

**TAIFLEX SCIENTIFIC COMPANY LIMITED  
AND SUBSIDIARIES**

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

Address: No.1, Huanqu 3rd Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)  
Telephone: 886-7-813-9989

**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 September 30, 2025 and 2024, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2025 and 2024, the consolidated statements of changes in equity and cash flows for the nine 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 September 30, 2025 and 2024, its consolidated financial performance for the three months and nine months ended September 30, 2025 and 2024, and its consolidated cash flows for the nine-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

October 29, 2025

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

Assets	Notes	September 30, 2025	December 31, 2024	September 30, 2024
<b>Current assets</b>				
Cash and cash equivalents	4, 6(1)	\$ 1,853,042	\$ 2,889,347	\$ 2,624,921
Financial assets at fair value through profit or loss - current	4, 6(2)	45,996	32,401	34,485
Financial assets at amortized cost - current	4, 6(3)	429	200,000	100,000
Notes receivable, net	4, 6(4)	733,132	627,810	623,397
Accounts receivable, net	4, 6(5)	3,744,011	3,156,024	3,860,135
Other receivables		109,524	97,983	111,427
Inventories, net	4, 6(6)	2,043,121	1,652,327	1,795,026
Prepayments	7	94,957	71,131	96,527
Other current assets	8	89,262	49,221	49,774
Total current assets		<u>8,713,474</u>	<u>8,776,244</u>	<u>9,295,692</u>
<b>Non-current assets</b>				
Financial assets at fair value through other comprehensive income - non-current	4, 6(7)	394,095	436,144	471,388
Investments accounted for using the equity method	4, 6(8)	7,967	10,252	10,994
Property, plant and equipment	4, 6(9)	4,705,625	4,725,152	4,820,628
Right-of-use assets	4, 6(21)	278,543	285,140	302,031
Intangible assets	4, 6(10,11)	177,074	142,075	144,128
Deferred income tax assets		188,748	135,495	125,134
Other non-current assets		23,850	16,989	17,986
Total non-current assets		<u>5,775,902</u>	<u>5,751,247</u>	<u>5,892,289</u>
<b>Total assets</b>		<u>\$ 14,489,376</u>	<u>\$ 14,527,491</u>	<u>\$ 15,187,981</u>

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

(Continued)

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

Liabilities and Equity	Notes	September 30, 2025	December 31, 2024	September 30, 2024
<b>Current liabilities</b>				
Short-term loans	6(12)	\$ 393,138	\$ 343,783	\$ 318,351
Financial liabilities at fair value through profit or loss - current	4, 6(13)	4,674	2,254	5,494
Contract liabilities - current	4, 6(19)	848	1,156	17,447
Notes payable		450	41,761	38,329
Accounts payable		1,416,310	1,332,192	1,876,050
Other payables	7	935,469	817,028	816,312
Current income tax liabilities	4, 6(24)	295,756	245,002	233,739
Lease liabilities - current	4, 6(21)	16,836	18,759	24,117
Current portion of bonds	6(14)	-	-	304,831
Current portion of long-term loans	6(15)	69,497	19,497	22,220
Other current liabilities		8,065	4,493	3,901
Total current liabilities		<u>3,141,043</u>	<u>2,825,925</u>	<u>3,660,791</u>
<b>Non-current liabilities</b>				
Bonds payable	6(14)	-	245,543	-
Long-term loans	6(15)	260,203	324,836	329,710
Deferred income tax liabilities		124,689	148,006	151,710
Lease liabilities - non-current	4, 6(21)	201,813	200,916	210,286
Net defined benefit liabilities - non-current	4, 6(16)	88,152	114,999	135,611
Other non-current liabilities	4, 12	416	1,741	16,691
Total non-current liabilities		<u>675,273</u>	<u>1,036,041</u>	<u>844,008</u>
Total liabilities		<u>3,816,316</u>	<u>3,861,966</u>	<u>4,504,799</u>
<b>Equity attributable to shareholders of the parent</b>				
Capital	6(17)			
Common stock		2,567,660	2,549,117	2,339,347
Capital collected in advance		59,770	13,653	209,770
Total capital		<u>2,627,430</u>	<u>2,562,770</u>	<u>2,549,117</u>
Capital surplus	6(17)	2,526,622	2,322,316	2,274,243
Retained earnings				
Legal reserve		1,294,762	1,208,439	1,208,439
Special reserve		75,546	164,692	164,692
Unappropriated earnings		3,992,919	4,211,013	4,172,302
Total retained earnings		<u>5,363,227</u>	<u>5,584,144</u>	<u>5,545,433</u>
Others	4	70,738	174,798	255,984
Total equity attributable to shareholders of the parent		<u>10,588,017</u>	<u>10,644,028</u>	<u>10,624,777</u>
Non-controlling interests	4, 6(17)	85,043	21,497	58,405
Total equity		<u>10,673,060</u>	<u>10,665,525</u>	<u>10,683,182</u>
<b>Total liabilities and equity</b>		<u>\$ 14,489,376</u>	<u>\$ 14,527,491</u>	<u>\$ 15,187,981</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 Nine Months Ended September 30, 2025 and 2024  
(In Thousands of New Taiwan Dollars)

	Notes	Three Months Ended September 30		Nine Months Ended September 30	
		2025	2024	2025	2024
Operating revenue	4, 6(19)	\$ 2,874,960	\$ 2,853,719	\$ 7,864,257	\$ 7,707,686
Operating costs	4, 6(6,22)	(2,342,806)	(2,247,699)	(6,360,407)	(5,920,481)
Gross profit		532,154	606,020	1,503,850	1,787,205
Operating expenses	4, 6(22), 7				
Sales and marketing expenses		(133,992)	(139,660)	(373,832)	(384,118)
General and administrative expenses		(143,384)	(135,984)	(395,335)	(408,470)
Research and development expenses		(113,820)	(97,171)	(299,887)	(294,893)
Expected credit loss	6(20)	(8,906)	(4,525)	(51,132)	(30,122)
Total operating expenses		(400,102)	(377,340)	(1,120,186)	(1,117,603)
Operating income		132,052	228,680	383,664	669,602
Non-operating income and expenses	6(23)				
Interest income		3,735	5,717	23,919	22,037
Other income		2,151	2,324	28,177	21,238
Other gains and losses		107,904	(28,147)	(41,107)	55,480
Finance costs		(5,529)	(6,791)	(16,968)	(25,466)
Expected credit loss	6(20)	-	(207)	-	(29,490)
Share of profit or loss of associates accounted for using the equity method	4, 6(8)	(843)	(1,520)	(3,019)	(1,366)
Total non-operating income and expenses		107,418	(28,624)	(8,998)	42,433
Income before income tax from continuing operations		239,470	200,056	374,666	712,035
Income tax expense	4, 6(24)	(14,388)	(49,615)	(41,821)	(164,161)
Net income from continuing operations		225,082	150,441	332,845	547,874
Net income		225,082	150,441	332,845	547,874
Other comprehensive income	6(23)				
Items that will not be reclassified subsequently to profit or loss					
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		201,970	(3,669)	94,031	500,372
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		159,135	159,717	(148,293)	217,461
Income tax related to items that may be reclassified subsequently to profit or loss		(31,827)	(31,943)	29,659	(43,438)
Total other comprehensive income, net of tax		329,278	124,105	(24,603)	674,395
Total comprehensive income		\$ 554,360	\$ 274,546	\$ 308,242	\$ 1,222,269
Net income attributable to:	4, 6(17,25)				
Shareholders of the parent		\$ 226,341	\$ 159,319	\$ 341,627	\$ 571,379
Non-controlling interests		(1,259)	(8,878)	(8,782)	(23,505)
		\$ 225,082	\$ 150,441	\$ 332,845	\$ 547,874
Total comprehensive income (loss) attributable to:					
Shareholders of the parent		\$ 556,755	\$ 283,283	\$ 315,716	\$ 1,245,189
Non-controlling interests		(2,395)	(8,737)	(7,474)	(22,920)
		\$ 554,360	\$ 274,546	\$ 308,242	\$ 1,222,269
Earnings per share (NT\$)	4, 6(25)				
Earnings per share - basic		\$ 0.88	\$ 0.65	\$ 1.33	\$ 2.51
Earnings per share - diluted		\$ 0.86	\$ 0.61	\$ 1.30	\$ 2.36

(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 Nine Months Ended September 30, 2025 and 2024  
(In Thousands of New Taiwan Dollars)

