

**TAIFLEX SCIENTIFIC COMPANY LIMITED
AND SUBSIDIARIES**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2025 and 2024 and
Independent Auditors' Review Report**

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Notice to Readers

The English consolidated financial statements are not reviewed nor audited by independent auditors. They have been translated into English from the original Chinese version which are reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

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Independent Auditors' Review Report

To Taiflex Scientific Co., Ltd.

Introduction

We have reviewed the consolidated balance sheets of Taiflex Scientific Co., Ltd. and its subsidiaries (hereinafter referred to as “Taiflex Group”) as of June 30, 2025 and 2024, the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, the consolidated statements of changes in equity and cash flows for the six months then ended, and notes to consolidated financial statements (including a summary on significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of review

We conducted our reviews in accordance with the Standards on Review Engagement No. 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity.” A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, we did not discover matters which would lead us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial status of Taiflex Group as of June 30, 2025 and 2024, its consolidated financial performance for the three months and six months ended June 30, 2025 and 2024, and its consolidated cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Ernst & Young, Taiwan

July 30, 2025

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2025, December 31, 2024 and June 30, 2024
(In Thousands of New Taiwan Dollars)

Assets	Notes	June 30, 2025	December 31, 2024	June 30, 2024
Current assets				
Cash and cash equivalents	4, 6(1)	\$ 2,752,663	\$ 2,889,347	\$ 2,828,475
Financial assets at fair value through profit or loss - current	4, 6(2)	67,479	32,401	33,857
Financial assets at amortized cost - current	4, 6(3)	429	200,000	-
Notes receivable, net	4, 6(4)	581,461	627,810	704,741
Accounts receivable, net	4, 6(5)	3,292,225	3,156,024	3,685,578
Other receivables		110,674	97,983	95,148
Inventories, net	4, 6(6)	2,325,994	1,652,327	1,779,119
Prepayments	7	110,333	71,131	108,594
Other current assets	8	62,087	49,221	47,673
Total current assets		<u>9,303,345</u>	<u>8,776,244</u>	<u>9,283,185</u>
Non-current assets				
Financial assets at fair value through other comprehensive income - non-current	4, 6(7)	304,416	436,144	654,063
Investments accounted for using the equity method	4, 6(8)	8,580	10,252	12,828
Property, plant and equipment	4, 6(9)	4,635,483	4,725,152	4,645,843
Right-of-use assets	4, 6(21)	280,413	285,140	304,749
Intangible assets	4, 6(10,11)	177,724	142,075	146,603
Deferred income tax assets		219,076	135,495	145,536
Other non-current assets		24,087	16,989	16,518
Total non-current assets		<u>5,649,779</u>	<u>5,751,247</u>	<u>5,926,140</u>
Total assets		<u>\$ 14,953,124</u>	<u>\$ 14,527,491</u>	<u>\$ 15,209,325</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS-(Continued)
June 30, 2025, December 31, 2024 and June 30, 2024
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	June 30, 2025	December 31, 2024	June 30, 2024
Current liabilities				
Short-term loans	6(12)	\$ 405,265	\$ 343,783	\$ 243,348
Financial liabilities at fair value through profit or loss - current	4, 6(13)	57	2,254	5,943
Contract liabilities - current	4, 6(19)	1,399	1,156	86,255
Notes payable		17,723	41,761	37,698
Accounts payable		1,852,418	1,332,192	1,942,888
Other payables	7	1,476,657	817,028	1,038,572
Current income tax liabilities	4, 6(24)	321,463	245,002	243,446
Lease liabilities - current	4, 6(21)	18,148	18,759	22,986
Current portion of bonds	6(14)	-	-	1,232,686
Current portion of long-term loans	6(15)	44,497	19,497	140,992
Other current liabilities		4,593	4,493	4,219
Total current liabilities		<u>4,142,220</u>	<u>2,825,925</u>	<u>4,999,033</u>
Non-current liabilities				
Bonds payable	6(14)	246,726	245,543	-
Long-term loans	6(15)	290,087	324,836	229,914
Deferred income tax liabilities		112,838	148,006	136,614
Lease liabilities - non-current	4, 6(21)	204,778	200,916	214,533
Net defined benefit liabilities - non-current	4, 6(16)	87,208	114,999	134,735
Other non-current liabilities	4, 12	416	1,741	16,414
Total non-current liabilities		<u>942,053</u>	<u>1,036,041</u>	<u>732,210</u>
Total liabilities		<u>5,084,273</u>	<u>3,861,966</u>	<u>5,731,243</u>
Equity attributable to shareholders of the parent				
Capital	6(17)			
Common stock		2,566,510	2,549,117	2,091,197
Capital collected in advance		1,150	13,653	143,590
Stock dividends to be distributed		-	-	104,560
Total capital		<u>2,567,660</u>	<u>2,562,770</u>	<u>2,339,347</u>
Capital surplus	6(17)	2,336,158	2,322,316	1,553,459
Retained earnings				
Legal reserve		1,294,762	1,208,439	1,208,439
Special reserve		75,546	164,692	164,692
Unappropriated earnings		3,698,369	4,211,013	3,902,788
Total retained earnings		<u>5,068,677</u>	<u>5,584,144</u>	<u>5,275,919</u>
Others	4	(191,466)	174,798	242,215
Total equity attributable to shareholders of the parent		<u>9,781,029</u>	<u>10,644,028</u>	<u>9,410,940</u>
Non-controlling interests	4, 6(17)	87,822	21,497	67,142
Total equity		<u>9,868,851</u>	<u>10,665,525</u>	<u>9,478,082</u>
Total liabilities and equity		<u>\$ 14,953,124</u>	<u>\$ 14,527,491</u>	<u>\$ 15,209,325</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

(Concluded)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three Months and Six Months Ended June 30, 2025 and 2024
(In Thousands of New Taiwan Dollars)

	Notes	Three Months Ended June 30		Six Months Ended June 30	
		2025	2024	2025	2024
Operating revenue	4, 6(19)	\$ 2,762,303	\$ 2,880,719	\$ 4,989,297	\$ 4,853,967
Operating costs	4, 6(6,22)	(2,207,875)	(2,152,323)	(4,017,601)	(3,672,782)
Gross profit		554,428	728,396	971,696	1,181,185
Operating expenses	4, 6(22), 7				
Sales and marketing expenses		(125,517)	(134,447)	(239,840)	(244,458)
General and administrative expenses		(133,929)	(147,224)	(251,951)	(272,486)
Research and development expenses		(95,684)	(111,474)	(186,067)	(197,722)
Expected credit loss	6(20)	(30,039)	(17,677)	(42,226)	(25,597)
Total operating expenses		(385,169)	(410,822)	(720,084)	(740,263)
Operating income		169,259	317,574	251,612	440,922
Non-operating income and expenses	6(23)				
Interest income		12,561	11,967	20,184	16,320
Other income		22,622	12,608	26,026	18,914
Other gains and losses		(167,507)	15,654	(149,011)	83,627
Finance costs		(5,508)	(9,003)	(11,439)	(18,675)
Expected credit loss	6(20)	-	(310)	-	(29,283)
Share of profit or loss of associates accounted for using the equity method	4, 6(8)	(1,284)	(509)	(2,176)	154
Total non-operating income and expenses		(139,116)	30,407	(116,416)	71,057
Income before income tax from continuing operations		30,143	347,981	135,196	511,979
Income tax expense	4, 6(24)	(7,025)	(76,359)	(27,433)	(114,546)
Net income from continuing operations		23,118	271,622	107,763	397,433
Net income		23,118	271,622	107,763	397,433
Other comprehensive income	6(23)				
Items that will not be reclassified subsequently to profit or loss					
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income		(3,676)	451,860	(107,939)	504,041
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(389,834)	23,042	(307,428)	57,744
Income tax related to items that may be reclassified subsequently to profit or loss		77,967	(4,609)	61,486	(11,495)
Total other comprehensive income, net of tax		(315,543)	470,293	(353,881)	550,290
Total comprehensive income		\$ (292,425)	\$ 741,915	\$ (246,118)	\$ 947,723
Net income attributable to:	4, 6(17,25)				
Shareholders of the parent		\$ 32,747	\$ 279,723	\$ 115,286	\$ 412,060
Non-controlling interests		(9,629)	(8,101)	(7,523)	(14,627)
		\$ 23,118	\$ 271,622	\$ 107,763	\$ 397,433
Total comprehensive income (loss) attributable to:					
Shareholders of the parent		\$ (285,821)	\$ 749,892	\$ (241,039)	\$ 961,906
Non-controlling interests		(6,604)	(7,977)	(5,079)	(14,183)
		\$ (292,425)	\$ 741,915	\$ (246,118)	\$ 947,723
Earnings per share (NT\$)	4, 6(25)				
Earnings per share - basic		\$ 0.13	\$ 1.27	\$ 0.45	\$ 1.88
Earnings per share - diluted		\$ 0.13	\$ 1.09	\$ 0.44	\$ 1.61

(The accompanying notes are an integral part of the consolidated financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Six Months Ended June 30, 2025 and 2024
(In Thousands of New Taiwan Dollars)

Item	Equity Attributable to Shareholders of the Parent										Non-Controlling Interests	Total Equity
	Capital			Retained Earnings			Others					
	Common Stock	Capital Collected in Advance	Stock Dividends to be Distributed	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total		
Balance as of January 1, 2024	\$ 2,091,197	\$ -	\$ -	\$ 1,026,197	\$ 1,163,891	\$ 310,176	\$ 3,560,533	\$ (196,494)	\$ 31,802	\$ 7,987,302	\$ 81,325	\$ 8,068,627
Appropriation and distribution of 2023 earnings												
Legal reserve					44,548		(44,548)			-		-
Cash dividends for common stocks							(209,120)			(209,120)		(209,120)
Stock dividends for common stocks			104,560				(104,560)			-		-
Reversal of special reserve						(145,484)	145,484			-		-
Conversion of convertible bonds		143,590		523,737						667,327		667,327
Changes in other capital surplus												
Changes from investments in associates accounted for using the equity method				35						35		35
Net income for the six months ended June 30, 2024							412,060			412,060	(14,627)	397,433
Other comprehensive income (loss) for the six months ended June 30, 2024								45,805	504,041	549,846	444	550,290
Total comprehensive income	-	-	-	-	-	-	412,060	45,805	504,041	961,906	(14,183)	947,723
Disposal of investments accounted for using the equity method				(25)						(25)		(25)
Share-based payments				3,515						3,515		3,515
Disposal of equity instruments at fair value through other comprehensive income							142,939		(142,939)			-
Balance as of June 30, 2024	\$ 2,091,197	\$ 143,590	\$ 104,560	\$ 1,553,459	\$ 1,208,439	\$ 164,692	\$ 3,902,788	\$ (150,689)	\$ 392,904	\$ 9,410,940	\$ 67,142	\$ 9,478,082
Balance as of January 1, 2025	\$ 2,549,117	\$ 13,653	\$ -	\$ 2,322,316	\$ 1,208,439	\$ 164,692	\$ 4,211,013	\$ (68,998)	\$ 243,796	\$ 10,644,028	\$ 21,497	\$ 10,665,525
Appropriation and distribution of 2024 earnings												
Legal reserve					86,323		(86,323)			-		-
Cash dividends for common stocks							(640,692)			(640,692)		(640,692)
Reversal of special reserve						(89,146)	89,146			-		-
Conversion of convertible bonds	13,653	(13,653)								-		-
Changes in other capital surplus												
Changes from investments in associates accounted for using the equity method				13						13		13
Net income for the six months ended June 30, 2025							115,286			115,286	(7,523)	107,763
Other comprehensive income (loss) for the six months ended June 30, 2025								(248,386)	(107,939)	(356,325)	2,444	(353,881)
Total comprehensive income	-	-	-	-	-	-	115,286	(248,386)	(107,939)	(241,039)	(5,079)	(246,118)
Share-based payments	3,740	1,150		13,829						18,719		18,719
Changes in non-controlling interests										-	71,404	71,404
Disposal of equity instruments at fair value through other comprehensive income							9,939		(9,939)	-		-
Balance as of June 30, 2025	\$ 2,566,510	\$ 1,150	\$ -	\$ 2,336,158	\$ 1,294,762	\$ 75,546	\$ 3,698,369	\$ (317,384)	\$ 125,918	\$ 9,781,029	\$ 87,822	\$ 9,868,851

(The accompanying notes are an integral part of the consolidated financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2025 and 2024
(In Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2025	2024
Cash flows from operating activities:		
Income before income tax	\$ 135,196	\$ 511,979
Adjustments:		
Non-cash income and expense items:		
Depreciation	258,680	236,204
Amortization	10,646	11,356
Expected credit loss	42,226	54,880
Net (gain) loss on financial assets (liabilities) at fair value through profit or loss	(62,939)	17,368
Interest expense	11,439	18,675
Interest income	(20,184)	(16,320)
Dividend income	(10,776)	(10,574)
Compensation costs of share-based payments	333	3,515
Share of loss (gain) of associates accounted for using the equity method	2,176	(154)
Gain on disposal of property, plant and equipment	(714)	(973)
Gain on disposal of investments accounted for using the equity method	(491)	(3,782)
Reversal of impairment loss of non-financial assets	(553)	-
Others	26,330	10,127
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets mandatorily at fair value through profit or loss	25,664	(14,208)
Decrease in notes receivable	46,349	16,241
Increase in accounts receivable	(163,083)	(616,450)
Decrease (increase) in other receivables	820	(30,878)
Increase in inventories	(693,033)	(378,732)
Increase in prepayments	(36,716)	(52,618)
(Increase) decrease in other current assets	(2,708)	1,693
Increase in other non-current assets	-	(726)
Increase in contract liabilities	243	84,782
(Decrease) increase in notes payable	(24,038)	19,120
Increase in accounts payable	512,698	900,464
Increase in other payables	41,022	172,492
(Decrease) increase in other current liabilities	(84)	329
(Decrease) increase in net defined benefit liabilities	(27,791)	2,093
Cash generated from operations	70,712	935,903
Interest received	20,078	15,227
Interest paid	(7,815)	(7,636)
Income tax paid	(9,313)	(76,269)
Net cash generated by operating activities	73,662	867,225

(The accompanying notes are an integral part of the consolidated financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)
For the Six Months Ended June 30, 2025 and 2024
(In Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2025	2024
Cash flows from investing activities:		
Disposal of financial assets at fair value through other comprehensive income	\$ 23,789	\$ 276,639
Disposal of financial assets at amortized cost	199,571	-
Disposal of investments accounted for using the equity method	-	6,270
Acquisition of subsidiaries (net of cash acquired)	(8,940)	-
Acquisition of property, plant and equipment	(308,516)	(332,254)
Disposal of property, plant and equipment	3,044	1,708
Increase in refundable deposits	-	(1,305)
Decrease in refundable deposits	1,140	-
Acquisition of intangible assets	(354)	(113)
Increase in other current assets - other financial assets - current	(9,996)	(577)
Net cash used in investing activities	(100,262)	(49,632)
Cash flows from financing activities:		
Increase in short-term loans	61,482	24,489
Repayment of long-term loans	(9,749)	(11,075)
Increase in guarantee deposits received	-	415
Decrease in guarantee deposits received	(1,325)	-
Repayment of lease principal	(15,191)	(14,721)
Exercise of employee stock options	18,386	-
Net cash generated by (used in) financing activities	53,603	(892)
Effect of exchange rate changes on cash and cash equivalents	(163,687)	46,353
Net (decrease) increase in cash and cash equivalents	(136,684)	863,054
Cash and cash equivalents at beginning of period	2,889,347	1,965,421
Cash and cash equivalents at end of period	\$ 2,752,663	\$ 2,828,475

(The accompanying notes are an integral part of the consolidated financial statements.)

