Stock Code: 8039

TAIFLEX Scientific Co., Ltd.

2025 Annual Report

Corporate Website: https://www.taiflex.com.tw
Market Observation Post System Website: http://mops.twse.com.tw

Published on March 29, 2026

Notice to readers

This English version of the annual report is a summary translation of the Chinese original and does not constitute an official document of the Shareholders' Meeting. In the event of any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

1. **Name, Title and Contact Details of Spokesperson and Deputy Spokesperson:**
   Spokesperson: Chi-Yuan Pan
   Title: Chief Financial Officer and Corporate Governance Officer
   Telephone Number: (07)813-9989
   E-mail Address: ir_contact@taiflex.com.tw
   Deputy Spokesperson: Mei-Hsien Su
   Title: Assistant Vice President of Business Analysis Department, Finance & Accounting Center
   Telephone Number: (07)813-9989
   E-mail Address: ir_contact@taiflex.com.tw
2. **Address and Telephone Numbers of Headquarters, Branches and Factories:**
   Taiflex 1: No. 4, S. 3rd Rd., Qianzhen Dist., Kaohsiung City 806011, Taiwan (R.O.C.)
   Taiflex 2 (Headquarters): No.1, Huanqu 3rd Rd., Qianzhen Dist., Kaohsiung City 806011, Taiwan (R.O.C.)
   Taiflex 3: No. 3, S. 2nd Rd., Qianzhen Dist., Kaohsiung City 806011, Taiwan (R.O.C.)
   Taiflex 5: No. 8, S. 3rd Rd., Qianzhen Dist., Kaohsiung City 806011, Taiwan (R.O.C.)
   Telephone Number: (07)813-9989
3. **Name, Address, Website and Telephone Number of the Share Registrar:**
   Name: Stock Management Service Department, Yuanta Securities
   Address: B1., No. 67, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106045, Taiwan (R.O.C.)
   Website: http://www.yuanta.com.tw/
   Telephone Number: (02)2586-5859
4. **Names of Independent Auditors, Accounting Firm, Address, Website and Telephone Number in the Most Recent Year:**
   Names: Kuo-Sen Hung and Ching-Piao Cheng
   CPA Firm: Ernst & Young
   Address: 17F., No.2, Zhongzheng 3rd Rd., Xinxing Dist., Kaohsiung City 800208, Taiwan (R.O.C.)
   Website: http://www.ey.com/
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5. **Corporate Website:**
   https://www.taiflex.com.tw

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I. Letter to Shareholders

1. 2025 Operating Results

In 2025, the Company reported operating revenue of NT$10,609 million, representing an increase of approximately 6.8% compared to NT$9,938 million in the previous year. Net income attributable to the parent amounted to NT$535 million, a decrease of approximately 9.7% year-on-year, with earnings per share of NT$2.07. Although revenue increased compared to the prior year, profitability declined slightly due to rising overall operating costs and the impact of exchange rate fluctuations.

In 2025, the consumer electronics market began to see early adoption of edge AI applications, which supported growth in smartphone shipments. According to the latest data from IDC, global smartphone shipments increased by 1.9% year-on-year, indicating a modest recovery.

However, the ongoing global surge in investment in AI infrastructure has created a crowding-out effect on key components and fundamental production resources. Items such as semiconductor chips, high-end PCB materials, advanced passive components, base metals, and electricity are all facing supply shortages and rising costs.

In addition, escalating geopolitical tensions and trade conflicts, coupled with persistent inflationary pressures and a weakening labor market, continue to cast a shadow over the outlook, and demand for consumer electronics is expected to remain under pressure.

Amid this challenging operating environment, the Company will continue to invest in the development of high-end server PCB materials and advanced packaging films, while striving to obtain customer qualifications in order to capture the high-growth opportunities arising from AI infrastructure. In the consumer electronics segment, the Company will adjust its operational focus toward high value-added fine-line and high-frequency materials, while making appropriate adjustments to conventional products to enhance profitability.

