI shielding components in 2025 and approximately 15~20% of the total NB shipments. This means that approximately one out of every five NB laptops will be manufactured by the company for EMI shielding. In recent years, the company has actively developed metal casing surface treatment technology. With the gradual adoption of NB metal casing products by customers, it will be possible to increase orders for aluminum alloy and magnesium-aluminum casing surface treatment. In the future, The company's market share in the NB market is expected to gradually increase.

#### C. Future supply and Demand Situation and Growth in the Market

Currently, the shipment volume of NB laptops is concentrated among the top five suppliers in the domestic market, and the release of plastic casing anti-EMI orders also shows a high degree of concentration. Therefore, suppliers must

have a considerable production scale and be able to provide high-quality, low-cost products in order to handle such orders. Since our company is a pioneer in applying PVD vacuum coating technology to notebook computers, the top five suppliers in the current supply chain are all our customers. In the past, our products held an average market share of about 25% in the NB market. We maintain good cooperative relationships with our customers and have the ability to rely on years of practical experience and key theoretical foundations. The company also continuously improves manufacturing processes and improves product yields. Therefore, its cost control and mass production capabilities can surpass most anti-EMI manufacturers. In the future, it will continue to promote green and carbon-reducing processes and will certainly be able to meet the needs of the global notebook computer market.

The recovery of the consumer notebook computer market in 2026 is expected to remain uncertain, overall demand stays relatively weak. In addition to the impact of the macroeconomic environment, pricing factors are also placing pressure on consumers' willingness to purchase. As prices of key components such as memory continue to rise, brand vendors are gradually passing increased costs on to end-market selling prices which has led to an upward pricing trend for notebook and affects consumer purchasing decisions, increases market caution, and suppresses actual shipment momentum. According to a survey report issued by TrendForce, constrained global economic recovery, more conservative consumer spending behavior, and the rapid increase in component costs such as memory are expected to place downward pressure on global notebook shipments in 2026, which are projected to decline by approximately 5.4% year-to-year.

In terms of appearance coating products, following the formal implementation of Climate Change Adaptation Act in Taiwan, which incorporates "net-zero emissions by 2050" into the law, the Financial Supervisory Commission has also advanced timelines for carbon inventorying and information disclosure for listed companies. In addition, countries worldwide continue to strengthen ESG related regulatory requirements, resulting in growing corporate emphasis on carbon reduction and environmentally friendly manufacturing processes. These regulatory and policy trends are expected to accelerate the adoption of low pollution and low carbon process technologies across industries, which will be favorable to the promotion of environmentally friendly process products. The company's PVD processes feature low pollution characteristics and a high degree of process controllability, enabling customers to reduce environmental impact. Under an increasingly strict carbon reduction policy environment, this is expected to support further market expansion of the company's related products.

In terms of silicon carbide (SiC) wafer capacity layout, the company's investee subsidiary, Jingcheng Materials Co., Ltd., continues to advance production line construction and enhance process capabilities, introduction of 8-inch SiC crystal and crystal processing capacity to meet growing demand for high-performance power device market. According to a market report published by Lucintel, the global SiC substrate market is projected to grow steadily at a compound annual growth rate (CAGR) of 9.9% from 2026 to 2035, with the total market size expected to reach approximately US\$6.8 billion by 2035.

In the future, the company will continue to increase the revenue contribution from silicon carbide (SiC) products, appearance coatings, and functional coating, and allocate resources to strengthen PVD process technologies and SiC related application development. By focusing on advanced process technologies and strategic materials deployment, the company will continue to optimize the product portfolio and market structure, thereby enhancing overall growth momentum and strengthening its competitive advantages.

#### D. Competitive Advantages

- (a) With experienced personnel and continuous process improvement, our company excels in cost control and mass production capability, surpassing most EMI prevention manufacturers.
- (b) We have in-house capabilities for R&D and assembly of vacuum continuous coating equipment. Regular equipment upgrades increase production capacity and shorten lead times, allowing us to swiftly meet customer capacity demands.
- (c) Our involvement in product design and sample prototyping accelerates customer design and trial production timelines. Recognized for our production technology, quality, and mass production capability.
- (d) Maintaining product quality stability in the vacuum sputtering process is a challenge for competitors. With the industry's best process technology and largest production capacity, we deliver high-quality products and meet customer orders.
- (e) We specialize in vacuum sputtering technology, leading the industry with multiple patents and a dedicated technical research team.
- (f) The company's silicon carbide (SiC) technical team has complete experience in the silicon carbide industry and possesses key core technologies. It has many years of experience in silicon carbide (SiC) technology development and has the ability to independently develop thermal field design, crystal growth technology, crystal processing technology, And process simulation analysis capabilities, etc., which can effectively and quickly improve crystal yield, crystal growth efficiency and quality, and are technically and cost competitive.

#### E. Opportunities, Challenges, and Response Strategies for Future Development

##### (a) Opportunities

1. Increasingly stringent environmental regulations make vacuum sputtering the mainstream method.

With the rising global environmental awareness, regulatory requirements for electronic products have become increasingly strict worldwide. In addition to the continued implementation of the Restriction of Hazardous Substances Directive (RoHS), the EU has also strengthened requirements relating to product recycling, reuse, and waste management through the Waste Electrical and Electronic Equipment Directive (WEEE). Combined with carbon emissions management and ESG disclosure requirements, these developments have prompted enterprises to place greater emphasis on the environmental impact of products throughout their full life cycle. Major NB (notebook) brands generally require their supply chains to adopt materials and processes compliant with RoHS, WEEE, and other relevant environmental regulations. The company's production processes primarily use copper and stainless steel as raw material, without the use of volatile organic solvents, and do not generate wastewater issues commonly associated with conventional electroplating processes, thus overall production processes comply with current environmental regulatory requirements. In contrast, traditional conductive paint processes involve the use of adhesives and volatile solvents, while water electroplating processes require substantial water consumption and create wastewater treatment. Under increasingly strict environmental regulations and heightened carbon management requirements, the costs associated with such processes continue to rise. Currently, vacuum sputtering with low pollution, stable production performance, and lower environmental impact has gradually become an important technological alternative to certain conventional electroplating and coating processes. In the future, the

company will continue to expand the application of PVD processes in appearance coatings and functional films in order to meet market demand for environmentally friendly manufacturing processes and higher value-added products, while further enhancing the overall competitive advantages.

2. Leading research and development capabilities

In addition to obtaining patents for vacuum sputtering, our company has a competitive edge in research and development capabilities. We have rich experience in the development of sputtering equipment and processes that can be mass-produced. We have dedicated ourselves to the research and development of vacuum sputtering technology since our establishment in 1995 and have the ability to design and develop sputtering equipment. We can provide customized services according to customer needs, including customized equipment or process adjustments based on production requirements. Furthermore, by leveraging the advantages of equipment suppliers and manufacturers, we are at the forefront of research and development technology in the industry.