(Concluded)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2025 and 2024

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. History and Organization

Taiflex Scientific Company Limited (the “Company”) was incorporated in August, 1997. Its main operations consist of manufacturing, research and development, and selling of flexible copper-clad laminate, coverlay, bonding sheet, stiffener and composite film. Shares of the Company commenced trading on the Taipei Exchange on December 19, 2003 and were listed on the Taiwan Stock Exchange (TWSE) on December 17, 2009.

2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the six months ended June 30, 2025 and 2024 were approved and authorized for issue in the Board of Directors’ meeting on July 30, 2025.

3. Newly Issued or Revised Standards and Interpretations

(1) Changes in accounting policies due to first-time adoption of International Financial Reporting Standards:

The Group has adopted International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations endorsed by the Financial Supervisory Commission (FSC) to take effect for annual periods beginning on January 1, 2025. The first-time adoption of new amendments does not have any material impact on the Group.

(2) As of the date of issuance of the financial statements, the Group has not adopted the following new, revised or amended standards and interpretations issued by the International Accounting Standards Board (IASB) and endorsed by the FSC:

No.	Projects of New or Amended Standards and Interpretations	Effective Date
IFRS 17	Insurance Contracts	January 1, 2023
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Volume 11	Annual Improvements to IFRSs	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026

A. IFRS 17 “Insurance Contracts”

The standard provides a comprehensive model for the insurance contracts, including all relevant accounting aspects (the principles of recognition, measurement, presentation and disclosure). The core of IFRS 17 is the General Model where a group of insurance contracts is measured at the sum of fulfilment cash flows and contractual service margin at initial recognition. At the end of each reporting period, the carrying amount of the groups of insurance contracts is the sum of liabilities for remaining coverage and incurred claims.

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Besides the General Model, the specific approach for contracts with direct participation features (Variable Fee Approach) and the simplified approach for short-term contracts (Premium Allocation Approach) are also provided.

After the issuance of IFRS 17 in May 2017, amendments were released in 2020 and 2021. Besides deferring the effective date by two years (i.e., from January 1, 2021 to January 1, 2023) and providing additional exemptions in the transitional provisions, these amendments simplify some requirements to lower the implementation cost and revise some requirements to make explanations in certain circumstances easier. The adoption of IFRS 17 will replace the transitional provisions (i.e., IFRS 4 “Insurance Contracts”).

B. Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

The amendments include:

- (a) Clarifying that financial liabilities are derecognized on the settlement date, and explain the accounting treatment for financial liabilities settled via electronic payment before the settlement date.
- (b) Clarifying how to assess the cash flow characteristics of financial asset with features linked to environmental, social and governance (ESG) or similar contingent features.
- (c) Clarifying the treatment of assets with non-recourse features and contractually linked instruments.
- (d) Additional disclosure requirements under IFRS 7 for financial assets or liabilities with contingent features (including ESG-linked features) and equity instruments classified as at fair value through other comprehensive income.

C. Annual Improvements to IFRSs (Volume 11)

(a) Amendments to IFRS 1

The amendments improve the consistency of IFRS 1 with IFRS 9, primarily by providing clearer guidance on hedge accounting for first-time adopters.

(b) Amendments to IFRS 7

The amendments update an obsolete cross-reference concerning the derecognition of gains or losses.

(c) Amendments to implementation guidance of IFRS 7

The amendments improve some descriptions within the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price, and credit risk disclosures.

(d) Amendments to IFRS 9

The amendments add cross-references to clarify doubts concerning lessee’s derecognition of lease liabilities and the transaction price.

(e) Amendments to IFRS 10

The amendments eliminate the inconsistency between paragraphs B74 and B73 of the Standard.

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(f) Amendments to IAS 7

The amendments remove the cost method in paragraph 37 of the Standard.

D. Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

The amendments include:

- (a) Clarifying the application of “own-use”.
- (b) Allowing the adoption of hedge accounting when the contract is used as a hedging instrument.
- (c) Introducing additional disclosure requirements to help investors understand the impact of such contracts on a company’s financial performance and cash flows.

The above newly issued, amended, or revised standards or interpretations will be applicable for annual periods beginning on January 1, 2026. The Group is currently evaluating the potential impacts of the new or revised standards or interpretations in paragraphs B to D; thus, they cannot be reasonably estimated for now. The adoption of other newly issued, amended, or revised standards and interpretations does not have any material impact on the Group.

- (3) As of the date of issuance of the financial statements, the Group has not adopted the following new, revised or amended standards and interpretations issued by the IASB but not yet endorsed by the FSC:

No.	Projects of New or Amended Standards and Interpretations	Effective Date
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by IASB
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures	January 1, 2027

A. Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The plan deals with the inconsistency between IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” in relation to the loss of control over a subsidiary that is contributed to an associate or a joint venture. IAS 28 states that when non-monetary assets are contributed in exchange for an interest in an associate or a joint venture, the share of gains or losses shall be eliminated in accordance with the treatments of a downstream transaction. However, IFRS 10 requires a full recognition of gains or losses arising from the loss of control over a subsidiary. The amendments place restrictions on the above-mentioned rules of IAS 28. The gains or losses from the sale or contribution of assets defined as a business under IFRS 3 shall be recognized in full.

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The amendments also change IFRS 10 so that gains or losses arising from the sale or contributions of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture are recognized only to the extent of their shares owned by non-investors.

B. IFRS 18 “Presentation and Disclosure in Financial Statements”

The standard will replace IAS 1 “Presentation of Financial Statements.” Major changes are as follows:

(a) Improve the comparability of the income statement

Income and expenses are classified into one of the five categories: operating, investing, financing, income taxes and discontinued operations. The first three categories are new ones to improve the structure of the income statement. Also, all companies are required to provide the new defined subtotals (including operating profit or loss). Through the improved structure of the income statement and newly defined subtotals, investors are given a consistent starting point for analyzing the financial performance of companies, thereby making it easier to perform comparison.

(b) Enhance the transparency of management-defined performance measures

Companies are required to give explanations on company-specific measures (i.e., management-defined performance measures) related to the income statement.

(c) More useful grouping of information in the financial statements

The standard gives guidance on how financial information shall be organized, i.e., whether items shall be presented in the primary financial statements or in the notes. This change is expected to provide more detailed and useful information. The standard also requires companies to provide more transparent operating expense information to assist investors with finding and understanding the information they use.

C. Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19)

The Standard simplifies the disclosure requirements for subsidiaries without public accountability, and allows eligible subsidiaries to choose whether to apply the Standard.

For the aforementioned standards and interpretations issued by the IASB but not yet endorsed by the FSC, the effective dates are to be determined by the FSC. The potential effects of the new or revised standards or interpretations in paragraphs A to C on the Group are under assessment; thus, they cannot be reasonably estimated for now.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements for the six months ended June 30, 2025 and 2024 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by FSC.

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(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. Unless otherwise stated, the numbers within are expressed in thousands of New Taiwan dollars.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

The Group adopts the same preparation principle as the one used in the preparation of consolidated financial statements for the year ended December 31, 2024. For details, please refer to the Group's consolidated financial statements for the year ended December 31, 2024.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main Business	Ownership Percentage		
			2025.6.30	2024.12.31	2024.6.30
The Company	Taistar Co., Ltd. (Taistar)	Investment holding	100.00%	100.00%	100.00%
The Company	Leadmax Ltd. (Leadmax)	Trading of electronic materials	- (Note 1)	- (Note 1)	- (Note 1)
The Company	Koatech Technology Corporation (Koatech)	Manufacturing and selling of electronic materials and components	52.97%	52.97%	52.97%
The Company	TFS Co., Ltd. (TFS)	Investment holding	100.00%	100.00%	100.00%
The Company	Taiflex Scientific Japan Co., Ltd. (Japan Taiflex)	Trading and technical support of electronic materials	100.00%	100.00%	100.00%
The Company	Taiflex USA Corporation (USA Taiflex)	Technical support and marketing of electronic materials	100.00%	100.00%	100.00%
The Company	Richstar Co., Ltd. (Richstar)	Investment holding	73.94%	73.94%	73.94%
The Company	Taichem Materials Co., Ltd. (Taichem Materials)	Manufacturing and selling of semiconductor materials	100.00%	100.00%	100.00%
The Company	Taiflex Green Power Co., Ltd. (Taiflex Green Power)	Generation and selling of electricity from renewables	100.00%	100.00%	100.00%
The Company	Taiflex Scientific (Thailand) Co., Ltd. (Thailand Taiflex)	Manufacturing and selling of electronic materials	100.00%	100.00%	100.00%
The Company	Jointek Corporation (Jointek)	Glass processing for semiconductors and displays	51.11% (Note 2)	-	-
Taistar	TSC International Ltd. (TSC)	Investment holding	100.00%	100.00%	100.00%
TSC	Kunshan Taiflex Electronic Co., Ltd. (Kunshan Taiflex Electronic)	Selling of chemical products, electronic materials and electronic components	100.00%	100.00%	100.00%
TFS	Richstar Co., Ltd. (Richstar)	Investment holding	26.06%	26.06%	26.06%
Richstar	Shenzhen Taiflex Electronic Co., Ltd. (Shenzhen Taiflex)	Trading of coating materials for high polymer film and copper foil	100.00%	100.00%	100.00%
Richstar	Rudong Fuzhan Scientific Co., Ltd. (Rudong Fuzhan)	Manufacturing and selling of electronic materials	100.00%	100.00%	100.00%
Koatech	KTC Global Co., Ltd. (KTC Global)	Investment holding	100.00%	100.00%	100.00%

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Investor	Subsidiary	Main Business	Ownership Percentage		
			2025.6.30	2024.12.31	2024.6.30
KTC Global	KTC PanAsia Co., Ltd. (KTC PanAsia)	Investment holding	100.00%	100.00%	100.00%
KTC PanAsia	Kunshan Koatech Technology Corporation (Kunshan Koatech)	A wholesaler and a commission agent of electronic materials and components	100.00%	100.00%	100.00%

Note 1: Leadmax was liquidated in February 2024.

Note 2: In March 2025, the Company acquired a 31.25% equity interest in Jointek Corporation. As the Company had significant influence over the investee, the investment was recognized as a long-term equity investment accounted for using the equity method. On May 8, 2025, the Company participated in Jointek's capital increase, raising its ownership interest to 51.11%. As a result, the Company obtained control over Jointek and included it within the scope of consolidated financial statements.

- (4) The consolidated financial statements for the six months ended June 30, 2025 and 2024 adopt the same accounting policies as the ones used in the consolidated financial statements for the year ended December 31, 2024. Please refer to the consolidated financial statements for the year ended December 31, 2024 for a summary of other significant accounting policies.

5. Significant Accounting Judgments and Major Sources of Estimation and Uncertainty

The significant accounting judgments and major sources of estimation and uncertainty applied in the preparation of the Group's consolidated financial statements for the six months ended June 30, 2025 and 2024 are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2024. For details, please refer to the Group's consolidated financial statements for the year ended December 31, 2024.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand and petty cash	\$ 1,139	\$ 786	\$ 840
Bank deposits	2,751,524	2,838,716	2,329,071
Repurchased agreements	-	49,845	498,564
Total	<u>\$ 2,752,663</u>	<u>\$ 2,889,347</u>	<u>\$ 2,828,475</u>

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

	June 30, 2025	December 31, 2024	June 30, 2024
Mandatorily at fair value through profit or loss:			
Derivative instruments not designated in a hedging relationship			
- Forward foreign exchange contracts	\$ 41,193	\$ 1,705	\$ -
- Foreign exchange swap contracts	496	16	-

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	June 30, 2025	December 31, 2024	June 30, 2024
Stocks	\$ 25,590	\$ 30,555	\$ 32,974
Designated as at fair value through profit or loss:			
- Redemption option of convertible bonds	200	125	883
Total	<u>\$ 67,479</u>	<u>\$ 32,401</u>	<u>\$ 33,857</u>

(Concluded)

The Group's financial assets at fair value through profit or loss were not pledged.

(3) Financial assets at amortized cost - current

	June 30, 2025	December 31, 2024	June 30, 2024
Time deposits - current	<u>\$ 429</u>	<u>\$ 200,000</u>	<u>\$ -</u>

Some financial assets were classified as financial assets at amortized cost by the Group and they were not pledged. Please refer to Note 12 for information concerning credit risk.

(4) Notes receivable, net

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable, net	<u>\$ 581,461</u>	<u>\$ 627,810</u>	<u>\$ 704,741</u>

The Group's notes receivables were not pledged.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(20) for details on loss allowance and Note 12 for credit risk.

(5) Accounts receivable, net

	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable	\$ 3,394,129	\$ 3,236,142	\$ 3,763,822
Less: Loss allowance	(101,904)	(80,118)	(78,244)
Accounts receivable, net	<u>\$ 3,292,225</u>	<u>\$ 3,156,024</u>	<u>\$ 3,685,578</u>

A. The Group's accounts receivables were not pledged.

B. The credit terms of accounts receivables are generally set at monthly settlement with payment in 60 to 180 days. Please refer to Note 6(20) for loss allowance for the six months ended June 30, 2025 and 2024 and Note 12 for credit risk.

(6) Inventories, net

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	\$ 1,083,260	\$ 591,810	\$ 762,923
Inventories in transit	63,879	101,267	109,323
Supplies	21,617	14,228	12,726
Work in progress	194,136	84,270	208,490

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	June 30, 2025	December 31, 2024	June 30, 2024
Finished goods	\$ 657,557	\$ 577,545	\$ 399,092
Merchandise	305,545	283,207	286,565
Total	<u>\$ 2,325,994</u>	<u>\$ 1,652,327</u>	<u>\$ 1,779,119</u>

(Concluded)

The Group recognized operating costs associated with inventories of NT\$2,207,875 thousand and NT\$2,152,323 thousand for the three months ended June 30, 2025 and 2024, respectively, and NT\$4,017,601 thousand and NT\$3,672,782 thousand for the six months ended June 30, 2025 and 2024, respectively. These amounts include reversal of (or loss on) inventory write-downs of NT\$(15,424) thousand, NT\$75 thousand, NT\$(8,838) thousand, and NT\$(3,423) thousand for the three-month and six-month periods then ended, respectively. Reversal of inventory write-downs was mainly due to a decrease in the associated allowance from price recovery of inventories with allowance for inventory valuation losses at beginning of period, inventories sold or inventories used.

The aforementioned inventories were not pledged.