Item	Equity Attributable to Shareholders of the Parent										
	Capital			Retained Earnings			Others			Non-Controlling Interests	Total Equity
	Common Stock	Capital Collected in Advance	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	209,770	1,241,959						1,595,319		1,595,319
Changes in other capital surplus											
Changes from investments in associates accounted for using the equity method			34						34		34
Net income for the nine months ended September 30, 2024						571,379			571,379	(23,505)	547,874
Other comprehensive income (loss) for the nine months ended September 30, 2024							173,438	500,372	673,810	585	674,395
Total comprehensive income	-	-	-	-	-	571,379	173,438	500,372	1,245,189	(22,920)	1,222,269
Disposal of investments accounted for using the equity method			(29)						(29)		(29)
Share-based payments			6,082						6,082		6,082
Disposal of equity instruments at fair value through other comprehensive income						253,134		(253,134)	-		-
Balance as of September 30, 2024	\$ 2,339,347	\$ 209,770	\$ 2,274,243	\$ 1,208,439	\$ 164,692	\$ 4,172,302	\$ (23,056)	\$ 279,040	\$ 10,624,777	\$ 58,405	\$ 10,683,182
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						(640,693)			(640,693)		(640,693)
Reversal of special reserve					(89,146)	89,146			-		-
Conversion of convertible bonds	13,653	45,377	187,611						246,641		246,641
Changes in other capital surplus											
Changes from investments in associates accounted for using the equity method			(3)						(3)		(3)
Net income for the nine months ended September 30, 2025						341,627			341,627	(8,782)	332,845
Other comprehensive income (loss) for the nine months ended September 30, 2025							(119,942)	94,031	(25,911)	1,308	(24,603)
Total comprehensive income	-	-	-	-	-	341,627	(119,942)	94,031	315,716	(7,474)	308,242
Share-based payments	4,890	740	16,698						22,328		22,328
Changes in non-controlling interests									-	71,020	71,020
Disposal of equity instruments at fair value through other comprehensive income						78,149		(78,149)	-		-
Balance as of September 30, 2025	\$ 2,567,660	\$ 59,770	\$ 2,526,622	\$ 1,294,762	\$ 75,546	\$ 3,992,919	\$ (188,940)	\$ 259,678	\$ 10,588,017	\$ 85,043	\$ 10,673,060

(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 Nine Months Ended September 30, 2025 and 2024  
(In Thousands of New Taiwan Dollars)

	Nine Months Ended September 30	
	2025	2024
Cash flows from operating activities:		
Income before income tax	\$ 374,666	\$ 712,035
Adjustments:		
Non-cash income and expense items:		
Depreciation	389,225	366,315
Amortization	16,357	16,828
Expected credit loss	51,132	59,612
Net (gain) loss on financial assets (liabilities) at fair value through profit or loss	(61,702)	21,368
Interest expense	16,968	25,466
Interest income	(23,919)	(22,037)
Dividend income	(10,776)	(10,574)
Compensation costs of share-based payments	1,315	6,082
Share of loss of associates accounted for using the equity method	3,019	1,366
Gain on disposal of property, plant and equipment	(711)	(936)
Gain on disposal of investments accounted for using the equity method	(737)	(4,178)
Reversal of impairment loss of non-financial assets	(542)	-
Others	62,418	8,086
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets mandatorily at fair value through profit or loss	50,132	(20,720)
(Increase) decrease in notes receivable	(105,322)	97,585
Increase in accounts receivable	(630,770)	(793,492)
Increase in other receivables	(12,760)	(57,954)
Increase in inventories	(445,065)	(392,568)
Increase in prepayments	(24,971)	(39,186)
(Increase) decrease in other current assets	(2,037)	79
Increase in other non-current assets	-	(738)
(Decrease) increase in contract liabilities	(308)	15,974
(Decrease) increase in notes payable	(41,311)	19,751
Increase in accounts payable	61,056	833,626
Increase in other payables	83,468	203,639
Increase in other current liabilities	3,382	11
(Decrease) increase in net defined benefit liabilities	(26,847)	2,969
Cash (used in) generated from operations	(274,640)	1,048,409
Interest received	25,138	20,969
Dividends received	10,776	10,574
Interest paid	(11,713)	(11,756)
Income tax paid	(24,165)	(133,378)
Net cash (used in) generated by operating activities	(274,604)	934,818

(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 Nine Months Ended September 30, 2025 and 2024  
(In Thousands of New Taiwan Dollars)

	Nine Months Ended September 30	
	2025	2024
Cash flows from investing activities:		
Disposal of financial assets at fair value through other comprehensive income	\$ 136,080	\$ 455,645
Acquisition of financial assets at amortized cost	-	(100,000)
Disposal of financial assets at amortized cost	199,571	-
Disposal of investments accounted for using the equity method	-	6,975
Acquisition of subsidiaries (net of cash acquired)	(35,255)	-
Acquisition of property, plant and equipment	(339,440)	(587,776)
Disposal of property, plant and equipment	2,992	1,794
Increase in refundable deposits	(19,780)	(2,908)
Decrease in refundable deposits	1,031	-
Acquisition of intangible assets	(397)	(75)
Increase in other current assets - other financial assets - current	(17,982)	(1,064)
Net cash used in investing activities	<u>(73,180)</u>	<u>(227,409)</u>
Cash flows from financing activities:		
Increase in short-term loans	49,355	99,492
Repayment of long-term loans	(14,633)	(30,051)
Distribution of cash dividends	(640,693)	(209,120)
Increase in guarantee deposits received	-	692
Decrease in guarantee deposits received	(1,325)	-
Repayment of lease principal	(21,074)	(22,486)
Exercise of employee stock options	21,013	-
Net cash used in financing activities	<u>(607,357)</u>	<u>(161,473)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(81,164)</u>	<u>113,564</u>
Net (decrease) increase in cash and cash equivalents	(1,036,305)	659,500
Cash and cash equivalents at beginning of period	2,889,347	1,965,421
Cash and cash equivalents at end of period	<u>\$ 1,853,042</u>	<u>\$ 2,624,921</u>

(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 Nine Months Ended September 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 nine months ended September 30, 2025 and 2024 were approved and authorized for issue in the Board of Directors’ meeting on October 29, 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 (Note)
IFRS 19	Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures	January 1, 2027

(Note) On September 25, 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 starting in 2028.

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

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recognized in full.

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 new standard and its amendments simplify the disclosure requirements for subsidiaries without public accountability, and allow 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 nine months ended September 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		
			2025.9.30	2024.12.31	2024.9.30
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		
			2025.9.30	2024.12.31	2024.9.30
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 nine months ended September 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 nine months ended September 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

	September 30, 2025	December 31, 2024	September 30, 2024
Cash on hand and petty cash	\$ 756	\$ 786	\$ 865
Bank deposits	1,852,286	2,838,716	2,524,462
Repurchased agreements	-	49,845	99,594
Total	<u>\$ 1,853,042</u>	<u>\$ 2,889,347</u>	<u>\$ 2,624,921</u>

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

	September 30, 2025	December 31, 2024	September 30, 2024
Mandatorily at fair value through profit or loss:			
Derivative instruments not designated in a hedging relationship			
- Forward foreign exchange contracts	\$ 3,728	\$ 1,705	\$ 4,776
- Foreign exchange swap contracts	-	16	-

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	September 30, 2025	December 31, 2024	September 30, 2024
Stocks	\$ 42,268	\$ 30,555	\$ 28,900
Designated as at fair value through profit or loss:			
- Redemption option of convertible bonds	-	125	809
Total	<u>\$ 45,996</u>	<u>\$ 32,401</u>	<u>\$ 34,485</u>

(Concluded)

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

(3) Financial assets at amortized cost - current

	September 30, 2025	December 31, 2024	September 30, 2024
Time deposits - current	<u>\$ 429</u>	<u>\$ 200,000</u>	<u>\$ 100,000</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

	September 30, 2025	December 31, 2024	September 30, 2024
Notes receivable, net	<u>\$ 733,132</u>	<u>\$ 627,810</u>	<u>\$ 623,397</u>

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

B. 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

	September 30, 2025	December 31, 2024	September 30, 2024
Accounts receivable	\$ 3,854,493	\$ 3,236,142	\$ 3,942,347
Less: Loss allowance	(110,482)	(80,118)	(82,212)
Accounts receivable, net	<u>\$ 3,744,011</u>	<u>\$ 3,156,024</u>	<u>\$ 3,860,135</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 nine months ended September 30, 2025 and 2024 and Note 12 for credit risk.