3. Extensive applications of PVD technology

Physical Vapor Deposition (PVD) technology, such as vacuum sputtering, has a wide range of applications. It can be used for EMI coating treatment in various electronic products such as mobile phones, PDAs, GPS devices, and NBs. This technology can also be applied to appearance coating, optical lens coating, LCD monitor coating, OLED coating, PDP coating, and more. In addition to electronic information products, PVD technology has diverse applications in other non-information product fields, including automotive components, cosmetics and food packaging materials, home decoration materials, medical devices, solar cell thermal panels, and more. Its versatility provides a development advantage, reducing the risk of reliance on a single industry and offering considerable future development opportunities.

(b) Challenges and Response Strategies

1. Increasingly intense competition in the NB OEM industry, with cost pressures from both upstream and downstream.

As NB products become more affordable, OEM manufacturers' gross profit margins continue to decline. Domestic OEM manufacturers, in order to maintain a certain profit margin, request price reductions from upstream suppliers. Competing manufacturers strive to increase market share by lowering prices. Therefore, price competition becomes an unavoidable phenomenon.

Response strategies:

- (1) Continuously shorten the cycle time and reduce the defect rate in the manufacturing process to increase production output per unit of time and lower costs.
  - (2) Strengthen interaction with customers. In addition to providing high-quality products, strive to meet all customer requirements and establish long-term cooperative relationships.
  - (3) Provide customers with high-value-added and low-cost functional coating services to increase revenue from high-value-added products.
  - (4) Form strategic alliances with casing manufacturers to establish partnership relationships, stabilizing customer order sources.
  - (5) Continue to focus on research into new
2. With competitors growing rapidly and enticing professional talents with high salaries, it leads to loss of orders and technology outflow.

Response measures:

- (1) Sign long-term employment contracts with employees, stipulating non-compete clauses to safeguard the company's research and development technology and business secrets from leaking.
  - (2) Strengthen the management of confidential research and development documents, set relevant document permissions, and implement electronic document permissions and firewalls to prevent the leakage of important confidential documents. In addition, the company actively applies for patents and trademarks to protect its intellectual property.
  - (3) Establish employee incentive programs and related benefits to enhance human resource management and employee education and training. Share company profits with employees through profit-sharing and issuance of employee stock options to increase employee loyalty.
  - (4) Engage in early-stage product design, assist customers in shortening design and trial production time, and enhance technological thresholds to increase the company's competitive value.
3. The increasing taxes, labor costs, and operating costs in mainland China.  
In recent years, due to intense competition, the NB manufacturing industry has seen a significant reduction in gross profit margins, prompting companies to gradually shift production to low-labor-cost areas. This has resulted in increased taxes, labor costs, and operating costs for Taiwanese companies in mainland China.

Response measures:

- (1) Adhere to local tax laws and regulations for legitimate tax planning to reduce tax risks.
  - (2) Continuously improve the company's competitiveness and strengthen management effectiveness to achieve cost and expense control objectives.
  - (3) Actively cooperate with customers in expanding production capacity to lower-cost areas or countries, thereby reducing production costs.
  - (4) Enhance production line automation and streamline manufacturing processes to reduce labor costs, coupled with improving asset utilization efficiency, such as enhancing equipment performance to lower manufacturing costs.
4. Over-reliance on a single industry makes the company vulnerable to fluctuations in the business cycle of that industry.

Response measures:

In addition to maintaining the existing market share in EMI products, the company's focus has shifted toward increasing the revenue contribution from higher value-added functional coatings and silicon carbide (SiC) product applications. Paragon continues to allocate resources to the development of advanced PVD processes and SiC integrated technologies. Its areas include advanced semiconductor processes, crystal profiling and machining, artificial intelligence (AI), 5G networks, electric vehicles (EVs), renewable energy, and wearable devices (AR products). Through ongoing diversification, the company aims to reduce the risks associated with concentration in any single industry or customer base.

5. Competition in the silicon carbide (SiC) market is becoming increasingly intense, as China ramps up support for its domestic third-generation semiconductor industry, impacting market prices and profit margins.

Response measures:

- (1) Optimize production processes to ensure product stability and quality, in order to withstand price competition.
- (2) Actively expand emerging markets such as electric vehicles, renewable energy, and industrial equipment, leveraging growth potential in these sectors to achieve revenue diversification.

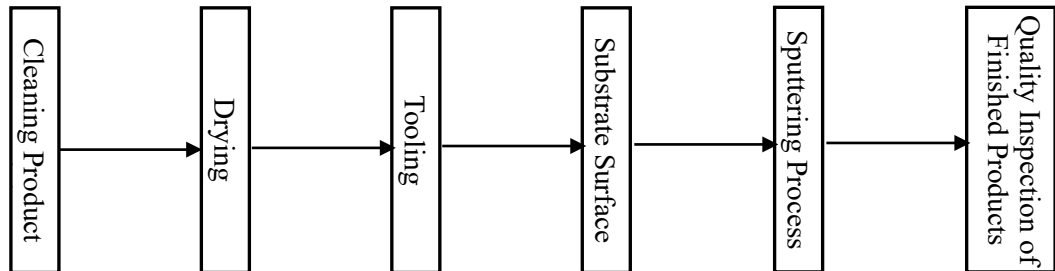
- (3) Establish close partnerships with upstream and downstream enterprises to reduce supply chain risks and strengthen long-term collaboration with key customers.

(2) Major Applications and Production Processes of Main Products

A. Major Applications of Main Products

The company's main products primarily involve providing services for NB (notebook) vacuum sputter coating for EMI (electromagnetic interference) prevention and PVD (physical vapor deposition) surface coating. Vacuum sputtering (sputter) is a process in which high voltage discharge is applied to a small amount of gas (usually argon) within a vacuum chamber to generate plasma. The plasma causes the particles of the target material to be sputtered and uniformly deposited onto the desired substrate, forming a dense thin film. The process must be carried out in a clean and contamination-free environment. It can be used to coat a single or multiple layers of metal film on the surfaces of various conductive metals, alloys, semiconductor materials, and insulators at room temperature. It can also be used in combination for products that require both conductive and insulating layers, such as a metal conductive layer + insulating layer + metal conductive layer. This technology can be applied in various fields, including EMI shielding coating and surface coating for 3C (computers, communications, consumer electronics) products, temperature sensor surface treatment, ITO (indium tin oxide) film treatment for touch panels, light guide plate coating, optical lens coating, pre-process for flexible PCB (printed circuit board) to replace the polluting electroplating process, coating treatment for LCD monitors, coating treatment for organic electroluminescent diodes (OLED), coating treatment for plasma display panels (PDP), and many other wide-ranging applications.

B. Production Processes of Main Products



(3) Major Suppliers in the Past Two Years

Raw Material	Source	Supply Status
Metal Targets	Mainland China	Stable
Eco-Friendly Paints	Mainland China	Stable

- (4) List of customers who accounted for more than 10% of the total sales (or purchases) in any one of the last two years, including their sales (or purchase) amounts and percentage, and an explanation for the increase or decrease in their share

A. Data of major suppliers in the last two years

Unit: NT\$ thousand

Item	2024				2025				As of the end of the previous quarter of the 2026 fiscal year (Note 1)			
	Name	Amount	Percentage of annual net purchases	Relationship with the issuers	Name	Amount	Percentage of annual net purchases	Relationship with the issuers	Name	Amount	Percentage of annual net purchases	Relationship with the issuers
1	K company	4,954	22.44	Non-related party	D company	4,694	30.28	Non-related party				
2	D company	4,872	22.07	Non-related party	B company	1,640	10.58	Non-related party				
3	I company	4,140	18.76	Non-related party								
4	L company	4,115	18.64	Non-related party								
5	C company	2,667	12.08	Non-related party								
	Others	1,326	6.01		Others	9,170	59.14					
	Net purchases	22,074	100.00		Net purchases	15,504	100.00					

Note 1: As of Apr. 11th, 2026, the financial report data for the first quarter of the 2026 fiscal year has not yet been audited by the accountant.