(7) Financial assets at fair value through other comprehensive income - non-current

	June 30, 2025	December 31, 2024	June 30, 2024
Investments in equity instruments at fair value through other comprehensive income - non-current:			
Publicly traded stocks	\$ 304,416	\$ 436,144	\$ 654,063
Non-publicly traded stocks	-	-	-
Total	<u>\$ 304,416</u>	<u>\$ 436,144</u>	<u>\$ 654,063</u>

The said financial assets at fair value through other comprehensive income were not pledged.

(8) Investments accounted for using the equity method

Investee	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	Ownership Percentage	Amount	Ownership Percentage	Amount	Ownership Percentage
Investments in associates:						
Innovision FlexTech Corp.	\$ 8,580	10.62%	\$ 10,252	10.62%	\$ 12,828	10.89%
Jointek Corporation (Please refer to Paragraph C)	-	-	-	-	-	-
Total	<u>\$ 8,580</u>		<u>\$ 10,252</u>		<u>\$ 12,828</u>	

The aforementioned investments accounted for using the equity method were not pledged.

Fair value when there is a quoted market price: Innovision FlexTech Corp. (Innovision) is a company listed on the Emerging Stock Board of Taipei Exchange. The fair value of the Company's investment in Innovision amounted to NT\$20,179 thousand, NT\$25,105 thousand and NT\$29,118 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively.

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- A. The shares of profit or loss of associates accounted for using the equity method based on the investees' unreviewed financial statements for the six months ended June 30, 2025 and 2024 were as follows:

Investee	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Innovision FlexTech Corp.	\$ (1,034)	\$ (509)	\$ (1,685)	\$ 154
Jointek Corporation	(250)	-	(491)	-
Total	<u>\$ (1,284)</u>	<u>\$ (509)</u>	<u>\$ (2,176)</u>	<u>\$ 154</u>

- B. The Company accounted for Innovision using the equity method as it had significant influence over the investee through ownership and representation on Innovision's board of directors.
- C. In March 2025, the Company acquired a 31.25% equity interest in Jointek Corporation. As the Company had significant influence over the investee, the investment was recognized as a long-term equity investment accounted for using the equity method. On May 8, 2025, the Company participated in Jointek's capital increase, raising its ownership interest to 51.11%. As a result, the Company obtained control over Jointek and included it within the scope of consolidated financial statements.
- D. The summarized financial information of the Company's investments in associates was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Total assets	\$ 183,964	\$ 245,630	\$ 261,690
Total liabilities	\$ 103,116	\$ 150,849	\$ 143,799

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Revenue	\$ 15,972	\$ 39,070	\$ 56,655	\$ 100,149
Net (loss) income	\$ (3,229)	\$ (4,500)	\$ (14,052)	\$ 750

(9) Property, plant and equipment

	June 30, 2025	December 31, 2024	June 30, 2024
Owner-occupied property, plant and equipment	<u>\$ 4,635,483</u>	<u>\$ 4,725,152</u>	<u>\$ 4,645,843</u>

A. Owner-occupied property, plant and equipment

	As of January 1, 2025	Addition	Disposal	Reclassification	Impairment Loss	Acquired through Business Combinations	Effect of Exchange Rate Changes	As of June 30, 2025
Cost								
Land	\$ 350,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,105)	\$ 335,228
Buildings	2,374,262	51,782	-	-	-	-	(57,790)	2,368,254
Machinery and equipment	4,395,330	14,123	(29,474)	-	-	150	(44,732)	4,335,397
Hydropower equipment	717,641	21,323	-	-	-	-	(17,853)	721,111
Testing equipment	460,341	28,362	(1,985)	-	-	1,561	(5,133)	483,146
Miscellaneous equipment	429,057	38,403	(11,231)	621	-	2,048	(5,385)	453,513
Total	<u>\$ 8,726,964</u>	<u>\$ 153,993</u>	<u>\$ (42,690)</u>	<u>\$ 621</u>	<u>\$ -</u>	<u>\$ 3,759</u>	<u>\$ (145,998)</u>	<u>\$ 8,696,649</u>

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	As of January 1, 2025	Addition	Disposal	Reclassification	Impairment Loss	Acquired through Business Combinations	Effect of Exchange Rate Changes	As of June 30, 2025
<u>Accumulated depreciation and impairment</u>								
Buildings	\$ 851,400	\$ 54,739	\$ -	\$ -	\$ -	\$ -	\$ (12,913)	\$ 893,226
Machinery and equipment	2,846,362	129,828	(29,422)	-	(553)	8	(14,574)	2,931,649
Hydropower equipment	330,918	23,308	-	-	-	-	(3,118)	351,108
Testing equipment	309,026	18,093	(1,923)	-	-	586	(2,715)	323,067
Miscellaneous equipment	270,659	19,825	(9,015)	465	-	349	(3,687)	278,596
Total	<u>\$ 4,608,365</u>	<u>\$ 245,793</u>	<u>\$ (40,360)</u>	<u>\$ 465</u>	<u>\$ (553)</u>	<u>\$ 943</u>	<u>\$ (37,007)</u>	<u>\$ 4,777,646</u>
Construction in progress and equipment awaiting inspection	606,553	130,562	-	(15,879)	-	32,364	(37,120)	716,480
Net	<u>\$ 4,725,152</u>							<u>\$ 4,635,483</u>
								(Concluded)

	As of January 1, 2024	Addition	Disposal	Reclassification	Impairment Loss	Acquired through Business Combinations	Effect of Exchange Rate Changes	As of June 30, 2024
<u>Cost</u>								
Land	\$ 335,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,557)	\$ 330,671
Buildings	1,997,609	13,116	-	71,331	-	-	10,529	2,092,585
Machinery and equipment	4,043,103	170,531	-	156,433	-	-	9,025	4,379,092
Hydropower equipment	478,404	848	-	13,683	-	-	1,509	494,444
Testing equipment	402,702	2,098	(7,285)	24,133	-	-	861	422,509
Miscellaneous equipment	378,706	7,083	(3,891)	14,126	-	-	1,027	397,051
Total	<u>\$ 7,635,752</u>	<u>\$ 193,676</u>	<u>\$ (11,176)</u>	<u>\$ 279,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,394</u>	<u>\$ 8,116,352</u>
<u>Accumulated depreciation and impairment</u>								
Buildings	\$ 718,650	\$ 49,631	\$ -	\$ -	\$ -	\$ -	\$ 1,715	\$ 769,996
Machinery and equipment	2,581,113	127,499	-	-	-	-	2,483	2,711,095
Hydropower equipment	300,765	12,229	-	-	-	-	470	313,464
Testing equipment	283,856	15,865	(6,900)	-	-	-	520	293,341
Miscellaneous equipment	254,214	15,846	(3,541)	-	-	-	720	267,239
Total	<u>\$ 4,138,598</u>	<u>\$ 221,070</u>	<u>\$ (10,441)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,908</u>	<u>\$ 4,355,135</u>
Construction in progress and equipment awaiting inspection	1,031,921	143,544	-	(286,991)	-	-	(3,848)	884,626
Net	<u>\$ 4,529,075</u>							<u>\$ 4,645,843</u>

B. The Group assessed that the value of certain other equipment had partially recovered, and, accordingly, recognized gains on reversal of impairment amounting to NT\$553 thousand and NT\$0 thousand for the six months ended June 30, 2025 and 2024, respectively. The recoverable amount was determined based on fair value less costs of disposal and was classified as Level 3 in the fair value hierarchy.

C. Please refer to Note 8 for property, plant and equipment pledged.

(10) Intangible assets

	As of January 1, 2025	Addition	Disposal	Reclassification	Acquired through Business Combinations	Effect of Exchange Rate Changes	As of June 30, 2025
<u>Cost</u>							
Trademarks	\$ 627	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627
Patents	34,733	81	-	-	-	-	34,814
Computer software	185,591	273	-	5,004	-	(897)	189,971
Goodwill	69,781	-	-	-	40,353	-	110,134
Total	<u>\$ 290,732</u>	<u>\$ 354</u>	<u>\$ -</u>	<u>\$ 5,004</u>	<u>\$ 40,353</u>	<u>\$ (897)</u>	<u>\$ 335,546</u>
<u>Accumulated amortization and impairment</u>							
Trademarks	\$ 482	\$ 26	\$ -	\$ -	\$ -	\$ -	\$ 508
Patents	29,094	311	-	-	-	-	29,405
Computer software	119,081	9,594	-	-	-	(766)	127,909
Total	<u>148,657</u>	<u>\$ 9,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (766)</u>	<u>157,822</u>
Net	<u>\$ 142,075</u>						<u>\$ 177,724</u>

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	As of January 1, 2024	Addition	Disposal	Reclassification	Acquired through Business Combinations	Effect of Exchange Rate Changes	As of June 30, 2024
<u>Cost</u>							
Trademarks	\$ 627	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627
Patents	34,612	38	-	-	-	-	34,650
Computer software	173,128	75	-	6,515	-	206	179,924
Goodwill	69,781	-	-	-	-	-	69,781
Total	<u>\$ 278,148</u>	<u>\$ 113</u>	<u>\$ -</u>	<u>\$ 6,515</u>	<u>\$ -</u>	<u>\$ 206</u>	<u>\$ 284,982</u>
<u>Accumulated amortization and impairment</u>							
Trademarks	\$ 424	\$ 31	\$ -	\$ -	\$ -	\$ -	\$ 455
Patents	28,458	318	-	-	-	-	28,776
Computer software	98,166	10,791	-	-	-	191	109,148
Total	<u>127,048</u>	<u>\$ 11,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191</u>	<u>138,379</u>
Net	<u>\$ 151,100</u>						<u>\$ 146,603</u>

(11) Impairment testing of goodwill

Goodwill acquired through business combinations was allocated to each of the cash-generating units (CGUs) which were expected to benefit from synergies, and impairment evaluation on recoverable amount of goodwill was conducted at each year end. The Group measured recoverable amount at fair value less costs of disposals. The adoption of fair value less costs of disposal was determined by using the comparative approach for evaluation. Fair value less costs of disposal took into account the recent transaction prices or announced land value of similar objects with comparability in the region and adjusted for factors including location, scale and purposes. It was a level 3 fair value. Based on the analysis, the Group determined that the goodwill of NT\$69,781 thousand was not impaired.

Key assumption in calculating the fair value less costs of disposal

The calculation of CGUs' fair value less costs of disposal is most sensitive to the following assumption:

Transaction price of comparable object - the transaction price of comparable object is adjusted for conditions, transaction date, local factors, and individual factors.

Sensitivity to changes in assumption

For the evaluation of CGUs' fair value less costs of disposal, the management believes that no reasonably possible change in the above key assumption would cause the carrying value of the unit to materially exceed its recoverable amount.

(12) Short-term loans

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank loans	\$ 355,465	\$ 343,783	\$ 243,348
Secured bank loans	49,800	-	-
Total	<u>\$ 405,265</u>	<u>\$ 343,783</u>	<u>\$ 243,348</u>

The interest rate ranges of loans were 0.50% to 3.13%, 0.50% to 3.65% and 0.50% to 4.10%; and the unused short-term credit facilities amounted to NT\$3,367,847 thousand, NT\$3,484,736 thousand and NT\$3,756,327 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively.

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(13) Financial liabilities at fair value through profit or loss - current

	June 30, 2025	December 31, 2024	June 30, 2024
Held for trading:			
Derivative instruments not designated in a hedging relationship			
- Forward foreign exchange contracts	\$ 6	\$ 2,254	\$ 5,943
- Foreign exchange swap contracts	51	-	-
Total	<u>\$ 57</u>	<u>\$ 2,254</u>	<u>\$ 5,943</u>

(14) Bonds payable

	June 30, 2025	December 31, 2024	June 30, 2024
Overseas unsecured convertible bonds payable	\$ 246,726	\$ 245,543	\$ 1,232,686
Less: Current portion	-	-	(1,232,686)
Net	<u>\$ 246,726</u>	<u>\$ 245,543</u>	<u>\$ -</u>

Overseas unsecured convertible bonds payable

	June 30, 2025	December 31, 2024	June 30, 2024
Liability component:			
Overseas unsecured convertible bonds payable - principal amount	\$ 250,110	\$ 250,110	\$ 1,261,666
Overseas unsecured convertible bonds payable - discounts	(3,384)	(4,567)	(28,980)
Subtotal	\$ 246,726	\$ 245,543	\$ 1,232,686
Less: Current portion	-	-	(1,232,686)
Net	<u>\$ 246,726</u>	<u>\$ 245,543</u>	<u>\$ -</u>
Embedded derivative financial instruments	\$ 200	\$ 125	\$ 883
Equity component	<u>\$ 9,026</u>	<u>\$ 9,026</u>	<u>\$ 45,531</u>

The Company issued its first overseas unsecured convertible bonds at zero coupon rate on the Singapore Exchange Securities Trading Limited on November 30, 2021. Based on the contractual terms, the bonds contain a liability component (host contract), embedded derivative financial instruments (options for the issuer to redeem the bonds and the bondholders to request for redemption) and an equity component (an option for bondholders to request for conversion into issuer's common stocks). The key terms of the bonds are as follows:

Issue amount: US\$70,000 thousand (NT\$1,945,300 thousand)

Period: November 30, 2021 to November 30, 2026

Major redemption and put option clauses:

- A. The bonds are converted into U.S. dollars equivalent to the New Taiwan dollar amount using a fixed exchange rate for the repayment, repurchase and redemption of the bonds. The fixed exchange rate is determined with reference to the US\$/NT\$ fixing published

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by the Taipei Forex Inc. at 11 a.m. on the pricing date (i.e., the Fixed Exchange Rate is US\$1.00 = NT\$27.79).

- B. After three months of the issuance and prior to the maturity date, the Company may redeem the outstanding convertible bonds in cash at the “Early Redemption Amount” when the closing price (converted into U.S. dollars at the applicable prevailing exchange rate) of the Company’s common stocks listed on the TWSE is at least 130% of the total amount determined by multiplying the Early Redemption Amount by the conversion price (translated into U.S. dollars at the Fixed Exchange Rate determined on the pricing date) and divided by the principal amount of the bonds for a period of thirty consecutive trading days. The Early Redemption Amount is converted to New Taiwan dollars using the Fixed Exchange Rate, and the New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US\$/NT\$ fixing published by the Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.
- C. When more than 90 percent of the bonds have been redeemed, converted, repurchased and cancelled, the Company may redeem the outstanding bonds early, in whole but not in part, at the “Early Redemption Amount.”
- D. When changes in the tax laws of the ROC would result in an increase in costs for the Company, the Company may redeem the outstanding bonds early, in whole but not in part, at the “Early Redemption Amount.” For bondholders who choose not to have their bonds redeemed, they shall not request the Company to bear the additional taxes or expenses.
- E. The bondholders may request the Company to redeem all or part of the corporate bonds three years after the issue date (i.e., the holder’s put date is November 30, 2024) at the “Early Redemption Price.” The “Early Redemption Price” is converted to New Taiwan dollars using the Fixed Exchange Rate, and the New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US\$/NT\$ fixing published by the Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.
- F. When the Company’s common stocks cease to be listed on the TWSE or are suspended from trading for a period of thirty consecutive trading days or more, the bondholders may request the Company to redeem the corporate bonds, in whole but not in part, at the “Early Redemption Price.”
- G. Upon the occurrence of a change of control as defined in the bond indenture, the bondholders may request the Company to redeem the corporate bonds, in whole but not in part, at the “Early Redemption Price.”