(1) Consolidated revenue and net income

(In Thousands of New Taiwan Dollars)

Item	2025	2024	Change (in Dollar Amount)	Change (in Percentage)
Net operating revenue	10,609,440	9,938,135	671,306	6.75%
Gross profit	2,041,015	2,137,777	(96,762)	-4.53%
Net income	525,025	532,488	(7,463)	-1.40%

(2) Profitability analysis

Item	2025	2024
Net profit margin	4.95%	5.36%
Return on assets	3.71%	4.05%
Return on equity	4.86%	5.68%

(3) Directions of research and development

A. Flexible printed circuit (FPC) materials

With the adoption of edge AI functionalities in end-user devices, requirements for transmission efficiency will continue to increase. At the same time, to support the trend toward thinner form factors and higher power demands in handheld devices, material development will continue to focus on high-frequency/high-speed performance, thinness, and fine-line circuitry. Accordingly, the Company's R&D strategy for electronic materials centers on three core pillars: (1) high-frequency, high-speed, low-latency materials to meet advanced transmission requirements; (2) materials with high dimensional stability and low ionic migration to support system-in-package (SiP) and fine-line applications; and (3) ultra-thin materials to address space-constrained designs. Leveraging its core formulation and process capabilities, the Company continues to provide customers with comprehensive solutions and enhance product value.

B. Advanced packaging materials

In September 2020, the Company completed a demerger to establish Taichem Materials Co., Ltd., which is primarily responsible for the research, development, and promotion of the Company's semiconductor materials. Its current principal product is a temporary bonding material (release layer) used in advanced semiconductor packaging processes. In line with advancements in packaging technologies, the Company is actively developing temporary bonding films for use in packaging processes to enhance production efficiency and improve ESG performance. In addition, through strategic alliances with technologically advanced partners, the Company aims to accelerate product development and provide comprehensive solutions to customers.

C. Advanced PCB materials

Building on its core process technologies and formulation capabilities, the Company is developing advanced PCB materials, targeting high-end server applications to meet requirements for ultra-low signal latency. In addition to material development, the Company continues to establish a database of rigid PCB manufacturing parameters to accelerate adoption by downstream customers.

2. Overview of 2026 Business Plan

(1) Business policy

In 2026, amid the resource crowding-out effects arising from AI infrastructure investment and an increasingly uncertain global political and economic landscape, the Company will adopt prudent investment, optimize its product mix, and actively pursue new product qualifications as its core operating strategies. At the same time, the Company will enhance the efficiency and quality of its third-location manufacturing operations to strengthen its ability to respond to geopolitical risks and trade conflicts.

(2) Sales volume forecast and basis

FPC materials: Projected sales volume for 2026 is expected to decline compared to 2025

Basis:

A. The rapid surge in demand for AI servers and data centers has created a crowding-out effect on key components, which is expected to constrain the overall supply capacity of consumer electronics. In addition, the sharp increase in component costs will inevitably drive up product prices, which may in turn dampen consumer demand.

B. In 2025, the consumer electronics industry performed better than expected, supported by a replacement cycle driven by the introduction of AI features in smartphones. However, given the higher base effect and uncertainties in the overall economic environment in 2026, demand for non-essential consumer goods is expected to decline.

C. The Company will focus on adjusting the product mix, improving profit margins, and introducing new products as its primary strategies to maintain short-term profitability while capturing long-term growth opportunities.

(3) Key production and sales policies

A. Enhance the consistency of supply quality across global production sites and bolster the resilience of the global supply chain.

B. Increase inventory levels of critical materials and implement an integrated production and sales planning system to promptly respond to fluctuations in customer demand and adjust overall supply strategies accordingly.

C. Implement a sales strategy that balances risk and profitability through optimization of the customer portfolio and product mix.

3. Strategies for Future Developments

(1) Invest in high-end materials for AI servers and advanced mobile communication applications to enhance value-added offerings. Beyond existing FPC materials, the Company is expanding into semiconductor packaging and high-speed substrate materials.