Note 2: Includes information from discontinued operations.

B. Target customers of the major sales in the past two fiscal years

Unit: NT\$ thousand

Item	2024				2025				As of the end of the previous quarter of the 2026 fiscal year (Note 1)			
	Name	Amount	Percentage of annual net purchases	Relationship with the issuers	Name	Amount	Percentage of annual net purchases	Relationship with the issuers	Name	Amount	Percentage of annual net purchases	Relationship with the issuers
1	Group A	365,404	99.10	Non-related party	Group A	310,570	97.08	Non-related party				
	Others	3,335	0.90		Others	9,332	2.92					
	Net Sales	368,739	100.00		Net Sales	319,902	100.00					

Note 1: As of Apr. 11th, 2026, the financial report data for the first quarter of the 2026 fiscal year has not yet been audited by the accountant

Note 2: Includes information from discontinued operations.

3. The number of employees, average length of service, average age, and educational distribution ratio of employees for the past two fiscal years and as of the date of the annual report

Year		2024	2025	As of Apr. 11 2026
Number of employees	Sales personnel	17	24	20
	Administrative personnel	61	60	54
	R&D personnel	12	16	16
	Manufacturing personnel	372	342	331
	Total	462	442	421
Average Age		41.11	42.31	42.39
Average service years		6.51	7.36	7.56
Education Distribution	Doctorate	0%	0%	0%
	Master's degree	3%	5%	5%
	College degree	15%	18%	19%
	High school degree	18%	18%	17%
	Under High School degree	63%	58%	59%

4. Environmental Protection Expenditure

- (1) Explanation of the total amount of losses (including compensation) and disposals due to environmental pollution in the recent fiscal year and up to the date of printing the annual report, and a description of future measures to address the issue (including improvement measures) and possible expenditures (including estimated amounts of losses, disposals, and compensations that may occur if no measures are taken; if it is impossible to estimate reasonably, the fact that it cannot be reasonably estimated should be explained): Our company has a fully environmentally friendly process, so no environmental pollution incidents have occurred.

5. Labor Relations

- (1) List the company's various employee welfare measures, continuing education and training, retirement system and its implementation status, as well as agreements between labor and management and the situation of employee rights protection measures.

A. Employee welfare measures

To promote employees' work-life balance and enhance job satisfaction, the company not only creates a friendly workplace atmosphere and provides a comfortable working environment, but also offers various employee welfare measures to further strengthen harmonious labor relations, as below:

Item	Explanation
Subsidies and allowances	Provide diversified subsidies and allowances, including wedding gifts, childbirth bonuses, birthday gifts, festive allowances, funeral subsidies, relocation allowances, and hospitalization condolence money, offering employees comprehensive care and support in their daily lives.

Health coverage and insurance	<ol style="list-style-type: none"> <li>1. Statutory insurance: Insured Labor Insurance and National Health Insurance in accordance with laws and make full contributions to employees' pension funds.</li> <li>2. Group insurance: Provide group insurance coverage exceeding statutory requirements, including accidental injury insurance, accident medical coverage, hospitalization and surgical medical insurance, cancer insurance, and travel accident insurance.</li> <li>3. Health examinations: Conduct regular employee health examinations to safeguard employees' physical and mental well-being.</li> </ol>
Friendly workplace and flexible working hours	<ol style="list-style-type: none"> <li>1. Flexible Working Hours: We implement a flexible work schedule to help employees balance personal needs and family care, achieving a work-life balance.</li> <li>2. Leave of Absence: We have a comprehensive leave of absence management system to protect employees' rights to apply for leave of absence due to childcare, family care, or personal career planning. We also have a reinstatement support mechanism to safeguard their career development.</li> </ol>
Employee bereavement compensation	Established a bereavement policy under which, in the event of an employee's death arising from occupational or non-occupational causes, additional support are provided to the employee's family members beyond insurance compensation.
Recreational activities and welfare facilities	<ol style="list-style-type: none"> <li>1. Recreational activities: Organize year-end banquet, periodic departmental gatherings, and provide office coffee, snacks, and open spaces.</li> <li>2. Welfare facilities: Provide dedicated employee parking facilities to create a more convenient commuting environment.</li> </ol>
Employee welfare committee	An Employee Welfare Committee has been established in accordance with laws and is jointly operated by management and employees. Welfare allowance are utilized to provide various travel subsidies, club activities, and offer marriage and funeral assistance.

B. Employee training and development status:

The company has established an "Education and Training Policy" to conduct pre-employment and on-the-job training for employees. With the belief that "people are the company's greatest asset," we provide comprehensive training programs and avenues for professional development to our colleagues. The employees' training and development status is taken into consideration as a performance assessment factor during the annual review. Here is the summary of employee training and development for the year 2025:

Category	No. of classes	Total Attendees	Training Hours	Training Costs(NT\$)
Professional Skill Training	33	152	1,206	131,245
Supervisory Skills Training	0	0	0	0
General Education Training	53	630	330	0
Total	86	782	1,536	131,245

C. Retirement System and its Implementation

The company has established an employee retirement plans in accordance with laws and regulations to safeguard employees' post-retirement livelihood:

- (a) Old pension system: In accordance with the Labor Standards Act, the company contributes retirement reserve and deposits it into a dedicated account with Bank of Taiwan. The company also convenes the "Supervisory Committee of Labor Retirement Reserve" regularly to ensure sufficient funding contributions.
- (b) New pension system: In accordance with the Labor Pension Act, the company contributes 6% of each employee's monthly salary to their individual retirement pension account with the Bureau of Labor Insurance monthly. Employees may also make voluntary pension contributions of up to an additional 6% of monthly salary.

Pension System	Explanation	Pension Calculation
Old System Retirement Pension (Labor Standards Act)	Based on the employee's total monthly salary, a monthly contribution is made and deposited into the Old System Retirement Pension Trust Account. The accumulated amount of labor retirement reserve fund for fiscal year 2025 was NT\$19.487 million.	For the first 15 years of service, the company provides 2 times the base pay for each year of service. From the 16th year, the company provides 1 time the base pay for each year of service, up to a maximum of 45 times the base pay. For employees who have worked for less than half a year, the calculation is based on half a year, and for those who have worked for more than half a year, the calculation is based on one year. (The base pay is calculated based on the average salary of the last 6 months before retirement.)
New System Retirement Pension (Labor Pension Act)	Based on the employee's insured salary level, a monthly contribution is made and deposited into the individual account. The contribution rate for fiscal year 2025 was 6%, and the amount of contributions was NT\$1.482 million.	1. Lump-Sum Pension Payments: A one-time payment that includes the principal and accumulated earnings from the individual retirement account. 2. Monthly Pension Payments: The accumulated principal and earnings in the individual retirement account are used to calculate the monthly retirement benefit amount based on factors such as life expectancy, interest rates, and other relevant factors according to the annuity life table. The Monthly Pension Payments is disbursed regularly on a quarterly basis.