Terms of conversion:

- A. Underlying securities: Common stocks of the Company
- B. Conversion period: Bondholders have the right to convert their bonds into the Company’s common stocks from the day immediately following the 90-day period from the issue date to (1) 10 days prior to the maturity date or (2) no later than five business days prior to the holder’s put date or the date when the Company exercises early redemption.
- C. Conversion price and its adjustments: The conversion price is set at NT\$53.5 per share at the time of issuance. When the conversion price needs to be adjusted due to circumstances set out in the bond indenture, it shall be adjusted according to formula in the indenture.

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The conversion price was NT\$44.78, NT\$44.78, and NT\$47.61 per share as of June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

- D. Redemption on maturity date: Upon maturity, the bonds will be redeemed at 100% of the outstanding principal amount (i.e., the “Redemption Amount at Maturity”). The Redemption Amount at Maturity is converted to New Taiwan dollars using the Fixed Exchange Rate, and the New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US\$/NT\$ fixing published by the Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.

As of June 30, 2025, December 31, 2024 and June 30, 2024, the total amount converted was NT\$1,695,190 thousand, NT\$1,695,190 thousand and NT\$683,634 thousand, respectively.

(15) Long-term loans

Details of long-term loans as of June 30, 2025, December 31, 2024 and June 30, 2024 were as follows:

Creditor	2025.6.30	Contract Term and Repayment
Export-Import Bank of the Republic of China - credit loan	\$ 200,000	2023.8.4 - 2029.8.4, non-revolving for six years from the initial drawdown date, principal to be repaid in 8 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Taishin International Bank - secured loan	105,120	2024.7.31 - 2029.7.31, principal to be repaid in the remaining term with monthly interest payment
E.Sun Commercial Bank - secured loan	29,464	2022.3.25 - 2029.3.25, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	334,584	
Less: Current portion	(44,497)	
Total	<u>\$ 290,087</u>	

Creditor	2024.12.31	Contract Term and Repayment
Export-Import Bank of the Republic of China - credit loan	\$ 200,000	2023.8.4 - 2029.8.4, non-revolving for six years from the initial drawdown date, principal to be repaid in 8 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Taishin International Bank - secured loan	110,940	2024.7.31 - 2029.7.31, principal to be repaid in the remaining term with monthly interest payment
E.Sun Commercial Bank - secured loan	33,393	2022.3.25 - 2029.3.25, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	344,333	
Less: Current portion	(19,497)	
Total	<u>\$ 324,836</u>	

Creditor	2024.6.30	Contract Term and Repayment
Export-Import Bank of the Republic of China - credit loan	\$ 200,000	2023.8.4 - 2029.8.4, non-revolving for six years from the initial drawdown date, principal to be repaid in 8 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Bank of Ningbo - credit loan	13,270	2023.8.23 - 2024.9.22, principal to be repaid in 3 equal installments with monthly interest payment

(Continued)

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Creditor	2024.6.30	Contract Term and Repayment
Taishin International Bank - secured loan	\$ 116,760	2020.2.25 - 2025.2.25, principal to be repaid in the remaining term with monthly interest payment
E.Sun Commercial Bank - secured loan	37,321	2022.3.25 - 2029.3.25, principal to be repaid in equal monthly installments with monthly interest payment
Maxwealth Financial Leasing Co., Ltd. - secured loan	3,555	2023.8.2 - 2025.8.1, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	370,906	
Less: Current portion	(140,992)	
Total	<u>\$ 229,914</u>	

(Concluded)

The subsidiary Koatech Technology Corporation entered into a machinery and equipment sale-leaseback financing arrangement with Maxwealth Financial Leasing Co., Ltd. for a term of two years. Under the agreement, machinery and equipment are pledged as collateral. At the end of the term, the ownership of such machinery and equipment would belong to Koatech Technology Corporation. Please refer to Note 8 for machinery and equipment pledged.

- A. The interest rate ranges of loans were 1.8372% to 2.16%, 1.8354% to 2.15% and 1.7765% to 3.85% as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively. Please refer to Note 8 for collateral of the long-term loans.
- B. In July 2020, the Company entered into a syndicated loan agreement with eight financial institutions, including the Bank of Taiwan (bookrunner), for a loan facility of NT\$2.5 billion or the equivalent in U.S. dollars. The contract term was five years from the initial drawdown date, i.e., October 2020 to October 2025 and the credit term of the agreement was mid-term loans - current. During the loan term, the Group was required to calculate and maintain the following financial ratios at an agreed level based on the consolidated financial statements audited by CPAs every six months: current ratio, debt ratio, interest coverage ratio and tangible net value. The Group has abided by those terms.

(16) Post-employment benefit plans

A. Defined contribution plan

Expenses recognized under the defined contribution plan were NT\$9,546 thousand and NT\$8,489 thousand for the three months ended June 30, 2025 and 2024, respectively, and NT\$19,058 thousand and NT\$17,064 thousand for the six months ended June 30, 2025 and 2024, respectively.

B. Defined benefit plan

Expenses recognized under the defined benefit plan were NT\$1,568 thousand and NT\$1,677 thousand for the three months ended June 30, 2025 and 2024, respectively, and NT\$3,133 thousand and NT\$3,352 thousand for the six months ended June 30, 2025 and 2024, respectively.

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(17) Equity

A. Capital

(a) Common stock

As of June 30, 2025, December 31, 2024 and June 30, 2024, the Company's authorized capital was NT\$3,000,000 thousand, divided into 300,000 thousand shares (including 15,000 thousand shares with the amount of NT\$150,000 thousand reserved for the exercise of employee stock options, preferred stock with warrants and bond with warrants) at a par value of NT\$10 each.

As of June 30, 2025, December 31, 2024 and June 30, 2024, the Company's issued capital was NT\$2,566,510 thousand, NT\$2,549,117 thousand and NT\$2,091,197 thousand, respectively, divided into 256,651 thousand shares, 254,912 thousand shares and 209,120 thousand shares at a par value of NT\$10 each.

(b) Capital collected in advance

For the six months ended June 30, 2025, employees exercised stock options and paid a total of NT\$18,386 thousand for 489 thousand shares, with an aggregate par value of NT\$4,890 thousand. As of June 30, 2025, the capital increase registration for 115 thousand shares (NT\$1,150 thousand) had not yet been completed, and the amount was recorded under capital collected in advance.

As of June 30, 2024, convertible bond holders converted their bonds into 14,359 thousand shares of the Company's common stock, resulting in an increase in common stock capital by NT\$143,590 thousand, which was booked under capital collected in advance.

B. Capital surplus

	June 30, 2025	December 31, 2024	June 30, 2024
Additional paid-in capital	\$ 1,908,434	\$ 1,890,209	\$ 1,089,416
Premium from merger	262,500	262,500	262,500
Donated assets	1,970	1,970	1,970
Treasury stock transactions	27,280	27,280	27,280
Due to recognition of equity component of convertible bonds - stock options	9,026	9,026	45,531
Employee stock options	14,725	19,121	14,548
Others	112,223	112,210	112,214
Total	<u>\$ 2,336,158</u>	<u>\$ 2,322,316</u>	<u>\$ 1,553,459</u>

According to laws and regulations, capital surplus shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute capital surplus related to income derived from issuance of new shares at a premium or income from endowments received by the company as stock dividends up to a certain percentage of paid-in capital. The said capital surplus could also be distributed in the form of cash dividends to shareholders in proportion to the number of shares being held by each of them.

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C. Appropriation of profits and dividend policies

Current year's earnings of the Company, if any, shall be distributed in the following order:

- (a) Taxes and dues.
- (b) Deficit compensation.
- (c) 10% of net profit as legal reserves. However, this shall not apply when the accumulated legal reserve has equaled total capital.
- (d) Special reserve appropriated or reversed as stipulated by relevant laws and regulations or the competent securities authorities.
- (e) For the remaining profits, if any, the Board of Directors shall draft a proposal for the distribution of earnings. Regarding earnings distributed by an issuance of new shares, the proposal shall be approved by the shareholders' meeting, and for earnings distributed in the form of cash, the proposal shall be submitted to the Board of Directors' meeting for resolution.

The Company authorizes the Board of Directors to approve the distribution of dividends and bonuses or the legal reserve and capital surplus stipulated in Paragraph 1, Article 241 of the Company Act, in whole or in part, in the form of cash with the consent of majority of attending directors which represents more than two-third of all directors pursuant to Paragraph 5, Article 240 of the Company Act and report to the shareholders' meeting.

After taking into account the environment and development stage of the Company, the needs of capital in the future, long-term financial planning and shareholders' demand for cash, the Board of Directors shall draw up an earnings distribution proposal based on the distributable earnings and submit it to the shareholders' meeting for approval. At least forty percent of the distributable earnings shall be appropriated as shareholders' dividends. The cash dividend shall not be lower than 10 percent of the total dividends and shall be capped at 100 percent.

The Company complies with Order No. Jin-Guan-Zheng-Fa-1090150022 issued by the FSC on March 31, 2021, which sets out the following provisions: On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserves. Later when the company uses, disposes of, or reclassifies relevant assets, it may reverse to distributable earnings a proportional amount of the special reserves originally set aside.

As of June 30, 2025, December 31, 2024 and June 30, 2024, special reserve set aside for the first-time adoption of IFRS amounted to NT\$75,546 thousand.

Information about the appropriation of 2024 and 2023 earnings resolved in the Board of Directors' meetings on February 26, 2025 and February 20, 2024, respectively, was as follows:

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	Appropriation of Earnings		Dividend per Share (NT\$)	
	2024	2023	2024	2023
Legal reserve	\$ 86,323	\$ 44,548	-	-
Reversal of special reserve	(89,146)	(145,484)	-	-
Cash dividends	640,692	209,120	\$ 2.50	\$ 1.00
Stock dividends (Note)	-	104,560	-	0.50

(Note) Resolved at the shareholders' meeting on May 24, 2024.

Please refer to Note 6(22) for information on the accrual basis and the amounts recognized for compensation to employees and remuneration to directors.

D. Non-controlling interests (NCI)

	Six Months Ended June 30	
	2025	2024
Beginning balance	\$ 21,497	\$ 81,325
Net loss attributable to NCIs	(7,523)	(14,627)
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	2,444	444
Others - Changes in consolidated entities	71,404	-
Ending balance	\$ 87,822	\$ 67,142

(18) Share-based payment plan

The Group's employees are entitled to receive share-based payments as part of their compensation. Transactions are accounted for as equity-settled share-based payment transactions where employees provide services as consideration for equity instruments.

A. Employee share-based payment plan of the parent company

The Company issued employees stock options of 3,000 units on February 22, 2023. Each unit is entitled to 1,000 common stocks of the Company. Parties eligible to receive the options include employees of the Company and its subsidiaries who met certain conditions. Exercise price of the option is the closing price of the Company's stocks on the grant date. Employees can exercise their options two years after the grant date by the vesting schedule. The Company would issue new shares for settlement when employees exercise their options.

The Black-Scholes-Merton pricing model is used to estimate the fair value of options on the grant date. Parameters and assumptions applied take into account the terms and conditions of the contract.

The options have a duration of five years and cash settlement is not an alternative. The Group has never adopted cash settlement for options granted under such plans in the past.

Details of the aforementioned share-based payment plan are as follows:

Grant Date	Total Unit (in Thousands)	Exercise Price per Unit (NT\$) (Note)
2023.2.22	3,000	42.30

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Note: Once options are issued, the exercise price shall be adjusted according to the formula set out in the Rules Governing the Issuance and Exercise of Employee Options if there are changes in the Company's common stocks or if cash dividends on common stocks have a payout ratio exceeding 1.5% of the market price per share.

For share-based payment plan granted in the year ended December 31, 2023, assumptions used in the pricing model for estimating the fair value of options on the grant date were as follows:

	2023.2.22
Dividend yield ratio (%)	0%
Expected volatility (%)	28.80%~29.49%
Risk-free interest rate (%)	1.15%~1.16%
Expected option life (year)	3.5~4.0
Pricing model	Black-Scholes-Merton option pricing model
Weighted average fair value of options granted during the period (NT\$)	10.12

Details of the parent company's employee stock option plan were as follows:

	Six Months Ended June 30, 2025			
	No. of Options Outstanding (in thousands)	Weighted Average Exercise Price (NT\$)	Range of Exercise Price (NT\$)	Weighted Average Remaining Life (Year)
Outstanding at beginning of period	2,435	\$ 37.6		
Granted	-	-		
Forfeited	(290)	37.6		
Exercised	(489)	37.6		
Expired	-	-		
Outstanding at end of period	<u>1,656</u>	37.6	\$ 37.6	2.58
Exercisable at end of period	<u>541</u>	37.6		

	Six Months Ended June 30, 2024			
	No. of Options Outstanding (in thousands)	Weighted Average Exercise Price (NT\$)	Range of Exercise Price (NT\$)	Weighted Average Remaining Life (Year)
Outstanding at beginning of period	2,880	\$ 39.9		
Granted	-	-		
Forfeited	(375)	39.9		
Exercised	-	-		
Expired	-	-		
Outstanding at end of period	<u>2,505</u>	39.9	\$ 39.9	3.58
Exercisable at end of period	<u>-</u>	-		

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B. Expenses of the share-based payment plan were as follows:

	Six Months Ended June 30	
	2025	2024
Expenses recognized for the share-based payment transactions (equity-settled share-based payments)	\$ 333	\$ 3,515

C. The Group did not cancel or modify its share-based payment plans for the six months ended June 30, 2025 and 2024.

(19) Operating revenue

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Revenue from sale of goods	\$ 2,762,303	\$ 2,880,719	\$ 4,989,297	\$ 4,853,967
Contract balances:				
	June 30, 2025	December 31, 2024	June 30, 2024	December 31, 2023
Contract liabilities - current				
Sale of goods	\$ 1,399	\$ 1,156	\$ 86,255	\$ 1,473

Beginning balance of contract liabilities reclassified to revenue amounted to NT\$1,156 thousand and NT\$1,473 thousand for the six months ended June 30, 2025 and 2024, respectively.

(20) Expected credit loss

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Operating expenses - expected credit loss				
Accounts receivable	\$ (30,039)	\$ (17,677)	\$ (42,226)	\$ (25,597)
Non-operating income and expenses - expected credit loss				
Other receivables (Note)	-	(310)	-	(29,283)
Total	\$ (30,039)	\$ (17,987)	\$ (42,226)	\$ (54,880)

(Note) In March 2024, our subsidiary Rudong Fuzhan returned the right-of-use of undeveloped land to Rudong County's land administration agency according to the contract. Land auction proceeds, net of taxes, would be paid as compensation to Rudong Fuzhan. As it was difficult to estimate the timing of the compensation, the Company recognized an equivalent amount of credit loss of RMB 6,635 thousand based on a conservative assessment.

Please refer to Note 12 for information concerning credit risk.