(2) Deepen collaborative development of critical upstream materials with end customers by engaging in early-stage specification setting, thereby building a strong competitive moat.

(3) Optimize ESG-related investments by continuing to systematize processes and implement waste reduction measures to mitigate environmental impact. At the same time, increase investment in renewable energy to meet customer expectations and drive sustainable growth, while reducing costs through various efficiency initiatives.

4. Impacts from External Competitions, Regulatory Compliance and Macro-environment

(1) External competitions

A. Affected by the downturn in the automotive market and only a modest recovery in consumer electronics, overall industry demand has weakened, intensifying competition and placing greater price pressure on conventional products.

B. The fragmentation of global supply chains and the rise of regional economies have driven governments to strengthen localization requirements. Many local manufacturers also benefit from government subsidies, further escalating competition across the supply base.

C. As a global leader in flexible copper-clad laminates (FCCL), the Company possesses strong advantages in supply chain management and production scale, enabling rapid response to customer needs. By collaborating closely with upstream and downstream partners, the Company is able to accelerate product development schedules and better meet demand for new products, thereby reinforcing its competitive position.

(2) Regulatory compliance

A. The rise of global trade protectionism triggers tariff wars, increasing operating costs across the supply chain and affecting companies' global deployment strategies.

B. Regulations such as the global minimum tax and anti-base erosion measures are expected to influence how customers adjust their trade models. Combined with the uncertainty of tariff policies in various countries, this has further increased the complexity of global value chain design.

(3) Macro-environment

A. Inflation and the rise of global trade protectionism not only introduce uncertainty to market demand but also increase cost pressures. At the same time, these factors have significantly heightened the complexity of supply chain inventory management and production scheduling, posing substantial challenges to corporate resource allocation and planning.

B. Significant investment in AI infrastructure has created a crowding-out effect on traditional consumer electronics, further driving up costs. In addition to cost control, ensuring a stable supply of raw materials has become increasingly critical.

In response to the rapidly evolving competitive environment and rising operational complexity, the Company will continue to strengthen its core competencies and invest in high value-added materials and industries. By leveraging its current leadership position and working closely with customers on joint development efforts, the Company aims to capture market growth opportunities and lay a solid foundation for long-term development.

Wishing all shareholders good health and prosperity!

Chairperson: Ta-Wen Sun

II. Corporate Governance

1. Directors, Supervisors, Presidents, Vice Presidents, Assistant Vice Presidents and Managers of Departments and Branches:

(1) Directors and Supervisors

A. Directors and Supervisors

As of March 29, 2026 (In Shares; %)