D. Agreement situation between labor and management

The company has consistently upheld the philosophy of harmonious labor-management relations and mutual success, and is committed to

establishing a diversified communication environment. The implementation status is as follows:

- (a) Implementation of communication channels: The Company has established a labor-management conference in accordance with laws as a fundamental platform for communication between management and employees. In addition, to ensure that employee concerns are addressed promptly, the company has set up an employee grievance mailbox through which employees may directly submit suggestions or concerns regarding the work environment, compensation and benefits, and personal rights and interests.
- (b) Maintenance of harmonious relations: Due to transparent and efficient internal communication channels, management at all levels maintains positive day-to-day interactions with employees. Since the company's establishment, labor-management relations have remained highly stable. As of the date of printing of the annual report, there have been no labor disputes requiring mediation or resulting in material losses.

E. Status of measures to protect employee rights and interests

The company has established comprehensive management systems in accordance with laws, regulations, and the principles of ethical corporate management, in order to safeguard employee rights and interests:

- (a) Transparent policies: In accordance with the Labor Standards Act and other relevant regulations, the company has formulated the "Employee Work Rules" and various human resources management policies, clearly defining labor conditions, reward and disciplinary systems, and promotion channels. These policies are published on the internal system for employees' access at any time.
- (b) Sound organizational framework: The company established an "Employee Welfare Committee" and a "Labor-management conference", and has implemented "sexual harassment prevention and complaint channels" to comprehensively protect workplace equality and employees' personal safety.
- (c) Implementation effectiveness: Through the above mechanisms, employees' rights and interests are handled fairly, reasonably, and in a timely manner. To date, the company has had no penalties or material disputes involving infringement of employee rights and interests.

F. Measures to ensure the personal safety and protection of employees and their implementation

The company is committed to providing a safe, healthy, and friendly workplace environment, and implements various occupational safety, health management, and protective measures to safeguard employees' physical and mental well-being.

- (a) Physical Security and access control  
To protect employee personal safety and ensure the security of company premises, the company has installed facial recognition systems and 24-hour surveillance monitoring systems at major entrances and exits. Strict access control measures are implemented throughout office areas and plant facilities, thereby establishing a comprehensive physical security framework
- (b) Workplace environment maintenance and facility management

- Environmental quality monitoring: Regularly be conducted the maintenance and service for air conditioning and ventilation equipment, as well as water dispensers, to ensure workplace air quality and drinking water safety.
  - Fire safety protection: Install automated fire alarm systems and connected to a 24-hour professional security monitoring network. Regularly carry out inspections of relevant facilities to mitigate the risk of unexpected fire incidents.
  - Eco-friendly lighting and non-smoking policy: Soft lighting designs are adopted throughout office areas to reduce visual fatigue. In addition, non-smoking policy is implemented across the premises, with smoking permitted only in designated areas equipped with independent ventilation systems, thereby creating a clean and healthy working environment.
- (c) Safety and health management system  
The company has formulated the “Safety and Health Work Rules” in accordance with laws and regulations, clearly defining the responsibilities of management personnel at all levels and employees. In addition, standard operating procedures (SOP) have been established for various operational processes and equipment handling in order to prevent occupational accidents at the source and safeguard lives and property.
- (d) Occupational safety and disaster prevention training  
The company has appointed dedicated occupational safety and health management personnel in accordance with laws and regulations. In addition, the company regularly conducts two annual seminars of “occupational safety and health” and “fire drills and first-aid training.” Through scenario-based exercises, employees’ risk identification capabilities and emergency response awareness are enhanced.
- (e) Health management and preventive healthcare  
To demonstrate the commitment to employee health and well-being, the company provides comprehensive health examinations for all employees every two years. Based on the examination results, health consultation services and follow-up management are provided to assist employees in effectively monitoring and maintaining their personal health.
- (f) workplace equality and sexual harassment prevention  
The company adopts a zero tolerance policy toward sexual harassment. In accordance with “Act of Gender Equality in Employment”, the company has established the “Measures of prevention, correction, complaint and punishment of sexual harassment”, together with a transparent complaint mechanism and confidential handling procedures. A designated responsible unit has also been established to ensure that employees’ personal dignity and labor rights are fully protected from infringement.
- (2) Labor-Management Disputes: In the current and previous years up to the date of printing, the company has disclosed any losses incurred due to labor-management disputes and estimated amounts of potential losses as

well as measures to respond to such disputes. If an estimate cannot be made reasonably, the company must state this fact.

In the most recent year and up to the date of publication of the annual report, the Company's labor relations were harmonious, and there were no instances of losses due to labor disputes. Looking ahead, the Company will continue to implement various employee rights protection measures and diverse communication channels, and anticipates that the possibility of labor disputes causing damage is extremely low.

## 6. Cyber Security Management

### (1) Cybersecurity Management Strategy and Framework

#### A. Cybersecurity Management Strategy and Framework

PTTECH (Stock Code: 3518) formally established the Information Security Risk Management Committee in July 2019. The Committee is responsible for overseeing cybersecurity policy governance, protection planning, supervision, and execution across all business units, establishing a comprehensive information security management system.

The Committee reports to the Board of Directors annually on cybersecurity governance performance, ensuring that cybersecurity management strategies receive support from the highest level of management. The Company continuously strengthens its cybersecurity defense and incident reporting mechanisms, maintaining the capability for immediate response and rapid recovery to ensure data security and operational stability in the face of increasingly sophisticated cyber threats.



#### B. Cybersecurity Policy

The Company's information security management encompasses the establishment of compliance mechanisms, regular rolling revisions of operating procedures, and multi-layered protection strategies, guided by the following core principles:

- Establish and implement cybersecurity compliance mechanisms that conform to international and domestic regulations, ensuring all business activities remain lawful and compliant.
- Regularly review and apply rolling revisions to relevant operating procedures to ensure corporate cybersecurity standards remain up to date.
- Continuously optimize the information security management system and enhance cybersecurity infrastructure design and data protection technologies.
- Strengthen cybersecurity education and training for all employees to raise security awareness and proactively identify and defend against potential threats

C. Specific Management Programs

The Company implements the following specific management measures to fulfill its cybersecurity policy objectives:

- Regulatory Compliance and Audit
  - Compliance Mechanism: Establish and implement cybersecurity mechanisms conforming to international and domestic regulations to ensure all operations remain lawful and compliant.
  - Regular Review and Revision: Apply rolling revisions to relevant operating procedures on a regular basis to ensure cybersecurity standards continuously meet regulatory requirements.
- Cybersecurity Governance Strategy
  - Advancing Management Systems: Continuously optimize the information security management system and enhance cybersecurity infrastructure design and data protection technologies.
  - Risk Control and Prevention: Strengthen cybersecurity education and training for all employees to raise security awareness and proactively identify and defend against potential threats.
- Risk Transfer and Protection
 

To mitigate operational risk, the Company maintains a Cybersecurity Liability Insurance policy (most recent coverage effective August 2025), providing substantive protection against penalties or claims arising from inadvertent disclosure of sensitive information, and demonstrating the Company’s commitment to responsible corporate governance.