For receivables (including notes and accounts receivables), the Group measured the loss allowance at an amount equal to lifetime expected credit losses. The assessment on the loss allowance as of June 30, 2025, December 31, 2024 and June 30, 2024 was as follows:

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June 30, 2025

	Not Past Due (Note)	Past Due			Total
		Within 90 Days	91-180 Days	Over 181 Days	
Gross carrying amount	\$ 3,836,523	\$ 80,560	\$ 42,227	\$ 16,280	\$ 3,975,590
Expected credit loss ratio	0.04%	30.88%	98.64%	99.96%	
Lifetime expected credit losses	19,100	24,876	41,654	16,274	101,904
Subtotal	<u>\$ 3,817,423</u>	<u>\$ 55,684</u>	<u>\$ 573</u>	<u>\$ 6</u>	<u>\$ 3,873,686</u>

December 31, 2024

	Not Past Due (Note)	Past Due			Total
		Within 90 Days	91-180 Days	Over 181 Days	
Gross carrying amount	\$ 3,753,022	\$ 76,157	\$ 402	\$ 34,371	\$ 3,863,952
Expected credit loss ratio	1.03%	9.14%	76.62%	100%	
Lifetime expected credit losses	38,477	6,962	308	34,371	80,118
Subtotal	<u>\$ 3,714,545</u>	<u>\$ 69,195</u>	<u>\$ 94</u>	<u>\$ -</u>	<u>\$ 3,783,834</u>

June 30, 2024

	Not Past Due (Note)	Past Due			Total
		Within 90 Days	91-180 Days	Over 181 Days	
Gross carrying amount	\$ 4,343,694	\$ 51,478	\$ 37,918	\$ 35,473	\$ 4,468,563
Expected credit loss ratio	0.16%	12.76%	77.55%	99.90%	
Lifetime expected credit losses	6,834	6,570	29,404	35,436	78,244
Subtotal	<u>\$ 4,336,860</u>	<u>\$ 44,908</u>	<u>\$ 8,514</u>	<u>\$ 37</u>	<u>\$ 4,390,319</u>

(Note) None of the Group's notes receivables was overdue.

Movements in the loss allowance for receivables in the six months ended June 30, 2025 and 2024 were as follows:

	Receivables	Other Receivables	Total
Balance as of January 1, 2025	\$ 80,118	\$ 29,738	\$ 109,856
Appropriated in the current period	42,226	-	42,226
Write off	(12,617)	-	(12,617)
Effect of exchange rate changes	(7,823)	(2,629)	(10,452)
Balance as of June 30, 2025	<u>\$ 101,904</u>	<u>\$ 27,109</u>	<u>\$ 129,013</u>

	Receivables	Other Receivables	Total
Balance as of January 1, 2024	\$ 51,590	\$ -	\$ 51,590
Appropriated in the current period	25,597	29,283	54,880
Write off	-	-	-
Effect of exchange rate changes	1,057	216	1,273
Balance as of June 30, 2024	<u>\$ 78,244</u>	<u>\$ 29,499</u>	<u>\$ 107,743</u>

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(21) Leases

A. The Group being a lessee

The Group leases various assets. The lease terms of these contracts range between 2 and 50 years.

The effects of leases on financial status, financial performance and cash flows of the Group were as follows:

(a) Amounts recognized in the balance sheets

i. Right-of-use assets

Carrying amount of right-of-use assets

	June 30, 2025	December 31, 2024	June 30, 2024
Land	\$ 243,214	\$ 253,273	\$ 261,458
Buildings	11,902	6,785	17,052
Transportation equipment	25,139	25,082	26,239
Miscellaneous equipment	158	-	-
Total	<u>\$ 280,413</u>	<u>\$ 285,140</u>	<u>\$ 304,749</u>

The Group's right-of-use assets increased by NT\$15,000 thousand and NT\$17,044 thousand for the six months ended June 30, 2025 and 2024, respectively.

ii. Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Current	\$ 18,148	\$ 18,759	\$ 22,986
Non-current	204,778	200,916	214,533
Lease liabilities	<u>\$ 222,926</u>	<u>\$ 219,675</u>	<u>\$ 237,519</u>

Please refer to Note 6(23)D Finance costs for details on interest expenses of lease liabilities for the six months ended June 30, 2025 and 2024 and Note 12(5) Liquidity risk management for the maturity analysis on lease liabilities as of June 30, 2025 and 2024.

(b) Amounts recognized in the statements of comprehensive income

Depreciation of right-of-use assets

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Land	\$ 1,642	\$ 1,877	\$ 3,309	\$ 3,942
Buildings	1,705	2,862	3,507	5,664
Transportation equipment	2,986	2,902	6,062	5,528
Miscellaneous equipment	9	-	9	-
Total	<u>\$ 6,342</u>	<u>\$ 7,641</u>	<u>\$ 12,887</u>	<u>\$ 15,134</u>

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(c) Lessee's income and expenses associated with leasing activities

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Expense of short-term leases	\$ 23,759	\$ 22,990	\$ 45,206	\$ 43,151
Expense of leases of low value assets (excluding short-term leases of low value assets)	1,669	1,685	3,094	2,491

(d) Lessee's cash outflows associated with leasing activities

The Group's cash outflows from leases amounted to NT\$63,491 thousand and NT\$60,363 thousand for the six months ended June 30, 2025 and 2024, respectively.

(e) Other information associated with leasing activities

Options to extend or terminate the lease

Some of the Group's property leases contain options to extend or terminate the leases. When determining the lease term, it shall be the non-cancellable period where the lessee has the right to use the underlying asset, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease where the Group is reasonably certain not to exercise that option. The use of those options can maximize the flexibility in managing the contracts. The majority of options to extend or terminate the leases can only be exercised by the Group. The Group would reassess the lease periods when a significant event or a significant change in circumstances occurs (that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term) after the commencement date.

(22) Summary statement of employee benefits, depreciation and amortization expenses by function:

Function Nature	Three Months Ended June 30					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	152,407	111,312	263,719	159,376	140,889	300,265
Labor and health insurance	16,461	10,883	27,344	13,655	9,796	23,451
Pension	6,559	4,555	11,114	5,816	4,350	10,166
Remuneration to directors	-	936	936	-	7,609	7,609
Other employee benefits expense	18,691	8,541	27,232	17,560	9,205	26,765
Depreciation	108,709	19,611	128,320	101,428	23,281	124,709
Amortization	395	5,050	5,445	710	4,998	5,708

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Function Nature	Six Months Ended June 30					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	297,803	224,080	521,883	286,090	270,515	556,605
Labor and health insurance	34,345	22,366	56,711	28,190	20,093	48,283
Pension	13,217	8,974	22,191	11,779	8,637	20,416
Remuneration to directors	-	3,461	3,461	-	11,657	11,657
Other employee benefits expense	36,229	16,717	52,946	30,787	16,428	47,215
Depreciation	218,668	40,012	258,680	193,675	42,529	236,204
Amortization	760	9,886	10,646	1,486	9,870	11,356

According to the Company's Articles of Incorporation, when the Company makes a profit for the year, the compensation to employees shall not be lower than five percent of the balance, of which no less than two and a half percent shall be allocated to non-executive employees, and the remuneration to directors shall not be higher than four percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation to employees and remuneration to directors. The above-mentioned compensation to employees can be made in the form of stock or cash by a resolution adopted by a majority vote at a Board of Directors' meeting attended by at least two-thirds of the total number of directors. A report of such distribution shall be submitted to the shareholders' meeting. Information on the compensation to employees and remuneration to directors resolved or reported at the meetings of Board of Directors and shareholders is available at the Market Observation Post System website.

Based on profitability, the compensation to employees and remuneration to directors accrued for the six months ended June 30, 2025 and 2024 were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Compensation to employees	\$ 2,779	\$ 27,443	\$ 11,693	\$ 41,836
Remuneration to directors	730	7,508	3,167	11,454

If the Board of Directors resolved to distribute compensation to employees in the form of stock, the closing price of stocks on the date preceding the resolution shall be the basis in calculating the number of stocks to be distributed. If the amount accrued differed from the amount resolved in the Board of Directors' meeting, the difference would be recognized in the profit or loss of the following year.

Information on 2024 and 2023 compensation to employees and remuneration to directors resolved in the Board of Directors' meetings on January 16, 2025 and January 25, 2024, respectively, was as follows:

	Years Ended December 31	
	2024	2023
Compensation to employees	\$ 60,132	\$ 41,163
Remuneration to directors	16,442	11,256

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The difference between 2024 compensation to employees and remuneration to directors resolved in the Board of Directors' meeting in 2025 and the amount accrued was recognized in the profit or loss of the following year.

The 2023 compensation to employees and remuneration to directors reported in the shareholders' meeting were not significantly different from the amounts resolved in the Board of Directors' meeting on January 25, 2024 and the amounts recognized as expenses in the financial statements.

(23) Non-operating income and expenses

A. Interest income

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Interest income	\$ 12,561	\$ 11,967	\$ 20,184	\$ 16,320

B. Other income

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Other income	\$ 22,622	\$ 12,608	\$ 26,026	\$ 18,914

C. Other gains and losses

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Gain on disposal of property, plant and equipment	\$ 698	\$ 973	\$ 714	\$ 973
Foreign exchange (loss) gain, net	(248,606)	22,226	(212,897)	97,658
Gain (loss) on financial assets (liabilities) at fair value through profit or loss, net	80,212	(9,315)	62,939	(17,368)
Gain on disposal of investments accounted for using the equity method	491	2,224	491	3,518
Impairment loss (recognized)/reversed on property, plant and equipment	(21)	-	553	-
Other losses	(281)	(454)	(811)	(1,154)
Total	\$ (167,507)	\$ 15,654	\$ (149,011)	\$ 83,627

D. Finance costs

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Interest on bank loans	\$ (3,824)	\$ (3,756)	\$ (8,040)	\$ (7,628)
Interest on lease liabilities	(1,092)	(1,218)	(2,216)	(2,466)
Interest on bonds payable	(592)	(4,029)	(1,183)	(8,581)
Total	\$ (5,508)	\$ (9,003)	\$ (11,439)	\$ (18,675)

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E. Components of other comprehensive income

For the three months ended June 30, 2025

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	\$ (3,676)	\$ -	\$ (3,676)	\$ -	\$ (3,676)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	(389,834)	-	(389,834)	77,967	(311,867)
Total	<u>\$ (393,510)</u>	<u>\$ -</u>	<u>\$ (393,510)</u>	<u>\$ 77,967</u>	<u>\$ (315,543)</u>

For the three months ended June 30, 2024

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 451,860	\$ -	\$ 451,860	\$ -	\$ 451,860
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	23,042	-	23,042	(4,609)	18,433
Total	<u>\$ 474,902</u>	<u>\$ -</u>	<u>\$ 474,902</u>	<u>\$ (4,609)</u>	<u>\$ 470,293</u>

For the six months ended June 30, 2025

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ (107,939)	\$ -	\$ (107,939)	\$ -	\$ (107,939)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	(307,428)	-	(307,428)	61,486	(245,942)
Total	<u>\$ (415,367)</u>	<u>\$ -</u>	<u>\$ (415,367)</u>	<u>\$ 61,486</u>	<u>\$ (353,881)</u>

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For the six months ended June 30, 2024

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 504,041	\$ -	\$ 504,041	\$ -	\$ 504,041
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	57,744	-	57,744	(11,495)	46,249
Total	<u>\$ 561,785</u>	<u>\$ -</u>	<u>\$ 561,785</u>	<u>\$ (11,495)</u>	<u>\$ 550,290</u>

(24) Income tax

A. The major components of income tax expense (benefit) were as follows:

Income tax recognized in profit or loss

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Current income tax expense:				
Current income tax payable	\$ 52,335	\$ 68,502	\$ 87,132	\$ 97,559
Income tax adjustments on prior years	136	529	313	2,197
Others	-	(5,706)	-	(5,706)
Effect of exchange rate changes	76	(25)	65	(45)
Deferred income tax expense:				
Income tax expense relating to origination and reversal of temporary differences	(45,522)	13,059	(60,077)	20,541
Income tax expense	<u>\$ 7,025</u>	<u>\$ 76,359</u>	<u>\$ 27,433</u>	<u>\$ 114,546</u>

Income tax recognized in other comprehensive income

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Deferred income tax expense:				
Exchange differences arising on translation of foreign operations	\$ (77,967)	\$ 4,609	\$ (61,486)	\$ 11,495
Income tax (benefit) expense relating to components of other comprehensive income	<u>\$ (77,967)</u>	<u>\$ 4,609</u>	<u>\$ (61,486)</u>	<u>\$ 11,495</u>

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B. Assessment of income tax returns:

As of June 30, 2025, the assessment of the Group's income tax returns in ROC was as follows:

	Assessment of Income Tax Returns
The Company	Assessed and approved up to 2022
Subsidiary - Koatech Technology Corporation	Assessed and approved up to 2022
Subsidiary - Taichem Materials Co., Ltd.	Assessed and approved up to 2023
Subsidiary - Taiflex Green Power Co., Ltd.	Assessed and approved up to 2023
Subsidiary - Jointek Corporation	Assessed and approved up to 2023

(25) Earnings per share (EPS)

	Three Months Ended June 30, 2025		
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to common shareholders of the Company	\$ 32,747	256,683	\$ 0.13
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	474	5,585	
Employee compensation - stock	-	256	
Employee stock options	-	1,524	
Net loss attributable to common shareholders of the Company and effect of potential common stocks	\$ 33,221	264,048	\$ 0.13
	Three Months Ended June 30, 2024		
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to common shareholders of the Company	\$ 279,723	220,339	\$ 1.27
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	3,223	37,719	
Employee compensation - stock	-	472	
Employee stock options	-	1,773	
Net income attributable to common shareholders of the Company and effect of potential common stocks	\$ 282,946	260,303	\$ 1.09

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Six Months Ended June 30, 2025			
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to common shareholders of the Company	\$ 115,286	256,536	<u>\$ 0.45</u>
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	947	5,585	
Employee compensation - stock	-	371	
Employee stock options	-	1,469	
Net income attributable to common shareholders of the Company and effect of potential common stocks	<u>\$ 116,233</u>	<u>263,961</u>	<u>\$ 0.44</u>
Six Months Ended June 30, 2024			
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to common shareholders of the Company	\$ 412,060	219,533	<u>\$ 1.88</u>
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	6,865	36,913	
Employee compensation - stock	-	1,426	
Employee stock options	-	1,794	
Net income attributable to common shareholders of the Company and effect of potential common stocks	<u>\$ 418,925</u>	<u>259,666</u>	<u>\$ 1.61</u>

(Note): The EPS calculation for the second quarter of 2024 had been retrospectively adjusted to account for the impact of stock dividend. The ex-rights date was set on July 29, 2024.

(26) Business combinations

Acquisition of Jointek Corporation

On May 8, 2025, the Group acquired 51.11% of the voting shares of Jointek Corporation, a company primarily engaged in glass processing for semiconductors and displays.

The Group elected to measure the non-controlling interests in Jointek Corporation at their proportionate share of the recognized amounts of the acquiree's identifiable net assets.