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Taiflex and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Corporate Director	R.O.C.	Qiao Mei Development Corporation	-	2023.05	3 years	2000.04	16,263,729	7.78	17,011,579	6.45	0	0	0	0	-	-	-	-	-	-
Representative of Corporate Director	R.O.C.	Ta-Wen Sun	Male 51-60	2023.05	3 years	2000.04	736,760	0.35	640,638	0.24	200,000	0.08	0	0	Bachelor of Business Administration, Fu Jen Catholic University	Chairperson of Taiflex Scientific Co., Ltd. Chairperson of Qiao Mei Development Corporation Chairperson of You Ben Investment Co., Ltd. Chairperson of Innatech Co., Ltd. Director of Enli Technology Co., Ltd. Director (Representative of Corporate Director) of Koatech Technology Corporation Chairperson and President of Taichem Materials Co., Ltd. (Note 2) Chairperson of Taiflex Green Power Co., Ltd. (Note 2) Director of Rudong Fuzhan Scientific Co., Ltd. (Note 2) Director of Taiflex Scientific (Thailand) Co., Ltd. (Note 2)	-	-	-	-
Director	R.O.C.	Chein-Ming Hsu	Male 71-80	2023.05	3 years	2017.05	0	0	8,048	0	0	0	0	0	Electrical Engineering, Chung Yuan Christian University Former Electronic Communication & Power Director of 3M Company (the Greater China Region) Former Electronic Communication Promotion Director of 3M Company (the Asia-Pacific Region) Former CEO of 3M Thailand Limited	Director (Representative of Corporate Director) of Taiflex Green Power Co., Ltd. (Note 2)	-	-	-	-
Director	R.O.C.	Ching-Yi Chang	Male 61-70	2023.05	3 years	2002.06	5,829,282	2.79	6,097,328	2.31	2,091	0	0	0	Master of Business Administration, National Chengchi University	Chairperson of the CID Group Ltd. Chairperson of LandMark Optoelectronics Corporation Director of Entire Technology Co., Ltd.	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Taiflex and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
																Director of Eurocharm Holdings Co., Ltd. Director of Epoch Foundation Director of Nankang Rubber Tire Corp., Ltd. Independent Director of Jetway Information Co., Ltd.				
Director	R.O.C.	Fu-Le Lin	Male 61-70	2023.05	3 years	1997.08	290,249	0.14	303,595	0.12	20,153	0.01	0	0	Ph.D. in Polymer Science, University of Akron, USA Former Senior Engineer of Vishay General Semiconductor Taiwan Ltd. Former Researcher of Material Research Laboratories, Industrial Technology Research Institute	Senior R&D Director of Taiflex Scientific Co., Ltd. Director (Representative of Corporate Director) of Koatech Technology Corporation	-	-	-	-
Corporate Director	R.O.C.	Fuding Investment Co., Ltd.	-	2023.05	3 years	2014.06	1,020,000	0.49	1,066,902	0.40	0	0	0	0	-	-	-	-	-	-
Representative of Corporate Director	R.O.C.	Re-Zhang Lin	Male 71-80	2023.05	3 years	2014.06	0	0	0	0	0	0	0	0	Bachelor of Accounting, Soochow University	Chairperson of Taiwan Fu Hsing Industrial Co., Ltd. Director (Representative of Corporate Director) of Fine Blanking & Tool Co., Ltd. Director (Representative of Corporate Director) of Launch Technologies Co., Ltd. Director (Representative of Corporate Director) of Advanced International Multitech Co., Ltd.	-	-	-	-
Director	R.O.C.	Chun-Chi Lin	Male 61-70	2023.05	3 years	2017.05	0	0	0	0	0	0	0	0	EMBA, College of Management, National Taiwan University Former President of KANTO-PPC Inc. Former Executive Vice President of Global Unichip Corporation Former CEO of Xintec Inc. Former CEO/President of VisEra Technologies Co., Ltd.	Chairperson of Taiwan Electron Microscope Instrument Corporation Chairperson of Chi Investment Limited Director (Representative of Corporate Director) of Stek Co., Ltd. Independent Director of LandMark Optoelectronics Corporation Independent Director of M31 Technology Corporation Independent Director of Scientech Corporation Supervisor of AcroCyte Therapeutics Inc.	-	-	-	-
Independent Director	R.O.C.	Wen-I Lo	Male 61-70	2023.05	3 years	2017.05	0	0	0	0	0	0	0	0	Master of Business Administration, National ChengChi University Former Vice President of CDIB Capital Management Corporation Former President of China Venture Management, Inc. Former President of R.O.C.	Chairperson of CSX Material Co., Ltd. Chairperson of Apex Action Investment Limited Chairperson of FengYi Capital Management Co., Ltd. Director (Representative of Corporate Director) of Gemtek Technology Co., Ltd.	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Taiflex and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
															Strategic Company Ltd. Former President of R.O.C. Venture Co., Ltd.	Supervisor (Representative of Corporate Director) of REC Technology Corporation Independent Director of ADO Optronics Corporation Supervisor of Wholesenses Global Corp.				
Independent Director	R.O.C.	Yung-Shun Chuang	Male 71-80	2023.05	3 years	2021.07	0	0	0	0	0	0	0	0	Honorary Doctorate, National Taiwan University of Science and Technology	Chairperson of AAEON Technology Inc. Chairperson of ONYX Healthcare Inc. Chairperson of Jetway Information Co., Ltd. Chairperson of EverFocus Electronics Corporation Chairperson of AtechOEM Inc. Director of MACHVISION Inc. Director of King Core Electronics Inc. Director of CHC Healthcare Group Director (Representative of Corporate Director) of Winmate Inc. Director (Representative of Corporate Director) of XAC Automation Corporation Director (Representative of Corporate Director) of IBASE Technology Inc. Director of Litemax Electronics Inc. Director of Allied Biotech Corporation Director of Top Union Electronics Corp.	-	-	-	-
Independent Director	R.O.C.	Shi-Chern Yen	Male 71-80	2023.05	3 years	2017.05	0	0	0	0	0	0	0	0	Ph.D. in Chemical Engineering, University of Wisconsin	Emeritus professor and adjunct professor of Chemical Engineering, National Taiwan University	-	-	-	-