(6) Inventories, net

	September 30, 2025	December 31, 2024	September 30, 2024
Raw materials	\$ 911,201	\$ 591,810	\$ 733,174
Inventories in transit	45,805	101,267	53,135
Supplies	21,578	14,228	14,852
Work in progress	161,401	84,270	130,673

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	September 30, 2025	December 31, 2024	September 30, 2024
Finished goods	\$ 559,429	\$ 577,545	\$ 517,990
Merchandise	343,707	283,207	345,202
Total	<u>\$ 2,043,121</u>	<u>\$ 1,652,327</u>	<u>\$ 1,795,026</u>

(Concluded)

The Group recognized operating costs associated with inventories of NT\$2,342,806 thousand and NT\$2,247,699 thousand for the three months ended September 30, 2025 and 2024, respectively, and NT\$6,360,407 thousand and NT\$5,920,481 thousand for the nine months ended September 30, 2025 and 2024, respectively. These amounts include reversal of (or loss on) inventory write-downs of NT\$(21,782) thousand, NT\$9,415 thousand, NT\$(30,620) thousand, and NT\$5,992 thousand for the three-month and nine-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

	September 30, 2025	December 31, 2024	September 30, 2024
Investments in equity instruments at fair value through other comprehensive income - non-current:			
Publicly traded stocks	\$ 394,095	\$ 436,144	\$ 471,388
Non-publicly traded stocks	-	-	-
Total	<u>\$ 394,095</u>	<u>\$ 436,144</u>	<u>\$ 471,388</u>

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

(8) Investments accounted for using the equity method

Investee	September 30, 2025		December 31, 2024		September 30, 2024	
	Amount	Ownership Percentage	Amount	Ownership Percentage	Amount	Ownership Percentage
Investments in associates:						
Innovision FlexTech Corp.	\$ 7,967	10.62%	\$ 10,252	10.62%	\$ 10,994	10.62%
Jointek Corporation (Please refer to Paragraph C)	-	-	-	-	-	-
Total	<u>\$ 7,967</u>		<u>\$ 10,252</u>		<u>\$ 10,994</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\$26,533 thousand, NT\$25,105 thousand and NT\$27,960 thousand as of September 30, 2025, December 31, 2024 and September 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 nine months ended September 30, 2025 and 2024 were as follows:

Investee	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Innovision FlexTech Corp.	\$ (597)	\$ (1,520)	\$ (2,282)	\$ (1,366)
Jointek Corporation	(246)	-	(737)	-
Total	<u>\$ (843)</u>	<u>\$ (1,520)</u>	<u>\$ (3,019)</u>	<u>\$ (1,366)</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:

	September 30, 2025	December 31, 2024	September 30, 2024
Total assets	\$ 173,971	\$ 245,630	\$ 261,410
Total liabilities	\$ 98,897	\$ 150,849	\$ 157,834

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Revenue	\$ 29,143	\$ 14,874	\$ 85,798	\$ 115,023
Net (loss) income	\$ (5,637)	\$ (14,317)	\$ (19,673)	\$ (13,567)

(9) Property, plant and equipment

	September 30, 2025	December 31, 2024	September 30, 2024
Owner-occupied property, plant and equipment	<u>\$ 4,705,625</u>	<u>\$ 4,725,152</u>	<u>\$ 4,820,628</u>

A. Owner-occupied property, plant and equipment

Cost	As of January 1, 2025	Addition	Disposal	Reclassification	Impairment Loss	Acquired through Business Combinations	Effect of Exchange Rate Changes	As of September 30, 2025
Land	\$ 350,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,167)	\$ 346,166
Buildings	2,374,262	122,370	-	287,631	-	-	(26,028)	2,758,235
Machinery and equipment	4,395,330	29,184	(29,483)	-	-	150	(20,769)	4,374,412
Hydropower equipment	717,641	30,302	-	171	-	-	(7,284)	740,830

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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 September 30, 2025
Testing equipment	\$ 460,341	\$ 27,980	\$ (3,932)	\$ 4,148	\$ -	\$ 1,561	(2,269)	\$ 487,829
Miscellaneous equipment	429,057	86,324	(11,426)	10,485	-	2,447	(2,051)	514,836
Total	<u>\$ 8,726,964</u>	<u>\$ 296,160</u>	<u>\$ (44,841)</u>	<u>\$ 302,435</u>	<u>\$ -</u>	<u>\$ 4,158</u>	<u>\$ (62,568)</u>	<u>\$ 9,222,308</u>
<u>Accumulated depreciation and impairment</u>								
Buildings	\$ 851,400	\$ 82,829	\$ -	\$ 2,877	\$ -	\$ -	\$ (6,230)	\$ 930,876
Machinery and equipment	2,846,362	194,664	(29,435)	-	(542)	8	(6,808)	3,004,249
Hydropower equipment	330,918	35,203	-	-	-	-	(1,285)	364,836
Testing equipment	309,026	26,844	(3,870)	-	-	586	(1,288)	331,298
Miscellaneous equipment	270,659	30,625	(9,255)	626	(54)	349	(1,745)	291,259
Total	<u>\$ 4,608,365</u>	<u>\$ 370,165</u>	<u>\$ (42,560)</u>	<u>\$ 3,503</u>	<u>\$ (542)</u>	<u>\$ 943</u>	<u>\$ (17,356)</u>	<u>\$ 4,922,518</u>
Construction in progress and equipment awaiting inspection	606,553	69,938	-	(321,887)	-	69,777	(18,546)	405,835
Net	<u>\$ 4,725,152</u>							<u>\$ 4,705,625</u>
(Concluded)								

	As of January 1, 2024	Addition	Disposal	Reclassification	Impairment Loss	Acquired through Business Combinations	Effect of Exchange Rate Changes	As of September 30, 2024
Cost								
Land	\$ 335,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,616	\$ 356,844
Buildings	1,997,609	14,041	-	71,739	-	-	17,578	2,100,967
Machinery and equipment	4,043,103	191,541	-	191,847	-	-	15,067	4,441,558
Hydropower equipment	478,404	9,183	-	39,720	-	-	2,518	529,825
Testing equipment	402,702	27,738	(7,541)	28,886	-	-	1,437	453,222
Miscellaneous equipment	378,706	13,057	(8,200)	19,056	-	-	1,715	404,334
Total	<u>\$ 7,635,752</u>	<u>\$ 255,560</u>	<u>\$ (15,741)</u>	<u>\$ 351,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,931</u>	<u>\$ 8,286,750</u>
<u>Accumulated depreciation and impairment</u>								
Buildings	\$ 718,650	\$ 78,112	\$ -	\$ -	\$ -	\$ -	\$ 3,004	\$ 799,766
Machinery and equipment	2,581,113	199,562	-	-	-	-	5,324	2,785,999
Hydropower equipment	300,765	18,717	-	-	-	-	837	320,319
Testing equipment	283,856	24,607	(7,100)	-	-	-	962	302,325
Miscellaneous equipment	254,214	22,584	(7,783)	1,063	-	-	1,243	271,321
Total	<u>\$ 4,138,598</u>	<u>\$ 343,582</u>	<u>\$ (14,883)</u>	<u>\$ 1,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,370</u>	<u>\$ 4,479,730</u>
Construction in progress and equipment awaiting inspection	1,031,921	292,889	-	(360,412)	-	-	49,210	1,013,608
Net	<u>\$ 4,529,075</u>							<u>\$ 4,820,628</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\$542 thousand and NT\$0 thousand for the nine months ended September 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 September 30, 2025
Cost							
Trademarks	\$ 627	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627
Patents	34,733	144	-	-	-	-	34,877
Computer software	185,591	253	-	8,889	-	(434)	194,299
Goodwill	69,781	-	-	-	40,754	-	110,535
Total	<u>\$ 290,732</u>	<u>\$ 397</u>	<u>\$ -</u>	<u>\$ 8,889</u>	<u>\$ 40,754</u>	<u>\$ (434)</u>	<u>\$ 340,338</u>