The fair values of the identifiable assets and liabilities of Jointek Corporation as of the acquisition date were as follows:

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	Fair Value as of the Acquisition Date
Assets	
Cash and cash equivalents	\$ 106,060
Accounts receivable	7,521
Inventories	2,953
Prepayments	1,408
Other current assets	162
Property, plant and equipment	35,180
Right-of-use assets	1,420
Other non-current assets	2,130
Subtotal	<u>156,834</u>
Liabilities	
Accounts payable	\$ 7,528
Other payables	1,651
Lease liabilities	1,420
Other current liabilities	184
Subtotal	<u>10,783</u>
Total fair value of identifiable net assets	<u>\$ 146,051</u>
Provisional amount of goodwill of Jointek Corporation is calculated as follows:	
Cash consideration	\$ 65,000
Add: Fair value of equity interest held prior to the acquisition date	50,000
Add: Non-controlling interest (48.89% of the provisional fair value of identifiable net assets)	71,404
Less: Fair value of identifiable net assets	<u>(146,051)</u>
Provisional goodwill	<u>\$ 40,353</u>
Cash flows from the acquisition	
Net cash acquired from the subsidiary	\$ 106,060
Cash paid	<u>(115,000)</u>
Net cash outflow	<u>\$ (8,940)</u>

The net assets recognized in the financial statements for the six months ended June 30, 2025 were based on a provisional fair value assessment. The Group has sought an independent appraiser to evaluate the assets acquired and liabilities assumed in the acquisition of Jointek Corporation; however, the appraisal results were not available as of the issuance date of the Group's financial statements for the six months ended June 30, 2025.

From the acquisition date of May 8, 2025 to June 30, 2025, Jointek Corporation contributed a net loss of NT\$4,101 thousand to the Group's continuing operations. Had the acquisition occurred on January 1, 2025, the Group's revenue from continuing operations would have been NT\$12,410 thousand, and the net loss would have amounted to NT\$17,253 thousand.

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7. Related Party Transactions

Related parties having transactions with the Group during the reporting period were as follows:

Names and relationships

Name	Relationship
Innatech Co., Ltd. (Innatech)	A substantive related party of the Group
SINYA Digital Co., Ltd. (SINYA Digital)	A substantive related party of the Group
Taiflex Education Foundation of Kaohsiung City (Taiflex Education Foundation)	A substantive related party of the Group

(1) Prepayments

	June 30, 2025	December 31, 2024	June 30, 2024
Innatech	\$ 2,587	\$ 420	\$ 2,516
SINYA Digital	-	83	184
Total	<u>\$ 2,587</u>	<u>\$ 503</u>	<u>\$ 2,700</u>

(2) Other payables - related parties

	June 30, 2025	December 31, 2024	June 30, 2024
Innatech	\$ 607	\$ 2,544	\$ 660
SINYA Digital	2,172	4,299	2,456
Total	<u>\$ 2,779</u>	<u>\$ 6,843</u>	<u>\$ 3,116</u>

(3) Property transaction

Acquisition of property, plant and equipment

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Innatech	\$ -	\$ 450	\$ 2,571	\$ 450
SINYA Digital	85	-	85	-
Total	<u>\$ 85</u>	<u>\$ 450</u>	<u>\$ 2,656</u>	<u>\$ 450</u>

(4) Others

Operating expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Innatech	\$ 3,143	\$ 440	\$ 4,878	\$ 1,681
SINYA Digital	500	298	766	1,107
Taiflex Education Foundation	11,076	-	11,076	-
Total	<u>\$ 14,719</u>	<u>\$ 738</u>	<u>\$ 16,720</u>	<u>\$ 2,788</u>

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(5) Compensation to key management of the Group

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 17,319	\$ 24,073	\$ 56,660	\$ 57,564
Post-employment benefits	523	615	1,048	1,000
Total	<u>\$ 17,842</u>	<u>\$ 24,688</u>	<u>\$ 57,708</u>	<u>\$ 58,564</u>

8. Pledged Assets

The following table listed assets of the Group pledged as collateral:

	Carrying Amount			Purpose of Pledge
	June 30, 2025	December 31, 2024	June 30, 2024	
Other financial assets - current	\$ 53,706	\$ 43,710	\$ 43,404	Customs guarantee and short-term loans
Land	100,843	100,843	100,843	Long-term loans
Buildings	51,224	53,529	56,026	Letter of credit, short-term credit facilities and long-term loans
Machinery and equipment	-	-	9,538	Long-term loans
Total	<u>\$ 205,773</u>	<u>\$ 198,082</u>	<u>\$ 209,811</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Details of the Group's unused letters of credit as of June 30, 2025 were as follows:

	L / C Balance	
USD	US\$	14,915 thousand
JPY	JPY	9,600 thousand

(2) As of June 30, 2025, the Group has signed real estate purchase contracts of approximately NT\$730,000 thousand, with unpaid amounts of about NT\$697,000 thousand.

10. Significant Disaster Loss

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets at fair value through profit or loss	\$ 67,479	\$ 32,401	\$ 33,857
Financial assets at fair value through other comprehensive income	304,416	436,144	654,063

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	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets at amortized cost:			
Cash and cash equivalents (excluding cash on hand)	\$ 2,751,524	\$ 2,888,561	\$ 2,827,635
Financial assets at amortized cost	429	200,000	-
Receivables	3,984,360	3,881,817	4,485,467
Other financial assets - current	53,706	43,710	43,404
<u>Financial liabilities</u>			
	June 30, 2025	December 31, 2024	June 30, 2024
Financial liabilities at fair value through profit or loss	\$ 57	\$ 2,254	\$ 5,943
Financial liabilities at amortized cost:			
Short-term loans	405,265	343,783	243,348
Payables	3,346,798	2,190,981	3,019,158
Bonds payable (including current portion)	246,726	245,543	1,232,686
Long-term loans (including current portion)	334,584	344,333	370,906
Lease liabilities (current and non-current)	222,926	219,675	237,519

(Concluded)

(2) Objectives and policies of financial risk management

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures, and manages the aforementioned risks based on its policy and risk preferences.

The Group has established appropriate policies, procedures and internal controls for the aforementioned financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group shall comply with its financial risk management rules at all times.

(3) Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises foreign currency risk, interest rate risk and other price risks.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

A. Foreign currency risk

The Group's exposure to foreign currency risk relates primarily to its operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and net investments in foreign operations.

The Group has certain receivables denominated in the same foreign currency as certain payables; therefore, natural hedge is achieved. The Group also uses forward foreign

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exchange contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as the said nature hedge and forward foreign exchange contracts do not qualify for hedge accounting criteria. Furthermore, as net investments in foreign operations are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis focusing on the impact of foreign exchange rate fluctuations on the Group's profit or loss and equity is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates of U.S. dollars and Chinese Yuan.

B. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to its variable interest rates for loans.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans.

C. Equity price risk

Equity securities of listed domestic companies held by the Group are susceptible to price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors shall review all equity investment decisions and approve where appropriate.

A 5% increase/decrease in the prices of listed companies' stocks classified as at fair value through profit or loss could cause the profit or loss for the six months ended June 30, 2025 and 2024 to increase/decrease by NT\$1,279 thousand and NT\$1,649 thousand, respectively.

A 5% increase/decrease in the prices of listed companies' stocks classified as at fair value through other comprehensive income could cause the comprehensive income for the six months ended June 30, 2025 and 2024 to increase/decrease by NT\$15,221 thousand and NT\$32,703 thousand, respectively.

D. Pre-tax sensitivity analysis was as follows:

For the six months ended June 30, 2025

Key Risk	Variation	Sensitivity of Profit or Loss
Foreign currency risk	NTD/USD appreciate/depreciate by 1%	-/+ NT\$12,018 thousand
	NTD/RMB appreciate/depreciate by 1%	-/+ NT\$ 7,024 thousand
Interest rate risk	Market interest rate increase/decrease by 10 basis points	+/- NT\$ 2,066 thousand

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Key Risk	Variation	Sensitivity of Profit or Loss
Foreign currency risk	NTD/USD appreciate/depreciate by 1%	-/+ NT\$18,435 thousand
	NTD/RMB appreciate/depreciate by 1%	-/+ NT\$ 7,821 thousand
Interest rate risk	Market interest rate increase/decrease by 10 basis points	+/- NT\$ 2,257 thousand

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Group is exposed to credit risk from operating activities (primarily accounts and notes receivable) and financing activities (primarily bank deposits and various financial instruments).

Credit risk is managed by each business unit subject to the Group's credit risk policies, procedures and controls. Credit risk of all counterparties is assessed by considering their financial position and ratings from credit rating agencies, past experience, current economic environment, the Group's internal rating criteria, etc. The Group also uses some credit enhancement tools, such as prepayments or insurances, to reduce the credit risk of certain counterparties.

Credit risk from balances with banks and other financial instruments is managed by the Group in accordance with the Group's policies. The counterparties that the Group transacts with are reputable financial institutions both at home and abroad; thus, no significant credit risk is expected.

(5) Liquidity risk management

The Group maintains its financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, convertible bonds and leases. The table below summarized the maturity profile of the Group's financial liability contracts based on the earliest repayment dates and contractual undiscounted cash flows. The amount also included the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates was extrapolated based on the yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>June 30, 2025</u>					
Borrowings	\$ 458,496	\$ 147,416	\$ 153,454	\$ -	\$ 759,366
Payables	3,346,798	-	-	-	3,346,798
Convertible bonds	-	250,110	-	-	250,110
Lease liabilities	22,020	32,000	20,779	216,421	291,220
<u>December 31, 2024</u>					
Borrowings	\$ 372,093	\$ 148,690	\$ 189,776	\$ -	\$ 710,559
Payables	2,190,981	-	-	-	2,190,981
Convertible bonds	-	250,110	-	-	250,110
Lease liabilities	24,009	27,637	17,653	219,943	289,242

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	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>June 30, 2024</u>					
Borrowings	\$ 392,413	\$ 98,041	\$ 116,415	\$ 25,043	\$ 631,912
Payables	3,019,158	-	-	-	3,019,158
Convertible bonds	1,261,666	-	-	-	1,261,666
Lease liabilities	27,163	34,283	17,136	230,536	309,118
					(Concluded)

Derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>June 30, 2025</u>					
Inflows	\$ -	\$ -	\$ -	\$ -	\$ -
Outflows	-	-	-	-	-
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2024</u>					
Inflows	\$ 517,298	\$ -	\$ -	\$ -	\$ 517,298
Outflows	519,698	-	-	-	519,698
Net	<u>\$ (2,400)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,400)</u>
<u>June 30, 2024</u>					
Inflows	\$ 635,479	\$ -	\$ -	\$ -	\$ 635,479
Outflows	641,922	-	-	-	641,922
Net	<u>\$ (6,443)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,443)</u>

The derivative financial liabilities in the table above were expressed using undiscounted net cash flows.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the six months ended June 30, 2025:

	Short-term Loans	Long-term Loans	Lease Liabilities	Guarantee Deposits Received	Bonds Payable	Total Liabilities from Financing Activities
As of January 1, 2025	\$ 343,783	\$ 344,333	\$ 219,675	\$ 1,741	\$ 245,543	\$ 1,155,075
Cash flows	61,482	(9,749)	(15,191)	(1,325)	-	35,217
Non-cash movements	-	-	18,442	-	1,183	19,625
As of June 30, 2025	<u>\$ 405,265</u>	<u>\$ 334,584</u>	<u>\$ 222,926</u>	<u>\$ 416</u>	<u>\$ 246,726</u>	<u>\$ 1,209,917</u>

Reconciliation of liabilities for the six months ended June 30, 2024:

	Short-term Loans	Long-term Loans	Lease Liabilities	Guarantee Deposits Received	Bonds Payable	Total Liabilities from Financing Activities
As of January 1, 2024	\$ 218,859	\$ 381,981	\$ 267,134	\$ 15,999	\$ 1,891,501	\$ 2,775,474
Cash flows	24,489	(11,075)	(14,721)	415	-	(892)
Non-cash movements	-	-	(14,894)	-	(658,815)	(673,709)
As of June 30, 2024	<u>\$ 243,348</u>	<u>\$ 370,906</u>	<u>\$ 237,519</u>	<u>\$ 16,414</u>	<u>\$ 1,232,686</u>	<u>\$ 2,100,873</u>

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(7) Fair values of financial instruments

A. The valuation techniques and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions are used by the Group in measuring or disclosing the fair values of financial assets and liabilities:

- (a) The carrying amount of cash and cash equivalents, receivables, short-term loans, payables and other current liabilities approximates their fair value due to short maturity terms.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on quoted market prices (e.g., listed equity securities).
- (c) For bank loans and bonds payable with no quoted market price, the fair value is determined by the quoted price of the counterparty or valuation techniques. The latter is based on the discounted cash flow analysis with assumptions of interest rates and discount rates primarily founded on relevant information of similar instruments.
- (d) In terms of derivative financial instruments with no quoted market price, the fair value of non-option derivatives is determined by the quoted price of the counterparty or the discounted cash flow analysis using the applicable yield curve for the contract duration. As for option derivatives, the quoted price of the counterparty or the appropriate option pricing models (e.g., the Black-Sholes model or the binomial tree valuation model of convertible bonds) are adopted to calculate the fair value.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measure at amortized cost approximates their fair value.

C. Information on the fair value hierarchy of financial instruments

Please refer to Note 12(9) for details.

(8) Derivative instruments

As of June 30, 2025, December 31, 2024 and June 30, 2024, the Group's derivative instruments that were not eligible for hedge accounting and were outstanding were listed as follows:

A. Forward foreign exchange contracts that were not eligible for hedge accounting and were outstanding as of the balance sheet dates were listed as follows:

Currency	Contract Period	Contract Amount (in thousands)
<u>June 30, 2025</u>		
Sell RMB/Buy NTD	2025.01~2026.01	RMB 90,000/NT\$ 394,203
Sell USD/Buy NTD	2025.04~2025.07	US\$ 4,000/NT\$ 129,162

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Currency	Contract Period	Contract Amount (in thousands)
<u>December 31, 2024</u>		
Sell RMB/Buy NTD	2024.08~2025.06	RMB 90,000/NT\$ 403,023
Sell USD/Buy NTD	2024.10~2025.01	US\$ 3,000/NT\$ 96,425
<u>June 30, 2024</u>		
Sell RMB/Buy NTD	2024.02~2024.11	RMB 84,000/NT\$ 369,786
Sell USD/Buy NTD	2024.04~2024.10	US\$ 8,000/NT\$ 256,853

(Concluded)

- B. Foreign exchange swap contracts that were not eligible for hedge accounting and were outstanding as of the balance sheet dates were listed as follows:

Currency	Contract Period	Contract Amount (in thousands)
<u>June 30, 2025</u>		
Sell RMB/Buy NTD	2025.04~2025.10	RMB 4,000/NT\$ 17,142
<u>December 31, 2024</u>		
Sell RMB/Buy NTD	2024.10~2025.04	RMB 4,000/NT\$ 17,850
<u>June 30, 2024</u>		
Sell RMB/Buy NTD	2024.04~2024.12	RMB 2,000/NT\$ 8,840

For transactions involving forward foreign exchange contracts and foreign exchange swap contracts, the main purpose is to hedge the foreign currency risk of net assets or liabilities denominated in foreign currencies. As there will be corresponding cash inflows or outflows upon expiration and the Company has sufficient operation funds, no significant cash flow risk is expected.

