1 Professional Governance

1.1 Organizational Overview

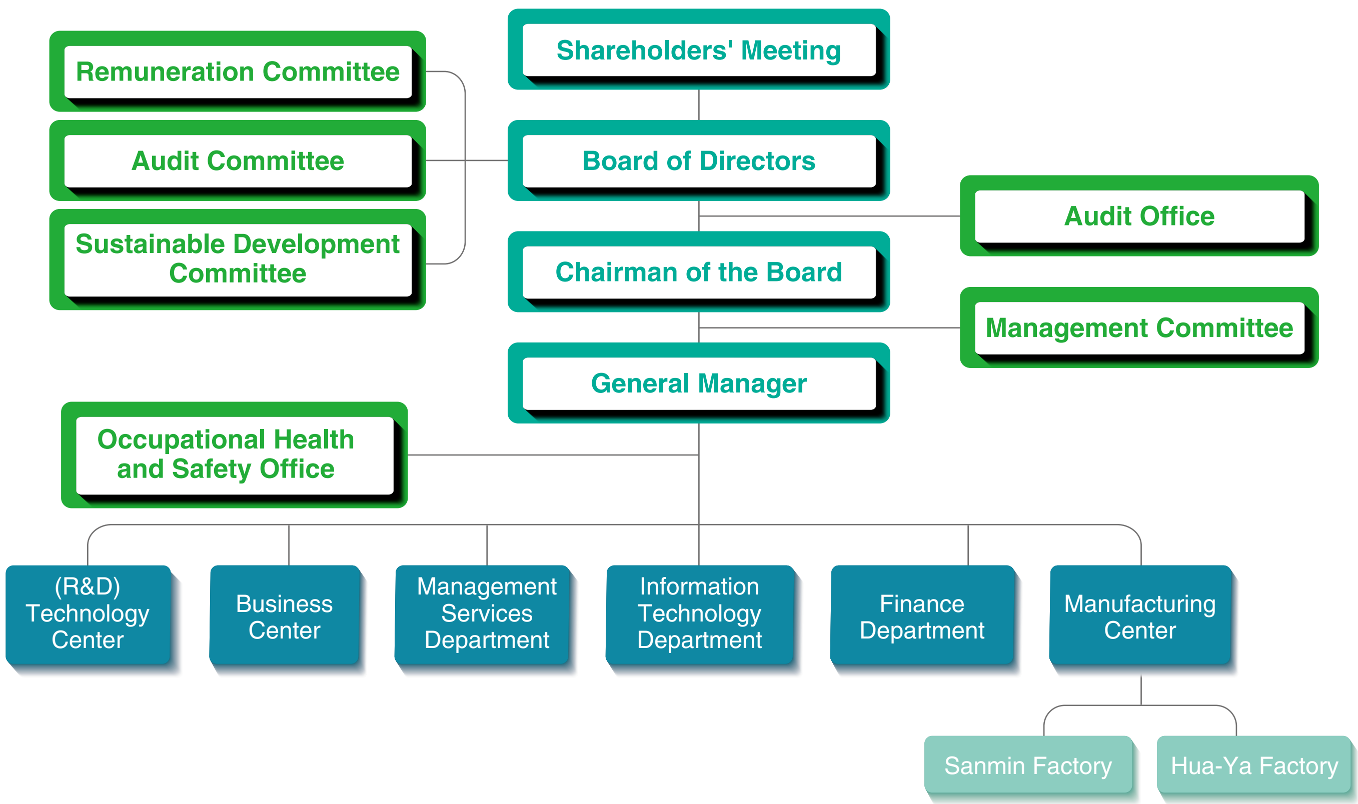
Company Profile

NEXCOM is an industrial computer (IPC) manufacturer that is divided into five major business units based on application fields: Network Communication Solutions, IoT Automation Solutions, Intelligent Video Surveillance, Intelligent Platform @ Smart City, Mobile Computing Solutions. The company is market-oriented, striving to build a global service network while continuously innovating to ensure technological leadership and provide the highest quality services that exceed customer expectations.

