EXCELLENCE OPTO. INC.
EOI Group

Ticker Symbol on the Taiwan Stock Exchange (TWSE): 3717

Excellence Optoelectronics Holding Co. Ltd.

Q1 2026
Risk Management Implementation Progress Report

Meeting Date：2026/3/25
Report Date：2026/5/7

Presenter: President, Fanny Huang
Alternate Presenter: Special Assistant to the President, James Hsiao

Excellence Optoelectronics Holding Co. Ltd.
Q1 2026 - Risk Management Implementation Progress Report

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Four major aspects Eight major risks		Risks that already exist or can be anticipated	How to avoid risk responses
3. Economy (including governance)	4. Market risk	(1) Switching to abnormal channels for procurement under shortage pressure may pose a risk of compliance deficiencies. Any quality abnormality can compromise safety and trigger compensation claims. (2) The US-Iran war (blockade of the Strait of Hormuz, energy supply) has led to detours and port congestion, significantly increasing logistics costs and delivery uncertainty. (3) The recent impact of the Iranian war on the Taiwan dollar has: a. Safe-haven capital outflow (US dollar strengthening): Geopolitical tensions have strengthened the US dollar index, causing safe-haven funds (such as US Treasuries and gold) to flow out of Asian markets, and capital outflows have led to continuous depreciation of the New Taiwan dollar against the US dollar. b. Rising energy costs (import inflation): If Iran blocks the Strait of Hormuz, global oil prices will surge, energy import costs will increase significantly, intensifying domestic inflation expectations, affecting economic fundamentals, and suppressing the Taiwan dollar exchange rate.	(1) Strict testing and special approval mechanisms should be established to control spot quality, while simultaneously promoting alternative material certification and long-term rolling forecasting to strengthen supply chain resilience. (2) Adjust the structure of material inventory within the factory, strengthen efforts to ensure customer reimbursement progress for stagnant inventory. By reaching cost-sharing agreements with clients and diversifying transportation modes to spread risks (such as sea-air combined transport and cross-border rail transport), we jointly share the cost pressures brought by market fluctuations. (3) Conflict Response — Stalemate/Escalation: The TWD is facing a price level of 32 NTD or even lower. Easing of conflict: If diplomatic mediation succeeds, the depreciation of the Taiwan dollar is expected to ease, leading to a gradual rise in the dollar.

Chief Officer of the Risk Management Team: President
Executive Secretary: Special Assistant to the President

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3. Economy (including governance)	7. Operational risks	(1) Significant fluctuations in raw material prices (such as oil prices, metal prices), War and geopolitical risks. (2) Supply disruptions caused by war, disrupting logistics. (3) AI driving 'structural imbalance.' (4) The instability and volatility of the end market structure. (5) Profit losses caused by rising global inflation indices.	(1) Continue to work with suppliers to promote the VAVE solution to reduce the impact of raw material price increases. (2) In response to supply disruptions or logistics disruptions caused by war, immediately inventory supplier risks, confirm raw material supply status with suppliers, and implement emergency material preparation and alternative material plans. (3) Provide weekly potential upgrade reports to clients, bringing them in to help address issues and avoid the company bearing the burden alone. (4) Temporarily organize the information flow, report status to clients immediately, and inquire about progress (capital preservation). (5) External (Customers): We will provide relevant information to customers at any time, and respond and provide information promptly upon customer requests. External (Suppliers): Collaborate with procurement to place inventory as much as possible on the supplier side and adjust inbound inventory based on actual conditions.
4. Others	8. Other risks	To fully develop AI, but not to want Taiwan to face power shortages.	(1) Improved power stability, changes in energy cost structure, and enhanced carbon competitiveness

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