EXCELLENCE OPTO. INC.
EOI Group

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

Excellence Optoelectronics Holding Co. Ltd.

Q2 2026
Risk Management Implementation Progress Report

Meeting Date：2026/7/3
Report Date：2026/8/6

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

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Four major aspects Eight major risks		Risks that already exist or can be anticipated	How to avoid risk responses
1. Environment	1. Environmental risk	(1) Impact of climate change: Suppliers are located in areas vulnerable to typhoons, floods, hurricanes, and blizzards, causing supply chain disruptions.	(1) Supplier Risk Early Warning and Response Plan: In response to risks such as special weather affecting material supply, we conduct supplier environmental risk investigations and have established emergency response procedures.

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

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1. Environment	2. Operational hazard risks	(1) With the continuous introduction of new products, how can operational safety and process stability be ensured?	(1) Conduct training on new equipment and processes to enhance personnel proficiency and safety awareness. Implement standard operating procedures and personal protective measures, ensure a 100% certification rate for special operations personnel, and a 100% completion rate for training on new equipment/processes, and strengthen operational safety management.

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3. Economy (including governance)	4. Market risk	(1) Due to tight international raw material supply and increased market (AI) demand, raw material prices have continued to rise. (2) Due to the global economic environment, customer order stability has fallen short of expectations. (3) The US-Iran war (Strait of Hormuz blockade, energy supply) has led to detours and port congestion, significantly increasing logistics costs and delivery uncertainty. (4) Labor rights restrictions in the supply chain have led to tariff restrictions.	(1) By signing long-term procurement contracts and establishing appropriate safety stock mechanisms, (2) We continuously track changes in EDI for major clients and industry development trends, actively participating in new model development projects. (3) War Response — Stalemate/Escalation? The New Taiwan Dollar is facing a price of 32 or even lower; Prepare for diversified risk under the pressure of US dollar import costs. (4) In the European and American markets, requirements for human rights due diligence (such as forced labor, labor disputes, and child protection issues) have been officially implemented since July 8, requiring the issuance of general certificates of conformity or children's product certificates. Lianjia must prepare all relevant documents and ensure audit documentation is retained.

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3. Economy (including governance)	7. Operational risks	(1) Raw material prices fluctuate significantly, such as oil prices, metals, electronic components, and PCBs. (2) War and geopolitical risks: supply disruptions and logistics disruptions caused by war; Changes in national policies. (3) Hot money focuses on AI, causing 'structural imbalance'	(1) We regularly track changes in economic and trade policies and regulations across countries, continuously monitor and analyze raw material price fluctuations, promptly adjust and control purchase quantities and timing, and negotiate short-term solutions such as maintaining original prices and placing orders early with suppliers. (2) In response to supply disruptions or logistics disruptions caused by war, we immediately confirm raw material supply status with suppliers and implement emergency material preparation, simultaneously evaluating alternative material options to reduce raw material supply risks. (3) Be sure to closely monitor and analyze weekly EDI information. If there are discrepancies or delays in provision, besides sending reminders and follow-ups, front-end sales staff should confirm the actual situation to avoid last-minute supply shortages.

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4. Others	8. Other risks	(1) There is a risk of increased material inventory caused by excessive fluctuations in customer EDI. (2) Exchange rate fluctuation risk. (3) To fully develop AI but not want Taiwan to experience power shortages, the government's intention to restart nuclear power may be related to "AI and economic growth leading to increased electricity consumption," "geopolitics and energy resilience," and "low-carbon electricity demand."	(1) Promote material standardization to reduce reliance on specific specifications. Every 1~1.5 months, we check the latest L/T to adjust orders and manage orders to avoid the risk of material stagnation. (2) Taking into account historical data, market sales, seasonal demand, and other factors, we regularly update material forecasts for demand. Supplier payment currency evaluation and adjustment to reduce exchange rate fluctuation risks and impacts. (3) Structural positive impacts on Taiwan's supply chain: improved electricity stability, changes in energy cost structure, enhanced carbon competitiveness, and changes in supply chain risk structure: reduced dependence on external energy.

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