D. Resources Allocated to Cybersecurity Management

Cybersecurity has become a critical operational issue for the Company. Resources allocated to cybersecurity management are as follows:

- Dedicated Organization: The Information Security Risk Management Committee oversees cybersecurity policy governance, protection planning, supervision, and execution.
- Risk Transfer: The Company has maintained annual Cybersecurity Liability Insurance coverage since 2019 as part of its risk management solution against cybersecurity threats.
- Board Reporting: Annual cybersecurity governance project reports are presented to the Board of Directors to ensure senior management remains informed of the current cybersecurity posture.
- Continuous Strengthening: A comprehensive cybersecurity defense and incident reporting mechanism has been established, with the capability for immediate response and rapid recovery.

(2) Cybersecurity Risk Management and Implementation

A. Annual Cybersecurity Governance Record

Upholding the highest governance standards, the Company has consistently implemented cybersecurity defense mechanisms since 2019.

A summary of annual activities is provided below:

Fiscal Year	Implementation Summary
FY2026	A cybersecurity incident (ransomware attack) occurred on January 27. Response mechanisms were immediately activated and core systems have been restored. See the Incident Response section below for details.

FY2025	A cybersecurity governance report was presented to the Board of Directors on August 6, and the Cybersecurity Liability Insurance policy was renewed in the same month.
FY2024	A project report was presented to the Board of Directors on August 9, and the Cybersecurity Liability Insurance policy was subscribed.
FY2023	A project report was presented to the Board of Directors on August 9, and the Cybersecurity Liability Insurance policy was subscribed.
FY2019–2022	Since 2019, annual project reports have been presented to the Board of Directors every August, and the Cybersecurity Liability Insurance policy has been continuously renewed each year, establishing a long-term protection framework.

## B. FY2026 Incident Response

Incident Date	January 27, 2026
Severity Level	Critical Cybersecurity Incident
Incident Type	System Intrusion / Ransomware Attack
Cause	The Company’s information systems were subjected to a malicious external cyberattack, resulting in damage to the virtualization platform layer and storage devices, rendering all primary operational systems inoperable.
Projected Impact	No personal data, confidential information, or critical document leakage has been identified. The incident is assessed to have no material impact on the Company’s operations.
Insurance Claim	Not applicable.

### ■ Incident Response Process

The incident originated in the early morning of January 27. Post-incident log analysis determined that the attackers had gained administrative access to the storage devices and launched the attack at approximately 05:40. By 08:30, IT staff began receiving reports from users that systems were unreachable. Upon investigation, it was confirmed that the virtualization platform had completely failed and all virtual machines (VMs) had been maliciously deleted, with the storage devices confirmed as compromised.

Upon confirming the incident, the IT team immediately reported to the Chairman and activated the system recovery plan. The ERP system maintenance vendor was contacted for assistance, with the vendor performing an initial remote diagnosis before arriving on-site at the Linkou data center at midday. It was confirmed that the hypervisor layer of three physical hosts had been destroyed, and the base layer systems were promptly reinstalled to facilitate the vendor’s on-site recovery work.

In the afternoon, the vendor conducted a deep scan on-site and confirmed that one complete backup had survived deletion. The decision was made to perform a full system restore using this backup. Following a successful restore test on a smaller system to verify the backup’s integrity, a full system recovery was formally launched at 18:00 on January 26. By 16:00 on January 27, all systems had completed recovery and verification and resumed normal operations.

- **Damage Assessment**
  - Scope of Damage: Virtualization layer (Hypervisor) of 3 physical hosts and the management interface of the original storage devices.
  - Data Preservation: All critical operational data has been fully preserved.
  - Business Impact: System services were suspended from January 26 to January 27.
  
- **Root Cause Analysis**

Based on preliminary digital forensics and trace analysis, the intrusion vector and root causes are assessed as follows:

  - Advanced Persistent Threat (APT): The attackers are believed to have been dormant within the internal network for a period of time, conducting network topology reconnaissance prior to the attack.
  - Credential Theft: It is assessed that when IT personnel were assisting a user in troubleshooting a computer issue, the highest-privilege administrator credentials they entered were captured by malware (e.g., a keylogger) that had been dormant on the user's endpoint.
  - Lateral Movement: After obtaining the credentials, the attackers pivoted from the user's endpoint to the server hosts via a relay connection, then leveraged the trust relationship between the server hosts and storage devices to gain control of the storage infrastructure and execute destructive commands.
  
- **Remediation and Corrective Actions**

To prevent recurrence of similar incidents, the Company will implement the following cybersecurity hardening measures:

  - Endpoint Protection Upgrade: Deploy SentinelOne's enterprise-grade Endpoint Protection Platform (EPP), which integrates EDR (Endpoint Detection and Response), XDR, and threat intelligence capabilities to strengthen anti-malware and behavioral detection on user endpoints.
  - Comprehensive Password Reset: All servers, storage devices, and administrator accounts have been compelled to change to high-strength passwords.
  - Immutable Backup: A copy of all backups will be stored in a storage space that is protected against deletion for a designated retention period, ensuring backup files cannot be maliciously erased.
  - Continuous Intensive Monitoring: Network and information infrastructure controls will be strengthened to ensure the ongoing security of information systems.

7. Important Contracts: None.

## V. Review of Financial Conditions, Financial Performance, and Risk Management

### 1. Analysis of Financial Status

- (1) The main reasons for changes in consolidated assets, liabilities, and shareholders' equity in the past two years, as well as their impact, are as follows:

Unit: NT\$ thousand

Item	Year	2025	2024	Difference	
		Amount	Amount	Amount	%
Current Assets		1,122,341	1,608,781	(486,440)	(30.24)
Fixed Assets		879,322	272,987	606,335	222.11
Intangible Assets		1078	770	308	40
Other Assets		243,320	300,554	(57,234)	(19.04)
Total Assets		2,246,061	2,183,092	62,969	2.88
Current Liabilities		378,577	314,554	64,023	20.35
Long-term Liabilities		74,686	15,352	59,334	386.49
Other Liabilities		392,679	398,597	(5,918)	(1.48)
Total Liabilities		845,942	728,503	117,439	16.12
Share Capital		1,026,622	969,622	57,000	5.88
Capital surplus		678,090	843,454	(165,364)	(19.61)
Retained Earnings		(148,052)	(201,884)	53,832	(26.66)
Other Equity		(156,541)	(156,603)	62	(0.04)
Treasury Shares		0	0	0	0
Non-controlling Interests		0	0	0	0
Total Equity		1,400,119	1,454,589	(54,470)	(3.74)
<p>1. Changes in the past two years exceeding 20% and with an amount exceeding NT\$10 million are as follows:</p> <p>Increase in current assets: Primarily due to the purchase of real estate, plant and equipment in fiscal year 2025, resulting in a decrease in current assets.</p> <p>Increase in real estate, plant and equipment: Primarily due to the acquisition of real estate, plant and equipment in fiscal year 2025.</p> <p>Increase in current liabilities: Primarily due to increased short-term borrowings in fiscal year 2025 for operational needs.</p> <p>Increase in long-term liabilities: Primarily due to increased long-term borrowings in fiscal year 2025 for operational needs.</p> <p>Increase in retained earnings: Primarily due to a decrease in after-tax loss in fiscal year 2025.</p> <p>These changes have not had a significant impact on the company.</p>					

### (2) Future Response Actions

The company will continue to focus on improving operational performance to achieve stable profitability and will work towards strengthening the company's financial structure.