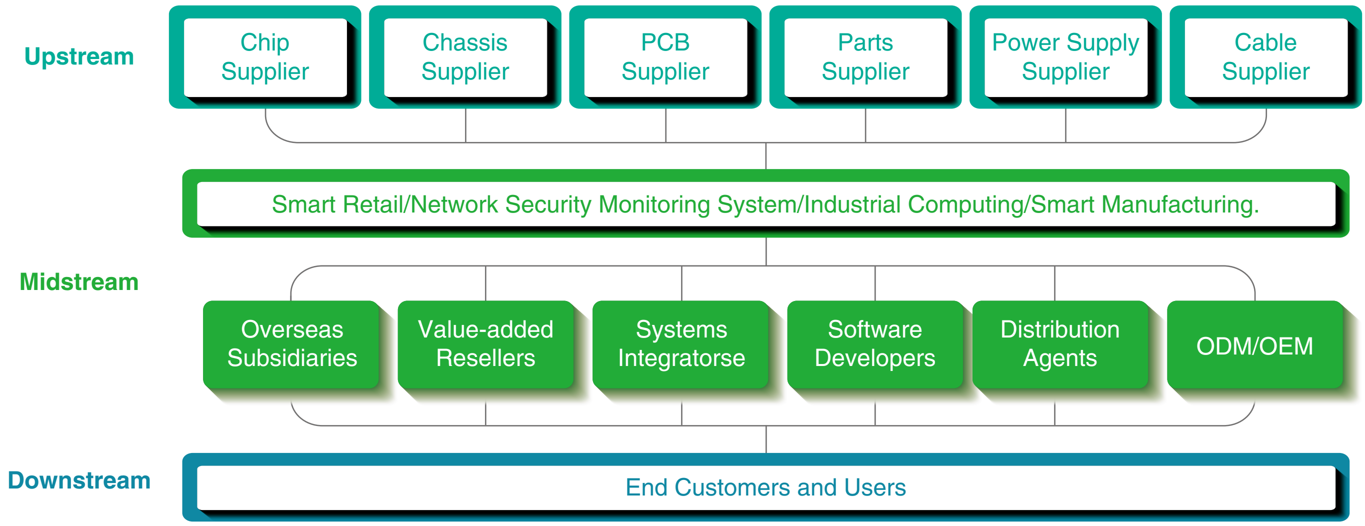
With a core focus on technology, the company offers optimal solutions for customers and positions itself as an "active contributor" to society and the environment. Currently, it is promoting "digital transformation" and "green manufacturing" to assist customers in transforming into net-zero emission smart enterprises. With the goal of achieving "maximum output with minimum consumption," the ultimate aim is to transform the world into a net-zero carbon green planet.

Company Name	NEXCOM International Co., Ltd.	Paid-in Capital	NT$ 1,412,264,720
Founding Time	November 1992	Number of Employees	Parent company: 862 Group: 1,256
Address	9F., No. 920, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235 , Taiwan (R.O.C.)	Operating Locations	Taiwan,China,Japan,U.S.A.
Chairman	Clement Lin	2025 Revenue	Parent company: NT$4,268,218,000 Consolidated revenue: NT$5,702,153,000
General Manager	Peter Yang		

►Organizational Chart



Industry Upstream and Downstream



The Company maintains stable supply chain relationships across upstream, midstream, and downstream partners. During the reporting period, there were no significant adjustments or changes in the structure of the Company's supplier network.