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	As of January 1, 2025	Addition	Disposal	Reclassification	Acquired through Business Combinations	Effect of Exchange Rate Changes	As of September 30, 2025
<u>Accumulated amortization and impairment</u>							
Trademarks	\$ 482	\$ 36	\$ -	\$ -	\$ -	\$ -	\$ 518
Patents	29,094	462	-	-	-	-	29,556
Computer software	119,081	14,489	-	-	-	(380)	133,190
Total	148,657	\$ 14,987	\$ -	\$ -	\$ -	\$ (380)	163,264
Net	\$ 142,075						\$ 177,074

(Concluded)

	As of January 1, 2024	Addition	Disposal	Reclassification	Acquired through Business Combinations	Effect of Exchange Rate Changes	As of September 30, 2024
<u>Cost</u>							
Trademarks	\$ 627	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627
Patents	34,612	75	-	-	-	-	34,687
Computer software	173,128	-	-	9,403	-	345	182,876
Goodwill	69,781	-	-	-	-	-	69,781
Total	\$ 278,148	\$ 75	\$ -	\$ 9,403	\$ -	\$ 345	\$ 287,971

Accumulated amortization and impairment

Trademarks	\$ 424	\$ 44	\$ -	\$ -	\$ -	\$ -	\$ 468
Patents	28,458	477	-	-	-	-	28,935
Computer software	98,166	15,941	-	-	-	333	114,440
Total	127,048	\$ 16,462	\$ -	\$ -	\$ -	\$ 333	143,843
Net	\$ 151,100						\$ 144,128

(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.

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(12) Short-term loans

	September 30, 2025	December 31, 2024	September 30, 2024
Unsecured bank loans	\$ 393,138	\$ 343,783	\$ 318,351

The interest rate ranges of loans were 2.16% to 2.785%, 0.50% to 3.65% and 0.50% to 4.10%; and the unused short-term credit facilities amounted to NT\$2,942,436 thousand, NT\$3,484,736 thousand and NT\$3,863,262 thousand as of September 30, 2025, December 31, 2024 and September 30, 2024, respectively.

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

	September 30, 2025	December 31, 2024	September 30, 2024
Held for trading:			
Derivative instruments not designated in a hedging relationship			
- Forward foreign exchange contracts	\$ 4,648	\$ 2,254	\$ 5,119
- Foreign exchange swap contracts	26	-	375
Total	\$ 4,674	\$ 2,254	\$ 5,494

(14) Bonds payable

	September 30, 2025	December 31, 2024	September 30, 2024
Overseas unsecured convertible bonds payable	\$ -	\$ 245,543	\$ 304,831
Less: Current portion	-	-	(304,831)
Net	\$ -	\$ 245,543	\$ -

Overseas unsecured convertible bonds payable

	September 30, 2025	December 31, 2024	September 30, 2024
Liability component:			
Overseas unsecured convertible bonds payable - principal amount	\$ -	\$ 250,110	\$ 311,248
Overseas unsecured convertible bonds payable - discounts	-	(4,567)	(6,417)
Subtotal	\$ -	\$ 245,543	\$ 304,831
Less: Current portion	-	-	(304,831)
Net	\$ -	\$ 245,543	\$ -
Embedded derivative financial instruments	\$ -	\$ 125	\$ 809
Equity component	\$ -	\$ 9,026	\$ 11,232

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:

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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 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.”

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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. The conversion price was NT\$44.78 per share as of December 31, 2024 and September 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 September 30, 2025, December 31, 2024 and September 30, 2024, the total amount converted was NT\$1,945,300 thousand, NT\$1,695,190 thousand and NT\$1,634,052 thousand, respectively.

As of September 30, 2025, all of the Company's corporate bonds had been converted into common stocks, and their over-the-counter trading had been terminated on September 10, 2025.

(15) Long-term loans

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

Creditor	2025.9.30	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	102,200	2024.7.31 - 2029.7.31, principal to be repaid in the remaining term with monthly interest payment
E.Sun Commercial Bank - secured loan	27,500	2022.3.25 - 2029.3.25, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	329,700	
Less: Current portion	(69,497)	
Total	<u>\$ 260,203</u>	

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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	2024.9.30	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	113,850	2024.7.31 - 2029.7.31, principal to be repaid in the remaining term with monthly interest payment
E.Sun Commercial Bank - secured loan	35,357	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	2,723	2023.8.2 - 2025.8.1, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	351,930	
Less: Current portion	(22,220)	
Total	<u>\$ 329,710</u>	

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 1.8056% to 3.85% as of September 30, 2025, December 31, 2024 and September 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.



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(16) Post-employment benefit plans

A. Defined contribution plan

Expenses recognized under the defined contribution plan were NT\$10,023 thousand and NT\$9,580 thousand for the three months ended September 30, 2025 and 2024, respectively, and NT\$29,080 thousand and NT\$26,644 thousand for the nine months ended September 30, 2025 and 2024, respectively.

B. Defined benefit plan

Expenses recognized under the defined benefit plan were NT\$1,570 thousand and NT\$1,677 thousand for the three months ended September 30, 2025 and 2024, respectively, and NT\$4,703 thousand and NT\$5,029 thousand for the nine months ended September 30, 2025 and 2024, respectively.

(17) Equity

A. Capital

(a) Common stock

As of September 30, 2025, December 31, 2024 and September 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 September 30, 2025, December 31, 2024 and September 30, 2024, the Company's issued capital was NT\$2,567,660 thousand, NT\$2,549,117 thousand and NT\$2,339,347 thousand, respectively, divided into 256,766 thousand shares, 254,912 thousand shares and 233,935 thousand shares at a par value of NT\$10 each.

(b) Capital collected in advance

For the nine months ended September 30, 2025, employees exercised stock options and paid a total of NT\$21,013 thousand for 563 thousand shares, with an aggregate par value of NT\$5,630 thousand. As of September 30, 2025, the capital increase registration for 74 thousand shares (NT\$740 thousand) had not yet been completed, and the amount was recorded under capital collected in advance. The Board of Directors resolved on October 29, 2025, to set the capital increase record date on November 7, 2025.

For the nine months ended September 30, 2025, convertible bond holders exercised their conversion rights for a total of 5,903 thousand common stocks, amounting to NT\$59,030 thousand in common stock capital, which was booked under capital collected in advance. The Board of Directors resolved on October 29, 2025, to set the capital increase record date on November 7, 2025.

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B. Capital surplus

	September 30, 2025	December 31, 2024	September 30, 2024
Additional paid-in capital	\$ 2,107,673	\$ 1,890,209	\$ 1,841,937
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	11,232
Employee stock options	14,992	19,121	17,115
Others	112,207	112,210	112,209
Total	<u>\$ 2,526,622</u>	<u>\$ 2,322,316</u>	<u>\$ 2,274,243</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.

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 40 percent of the distributable earnings shall be appropriated as shareholders' dividends. The

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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 September 30, 2025, December 31, 2024 and September 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:

	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	640,643	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)

	Nine Months Ended September 30	
	2025	2024
Beginning balance	\$ 21,497	\$ 81,325
Net loss attributable to NCIs	(8,782)	(23,505)
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	1,308	585
Others - Changes in consolidated entities	71,020	-
Ending balance	<u>\$ 85,043</u>	<u>\$ 58,405</u>

(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.

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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 were as follows:

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

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:

	Nine Months Ended September 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	-	-		

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	Nine Months Ended September 30, 2025			
	No. of Options Outstanding (in thousands)	Weighted Average Exercise Price (NT\$)	Range of Exercise Price (NT\$)	Weighted Average Remaining Life (Year)
Forfeited	(290)	\$ 37.6		
Exercised	(563)	37.32		
Expired	-	-		
Outstanding at end of period	<u>1,582</u>	35.5	\$ 35.5	2.33
Exercisable at end of period	<u>467</u>	35.5		

(Concluded)

	Nine Months Ended September 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>	37.6	\$ 37.6	3.33
Exercisable at end of period	<u>-</u>	-		

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

	Nine Months Ended September 30	
	2025	2024
Expenses recognized for the share-based payment transactions (equity-settled share-based payments)	<u>\$ 1,315</u>	<u>\$ 6,082</u>

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

(19) Operating revenue

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Revenue from sale of goods	<u>\$ 2,874,960</u>	<u>\$ 2,853,719</u>	<u>\$ 7,864,257</u>	<u>\$ 7,707,686</u>
Contract balances:				
	September 30, 2025	December 31, 2024	September 30, 2024	December 31, 2023
Contract liabilities - current				
Sale of goods	<u>\$ 848</u>	<u>\$ 1,156</u>	<u>\$ 17,447</u>	<u>\$ 1,473</u>