## 2. Analysis of Financial Performance

- (1) The main reasons and their impact on the changes in consolidated operating revenue, net income, and pre-tax net income in the past two years are as follows:

Unit: NT\$ thousand

Item	Year	2025	2024	Difference	
		Amount	Amount	Amount	%
Gross Sales		319,902	353,985	(34,083)	(9.63)
Cost of Sales		298,183	283,109	15,074	5.32
Gross Profit		21,719	70,876	(49,157)	(69.36)
Operating Expenses		178,783	216,664	(37,881)	(17.48)
Operating Income		(157,064)	(145,788)	(11,276)	7.73
Non-operating Income and Expenses		34,461	7,078	27,383	386.87
Income before tax		(122,603)	(138,710)	16,107	(11.61)
Tax benefit(Expense)		28,810	46,997	(18,187)	(38.7)
Loss from Discontinued Operations (Note)		(2,020)	26,388	(28,408)	(107.65)
Net Profit		(149,393)	(212,095)	62,702	(29.56)

In the past two years, the following changes have occurred, with a percentage change of over 20% and an amount exceeding NT\$10 million:

Decreased gross profit: due to decreased operating revenue and increased operating costs.

Increased non-operating income and expenses: due to increased other gains and losses.

Increased income tax expense: due to increased operating expenses resulting in a decrease in income tax for the period.

Decreased losses from Discontinued Operations (Note): due to the resolution to sell subsidiaries in fiscal year 2024.

Increased net profit after tax: due to decreased expenses in fiscal year 2025.

These changes have not had a significant impact on the company.

Note: The planned disposal of a subsidiary in 2024 meets the requirements of IFRS 5 "Hold for Sale and Discontinued Operations." Accordingly, the assets to be disposed of have been reclassified as non-current assets held for sale. As these assets meet the definition of a discontinued operation, they are presented as such.

- (2) Sales Forecast for the Next Year and Basis:

Looking ahead to 2026, according to the latest survey report issued by TrendForce, global NB (notebook) shipments are expected downward revision and decline by approximately 5.4% year-to-year, due to limited overall economic recovery momentum, increasingly conservative consumer spending behavior, and the rapid rise in component costs such as memory. In addition to maintaining the existing market share in EMI products, the company's focus has shifted toward increasing the revenue contribution from higher value-added functional coatings and silicon carbide (SiC) product applications. Paragon continues to allocate resources to the development of advanced PVD processes and SiC integrated technologies and the application areas include advanced semiconductor manufacturing

processes, crystal profiling and machining, artificial intelligence (AI), 5G networks, electric vehicles (EVs), renewable energy, and wearable devices (AR) products. Through ongoing business diversification, the company seeks to reduce the risks associated with concentration in any single industry or customer base.

(3) Potential Impact on Future Financial Operations and Response Plan:

To expand into new product markets and diversify business risk, the company will continue to focus on the development of silicon carbide (SiC) materials and new applications of PVD process technologies. Over the next three years, it is estimated that R&D expenditure will account for approximately 10-15% of consolidated revenue. In the future, the company will continue to gradually reduce the revenue contribution from NB EMI processing and further developing advanced PVD processes and SiC integrated technologies in order to mitigate product concentration risk. The company will also strengthen internal management efficiency, cost control capabilities, and accounts receivable management and establish comprehensive management systems to improve operating performance and maintain a sound financial structure in the face to future global economic uncertainties.

The company's future investment plans for capacity expansion will mainly be supported by its own funds, so there will be no significant impact on the company's finances and capital.

### 3. Analysis of Cash Flow

(1) Cash Flow Analysis for 2025

Unit: NT\$ thousand

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
1,069,070	(197,790)	(427,950)	443,330	—	—

- A. The net cash inflow from operating activities was NT\$197,790 thousand, primarily due to the current net loss for the fiscal year 2025.
- B. The net cash outflow from investing activities was NT\$ 648,611 thousand mainly due to the acquisition of additional real estate, plant and equipment.
- C. The net cash inflow from financing activities was NT\$ 217,881 thousand mainly due to the issuance of new shares of the Company, restricted employee stock ownership plans, and new long-term borrowings.
- D. The net decrease in cash and cash equivalents during the period was NT\$ 427,950 thousand and the end balance of cash and cash equivalents was NT\$ 443,330 thousand.

(2) Remedy for Cash Deficit and Liquidity Analysis

A. Remedy for Cash Deficit:

The company does not have a shortage of cash.

B. Liquid Analysis

Item	Year		
	2025	2024	Variance (%)
Cash Flow Ratio (%)	(52.25)	(33.46)	56.16
Cash Flow Adequacy Ratio (%)	(10.13)	27.67	(136.6)
Cash Reinvestment Ratio (%)	(7.71)	(4.21)	83.14

(3) Cash Flow Analysis for the Coming Year

Unit: NT\$ thousand

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
443,330	(170,005)	(188,206)	85,119	—	—

A. Analysis of cash flow changes for the current year:

- (a) Operating activities: It is expected that there will be a net cash outflow from operating activities in the coming year, primarily due to a decrease in revenue.
- (b) Investing and financing activities: The main reason is the repayment of loans, the construction of a factory in Chiayi by a subsidiary, and the disposal of equity in subsidiaries.

B. Remedial measures for anticipated cash shortage: The Company does not currently have a shortage of cash, so no specific remedial measures are needed.

4. Major Capital Expenditure Items in recent years: None.

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

(1) Company's investment policy:

The company's investment decisions are made based on factors such as operational needs and considerations for future growth. Relevant departments provide professional information, and the financial unit consolidates the data to present recommendations to the responsible authorities. After the investment proposal is generated, an evaluation should be conducted on the past and future prospects of the target company, market conditions, and its operational capabilities. This evaluation serves as the basis for the decision-making authorities in making investment decisions.

(2) Main reasons for profit or loss in fiscal year 2025 and improvement measures:

2025/12/31; Unit: NT\$ thousand

Invested Companies	Investment Amount	Share ratios	Recognition of recent annual investment gains or losses,	Main reasons for profit or loss	Improvement plans
MACRO SIGHT INTERNATIONAL CO., LTD.	481,565	100%	1,728	The main reasons for the holding company's profits and losses are determined by the profits and losses of the investee company.	None
Jing Cheng Material Co., LTD.	936,100	100%	(131,403)	In the initial phase of capacity establishment, the administrative and sales costs are relatively high, and no benefits have yet been generated.	The production capacity construction is completed, and the production line output and yield rate are increased.
Paragon Cubee auto parts Inc.	5,000	50%	-	There were no significant changes in profit or loss.	None

(3) Future Investment Plan

In the future, depending on demand, the company will continue to expand the production capacity of non-EMI products and silicon carbide (SiC) wafer products. The company's available funds should be sufficient to support the required future investments, with no impact on the finance.