►Main Business Items

IoT Automation Solutions	Industrial Automation & I4.0 Execution, Intelligent Edge, Gateway & EWR, Industrial Robot Control, EtherCAT Motion Solutions, Wireless & Embedded Solutions for Industrial IoT
Intelligent Video Surveillance	IP Video Surveillance Cameras, Mobile Cameras, ANPR/LPR Network Cameras, Panoramic Cameras, NVR Server Platform
Intelligent Platform ＠ Smart City	Smart City, Smart Retail, Digital Signage, Interactive Kiosks, Hospitality, Gateway, Edge AI, ODM Customization Services
Mobile Computing Solutions	Edge AI Telematics Computer, Vehicle Telematics Computer, Railway Computer, Vehicle Mount Computer, Vehicle Mount Display, In-Vehicle Networking, In-Vehicle HDMI Extender over IP
Network Communication Solutions	Cyber Security, HPC, Telecommunications, Storage, SDN/NFV, ICS Security

Participation in Industry Associations

By participating in industry associations, NEXCOM can connect with other members, increase visibility and attract potential customers or partners to develop business opportunities. Additionally, industry associations provide opportunities for learning and knowledge sharing, allowing the company to stay updated on the latest industry information, thereby enhancing professional capabilities and competitiveness.

Associations	Participating status
Taipei Computer Association	General member
Health Level Seven Taiwan	General member
PCI-SIG （Peripheral Component Interconnect Special Interest Group）	General member
PCI Industrial Computer Manufacturers Group	General member
VCCI Council (A private organization in Japan that handles electromagnetic interference emitted by electronic computers)	General member
Cloud Computing & IoT Association in Taiwan	General member

Financial Performance

The massive inventory pre-ordering by customers during the post-pandemic reopening was largely digested by mid-2024. Consequently, the overall industry began to recover in the fourth quarter of 2024, driving a substantial year-over-year revenue increase in the first quarter of 2025. Although subsequent U.S. announcements of reciprocal tariffs, paired with memory shortages and price hikes, created further headwinds, full-year revenue still achieved a 5% growth compared to 2024.

Unit: NT$ thousand	2023	2024	2025
Operating Revenue	5,765,509	5,421,065	5,702,153
Costs/Expenses	(5,543,190)	(5,566,197)	(5,657,637)
Non-operating Income (expenditure)	22,565	90,684	(4,004)
Net profit (loss) before tax	244,884	(54,448)	40,512
Income Tax Expense	(54,453)	102,303	40,512
Net Income Attributable to Parent(Loss)	178,791	84,890	54,588
EPS (NTD)	1.27	0.60	0.39
Dividends (NTD)	1.2	0.60	0.4
Employee Salaries and Benefits	1,471,591	1,291,350	1,325,744
Interest Payments	45,919	46,303	36,968
Payment of Income Tax	90,314	122,101	118,229

Note: Data is sourced from NEXCOM and its domestic and international subsidiaries.

1.2 Board of Directors

The Board of Directors is the most important decision-making body of an enterprise and plays a key role in the operation and governance of the enterprise. Currently, there are 4 male and 2 female directors among the 6 directors, with expertise in various aspects including business management, finance, sustainable development and technology industries. In order to strengthen the independence and effectiveness of the board of directors, the 4 independent directors account for more than half of the board of directors, and can directly supervise the company's operations from an objective and fair standpoint, and use their rich experience and knowledge to make suggestions and assist the company in formulating strategies. The company has a corporate governance director who serves as a bridge between the directors and the company to assist the board of directors in smoothly executing related business. In 2025, all board members successfully completed their annual goal of at least six hours of continuing education. The training curriculum covered highly relevant global topics, including "Trump 2.0, the Death of Globalization, and Regional Wars" as well as "Corporate Innovative Growth and AI." Throughout 2025, the Board of Directors convened a total of 5 meetings, achieving a 100% attendance rate.

Board Director Nomination and Election

Our company adopts a candidate nomination system for board elections, with separate elections for independent and non-independent directors. Each director serves a three-year term and can be re-elected. To enhance independence, more than half of the independent directors have not served more than three terms.

Conflict of Interest of Board Directors

All board members adhere to strict self-discipline principles to avoid potential conflicts of interest. Directors must declare any personal interests related to the discussions during meetings. If the interest is likely to harm the company's interests, the concerned director must refrain from participating in the discussion and voting.