Embedded derivative instruments

Embedded derivative instruments identified from convertible bonds were separated from the host contract and measured at fair value through profit or loss. Please refer to Note 6(2, 13, 14) for details on the relevant contract.

(9) Fair value hierarchy

A. Definition of fair value hierarchy

For assets and liabilities measured or disclosed in fair values, they are categorized in the level of the lowest level input that is significant to the entire measurement. Inputs of each level are as follows:

Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities at the measurement date

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 inputs are unobservable inputs for the asset or liability

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For assets and liabilities measured on a recurring basis, their categories shall be reevaluated at the end of each reporting period to determine if there is any transfer between different levels of fair value hierarchy.

B. Hierarchy of fair value measurement

The Group does not have assets that are measured at fair value on a non-recurring basis. The fair value hierarchy of assets and liabilities measured on a recurring basis was disclosed as follows:

	Level 1	Level 2	Level 3	Total
<u>June 30, 2025</u>				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 41,193	\$ -	\$ 41,193
Foreign exchange swap contracts	-	496	-	496
Stocks	25,590	-	-	25,590
Embedded derivative instruments	-	-	200	200
Financial assets at fair value through other comprehensive income	304,416	-	-	304,416
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	6	-	6
Foreign exchange swap contracts	-	51	-	51
<u>December 31, 2024</u>				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 1,705	\$ -	\$ 1,705
Foreign exchange swap contracts	-	16	-	16
Stocks	30,555	-	-	30,555
Embedded derivative instruments	-	-	125	125
Financial assets at fair value through other comprehensive income	436,144	-	-	436,144
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	2,254	-	2,254
<u>June 30, 2024</u>				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Stocks	\$ 32,974	\$ -	\$ -	\$ 32,974
Embedded derivative instruments	-	-	883	883
Financial assets at fair value through other comprehensive income	654,063	-	-	654,063
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	5,943	-	5,943

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C. Transfers between Level 1 and Level 2 fair value hierarchy

For the six months ended June 30, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value hierarchy.

D. Movements in Level 3 fair value hierarchy for items measured on a recurring basis

Reconciliation of Level 3 fair value hierarchy for assets and liabilities measured on a recurring basis was as follows:

	Assets	Liabilities
	At Fair Value through Profit or Loss	At Fair Value through Profit or Loss
	Derivatives	Derivatives
January 1, 2025	\$ 125	\$ -
Total gains (losses) recognized for the six months ended June 30, 2025		
Recognized in profit or loss (under "other gains and losses")	75	-
June 30, 2025	\$ 200	\$ -
January 1, 2024	\$ -	\$ (1,556)
Total (losses) gains recognized for the six months ended June 30, 2024		
Recognized in profit or loss (under "other gains and losses")	756	1,751
Reclassified	195	(195)
Derecognized for the six months ended June 30, 2024	(68)	-
June 30, 2024	\$ 883	\$ -

E. Significant unobservable inputs for Level 3 fair value measurement

Significant unobservable inputs for recurring Level 3 fair value measurements of assets were as follows:

	Valuation Technique	Significant Unobservable Input	Quantitative Information	Relationship between Inputs and Fair Value	Sensitivity of Inputs to Fair Value
<u>June 30, 2025</u>					
Financial assets:					
At fair value through profit or loss					
Embedded derivative instruments	Binomial tree valuation model of convertible bonds	Volatility	43.14%	The higher the volatility, the higher the fair value estimates	A 5% increase/decrease in volatility could cause the profit or loss of the Group to increase by NT\$50 thousand/decrease by NT\$75 thousand

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	Valuation Technique	Significant Unobservable Input	Quantitative Information	Relationship between Inputs and Fair Value	Sensitivity of Inputs to Fair Value
<u>December 31, 2024</u>					
Financial assets:					
At fair value through profit or loss					
Embedded derivative instruments	Binomial tree valuation model of convertible bonds	Volatility	35.77%	The higher the volatility, the higher the fair value estimates	A 5% increase/decrease in volatility could cause the profit or loss of the Group to increase by NT\$125 thousand/decrease by NT\$75 thousand
<u>June 30, 2024</u>					
Financial liabilities:					
At fair value through profit or loss					
Embedded derivative instruments	Binomial tree valuation model of convertible bonds	Volatility	22.44%	The higher the volatility, the higher the fair value estimates	A 5% increase/decrease in volatility could cause the profit or loss of the Group to increase by NT\$505 thousand/decrease by NT\$631 thousand
(Concluded)					

F. Valuation process for Level 3 fair value measurement

The valuation process for Level 3 fair value measurement involves having the finance department carries out independent fair value verification for financial instruments. Data from independent sources are used to deliver outcomes that reflect the market and are representative of the executable prices. Data sources are examined for independence, reliability and consistency with other resources while inputs and information for the valuation model are remeasured or reassessed periodically along with any other necessary fair value adjustments to ensure the measurements are reasonable.

(10) Significant financial assets and liabilities denominated in foreign currencies

Information on significant financial assets and liabilities denominated in foreign currencies was listed below:

	June 30, 2025			December 31, 2024		
	Foreign Currencies (in thousands)	Exchange Rate	NTD	Foreign Currencies (in thousands)	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 91,181	29.257	\$ 2,667,683	\$ 79,136	32.806	\$ 2,596,136
JPY	151,147	0.2030	30,683	79,602	0.2099	16,708
RMB	176,557	4.0855	721,324	189,237	4.4817	848,102

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	June 30, 2025			December 31, 2024		
	Foreign Currencies (in thousands)	Exchange Rate	NTD	Foreign Currencies (in thousands)	Exchange Rate	NTD
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 50,108	29.257	\$ 1,466,010	\$ 28,283	32.806	\$ 927,852
JPY	233,749	0.2030	47,451	154,768	0.2099	32,486
RMB	4,630	4.0855	18,916	3,106	4.4817	13,920

(Concluded)

	June 30, 2024		
	Foreign Currencies (in thousands)	Exchange Rate	NTD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 97,568	32.449	\$ 3,165,984
JPY	46,853	0.2018	9,455
RMB	179,507	4.4457	798,034
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 40,759	32.449	\$ 1,322,589
JPY	236,579	0.2018	47,742
RMB	3,591	4.4457	15,964

The data above was disclosed based on the carrying amounts of foreign currencies (already translated to the functional currency).

As entities within the Group transact in various currencies, the exchange gain (loss) of monetary financial assets and liabilities cannot be disclosed by currencies of significant influence. For the three months ended June 30, 2025 and 2024, the Group's foreign exchange gain (loss) amounted to NT\$(248,606) thousand and NT\$22,226 thousand, respectively. For the six months ended June 30, 2025 and 2024, the Group's foreign exchange gain (loss) amounted to NT\$(212,897) thousand and NT\$97,658 thousand, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder return. The Group manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

13. Additional Disclosures

(1) Information on significant transactions and investees

A. Financing provided to others: Please refer to Table 1.

B. Endorsement/guarantee provided to others: Please refer to Table 2.

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- C. Material marketable securities held as of June 30, 2025 (excluding investments in subsidiaries, associates and joint ventures): Please refer to Table 3.
- D. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital: Please refer to Table 4.
- E. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital: Please refer to Table 5.
- F. Investees over which the Company exercises significant influence or control directly or indirectly (excluding investees in Mainland China): Please refer to Table 6.
- G. Others: intercompany relationships and significant intercompany transactions: Please refer to Table 8.

(2) Information on investments in mainland China: Please refer to Table 7.

14. Operating Segment

For management purposes, the Group is organized into operating segments based on business units with independent operations at each region. The two reportable operating segments are as follows:

The general management segment is responsible for the Group's operation planning and owns manufacturing, R&D and sales functions.

The overseas segment owns manufacturing and sales functions.

Operating segments have not been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of decision-making on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and measured consistently with methods applied to operating profit or loss in the consolidated financial statements. However, finance costs, financial benefits and income taxes are managed on the Group basis and are not allocated to operating segments.

Segment income (loss)

For the three months ended June 30, 2025

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 2,080,179	\$ 682,124	\$ -	\$ 2,762,303
Inter-segment	264,168	471,840	(736,008)	-
Total revenue	<u>\$ 2,344,347</u>	<u>\$ 1,153,964</u>	<u>\$ (736,008)</u>	<u>\$ 2,762,303</u>
Segment income (loss) (before income tax)	<u>\$ 6,893</u>	<u>\$ (57,652)</u>	<u>\$ 80,902</u>	<u>\$ 30,143</u>

Note: Inter-segment revenues were eliminated upon consolidation.

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For the three months ended June 30, 2024

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 2,161,903	\$ 718,816	\$ -	\$ 2,880,719
Inter-segment	536,738	410,656	(947,394)	-
Total revenue	<u>\$ 2,698,641</u>	<u>\$ 1,129,472</u>	<u>\$ (947,394)</u>	<u>\$ 2,880,719</u>
Segment income (loss) (before income tax)	<u>\$ 389,274</u>	<u>\$ (7,789)</u>	<u>\$ (33,504)</u>	<u>\$ 347,981</u>

Note: Inter-segment revenues were eliminated upon consolidation.

For the six months ended June 30, 2025

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 3,736,088	\$ 1,253,209	\$ -	\$ 4,989,297
Inter-segment	522,310	834,357	(1,356,667)	-
Total revenue	<u>\$ 4,258,398</u>	<u>\$ 2,087,566</u>	<u>\$ (1,356,667)</u>	<u>\$ 4,989,297</u>
Segment income (loss) (before income tax)	<u>\$ 97,581</u>	<u>\$ (132,877)</u>	<u>\$ 170,492</u>	<u>\$ 135,196</u>

Note: Inter-segment revenues were eliminated upon consolidation.

For the six months ended June 30, 2024

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 3,558,949	\$ 1,295,018	\$ -	\$ 4,853,967
Inter-segment	943,388	686,003	(1,629,391)	-
Total revenue	<u>\$ 4,502,337</u>	<u>\$ 1,981,021</u>	<u>\$ (1,629,391)</u>	<u>\$ 4,853,967</u>
Segment income (loss) (before income tax)	<u>\$ 564,675</u>	<u>\$ (63,163)</u>	<u>\$ 10,467</u>	<u>\$ 511,979</u>

Note: Inter-segment revenues were eliminated upon consolidation.

Assets of the Group's operating segments as of June 30, 2025, December 31, 2024 and June 30, 2024 were summarized below:

	General Management	Overseas	Adjustment and Elimination	Total
As of June 30, 2025	<u>\$ 11,020,003</u>	<u>\$ 6,107,563</u>	<u>\$ (2,174,442)</u>	<u>\$ 14,953,124</u>
As of December 31, 2024	<u>\$ 10,099,912</u>	<u>\$ 6,875,695</u>	<u>\$ (2,448,116)</u>	<u>\$ 14,527,491</u>
As of June 30, 2024	<u>\$ 11,145,839</u>	<u>\$ 6,466,860</u>	<u>\$ (2,403,374)</u>	<u>\$ 15,209,325</u>

Table 1: Financing Provided to Others

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Financing Company	Borrower	Financial Statement Account (Note 2)	Whether A Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 11)	Amount Actually Drawn (Note 12)	Interest Rate Range	Nature of Financing (Note 4)	Transaction Amount (Note 5)	Reason for Short-term Financing (Note 6)	Loss Allowance	Collateral		Financing Limit for Individual Borrower	Limit on Total Financing Amount	Note
													Item	Value			
0	Taiflex Scientific Co., Ltd.	Taiflex Green Power Co., Ltd.	Other receivables - related parties	Y	\$ 80,000	\$ 80,000	\$ 40,000	1.70%	2	-	Operating capital	-	-	-	\$ 1,956,206	\$ 3,912,412	(Note 7)
1	Kunshan Taiflex Electronic Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Other receivables - related parties	Y	91,470	81,710	-	1.80%~2.80%	2	-	Operating capital	-	-	-	733,499	733,499	(Note 9)
1	Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	Other receivables - related parties	Y	640,290	571,970	531,115	1.80%~2.80%	2	-	Operating capital	-	-	-	733,499	733,499	(Note 9)
2	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	Other receivables - related parties	Y	68,804	61,463	40,855	0.00%~4.00%	2	-	Operating capital	-	-	-	18,284	18,284	(Note 10)

Note 1: Companies are coded as follows:

(1) Taiflex Scientific Co., Ltd. is coded "0."

(2) The investees are coded from "1" in the order presented in the table above.

Note 2: Receivables from affiliates and related parties, shareholder transactions, prepayments, temporary payments, etc. are required to be disclosed in this field if they are financing provided to others.

Note 3: The maximum balance of financing provided to others for the six months ended June 30, 2025.

Note 4: Nature of Financing is coded as follows:

(1) Business transaction is coded "1."

(2) Short-term financing is coded "2."

Note 5: If the nature of financing is business transaction, the transaction amount shall be disclosed. The transaction amount refers to the business transaction amount of the most recent year between the financing company and the borrower.

Note 6: With respect to short-term financing, the reasons of financing and the purpose of use by the borrower shall be specified, such as loan repayment, equipment acquisition or operating capital.

Note 7: The Company's "Procedures for Lending Funds to Other Parties" stipulates that the amount of financing provided shall not exceed 40% of the Company's net worth in the most recent financial statements. The amount of financing provided to a single entity shall not exceed 20% of the Company's net worth in the most recent financial statements.

Note 8: Total amount of financing to firms or companies having business relationship with the Company shall not exceed 20% of the Company's net worth. The financing amount to an individual party is limited to the transaction amount between both parties. The transaction amount means the purchase or sales amount between the parties, whichever is higher, and shall not exceed 10% of the Company's net worth. However, the lending amount to a single entity whose voting rights are 100% held, either directly or indirectly, by the Company shall not exceed 20% of the Company's net worth.

Note 9: For financing between offshore companies that the Company holds, either directly and indirectly, 100% of the voting rights, both the financing provided to a single entity and the total financing shall not exceed 100% of the financing company's net worth in the most recent financial statements.

Note 10: For financing to offshore companies that the financing company holds, either directly and indirectly, 100% of the voting rights, both the financing provided to a single entity and the total financing shall not exceed 40% of the financing company's net worth in the most recent financial statements audited or reviewed by CPAs. Due to a decrease in net worth, Koatech Technology Corporation's loan balance and the actual amount drawn have exceeded the permitted limits. The company has developed an improvement plan pursuant to Article 16 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and has submitted it to each supervisor. It will carry out the necessary improvements according to the timeline set forth in the plan.

Note 11: If public companies, pursuant to Paragraph 1, Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, resolve each individual lending at the board meetings, the amounts resolved before drawdown shall be the publicly-announced balance to disclose the risk they assume; provided however, if any repayment is made subsequently, the outstanding balance after such repayment shall be disclosed to reflect the risk adjusted. If public companies, pursuant to Paragraph 2, Article 14 of the same Regulations, authorize the chairperson by board resolution, within a certain monetary limit and a period not to exceed one year, to give loans in instalments or to make a revolving credit line available, the amount resolved shall be the publicly-announced balance. Although repayments may be made subsequently, as drawdowns are likely to happen again, the amount of financing resolved by the board shall be recorded as the publicly-announced balance.