6. Analysis and assessment of risk events in recent years and up to the date of publication of the annual report

(1) Impact of interest rates, exchange rates, and inflation on the company's income and measures for future responses:

A. Impact of interest rate changes and measures for future responses:

In fiscal year 2025, the company's interest expenses amounted to NT\$8,367 thousand. Although the impact of interest rate changes on the company's income is not significant, the company will closely monitor global economic trends and utilize relevant interest rate hedging tools or consider adjusting the currency of borrowings to mitigate potential interest rate risks.

B. Impact of exchange rate changes and measures for future responses:

The Company is primarily affected by fluctuations in the CNY exchange rate. Changes in the CNY exchange rate may impact the Company's profit and comprehensive income. In 2025, due to exchange rate fluctuations, the Company recognized a foreign exchange loss of NT\$2,458 thousand, accounting for approximately 1.6% of the net loss after tax for the period. Additionally, the foreign exchange translation differences arising from the financial statements of overseas operations were recognized as a net amount of NT\$1,976 thousand, representing about 1.2% of the comprehensive income for the period and approximately 0.14% of the total equity attributable to the Company's owners. Therefore, while exchange rate fluctuations have a minor impact on the Company's profit, they have a relatively higher effect on comprehensive income. Going forward, the Company will closely monitor the exchange rate trend between the New Taiwan Dollar (TWD)

and the CNY, and make use of relevant hedging tools to mitigate the risk of future exchange rate fluctuations on operations.

- C. Impact of inflation on the company's income and measures for future responses:

Currently, inflation has not had a significant impact on the company's income. The company will refer to statistical data from the domestic Statistical Bureau of the Ministry of Economic Affairs, research reports, and economic indices from reputable domestic and international economic research institutions and professional investment institutions. Regular review and gathering of relevant information will provide valuable insights for management decision-making.

- (2) Policies, major reasons for profit or loss, and future responses for engaging in high-risk, high-leverage investments, lending funds to others, endorsing guarantees, and engaging in derivative transactions:

- A. Policies, major reasons for profit or loss, and future responses for engaging in high-risk, high-leverage investments:

The company's primary focus is on the development of its core business and does not venture into other high-risk industries. Furthermore, the company has always maintained a prudent financial management approach and does not engage in high-leverage investments.

- B. Policies, major reasons for profit or loss, and future responses for lending funds to others:

Currently, the company lends funds only to its direct and indirect investments in subsidiary companies where it holds over 100% of the voting rights. The lending of funds to others follows the "Operating Procedures for Lending Funds to Others." The subsidiary companies to which funds are lent maintain sound and stable financial operations, and there have been no losses incurred due to lending of funds to others.

- C. Policies, major reasons for profit or loss, and future responses for endorsing guarantees:

The company provides endorsements and guarantees only to wholly-owned subsidiaries, both directly and indirectly. The endorsement limits are determined based on the "Operating Procedures for Endorsing Guarantees." The subsidiary companies for which guarantees are provided maintain sound and stable financial operations, and there have been no losses incurred due to endorsements and guarantees.

- D. Policies, major reasons for profit or loss, and future responses for engaging in derivative transactions:

The company engages in derivative transactions primarily to mitigate market risks caused by exchange rate and interest rate fluctuations and not for arbitrage or speculative purposes. The company and its subsidiaries comply with relevant regulations issued by regulatory authorities and international financial reporting standards in conducting derivative transactions. The company strictly adheres to the "Asset Acquisition or Disposal Procedure" established by the company.

- (3) Future research and development plans and projected research and development expenses:

In the future, we will continue to improve our core technical capabilities. In addition to continuing to study vacuum sputtering technology, we will invest more resources in the development of silicon carbide process

technology. In the past five years, the company's investment in R&D expenses accounted for an average of approximately 9.62% of consolidated net operating revenue. It is expected to invest approximately NT\$48.75 million in R&D expenditures in 2026 to continue investing in the development of new technologies and new processes. It is expected to develop new process equipment and functional coating technology, and specialize in researching new technologies and new materials to expand product applications. The estimated R&D projects and estimated investment costs in 2026 are as follows:

Recent Annual Plan	Planned R&D Expenditure	Current Progress
Development of New Applications for PVD coating	13.80 million	Developing
Development of SiC single crystal manufacturing process technology	34.95 million	Developing

(4) Impact and Countermeasures of Important Policy and Legal Changes, Both Domestic and International, on the Company's Financial Operations

The Company has not been subject to any major domestic or foreign policy or legal changes in recent years that would have affected the Company's finances and business. The company also appoints legal consultants to provide consultation and handle legal issues related to the company.

(5) Impact and Countermeasures of Technological Changes and Industry Transformations on the Company's Financial Operations

The company maintains close connections with domestic and international major manufacturers and maintains good cooperation with domestic research institutions, enabling it to stay informed about industry changes and future technological trends. The company possesses the capability to develop its own technology and is confident in quickly leading the industry in response to new technological requirements and processes, thereby enhancing its competitive advantage. The company will continue to closely monitor market trends and adapt to industry evolution and changes. Therefore, technological changes and industry transformations are not expected to have a significant impact on the company's financial operations.

(6) Impact and Countermeasures of Corporate Image Changes on Crisis Management

Since its establishment, the company has been committed to maintaining its corporate image and complying with legal requirements, guided by the principles of stability and integrity. The company has planned to enter the capital market to attract more talented individuals, strengthen its management team, and share its business achievements with shareholders and the public, fulfilling its social responsibilities. Therefore, there have been no incidents that have jeopardized the company's corporate image.

(7) Expected Benefits, Potential Risks, and Countermeasures of Mergers and Acquisitions

In the most recent year and as of the date of publication of the public prospectus, the company has no plans to acquire other companies. However, should any acquisition plans arise in the future, the company will adopt a prudent evaluation approach to ensure the rights and interests of the

shareholders and employees are fully protected.

(8) Expected Benefits, Potential Risks, and Countermeasures of Expanding Production Facilities:

In line with the diversified business development strategy, the company's subsidiary, Jingcheng Materials Co., Ltd., completed construction of new silicon carbide facility in Chiayi in 2026. The new plant is primarily intended to expand crystal growth and processing capacity for silicon carbide (SiC) substrates in order to meet growing demand from the high performance power device market. The capital expenditure for this plant construction project was undertaken following a comprehensive and prudent evaluation, with full consideration given to investment return benefits and potential risks. The related financial risks remain within a controllable range and have no material adverse impact on the company at present.

(9) Risks and Countermeasures Related to Concentration in Purchasing or Sales

A. Evaluation of Sales Concentration Risk and Countermeasures:

In 2025, the same group's sales accounted for 97.08% of the company's main revenue source. This is mainly due to the fact that the group's global notebook computer case market share is in the leading position among its peers. Due to the business it operates and the industry it belongs to, sales are concentrated to it. The company has actively entered the silicon carbide field since 2021 and acquired Jing Cheng Materials Co., Ltd. as a 100% investment subsidiary. It has continued to build production capacity and is expected to gradually reduce the concentration of sales in the same group.