Board Performance Evaluation

To enhance operational efficiency and corporate governance, the Board of Directors conducts annual self-evaluations and commissions an independent external institution for an evaluation every three years. The scope encompasses the overall Board, individual members, and functional committees, with results serving as a key reference for director nominations and individual remuneration. In 2025, performance scores across all evaluated areas exceeded 90 points, achieving an "Excellent" rating. Furthermore, Chainye Management Consultancy Co., Ltd. was commissioned for an external evaluation. The institution concluded that the Company has established robust policies and procedures aligned with relevant laws and domestic corporate governance benchmarks. Composed of professionals with strategic competencies and clear, experience-based divisions of labor, both the Board and its functional committees operate with high effectiveness, earning a final evaluation result of "Excellent."

Board Director Remuneration Policy

The remuneration of our directors and supervisors is evaluated by the Remuneration Committee, primarily based on the results of the board performance evaluation, their involvement in company operations, and their contribution value. Regardless of the company's profits or losses, remuneration is paid according to industry standards.

Communication and Response to Key Events

The disclosure and handling of material internal information must comply with relevant laws and the regulations of the Taipei Exchange. Our Finance Department is responsible for managing material internal information, adhering to the principles of accuracy, completeness, and timeliness as required by law.

Disclosures of material internal information should be handled by the company spokesperson or an authorized spokesperson, and if necessary, directly by person in charge of the company.

►Board Members

Title	Name	Gender	Current Term	Diversified Background and Core Competencies of the Board of Directors			
				Business Management	Industry Knowledge	Financial Accounting	Sustainable Development
Director	LIN, MAO-CHANG	Male	2024.06~2027.06	V	V		V
Director	LIN, ZHENG-TAI	Male	2024.06~2027.06	V	V		V
Independent Director	WANG, YONG-YAO	Male	2024.06~2027.06	V	V	V	
Independent Director	CHEN, QING-YIN	Male	2024.06~2027.06	V		V	
Independent Director	CHEN, LI-CHUN	Female	2024.06~2027.06	V		V	V
Independent Director	LIN, LING-FANG	Female	2024.06~2027.06	V		V	V

Functional Committees

Audit Committee

The Audit Committee consists of four independent directors, assisting in overseeing the effective operation of the company's internal controls. They evaluate the rationality of transactions such as loans, endorsements, guarantees, and major asset acquisitions or disposals. They also appoint certifying accountants and improve the quality of financial statements. In 2025, the Audit Committee held a total of five meetings with an attendance rate of 100%.

Remuneration Committee

The Remuneration Committee is primarily responsible for regularly reviewing the remuneration system for directors and managers to ensure its appropriateness and its reasonable correlation with the company's performance. The goal is to create a win-win situation for both individuals and the company. In 2025, the Remuneration Committee held two meetings with an attendance rate of 100%.

Sustainable Development Committee

To enhance the management of corporate social responsibility, the Sustainable Development Committee was established on August 3, 2022, by resolution of the Board of Directors. This committee assists the board of directors in continuously promoting corporate social responsibility and improving corporate governance to achieve sustainable development. In 2025, the Sustainable Development Committee held a total of four meetings with an attendance rate of 100%.

1.3 Business Integrity

NEXCOM is committed to compliance with the law and upholds "Keeping Integrity with sincerity and credibility" as its core concept. The entire business operation is conducted with a spirit of honesty and integrity. The company has formulated several key policies, including the Code of Ethical Conduct, Ethical Corporate Management Best Practice Principles, and Corporate Social Responsibility Best Practice Principles, all of which are incorporated into the onboarding training materials for new employees. In 2023, NEXCOM established a dedicated Integrity Task Force to design and implement concrete integrity initiatives and set up a whistleblowing mechanism to encourage and protect individuals who expose internal misconduct.

Through continuous efforts, the value of integrity has permeated every aspect of the organization and become embedded in the DNA of all employees. In 2025, 100% of employees signed the Statement of Ethical Corporate Management.