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

(20) Expected credit loss

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Operating expenses - expected credit loss				
Accounts receivable	\$ (8,906)	\$ (4,525)	\$ (51,132)	\$ (30,122)
Non-operating income and expenses - expected credit loss				
Other receivables (Note)	-	(207)	-	(29,490)
Total	\$ (8,906)	\$ (4,732)	\$ (51,132)	\$ (59,612)

(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 September 30, 2025, December 31, 2024 and September 30, 2024 was as follows:

September 30, 2025

	Not Past Due (Note)	Past Due			Total
		Within 90 Days	91-180 Days	Over 181 Days	
Gross carrying amount	\$ 4,446,111	\$ 64,483	\$ 24,365	\$ 52,666	\$ 4,587,625
Expected credit loss ratio	0.60%	17.50%	100.00%	100.00%	
Lifetime expected credit losses	22,149	11,302	24,365	52,666	110,482
Subtotal	\$ 4,423,962	\$ 53,181	\$ -	\$ -	\$ 4,477,143

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	\$ 3,714,545	\$ 69,195	\$ 94	\$ -	\$ 3,783,834

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September 30, 2024

	Not Past Due (Note)	Past Due			Total
		Within 90 Days	91-180 Days	Over 181 Days	
Gross carrying amount	\$ 4,442,314	\$ 86,118	\$ 2,876	\$ 34,436	\$ 4,565,744
Expected credit loss ratio	0.33%	35.27%	93.21%	100.00%	
Lifetime expected credit losses	14,723	30,372	2,681	34,436	82,212
Subtotal	\$ 4,427,591	\$ 55,746	\$ 195	\$ -	\$ 4,483,532

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

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

	Other		Total
	Receivables	Receivables	
Balance as of January 1, 2025	\$ 80,118	\$ 29,738	\$ 109,856
Appropriated in the current period	51,132	-	51,132
Write off	(20,034)	-	(20,034)
Effect of exchange rate changes	(734)	(1,373)	(2,107)
Balance as of September 30, 2025	\$ 110,482	\$ 28,365	\$ 138,847

  

	Other		Total
	Receivables	Receivables	
Balance as of January 1, 2024	\$ 51,590	\$ -	\$ 51,590
Appropriated in the current period	30,122	29,490	59,612
Write off	(1,230)	-	(1,230)
Effect of exchange rate changes	1,730	508	2,238
Balance as of September 30, 2024	\$ 82,212	\$ 29,998	\$ 112,210

(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

	September 30, 2025	December 31, 2024	September 30, 2024
Land	\$ 244,788	\$ 253,273	\$ 255,615
Buildings	10,747	6,785	17,577
Transportation equipment	22,864	25,082	28,839
Miscellaneous equipment	144	-	-
Total	\$ 278,543	\$ 285,140	\$ 302,031

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The Group's right-of-use assets increased by NT\$15,381 thousand and NT\$25,777 thousand for the nine months ended September 30, 2025 and 2024, respectively.

ii. Lease liabilities

	September 30, 2025	December 31, 2024	September 30, 2024
Current	\$ 16,836	\$ 18,759	\$ 24,117
Non-current	201,813	200,916	210,286
Lease liabilities	<u>\$ 218,649</u>	<u>\$ 219,675</u>	<u>\$ 234,403</u>

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

(b) Amounts recognized in the statements of comprehensive income

Depreciation of right-of-use assets

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Land	\$ 1,634	\$ 1,667	\$ 4,943	\$ 5,609
Buildings	1,670	2,866	5,177	8,530
Transportation equipment	2,855	3,066	8,917	8,594
Miscellaneous equipment	14	-	23	-
Total	<u>\$ 6,173</u>	<u>\$ 7,599</u>	<u>\$ 19,060</u>	<u>\$ 22,733</u>

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Expense of short-term leases	\$ 22,905	\$ 23,994	\$ 68,111	\$ 67,145
Expense of leases of low value assets (excluding short-term leases of low value assets)	2,047	1,644	5,141	4,135

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

The Group's cash outflows from leases amounted to NT\$94,326 thousand and NT\$93,766 thousand for the nine months ended September 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



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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 September 30					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	175,890	140,747	316,637	160,234	128,199	288,433
Labor and health insurance	17,879	12,503	30,382	15,954	11,069	27,023
Pension	6,831	4,761	11,592	6,592	4,665	11,257
Remuneration to directors	-	5,267	5,267	-	4,551	4,551
Other employee benefits expense	19,758	9,677	29,435	19,353	9,932	29,285
Depreciation	110,411	20,134	130,545	107,508	22,603	130,111
Amortization	465	5,246	5,711	585	4,887	5,472

Function Nature	Nine Months Ended September 30					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	473,693	364,827	838,520	446,324	398,714	845,038
Labor and health insurance	52,224	34,869	87,093	44,144	31,162	75,306
Pension	20,048	13,735	33,783	18,371	13,302	31,673
Remuneration to directors	-	8,728	8,728	-	16,208	16,208
Other employee benefits expense	55,987	26,394	82,381	50,140	26,360	76,500
Depreciation	329,079	60,146	389,225	301,183	65,132	366,315
Amortization	1,225	15,132	16,357	2,071	14,757	16,828

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

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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 nine months ended September 30, 2025 and 2024 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Compensation to employees	\$ 19,710	\$ 16,405	\$ 31,403	\$ 58,241
Remuneration to directors	5,207	4,474	8,374	15,928

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

The difference between the 2024 compensation to employees and remuneration to directors approved by the Board of Directors on January 16, 2025 to be paid in cash and the amounts recognized as expenses in the 2024 financial statements was immaterial.

The actual 2023 compensation to employees and remuneration to directors did not differ significantly from the amounts recognized as expenses in the 2023 financial statements.

(23) Non-operating income and expenses

A. Interest income

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Interest income	\$ 3,735	\$ 5,717	\$ 23,919	\$ 22,037

B. Other income

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Other income	\$ 2,151	\$ 2,324	\$ 28,177	\$ 21,238

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C. Other gains and losses

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
(Loss) gain on disposal of property, plant and equipment	\$ (3)	\$ (37)	\$ 711	\$ 936
Foreign exchange gain (loss), net	109,231	(19,691)	(103,666)	77,967
(Loss) gain on financial assets (liabilities) at fair value through profit or loss, net	(1,237)	(4,000)	61,702	(21,368)
Gain on disposal of investments accounted for using the equity method	246	396	737	4,178
Impairment loss (recognized)/reversed on property, plant and equipment	(11)	-	542	-
Other losses	(322)	(4,815)	(1,133)	(6,233)
Total	<u>\$ 107,904</u>	<u>\$ (28,147)</u>	<u>\$ (41,107)</u>	<u>\$ 55,480</u>

D. Finance costs

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Interest on bank loans	\$ (4,161)	\$ (4,126)	\$ (12,201)	\$ (11,754)
Interest on lease liabilities	(1,058)	(1,093)	(3,274)	(3,559)
Interest on bonds payable	(310)	(1,572)	(1,493)	(10,153)
Total	<u>\$ (5,529)</u>	<u>\$ (6,791)</u>	<u>\$ (16,968)</u>	<u>\$ (25,466)</u>

E. Components of other comprehensive income

For the three months ended September 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	\$ 201,970	\$ -	\$ 201,970	\$ -	\$ 201,970
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	159,135	-	159,135	(31,827)	127,308
Total	<u>\$ 361,105</u>	<u>\$ -</u>	<u>\$ 361,105</u>	<u>\$ (31,827)</u>	<u>\$ 329,978</u>

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For the three months ended September 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 loss on investments in equity instruments at fair value through other comprehensive income	\$ (3,669)	\$ -	\$ (3,669)	\$ -	\$ (3,669)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	159,717	-	159,717	(31,943)	127,774
Total	<u>\$ 156,048</u>	<u>\$ -</u>	<u>\$ 156,048</u>	<u>\$ (31,943)</u>	<u>\$ 124,105</u>

For the nine months ended September 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	\$ 94,031	\$ -	\$ 94,031	\$ -	\$ 94,031
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	(148,293)	-	(148,293)	29,659	(118,643)
Total	<u>\$ (54,262)</u>	<u>\$ -</u>	<u>\$ (54,262)</u>	<u>\$ 29,659</u>	<u>\$ (24,603)</u>