Note 12: This is the ending balance after evaluation.

Table 2: Endorsement/Guarantee Provided to Others

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to A Single Entity	Maximum Balance for the Period (Note 4)	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement /Guarantee Secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement Provided by Parent Company to Subsidiaries (Note 7)	Endorsement Provided by Subsidiaries to Parent Company (Note 7)	Endorsement Provided to Subsidiaries in China (Note 7)	Note
		Name	Relationship (Note 2)											
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	2	\$ 4,890,515	\$392,808	\$146,285	\$ 8,648	\$ -	1.50%	\$ 4,890,515	Y	N	Y	(Note 3)
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	2	4,890,515	664,140	585,140	229,873	-	5.98%		Y	N	N	
1	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	2	9,142	31,616	-	-	-	0.00%	22,854	N	N	Y	(Note 8)

Note 1: Companies are coded as follows:

(1) Taiflex Scientific Co., Ltd. is coded "0."

(2) The investees are coded from "1" in the order presented in the table above.

Note 2: The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following seven types. Please specify the type.

(1) A company that has business relationships with Taiflex.

(2) A company in which Taiflex directly or indirectly holds over 50% of the voting rights.

(3) A company that directly or indirectly holds over 50% of Taiflex's voting rights.

(4) Endorsements/guarantees between companies in which Taiflex directly or indirectly holds over 90% of the voting rights.

(5) Mutual endorsements/guarantees between companies in the same industry or between joint builders which are provided in accordance with contractual terms for construction projects.

(6) Endorsements/guarantees provided by each shareholder for their jointly invested company in proportion to their shareholding percentages.

(7) Joint and several security between companies in the same industry for performance guarantees of pre-construction homes under the Consumer Protection Act.

Note 3: The overall amount of guarantees/endorsements provided shall not exceed 50% of the Company's net worth in the most recent financial statements. The amount of guarantees/endorsements provided to a single entity shall not exceed 20% of the net worth in the most recent financial statements. However, the restriction does not apply to guarantees/endorsements to companies whose voting rights are 100% held, either directly or indirectly, by the Company.

Note 4: The maximum endorsement/guarantee balance for the six months ended June 30, 2025.

Note 5: This refers to amounts approved by the board of directors. However, where the authority has been delegated by the board to the chairperson in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, this would be the amounts approved by the chairperson.

Note 6: This is the ending balance after evaluation.

Note 7: Fill in "Y" for endorsements/guarantees provided by listed parent companies to subsidiaries and vice versa, and for ones provided to subsidiaries in mainland China.

Note 8: The overall amount of guarantees/endorsements provided shall not exceed 50% of the endorsement/guarantee provider's net worth in the most recent financial statements. The amount of guarantees/endorsements provided to a single entity shall not exceed 20% of the endorsement/guarantee provider's net worth in the most recent financial statements.

Table 3: Material Marketable Securities Held as of June 30, 2025 (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

(In Thousands of New Taiwan Dollars)

Holder of Marketable Securities	Type of Marketable Securities (Note 1)	Name of Marketable Securities (Note 1)	Relationship with the Issuer (Note 2)	Financial Statement Account	June 30, 2025				Note
					Shares (In Thousands)	Carrying Amount (Note 3)	Ownership Percentage	Fair Value	
Taiflex Scientific Co., Ltd.	Listed stocks	APAQ Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,718	\$ 304,416	2.96%	\$ 304,416	-
	Listed stocks	Zhen Ding Technology Holding Limited	-	Financial assets at fair value through profit or loss - current	255	25,590	0.03%	25,590	-

Note 1: Marketable securities stated in this table refer to stocks, bonds, beneficiary certificates and securities derived from the said items within the scope of IFRS 9 “Financial Instruments.”

Note 2: Not required if the issuer of the marketable securities is not a related party.

Note 3: If marketable securities are measured at fair value, please fill in the fair value after valuation adjustment, net of accumulated impairment. If marketable securities are not measured at fair value, please fill in the original cost or amortized cost, net of accumulated impairment.

Table 4: Related Party Transactions With Purchase or Sales Amount of at Least NT\$100 Million or 20 Percent of the Paid-In Capital

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Sales (Purchases)	Amount	Percentage to Total Sales (Purchases)	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable)	
Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	Sales	\$ 237,818	5.80%	Monthly settlement with payment in 180 days	-	-	\$ 389,864	13.62%	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	Sales	166,404	4.06%	Monthly settlement with payment in 90 days	-	-	112,938	3.94%	-
Shenzhen Taiflex Electronic Co., Ltd.	Taiflex Scientific Co., Ltd.	The company's ultimate parent company	Purchases	237,818	25.66%	Monthly settlement with payment in 180 days	-	-	(389,864)	(35.46%)	-
Shenzhen Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	Purchases	487,419	52.59%	Monthly settlement with payment in 180 days	-	-	(634,934)	(57.75%)	-
Shenzhen Taiflex Electronic Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	The company's associate	Purchases	158,476	17.10%	Monthly settlement with payment in 180 days	-	-	(70,157)	(6.38%)	-
Kunshan Taiflex Electronic Co., Ltd.	Taiflex Scientific Co., Ltd.	The company's ultimate parent company	Purchases	166,404	51.45%	Monthly settlement with payment in 90 days	-	-	(112,938)	(44.90%)	-
Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	Purchases	121,112	37.44%	Monthly settlement with payment in 180 days	-	-	(130,658)	(51.95%)	-
Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	Sales	487,419	78.54%	Monthly settlement with payment in 180 days	-	-	634,934	78.99%	-
Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	The company's associate	Sales	121,112	19.52%	Monthly settlement with payment in 180 days	-	-	130,658	16.26%	-
Taiflex Scientific (Thailand) Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	Sales	158,476	85.58%	Monthly settlement with payment in 180 days	-	-	70,157	73.80%	-

Note 1: The sales prices and collection terms of sales to related parties are not significantly different from those of sales to non-related parties.

Table 5: Receivables From Related Parties of at Least NT\$100 Million or 20 Percent of the Paid-In Capital

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio (times)	Overdue		Amounts Received in Subsequent Periods	Lost Allowance	Note
					Amount	Action Taken			
Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	\$ 389,864	1.14	\$ -	-	\$ 49,566	\$ -	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	112,938	2.14	-	-	19,608	-	-
Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	634,934	1.32	-	-	81,426	-	-
Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	The company's associate	130,658	1.69	-	-	3,693	-	-
Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	531,115	(Note 1)	-	-	-	-	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	The company holds 100% of the third-tier subsidiary	90,214	0.42	69,471	Continued collection efforts	-	-	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	The company holds 100% of the third-tier subsidiary	41,279	(Note 1)	-	-	-	-	-

Note 1: These are recognized as other receivables. Thus, turnover ratio analysis does not apply.

Table 6: Investees Over Which the Company Exercises Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

(In Thousands of New Taiwan Dollars)

Investor	Investee	Business Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2025			Net Income (Loss) of Investee	Share of Profit/Loss	Note
				June 30, 2025	December 31, 2024	Shares (In Thousands)	Ownership Percentage	Carrying Amount			
Taiflex Scientific Co., Ltd.	Taistar Co., Ltd.	Belize	Investment holding	\$ 704,536	\$ 704,536	21,825	100.00%	\$ 745,584	\$ 5,263	\$ 5,263	(Note 2)
Taiflex Scientific Co., Ltd.	Koatech Technology Corporation	Taiwan	Manufacturing and selling of electronic materials and components	320,761	320,761	16,124	52.97%	104,970	(11,733)	(6,215)	-
Taiflex Scientific Co., Ltd.	Innovision FlexTech Corp.	Taiwan	Manufacturing and selling of electronic materials	72,506	72,506	2,799	10.62%	8,580	(14,052)	(1,685)	-
Taiflex Scientific Co., Ltd.	TFS Co., Ltd.	Belize	Investment holding	478,797	478,797	15,520	100.00%	469,390	(17,049)	(17,049)	(Note 2)
Taiflex Scientific Co., Ltd.	Richstar Co., Ltd.	Samoa	Investment holding	1,316,239	1,316,239	44,000	73.94%	1,331,379	(65,417)	(48,368)	(Note 2)
Taiflex Scientific Co., Ltd.	Taiflex Scientific Japan Co., Ltd.	Japan	Trading and technical support of electronic materials	16,260	16,260	6	100.00%	14,190	121	121	-
Taiflex Scientific Co., Ltd.	Taiflex USA Corporation	U.S.A.	Technical support and marketing of electronic materials	8,820	8,820	1	100.00%	10,717	1	1	-
Taiflex Scientific Co., Ltd.	Taichem Materials Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor materials	246,000	246,000	17,000	100.00%	273,184	(25,239)	(25,228)	(Note 1)
Taiflex Scientific Co., Ltd.	Taiflex Green Power Co., Ltd.	Taiwan	Generation and selling of electricity from renewables	50,000	50,000	5,000	100.00%	53,003	(44)	(38)	(Note 1)
Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	Thailand	Manufacturing and selling of electronic materials	1,061,848	1,061,848	120,600	100.00%	950,048	(76,867)	(76,792)	(Note 2)
Taiflex Scientific Co., Ltd.	Jointek Corporation	Taiwan	Glass processing for semiconductors and displays	115,000	-	4,600	51.11%	112,904	(17,253)	(2,588)	-
TFS Co., Ltd.	Richstar Co., Ltd.	Samoa	Investment holding	478,563	478,563	15,510	26.06%	471,585	(65,417)	(17,049)	(Note 2)
Taistar Co., Ltd.	TSC International Ltd.	Cayman Islands	Investment holding	683,946	683,946	21,170	100.00%	733,567	5,465	5,465	-
Koatech Technology Corporation	KTC Global Co., Ltd.	Samoa	Investment holding	113,517	113,517	3,960	100.00%	(52,359)	3,029	3,029	-
KTC Global Co., Ltd.	KTC PanAsia Co., Ltd.	Samoa	Investment holding	113,368	113,368	3,955	100.00%	(52,943)	3,029	3,029	-

Note 1: Including depreciation of right-of-use assets and amortization of lease liabilities.

Note 2: Including unrealized gain/loss between companies.

Table 7: Information on Investments in Mainland China

(In Thousands of New Taiwan Dollars)

Investor	Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflows of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflows of Investment from Taiwan as of June 30, 2025	Profit/Loss of Investee	Ownership Percentage (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of June 30, 2025	Accumulated Inward Remittances of Earnings as of June 30, 2025
						Outflow	Inflow						
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Selling of chemical products, electronic materials and electronic components	\$767,141 (US\$24,000,000)	2	\$ 767,141	\$ -	\$ -	\$ 767,141	\$ 5,465	100.00%	\$ 5,465	\$ 733,499	\$ 135,257
	Rudong Fuzhan Scientific Co., Ltd.	Manufacturing and selling of electronic materials	\$1,316,239 (US\$44,000,000)	2	1,316,239	-	-	1,316,239	8,201	100.00%	4,983	1,230,284	-
	Shenzhen Taiflex Electronic Co., Ltd.	Trading of coating materials for high polymer film and copper foil	\$479,160 (US\$15,500,000)	2	479,160	-	-	479,160	(70,399)	100.00%	(70,399)	593,155	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	A wholesaler and a commission agent of electronic materials and components	\$113,219 (US\$3,950,000)	2	113,219	-	-	113,219	3,029	52.97%	1,605	(28,049)	-
Accumulated Outflows of Investment from Taiwan to Mainland China as of June 30, 2025					Investment Amounts Approved by the Investment Commission, Ministry of Economic Affairs					Upper Limit of Investment			
Taiflex Scientific Co., Ltd.			\$2,562,540		\$2,580,303					(Note 3)			
Koatech Technology Corporation			\$113,219		\$140,222					\$27,425			

Note 1: The methods for investment in mainland China are categorized into the following three types. Please specify the type.

- (1) Direct investment in mainland China.
- (2) Investment in mainland China through companies in the third area.
- (3) Others.

Note 2: Significant transactions with the investees in China, either directly or indirectly through the third area, and the relevant prices, payment terms and unrealized gains or losses:

- (1) Purchase and ending balance of related payables and their weightings: see Table 4.
- (2) Sales and ending balance of related receivables and their weightings: see Tables 4 and 5.
- (3) The transaction amount and gain or loss arising from property transactions: N/A.
- (4) Ending balance of endorsements/guarantees or collateral provided and the purposes: see Table 2.
- (5) Maximum balance, ending balance, interest rate range and total interest of current period from financing provided to others: see Table 1.
- (6) Transactions that have significant impact on profit or loss of the current period or the financial position, such as services rendered or received: N/A.

Note 3: The Company received official documents issued by the Industrial Development Administration, Ministry of Economic Affairs certifying the Company being qualified for operating headquarters. Thus, the limit stipulated in the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" does not apply.

Note 4: The upper limit of investment is calculated as follows:

Koatech Technology Corporation: NT\$45,709 thousand \times 60% = NT\$27,425 thousand

Table 8: Intercompany Relationships and Significant Intercompany Transactions

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount (Note 4)	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	1	Sales revenue	\$237,818	General trading terms	4.77%
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	1	Accounts receivable	389,864	General trading terms	2.61%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Sales revenue	166,404	General trading terms	3.34%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Accounts receivable	112,938	General trading terms	0.76%
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	1	Sales revenue	48,250	General trading terms	0.97%
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	1	Accounts receivable	59,628	General trading terms	0.40%
0	Taiflex Scientific Co., Ltd.	Taiflex Green Power Co., Ltd.	1	Other receivables	40,000	Financing, with terms agreed by both parties	0.27%
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	1	Other receivables	63,091	General trading terms	0.42%
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	1	Machinery and equipment	34,873	General trading terms	0.23%
1	Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Sales revenue	487,419	General trading terms	9.77%
1	Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Accounts receivable	634,934	General trading terms	4.24%
1	Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	3	Sales revenue	121,112	General trading terms	2.43%
1	Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	3	Accounts receivable	130,658	General trading terms	0.87%
2	Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	3	Other receivables	531,115	Financing, with terms agreed by both parties	3.55%
3	Taichem Materials Co., Ltd.	Taiflex Scientific Co., Ltd.	2	Sales revenue	39,922	General trading terms	0.80%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Sales revenue	18,235	General trading terms	0.37%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Other receivables	40,855	Financing, with terms agreed by both parties	0.26%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Accounts receivable	90,214	General trading terms	0.60%
5	Taiflex Scientific (Thailand) Co., Ltd.	Taiflex Scientific Co., Ltd.	2	Accounts receivable	23,148	General trading terms	0.15%
5	Taiflex Scientific (Thailand) Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Sales revenue	158,476	General trading terms	3.18%
5	Taiflex Scientific (Thailand) Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Accounts receivable	70,157	General trading terms	0.47%

Note 1: Transaction information between the parent company and its subsidiaries shall be disclosed by codes below:

(1) Taiflex Scientific Co., Ltd. is coded "0."

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationships are categorized into the following three types. Please specify the type.

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated net revenue or total assets, it is computed based on the ending balance to the consolidated total assets for balance sheet items; and based on the interim accumulated amount to the consolidated net revenue for profit or loss items.

Note 4: Eliminated upon consolidation.