►Integrity Business and Anti-Corruption Education and Training Statistics

	2023	2024	2025
Number of Employees Trained in Anti-Corruption (Integrity Business) Policy	384	149	254
Percentage of Total Employees	30%	13%	22%

Note: Data sources include NEXCOM and its Taiwanese subsidiaries.

Regulatory Compliance

In 2025, there were no significant violations or fines involving corporate governance, securities trading, environmental protection, labor rights, occupational safety, customer privacy leaks, marketing labeling, or product liability.

Regulatory Identification

NEXCOM, being a TPEx-listed company and is subject to relevant regulations applicable to listed companies, including the Company Act, Securities and Exchange Act, as well as guidelines issued by the Financial Supervisory Commission (FSC), such as the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. In addition, NEXCOM complies with rules established by the Taipei Exchange, such as the Rules Governing Securities Trading on the Business Premises of Securities Firms and the Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities. Updates to these regulations are formally communicated by the competent authorities through official letters.

NEXCOM has designated personnel responsible for receiving such official correspondence. Upon receipt, the relevant content is immediately distributed to the appropriate departments for compliance and implementation. Furthermore, the company's certified public accountants, securities brokers, and stock transfer agents also provide updates on regulatory changes via email to ensure no important updates are overlooked.

Regarding environmental protection and occupational safety and health regulations, NEXCOM has established a regular identification and update mechanism. In accordance with the regulatory requirements of the regions where the company operates—such as the Occupational Safety and Health Act, the Waste Disposal Act, and the Noise Control Act—dedicated EHS (Environmental, Health, and Safety) personnel regularly review the latest laws and regulations announced by competent authorities such as the Environmental Protection Administration and the Ministry of Labor. The company also keeps track of regulatory changes by subscribing to government newsletters, attending external seminars, and seeking assistance from consultants. When new or updated regulations are identified, the relevant departments are promptly notified, and internal management systems and operating procedures are revised accordingly to ensure legal compliance and minimize compliance risks.

Regulation	Responsible Department	Methods and Frequency of Review Revisions
Applicable Laws and Regulations for TPEx-Listed Companies	Finance Department	Pay attention to media reports on amendments to laws and regulations, review the contents of letters from competent authorities at any time, and consult external professional organizations such as accounting firms when appropriate.
Occupational Safety and Health Regulations	Administrator Service Department	Constantly monitor the Ministry of Labor's related laws and regulations through a regulatory inquiry system to check for updates or revisions. The regulatory list is compiled every three months and adjusted according to ISO 45001 standard procedures.
Environmental Regulations	Environmental Management Team	A dedicated personnel collects environmental regulation changes from relevant websites each quarter and revises them immediately according to ISO 14001 standard procedures and related legal requirements.
Gender Equality (including Sexual Harassment Prevention) Regulations	Administrator Service Department	Constantly monitor the Ministry of Labor and the Ministry of Health and Welfare's related laws and regulations through a regulatory inquiry system to check for updates or revisions. The regulatory list is compiled every three months and adjusted according to ISO 45001 standard procedures.

1.4 Internal Risk Control

Risk Management

Risk management is a crucial part of sustainable development for enterprises, vital for their survival and growth. Companies must fully recognize the importance of risk management, establishing comprehensive risk management systems and mechanisms to cope with rapidly changing market environments and various challenges. NEXCOM's risk management framework is centered on each responsible department, conducting related risk assessments to identify potential risks. These risks are evaluated based on their likelihood and impact, with response strategies and specific management measures formulated to promptly address potential crises, ensuring the goal of sustainable operation.

The Company's risk management is supervised by the Audit Committee. In 2023, a Risk Management Task Force was established, holding quarterly meetings. The task force is composed of first-line managers, including the Chairman, heads of business units, and department heads from R&D, Finance, IT, and Legal. Following the "Risk Management Policy and Procedures," the team identifies potential risks, analyzes their impacts, determines treatment priorities, and formulates response plans. The results of the risk management process are reported annually to the Audit Committee and the Board of Directors.