For the nine months ended September 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	\$ 500,372	\$ -	\$ 500,372	\$ -	\$ 500,372
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	217,461	-	217,461	(43,438)	174,023
Total	<u>\$ 717,833</u>	<u>\$ -</u>	<u>\$ 717,833</u>	<u>\$ (43,438)</u>	<u>\$ 674,395</u>

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(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 September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Current income tax expense:				
Current income tax payable	\$ 29,851	\$ 43,958	\$ 116,983	\$ 141,517
Income tax adjustments on prior years	(35,556)	(1,848)	(35,243)	349
Others	-	-	-	(5,706)
Effect of exchange rate changes	(20)	(153)	45	(198)
Deferred income tax expense:				
Income tax expense relating to origination and reversal of temporary differences	20,113	7,658	(39,964)	28,199
Income tax expense	<u>\$ 14,388</u>	<u>\$ 49,615</u>	<u>\$ 41,821</u>	<u>\$ 164,161</u>

Income tax recognized in other comprehensive income

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Deferred income tax expense:				
Exchange differences arising on translation of foreign operations	\$ 31,827	\$ 31,943	\$ (29,659)	\$ 43,438
Income tax expense (benefit) relating to components of other comprehensive income	<u>\$ 31,827</u>	<u>\$ 31,943</u>	<u>\$ (29,659)</u>	<u>\$ 43,438</u>

B. Assessment of income tax returns:

As of September 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 2023
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

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(25) Earnings per share (EPS)

Three Months Ended September 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	\$ 226,341	258,577	<u>\$ 0.88</u>
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	248	4,137	
Employee compensation - stock	-	256	
Employee stock options	-	975	
Net income attributable to common shareholders of the Company and effect of potential common stocks	<u>\$ 226,589</u>	<u>263,945</u>	<u>\$ 0.86</u>
Three Months Ended September 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	\$ 159,319	243,416	<u>\$ 0.65</u>
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	1,258	16,612	
Employee compensation - stock	-	274	
Employee stock options	-	1,579	
Net income attributable to common shareholders of the Company and effect of potential common stocks	<u>\$ 160,577</u>	<u>261,881</u>	<u>\$ 0.61</u>
Nine Months Ended September 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	\$ 341,627	257,220	<u>\$ 1.33</u>
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	1,195	5,312	

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Nine Months Ended September 30, 2025			
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
Employee compensation - stock	\$ -	267	
Employee stock options	-	1,078	
Net income attributable to common shareholders of the Company and effect of potential common stocks	<u>\$ 342,822</u>	<u>263,877</u>	<u>\$ 1.30</u> (Concluded)

  

Nine Months Ended September 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	\$ 571,379	227,546	<u>\$ 2.51</u>
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	8,123	15,761	
Employee compensation - stock	-	972	
Employee stock options	-	1,594	
Net income attributable to common shareholders of the Company and effect of potential common stocks	<u>\$ 579,502</u>	<u>245,873</u>	<u>\$ 2.36</u>

(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:

	Fair Value as of the Acquisition Date
Assets	
Cash and cash equivalents	\$ 79,745
Accounts receivable	7,616
Inventories	2,952
Prepayments	3,371
	(Continued)

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	Fair Value as of the Acquisition Date
Other current assets	\$ 242
Property, plant and equipment	72,992
Right-of-use assets	1,587
Other non-current assets	2,130
Subtotal	<u>170,635</u>
Liabilities	
Accounts payable	\$ 23,062
Other payables	530
Lease liabilities	1,587
Other current liabilities	190
Subtotal	<u>25,369</u>
Total fair value of identifiable net assets	<u><u>\$ 145,266</u></u>

(Concluded)

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)	71,020
Less: Fair value of identifiable net assets	<u>(145,266)</u>
Provisional goodwill	<u><u>\$ 40,754</u></u>

Cash flows from the acquisition	
Net cash acquired from the subsidiary	\$ 79,745
Cash paid	<u>(115,000)</u>
Net cash outflow	<u><u>\$ (35,255)</u></u>

The net assets recognized in the financial statements for the nine months ended September 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 nine months ended September 30, 2025.

From the acquisition date of May 8, 2025 to September 30, 2025, Jointek Corporation contributed a net loss of NT\$15,672 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\$18,327 thousand, and the net loss would have amounted to NT\$29,608 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

	September 30, 2025	December 31, 2024	September 30, 2024
Innatech	\$ 1,273	\$ 420	\$ 1,237
SINYA Digital	278	83	134
Total	<u>\$ 1,551</u>	<u>\$ 503</u>	<u>\$ 1,371</u>

(2) Other payables - related parties

	September 30, 2025	December 31, 2024	September 30, 2024
Innatech	\$ 2,803	\$ 2,544	\$ 1,272
SINYA Digital	2,812	4,299	1,367
Total	<u>\$ 5,615</u>	<u>\$ 6,843</u>	<u>\$ 2,639</u>

(3) Property transaction

Acquisition of property, plant and equipment

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Innatech	\$ 3,000	\$ -	\$ 5,571	\$ 450
SINYA Digital	-	295	85	295
Total	<u>\$ 3,000</u>	<u>\$ 295</u>	<u>\$ 5,656</u>	<u>\$ 745</u>

(4) Others

Operating expenses

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Innatech	\$ 2,670	\$ 660	\$ 7,548	\$ 2,341
SINYA Digital	1,653	176	2,419	1,283
Taiflex Education Foundation	-	-	11,076	-
Total	<u>\$ 4,323</u>	<u>\$ 836</u>	<u>\$ 21,043</u>	<u>\$ 3,624</u>

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(5) Compensation to key management of the Group

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 39,033	\$ 36,663	\$ 95,693	\$ 94,227
Post-employment benefits	513	612	1,561	1,612
Total	\$ 39,546	\$ 37,275	\$ 97,254	\$ 95,839

8. Pledged Assets

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

	Carrying Amount			Purpose of Pledge
	September 30, 2025	December 31, 2024	September 30, 2024	
Other financial assets - current	\$ 61,692	\$ 43,710	\$ 43,891	Customs guarantee
Land	100,843	100,843	100,843	Long-term loans
Buildings	50,265	53,529	54,868	Letter of credit, short-term credit facilities and long-term loans
Machinery and equipment	-	-	9,425	Long-term loans
Other current assets - refundable deposits	19,780	-	-	Equipment payables
Total	\$ 232,580	\$ 198,082	\$ 209,027	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

USD	L / C Balance
	US\$ 8,130 thousand

(2) As of September 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

	September 30, 2025	December 31, 2024	September 30, 2024
Financial assets at fair value through profit or loss	\$ 45,996	\$ 32,401	\$ 34,485
Financial assets at fair value through other comprehensive income	394,095	436,144	471,388

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	September 30, 2025	December 31, 2024	September 30, 2024
Financial assets at amortized cost:			
Cash and cash equivalents (excluding cash on hand)	\$ 1,852,286	\$ 2,888,561	\$ 2,624,056
Financial assets at amortized cost	429	200,000	100,000
Receivables	4,586,667	3,881,817	4,594,959
Other financial assets - current	61,692	43,710	43,891

(Concluded)

Financial liabilities

	September 30, 2025	December 31, 2024	September 30, 2024
Financial liabilities at fair value through profit or loss	\$ 4,674	\$ 2,254	\$ 5,494
Financial liabilities at amortized cost:			
Short-term loans	393,138	343,783	318,351
Payables	2,352,229	2,190,981	2,730,691
Bonds payable (including current portion)	-	245,543	304,831
Long-term loans (including current portion)	329,700	344,333	351,930
Lease liabilities (current and non-current)	218,649	219,675	234,403

(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 nine months ended September 30, 2025 and 2024 to increase/decrease by NT\$2,113 thousand and NT\$1,445 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 nine months ended September 30, 2025 and 2024 to increase/decrease by NT\$19,705 thousand and NT\$23,569 thousand, respectively.