B. Evaluation of Purchasing Concentration Risk and Countermeasures:

The company has three to five main suppliers. The company has frequent interactions with each supplier and has a good relationship with them. There is no risk of concentration of supplies.

(10) Impact, Risks, and Countermeasures of Changes in Directors, Supervisors, or Shareholders Holding More than 10% of Shares on the Company

As of the printing date of the annual report, there have been no significant changes in the ownership of shares or the composition of directors, supervisors, or shareholders holding more than 10% of shares.

(11) Impact, Risks, and Countermeasures of Changes in Management Control over the Company

As of the printing date of the annual report, there have been no significant changes in the management control over the company.

(12) Litigation or non-litigation events concerning the company, its directors, supervisors, general manager, de facto responsible persons, major shareholders holding more than 10% of the shares, and subsidiaries, in which there are pending or adjudicated litigation, non-litigation, or administrative disputes, the outcome of which may have a significant impact on the company's shareholders' equity or securities prices: None.

(13) Other significant risks and corresponding measures: None.

7. Other important items: None.

## VI. Special Disclosure

### 1. Summary of Affiliated Companies

- (1) Consolidated Operating Report of Affiliated Companies  
Please refer to the TWSE Information Observation Station/Related Companies' Three Documents and Forms Section/Related Companies' Consolidated Business Report.
- (2) Consolidated financial statements of enterprises related:  
Please refer to the TWSE Information Observation Station/Related Companies' Three Documents and Forms Section/Related Companies' Consolidated Business Report.
- (3) Related Party Report: None.

2. For 2025 and up to the date of printing this annual report, there have been no transactions involving private placement of securities:

Item	2025 First Private Placement First Phase Issuance date: January 2, 2026
Private Placement Securities type	Common stocks
Approval date and Number of Shareholders' Meeting	Date: June 12, 2025 Number: within 25,000,000 shares
Base and Rationality of Price Setting	<p>(1) The reference price for determining the subscription price of the privately placed common shares shall be calculated based on the higher of the following two bases. One is the simple arithmetic average of the closing prices of the Company's common shares for any one of the one, three, or five business days prior to the pricing date, after deducting the effects of ex-rights for stock dividends and ex-dividend distributions, and adding back the share price adjusted for capital reduction. The other is the simple arithmetic average of the closing prices of the Company's common shares for the thirty business days prior to the pricing date, after deducting the effects of ex-rights for stock dividends and ex-dividend distributions, and adding back the share price adjusted for capital reduction. The higher of the calculated prices under the above two bases shall be used as the reference price.</p> <p>(2) The date of the Board of Directors meeting on November 5, 2025 is hereby designated as the pricing date for the first issuance of privately placed common shares:</p> <p>(3) The private placement price for this offering is determined according to the pricing principles resolved at the Company's Annual General Meeting held on June 11, 2025. November 5, 2025 is designated as the pricing date for this private placement. The reference price is calculated as follows: (a) The simple arithmetic average of the closing prices of the Company's common shares for any one of the one, three, or five business days prior to the pricing date, after deducting the effects of ex-rights for stock dividends and ex-dividend distributions, and adding back the share price adjusted for capital reduction, are NT\$20.15, NT\$20.63, and NT\$20.98, respectively. Among these, the average closing price for the five business days, being NT\$20.98, is selected; (b) The simple arithmetic average of the closing prices of the Company's common shares for the thirty business days prior to the pricing date, after deducting the effects of ex-rights for stock dividends and ex-dividend distributions, and adding back the share price adjusted for capital reduction, is NT\$21.62. Comparing (a) and (b), the higher value of NT\$21.62 is adopted as the reference price. Taking into account the Company's operating performance, market conditions, and the restriction under the Securities and Exchange Act that privately placed securities may not be freely transferred within three years, the actual private placement price is set at NT\$20</p>

	per share. This price is not lower than 80% of the reference price and remains within the scope authorized by the shareholders' meeting resolution.				
Specific Person Selecting Method	<p>1. The subscribers in this private placement shall be limited to specific persons in compliance with Article 43-6 of the Securities and Exchange Act, and shall be strategic investors. Priority shall be given to those who can generate benefits for the Company's long-term development and competitiveness, as well as for the interests of existing shareholders.</p> <p>2. The purpose, necessity, and expected benefits of selecting strategic investors are to meet the Company's operational development needs. Through the participation of strategic investors, it is expected that the Company will be directly or indirectly assisted in areas such as finance, business development, production, technology, procurement, management, and strategic planning, thereby enhancing the Company's competitiveness, improving operational efficiency, and supporting long-term development, which should have a positive impact on shareholders' equity.</p>				
Necessary Reasons of Conducting Private Placement	Considering the current conditions of the capital market, as well as the timeliness and feasibility of capital raising, the Company adopts the private placement method in order to obtain the required funds within the shortest possible timeframe and to facilitate the introduction of strategic investors. In addition, as privately placed shares are subject to transfer restrictions, such arrangement is more conducive to ensuring a long-term cooperative relationship between the Company and its strategic investors.				
Price Payment Complete Date	November 19, 2025				
Applicant Information	Private placement object	Qualification	Number of subscription	Relationship with the Company	Participation in the Company's operation
	Huang, Chang-Hua	Conform to Article 43-6, subparagraph 2	500,000	None	None
	Chen, Li-Hua	Conform to Article 43-6, subparagraph 2	4,500,000	None	None
Actual Price of Subscription	NT\$ 20.-				
Difference of Actual Price of Subscription and Reference Price	The private placement price of the common shares is set at NT\$20 per share, which is approximately 90% of the reference price of NT\$21.62, and is in compliance with the requirement that the price shall not be lower than 80% of the reference price.				
Influence of Conducting Private Placement for Shareholders' Equity	Considering that the funds to be raised in this offering are intended for purposes such as strategic alliance development or the strengthening of working capital, and that the expected benefits will contribute positively to shareholders' equity, the issuance of new shares in this private placement is not expected to cause a material dilution of the interests of existing shareholders.				
Utilization Situation of Private Placement and Plan Implementation Progress	The funds raised from this private placement of common shares will be used to strengthen working capital to meet the Company's long-term development needs and to repay bank borrowings. The expected benefits include enhancing the Company's operational competitiveness, strengthening its overall financial structure, and improving operational efficiency, which will be beneficial to shareholders' equity. The Company plans to repay bank borrowings in the amount of NT\$10,000,000 in the fourth quarter of 2025 and NT\$30,000,000 in the first quarter of 2026.				
Private Placement Benefit Appearance Situation	Enhance the Company's operational competitiveness, strengthen its overall financial structure, and improve operational efficiency, thereby contributing to the Company's long-term development.				

3. Other Necessary Supplementary Explanations: None.

4. Events Occurring during 2025 and up to the Date of Printing the Annual Report that Have a Significant Impact on Shareholders' Equity or Security Prices as stipulated in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act: None.

Paragon Technologies Co., Ltd.

Chairman Huang, Yi-Chun