►Risk Assessment

Category	Potential Risk Issues	Risk Control Measures
Financial	Exchange rates, interest rates, cash flow	1. Reduce exchange rate risks through natural hedging and foreign currency borrowing from financial institutions. 2. Maintain close relationships with multiple banks to ensure sufficient operational capital for turnover needs.
Operations	Products have no marketability	Actively understand market dynamics and maintain good relationships with customers to ensure products meet their needs.

Category	Potential Risk Issues	Risk Control Measures
R&D	Obsolete technology Technology development is not cost effective	1. Understand industry and technology trends, and invest in R&D ahead of the market. 2. Carefully evaluate technical investments beforehand and consider forming alliances with external parties to gain timeliness and reduce risk.
Occupational Safety	Occupational accident occurs	1. Establish human factor hazard prevention plan and train employees on proper working postures to reduce human and physical hazard factors. 2. Conduct workplace environmental monitoring twice a year to ensure pollutant concentrations meet allowable standards and noise levels are within permissible limits.
Environmental	Environmental changes affecting energy costs Increased waste disposal costs	1. Continuously optimize production processes to improve efficiency and reduce energy consumption. 2. Establish waste classification and management regulations, simplify product packaging design, and use green materials (RoHS, REACH, etc.) to increase material recycling rates.
Human Resources	Insufficient supply of talent/labor shortage	1. In order to retain important talents, salary adjustments are made every year based on performance evaluations. 2. Redefine recruitment standards: expand talent recruitment. 3. Train ideal talent in-house. 4. Set up new offices where talents are located and introduce talents nearby. 5. Make good use of middle-aged and elderly manpower. 6. Accelerate automation and intelligence. 7. Flexible employment arrangements. 8. Outsource some work. 9. Collaborate with academic institutions.
Supply Chain	Supplier stockouts	1. Develop a comprehensive supplier system. 2. Monitor market conditions and pre-stock materials before End-of-Life (EOL) of components.
Information Security	Theft or hacking of confidential information	1. Implement and certify ISO 27001 Information Security Management System. 2. Conduct annual information security risk assessments and implement risk improvement plans for high-risk items. 3. Perform annual information security incident reporting and drills. 4. Establish anti-spam and anti-phishing mechanisms to filter and block malicious and fraudulent emails.

Audit of Internal Control

Within the functional dimensions of modern corporate operations, internal audit serves as an indispensable third line of defense in the corporate governance framework. Its primary responsibility is to assist the Board of Directors and management in effectively reviewing and evaluating the implementation of the internal control system. By identifying control deficiencies and potential risks, as well as measuring operational effectiveness and efficiency, internal audit ensures that the internal control system continues to function effectively, thereby supporting the company's stable growth and the achievement of its strategic objectives.

Independence and Professional Standards

To ensure the independence and professionalism of the audit function, the Company's Internal Audit Office reports directly to the Board of Directors. The appointment or dismissal of the Chief Auditor requires the approval of a majority of the Board members, thereby maintaining the objectivity and neutrality of the audit function.

The appointment, dismissal, performance evaluation, and compensation system for internal auditors are governed by the Company's relevant internal regulations and statutory requirements. Performance evaluations are conducted twice a year to ensure that personnel maintain their professional competence and quality of work.

Internal auditors are required to formulate the annual audit plan based on the Company's internal and external operating environments, regulatory requirements, and risk assessment results. Audits are executed and audit reports are completed in accordance with this plan. To facilitate timely oversight of internal control quality by decision-makers and to enhance information transparency, audit reports must be delivered to the Independent Directors for review by the end of the month following the completion of each audit item.

Audit Execution and Transparency

Each year, the Internal Audit Office reviews the effectiveness of the self-assessments conducted by various departments to evaluate the first-line self-monitoring mechanisms. These reviews serve as a crucial basis for the Board of Directors and the President to assess the overall effectiveness of the internal control system and to issue the Statement of Internal Control.