D. Pre-tax sensitivity analysis was as follows:

For the nine months ended September 30, 2025

Key Risk	Variation	Sensitivity of Profit or Loss
Foreign currency risk	NTD/USD appreciate/depreciate by 1%	-/+ NT\$19,328 thousand
	NTD/RMB appreciate/depreciate by 1%	-/+ NT\$ 7,831 thousand
Interest rate risk	Market interest rate increase/decrease by 10 basis points	+/- NT\$ 1,192 thousand

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Key Risk	Variation	Sensitivity of Profit or Loss
Foreign currency risk	NTD/USD appreciate/depreciate by 1%	-/+ NT\$19,282 thousand
	NTD/RMB appreciate/depreciate by 1%	-/+ NT\$ 8,092 thousand
Interest rate risk	Market interest rate increase/decrease by 10 basis points	+/- NT\$ 2,098 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>September 30, 2025</u>					
Borrowings	\$ 471,078	\$ 146,745	\$ 122,897	\$ -	\$ 740,720
Payables	2,352,229	-	-	-	2,352,229
Lease liabilities	20,617	30,730	19,570	214,659	285,576
<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>September 30, 2024</u>					
Borrowings	\$ 350,028	\$ 149,257	\$ 195,544	\$ -	\$ 694,829
Payables	2,730,691	-	-	-	2,730,691
Convertible bonds	311,248	-	-	-	311,248
Lease liabilities	28,161	34,473	18,329	221,704	302,667
					(Concluded)

Derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>September 30, 2025</u>					
Inflows	\$ 554,594	\$ -	\$ -	\$ -	\$ 554,594
Outflows	555,253	-	-	-	555,253
Net	<u>\$ (659)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (659)</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>September 30, 2024</u>					
Inflows	\$ 956,665	\$ -	\$ -	\$ -	\$ 956,665
Outflows	958,794	-	-	-	958,794
Net	<u>\$ (2,129)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,129)</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 nine months ended September 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	49,355	(14,633)	(21,074)	(1,325)	-	12,323
Non-cash movements	-	-	20,048	-	(245,543)	(225,495)
As of September 30, 2025	<u>\$ 393,138</u>	<u>\$ 329,700</u>	<u>\$ 218,649</u>	<u>\$ 416</u>	<u>\$ -</u>	<u>\$ 941,903</u>

Reconciliation of liabilities for the nine months ended September 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	99,492	(30,051)	(22,486)	692	-	47,647
Non-cash movements	-	-	(10,245)	-	(1,586,670)	(1,596,915)
As of September 30, 2024	<u>\$ 318,351</u>	<u>\$ 351,930</u>	<u>\$ 234,403</u>	<u>\$ 16,691</u>	<u>\$ 304,831</u>	<u>\$ 1,226,206</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 September 30, 2025, December 31, 2024 and September 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>September 30, 2025</u>		
Sell RMB/Buy NTD	2025.04~2026.04	RMB 78,000/NT\$ 333,113
Sell USD/Buy NTD	2025.09~2025.11	US\$ 7,000/NT\$ 212,965

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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>September 30, 2024</u>		
Sell RMB/Buy NTD	2024.05~2025.02	RMB 96,000/NT\$ 429,444
Sell USD/Buy NTD	2024.06~2024.12	US\$ 16,000/NT\$ 509,521
(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>September 30, 2025</u>		
Sell RMB/Buy NTD	2025.08~2025.12	RMB 2,000/NT\$ 8,516
<u>December 31, 2024</u>		
Sell RMB/Buy NTD	2024.10~2025.04	RMB 4,000/NT\$ 17,850
<u>September 30, 2024</u>		
Sell RMB/Buy NTD	2024.04~2024.12	RMB 4,000/NT\$ 17,700

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>September 30, 2025</u>				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 3,728	\$ -	\$ 3,728
Stocks	42,268	-	-	42,268
Financial assets at fair value through other comprehensive income	394,095	-	-	394,095
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	4,648	-	4,648
Foreign exchange swap contracts	-	26	-	26
<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>September 30, 2024</u>				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 4,776	\$ -	\$ 4,776
Stocks	28,900	-	-	28,900
Embedded derivative instruments	-	-	809	809
Financial assets at fair value through other comprehensive income	471,388	-	-	471,388
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	5,119	-	5,119
Foreign exchange swap contracts	-	375	-	375

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

For the nine months ended September 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 nine months ended September 30, 2025		
Recognized in profit or loss (under "other gains and losses")	270	-
Derecognized for the nine months ended September 30, 2025	(395)	-
September 30, 2025	\$ -	\$ -
January 1, 2024	\$ -	\$ (1,556)
Total gains (losses) recognized for the nine months ended September 30, 2024		
Recognized in profit or loss (under "other gains and losses")	2,118	1,751
Reclassified	195	(195)
Derecognized for the nine months ended September 30, 2024	(1,504)	-
September 30, 2024	\$ 809	\$ -

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>September 30, 2025</u>					
Financial assets:					
At fair value through profit or loss					
None	-	-	-	-	-

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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>September 30, 2024</u>					
Financial assets:					
At fair value through profit or loss					
Embedded derivative instruments	Binomial tree valuation model of convertible bonds	Volatility	34.29%	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\$529 thousand/decrease by NT\$405 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:

	<u>September 30, 2025</u>			<u>December 31, 2024</u>		
	Foreign Currencies (in thousands)	Exchange Rate	NTD	Foreign Currencies (in thousands)	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 103,264	30.467	\$ 3,146,144	\$ 79,136	32.806	\$ 2,596,136
JPY	159,457	0.2058	32,816	79,602	0.2099	16,708
RMB	188,713	4.2748	806,710	189,237	4.4817	848,102

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	September 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	\$ 39,831	30.467	\$ 1,213,531	\$ 28,283	32.806	\$ 927,852
JPY	164,149	0.2058	33,782	154,768	0.2099	32,486
RMB	5,514	4.2748	23,571	3,106	4.4817	13,920

(Concluded)

	September 30, 2024		
	Foreign Currencies (in thousands)	Exchange Rate	NTD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 103,349	31.669	\$ 3,272,959
JPY	60,474	0.2224	13,449
RMB	182,402	4.5209	824,624
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 42,464	31.669	\$ 1,344,792
JPY	191,842	0.2224	42,666
RMB	3,405	4.5209	15,394

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 September 30, 2025 and 2024, the Group's foreign exchange gain (loss) amounted to NT\$109,231 thousand and NT\$(19,691) thousand, respectively. For the nine months ended September 30, 2025 and 2024, the Group's foreign exchange gain (loss) amounted to NT\$(103,666) thousand and NT\$77,967 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.

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- B. Endorsement/guarantee provided to others: Please refer to Table 2.
- C. Material marketable securities held as of September 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 September 30, 2025

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 2,168,739	\$ 706,221	\$ -	\$ 2,874,960
Inter-segment	311,789	460,569	(772,358)	-
Total revenue	<u>\$ 2,480,528</u>	<u>\$ 1,166,790</u>	<u>\$ (772,358)</u>	<u>\$ 2,874,960</u>
Segment income (loss) (before income tax)	<u>\$ 237,494</u>	<u>\$ (15,322)</u>	<u>\$ 17,298</u>	<u>\$ 239,470</u>

Note: Inter-segment revenues were eliminated upon consolidation.

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For the three months ended September 30, 2024

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 2,045,691	\$ 808,028	\$ -	\$ 2,853,719
Inter-segment	462,867	474,733	(937,600)	-
Total revenue	<u>\$ 2,508,558</u>	<u>\$ 1,282,761</u>	<u>\$ (937,600)</u>	<u>\$ 2,853,719</u>
Segment income (loss) (before income tax)	<u>\$ 218,905</u>	<u>\$ 11,526</u>	<u>\$ (30,375)</u>	<u>\$ 200,056</u>

Note: Inter-segment revenues were eliminated upon consolidation.

For the nine months ended September 30, 2025

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 5,904,827	\$ 1,959,430	\$ -	\$ 7,864,257
Inter-segment	834,099	1,294,926	(2,129,025)	-
Total revenue	<u>\$ 6,738,926</u>	<u>\$ 3,254,356</u>	<u>\$ (2,129,025)</u>	<u>\$ 7,864,257</u>
Segment income (loss) (before income tax)	<u>\$ 335,075</u>	<u>\$ (148,199)</u>	<u>\$ 187,790</u>	<u>\$ 374,666</u>

Note: Inter-segment revenues were eliminated upon consolidation.

For the nine months ended September 30, 2024

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 5,604,640	\$ 2,103,046	\$ -	\$ 7,707,686
Inter-segment	1,406,255	1,160,736	(2,566,991)	-
Total revenue	<u>\$ 7,010,895</u>	<u>\$ 3,263,782</u>	<u>\$ (2,566,991)</u>	<u>\$ 7,707,686</u>
Segment income (loss) (before income tax)	<u>\$ 783,580</u>	<u>\$ (51,637)</u>	<u>\$ (19,908)</u>	<u>\$ 712,035</u>

Note: Inter-segment revenues were eliminated upon consolidation.