2025 Performance and Implementation Results

Through robust institutional design, the Company is committed to strengthening its governance structure and operational transparency. In 2025, the Internal Audit Office executed a total of 61 audit operations, covering the following scopes:

- **Operational Cycle Audits:** Sales Cycle (7 items), Procurement Cycle (6 items), Production Cycle (4 items), Property, Plant, and Equipment (5 items), and Financing Cycle (2 items).
- **Information and Internal Management System Audits:** Information System Management (4 items) and Internal Management Systems (33 items).

The execution fulfillment rate of the annual audit plan for this year reached 100%, effectively exercising the oversight function and laying a solid foundation for sustainable corporate operations.

►Audit of Internal Control Process

Step 01 Formulate the annual audit plan.

Step 02 Submit the plan for review and approval by the Audit Committee and the Board of Directors.

Step 03 Plan and execute the auditing.

Step 04 Communicate audit results with the audited departments and provide timely improvement suggestions.

Step 05 Attach work sheets and relevant materials to compile the audit report.

Step 06 Send the audit report to the audited department.

Step 07 Follow up on the report's findings.

Step 08 Regularly report audit activities and implementation status to senior management, the Audit Committee, and the Board of Directors.

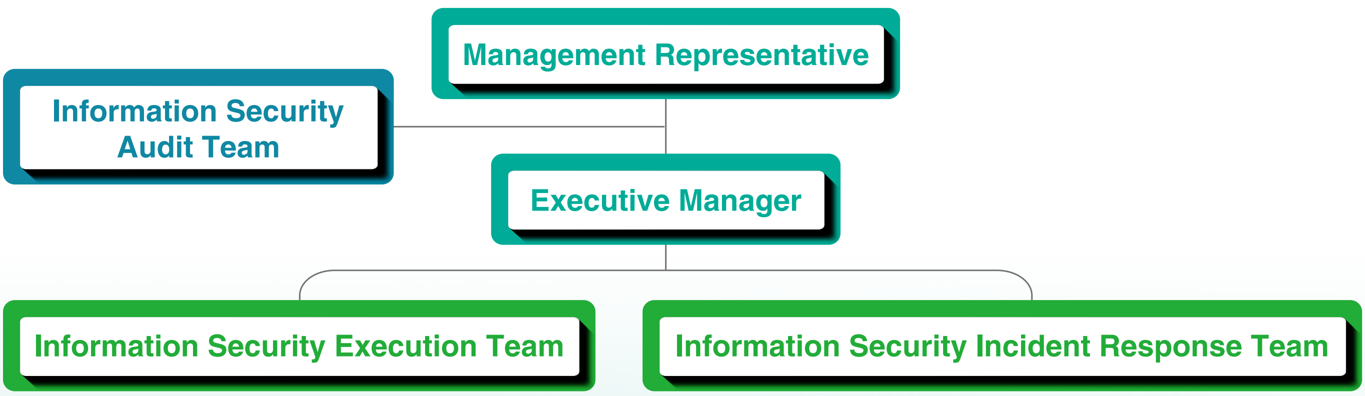
1.5 Information Security

In 2021, NEXCOM established its internal Information Security Management System (ISMS) framework and officially implemented it across the organization. In the second half of 2022, the company began adopting the ISO 27001 Information Security Management certification system and successfully obtained certification in the second quarter of 2023. In alignment with the latest Information Security Management System (ISMS) requirements, the upgrade and recertification for ISO 27001:2022 were fully completed in February 2026. NEXCOM places great importance on information security and has established a comprehensive protection and data safeguarding mechanism to prevent the leakage of confidential information or data corruption. In addition, the company has implemented a data backup system for critical applications and conducts unscheduled recovery tests annually to ensure systems can be restored as needed. This helps mitigate risks associated with unexpected natural disasters or human error that could disrupt operations. In 2025, NEXCOM received no complaints regarding customer privacy breaches or loss of customer data.

Information Security Promotion Committee

Convener	Chairman
Management Representative	The Top Supervisor of the Information Department
Functional Teams	Comprised of members from the Information Department based on their expertise and responsibilities, fully in charge of information security-related matters, and reporting annually to the Board of Directors on the execution of duties for the year.
Management Representative	1 person
Executive Manager	1 person
Information Security Organization	• Execution Team: 8 members • Incident Response Team: 6 members • Audit Team: 1 member

►Information TecŸology Department Organizational Chart



Information Security Policy

Enhance personnel awareness, prevent data leakage, and ensure service availability.

Information Security Objectives:

1. Conduct information security education and training to promote employee awareness of information security and reinforce their understanding of related responsibilities.
2. Ensure the confidentiality of business data, prevent unauthorized access or modification, and implement data access control.
3. Ensure that the core systems provided by the organization maintain a certain level of availability.

Information Security Achievements in 2025

- January 2025: Implemented company-wide information security education and training
- May 2025: Complete core system vulnerability scan
- July 2025: Executed ISO 27001:2022 transition and recertification audit
- January 2026: Completed the ISO 27001:2022 external audit

Information Security Education and Training

To enhance the awareness and understanding of information security among all employees, NEXCOM regularly conducts educational campaigns on information security risks. This aims to strengthen employees' awareness of information security and the protection of sensitive data.

For all employees (excluding migrant workers): One information security campaign was conducted in 2025. A total of 1,251 copies were issued, 1,029 were collected, and the collection rate reached 82.3%

For IT personnel: One briefing on the new version of ISO 27001:2022 was conducted in 2025.

For suppliers: Starting from 2024, they must pass information security education and training before they can use VPN and remote connection services.

►Information Security Measures

Item	Description
Firewall (UTM)	Through the web and network protection functions of Unified Threat Management (UTM), we have implemented filtering and protection measures for both external and internal services. This includes proactive monitoring of web content and network traffic to detect and block potential threats. Additionally, we filter packets on VPN connections to ensure their security.
Intrusion Prevention System (IPS)	By using an active Intrusion Prevention System (IPS), we effectively help the organization identify malicious traffic while taking proactive measures to block such traffic from entering our network. This technology not only monitors incoming traffic but also checks for potential vulnerabilities and intrusion attempts.
Internet Access Management	We have implemented a security measure that prohibits mobile devices (e.g., smartphones) from connecting to the internal network via Wi-Fi. We also use Network Access Control (NAC) technology to enhance control over network devices. This measure ensures that only authorized company computers can connect to the internal network, and non-company computers are prohibited from accessing the internal network, effectively preventing potential security risks.
Hosting Server Management	All systems are regularly updated and backed up and are protected by antivirus software. This includes ensuring that operating systems, applications, and other related software are kept up to date with the latest security patches and versions, as well as regularly backing up important data to address potential failures or data loss situations.

Product Information Security

Information security is crucial for computer products, as it involves protecting computer systems, data, and user privacy from unauthorized access, damage, or theft. The following are some key features of NEXCOM products that ensure information security and compatibility with current software and hardware technologies:

1. Firewalls and Intrusion Detection Systems: Monitor and prevent unauthorized network traffic from entering the system. They can detect and block potential attacks, malicious code, or intrusion attempts.
2. Authentication and Access Control: Various authentication mechanisms are provided to ensure that only authorized users can access the system.
3. Data Encryption: Sensitive data stored in the system is protected using encryption methods. This ensures that even if the data is stolen, it cannot be read by unauthorized individuals.
4. Updates and Patching: NEXCOM regularly releases BIOS updates to address CPU vulnerabilities and fix known security issues. These updates help prevent hackers from exploiting known weaknesses to infiltrate the system.
5. Secure Network Communication: Supports SSL (Secure Socket Layer) and VPN (Virtual Private Network) to ensure the confidentiality and integrity of data during transmission.

In summary, NEXCOM's products possess important features of information security, including firewalls, authentication, data encryption, software updates, secure communication, security awareness training, security monitoring, and privacy protection. These functions and measures help ensure the security of computer products, protecting systems and data from potential security threats. Information security is an ongoing process, and NEXCOM will continuously evaluate and improves to comply with relevant security compliance and regulatory requirements.