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

	General Management	Overseas	Adjustment and Elimination	Total
As of September 30, 2025	<u>\$ 10,489,396</u>	<u>\$ 6,362,904</u>	<u>\$ (2,362,873)</u>	<u>\$ 14,489,427</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 September 30, 2024	<u>\$ 10,741,333</u>	<u>\$ 6,856,708</u>	<u>\$ (2,410,060)</u>	<u>\$ 15,187,981</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	-	-	-	\$ 2,117,603	\$ 4,235,207	(Note 7)
1	Kunshan Taiflex Electronic Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Other receivables - related parties	Y	91,470	85,496	-	1.80%~2.80%	2	-	Operating capital	-	-	-	769,588	769,588	(Note 9)
1	Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	Other receivables - related parties	Y	640,290	598,472	555,724	1.80%~2.80%	2	-	Operating capital	-	-	-	769,588	769,588	(Note 9)
2	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	Other receivables - related parties	Y	68,804	64,311	12,824	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 nine months ended September 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 has 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	\$ 5,294,009	\$392,808	\$152,335	\$ 4,069	\$ -	1.44%	\$ 5,294,009	Y	N	Y	(Note 3)
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	2	5,294,009	664,140	457,005	218,120	-	4.32%		Y	N	N	
0	Taiflex Scientific Co., Ltd.	Jointek Corporation	2	2,117,603	19,780	19,780	19,780	19,780	0.19%		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 nine months ended September 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 September 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	September 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	2,021	\$ 394,095	2.20%	\$ 394,095	-
	Listed stocks	Zhen Ding Technology Holding Limited	-	Financial assets at fair value through profit or loss - current	255	42,268	0.02%	42,268	-

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	\$ 370,143	5.72%	Monthly settlement with payment in 180 days	-	-	\$ 403,530	12.26%	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	Sales	265,484	4.10%	Monthly settlement with payment in 90 days	-	-	153,958	4.68%	-
Shenzhen Taiflex Electronic Co., Ltd.	Taiflex Scientific Co., Ltd.	The company's ultimate parent company	Purchases	370,143	25.84%	Monthly settlement with payment in 180 days	-	-	(403,530)	(34.32%)	-
Shenzhen Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	Purchases	735,700	51.36%	Monthly settlement with payment in 180 days	-	-	(687,019)	(58.44%)	-
Shenzhen Taiflex Electronic Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	The company's associate	Purchases	245,790	17.16%	Monthly settlement with payment in 180 days	-	-	(79,090)	(6.73%)	-
Kunshan Taiflex Electronic Co., Ltd.	Taiflex Scientific Co., Ltd.	The company's ultimate parent company	Purchases	265,484	51.63%	Monthly settlement with payment in 90 days	-	-	(153,958)	(51.61%)	-
Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	Purchases	193,733	37.68%	Monthly settlement with payment in 180 days	-	-	(129,469)	(43.40%)	-
Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	Sales	735,700	77.33%	Monthly settlement with payment in 180 days	-	-	687,019	78.32%	-
Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	The company's associate	Sales	193,733	20.36%	Monthly settlement with payment in 180 days	-	-	129,469	14.76%	-
Taiflex Scientific (Thailand) Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	Sales	245,790	80.82%	Monthly settlement with payment in 180 days	-	-	79,090	58.27%	-

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	\$ 403,530	1.75	\$ -	-	\$ 7,366	\$ -	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	153,958	3.02	-	-	-	-	-
Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	687,019	1.92	-	-	69,949	-	-
Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	The company's associate	129,469	2.72	-	-	1,844	-	-
Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	555,724	(Note 1)	-	-	-	-	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	The company holds 100% of the third-tier subsidiary	112,919	0.74	83,485	Continued collection efforts	-	-	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	The company holds 100% of the third-tier subsidiary	13,042	(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 September 30, 2025			Net Income (Loss) of Investee	Share of Profit/Loss	Note
				September 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%	\$ 781,157	\$ 7,067	\$ 7,067	(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%	108,645	(2,381)	(1,261)	-
Taiflex Scientific Co., Ltd.	Innovision FlexTech Corp.	Taiwan	Manufacturing and selling of electronic materials	72,506	72,506	2,799	10.62%	7,967	(19,673)	(2,282)	-
Taiflex Scientific Co., Ltd.	TFS Co., Ltd.	Belize	Investment holding	478,797	478,797	15,520	100.00%	494,383	(13,667)	(13,667)	(Note 2)
Taiflex Scientific Co., Ltd.	Richstar Co., Ltd.	Samoa	Investment holding	1,316,239	1,316,239	44,000	73.94%	1,402,273	(52,440)	(38,774)	(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%	14,492	227	227	-
Taiflex Scientific Co., Ltd.	Taiflex USA Corporation	U.S.A.	Technical support and marketing of electronic materials	8,820	8,820	1	100.00%	11,418	265	265	-
Taiflex Scientific Co., Ltd.	Taichem Materials Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor materials	246,000	246,000	17,000	100.00%	264,503	(33,991)	(33,976)	(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%	53,311	261	270	(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%	970,732	(99,908)	(99,833)	(Note 2)
Taiflex Scientific Co., Ltd.	Jointek Corporation	Taiwan	Glass processing for semiconductors and displays	115,000	-	4,600	51.11%	106,990	(29,608)	(8,747)	-
TFS Co., Ltd.	Richstar Co., Ltd.	Samoa	Investment holding	478,563	478,563	15,510	26.06%	496,528	(52,440)	(13,666)	(Note 2)
Taistar Co., Ltd.	TSC International Ltd.	Cayman Islands	Investment holding	683,946	683,946	21,170	100.00%	769,659	7,500	7,500	-
Koatech Technology Corporation	KTC Global Co., Ltd.	Samoa	Investment holding	113,517	113,517	3,960	100.00%	(53,550)	3,926	3,926	-
KTC Global Co., Ltd.	KTC PanAsia Co., Ltd.	Samoa	Investment holding	113,368	113,368	3,955	100.00%	(54,461)	3,926	3,926	-

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 September 30, 2025	Profit/Loss of Investee	Ownership Percentage (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of September 30, 2025	Accumulated Inward Remittances of Earnings as of September 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	\$ 7,500	100.00%	\$ 7,500	\$ 769,588	\$ 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	12,892	100.00%	10,879	1,292,063	-
	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	(63,319)	100.00%	(63,319)	626,546	-
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	3,926	52.97%	2,080	(28,854)	-
Accumulated Outflows of Investment from Taiwan to Mainland China as of September 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	\$370,143	General trading terms	4.71%
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	1	Accounts receivable	403,530	General trading terms	2.79%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Sales revenue	265,484	General trading terms	3.38%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Accounts receivable	153,958	General trading terms	1.06%
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	1	Sales revenue	67,808	General trading terms	0.86%
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	1	Accounts receivable	59,518	General trading terms	0.41%
0	Taiflex Scientific Co., Ltd.	Taiflex Green Power Co., Ltd.	1	Other receivables	40,000	Financing, with terms agreed by both parties	0.28%
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	1	Other receivables	49,535	General trading terms	0.34%
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	1	Machinery and equipment	34,873	General trading terms	0.24%
1	Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Sales revenue	735,700	General trading terms	9.35%
1	Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Accounts receivable	687,019	General trading terms	4.73%
1	Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	3	Sales revenue	193,733	General trading terms	2.46%
1	Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	3	Accounts receivable	129,469	General trading terms	0.89%
2	Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	3	Other receivables	555,724	Financing, with terms agreed by both parties	3.84%
3	Taichem Materials Co., Ltd.	Taiflex Scientific Co., Ltd.	2	Sales revenue	79,254	General trading terms	1.01%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Sales revenue	36,168	General trading terms	0.46%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Other receivables	13,042	Financing, with terms agreed by both parties	0.09%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Accounts receivable	112,919	General trading terms	0.78%
5	Taiflex Scientific (Thailand) Co., Ltd.	Taiflex Scientific Co., Ltd.	2	Accounts receivable	47,224	General trading terms	0.33%
5	Taiflex Scientific (Thailand) Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Sales revenue	245,790	General trading terms	3.13%
5	Taiflex Scientific (Thailand) Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Accounts receivable	79,090	General trading terms	0.55%

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.