Note 1: Where the Company's Chairperson and President or personnel with equivalent position (top executive) are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g., increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers): None.

Note 2: Rudong Fuzhan Scientific Co., Ltd., Taichem Materials Co., Ltd., Taiflex Green Power Co., Ltd. and Taiflex Scientific (Thailand) Co., Ltd. are 100%-owned investees of the Company.

(a) Major shareholders of corporate shareholders

As of March 29, 2026

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders	Shareholding %
Qiao Mei Development Corporation	You Ben Investment Co., Ltd.	22.74
	Ching-Yi Chang	21.58
	Tai Cheng International Investment Co., Ltd.	20.00
	Ju Yang Investment Co., Ltd.	12.54
	Xiang Yao International Investment Co., Ltd.	9.95
	Xiu-Zhen Yang	4.98
	Qian-Ying Yang	2.49
	Zhi-Cheng Zhang	2.49
	Ai-Lin Sun	2.23
	Jun-Xiang Zhang	0.50
	Jia-Dong Zhang	0.50
Fuding Investment Co., Ltd.	Fuxun Investment Co., Ltd.	41.52
	Hongcheng Investment Co., Ltd.	19.00
	ShengYou Investment Co., Ltd.	11.82
	LianYu Investment Development Co., Ltd.	7.86
	DeLi International Investment Co., Ltd.	8.30
	LianQuang Investment Co., Ltd.	5.81
	Jian-Kun Chen	1.43
	Zi-Yang Lin	1.10
	Yuan Sheng International Investment Co., Ltd.	2.13

(b) Major shareholders of corporate shareholders who are major shareholders in the table above

As of March 29, 2026

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholder
You Ben Investment Co., Ltd.	Ta-Wen Sun
Tai Cheng International Investment Co., Ltd.	Zhi-Cheng Zhang
	Wei-Hsuan Chang
	Pei-Ru Lin
Ju Yang Investment Co., Ltd.	Xiu-Zhen Yang
	Ming-Zhi Zheng
Xiang Yao International Investment Co., Ltd.	Yu-Hui Lin
FuXun Investment Co., Ltd.	Rui-Bi Zhang
	Zi-Xuan Lin
	Zi-Yang Lin
	Re-Zhang Lin
HongCheng Investment Co., Ltd.	Li-Wen Lin-Yin
	Zhao-Hong Lin

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholder
	Shao-Qian Lin
	Shao-Jie Lin
ShengYou Investment Co., Ltd.	Deng-Cai Lin
	Zhi-Wei Lin
	Bing-Kuan Lin
	Zhi-Ning Lin
LianYu Investment Development Co., Ltd.	Wen-Xing Lin
	Mei-Hui Xu
DeLi International Investment Co., Ltd.	Si-Jin Chen
	Si-Kai Chen
	Miao-Yin Lin
	Zhen-Yue Chen
LianQuang Investment Co., Ltd.	Wen-Xing Lin
	Mei-Hui Xu
	Zhi-Cheng Lin
	Zhi-You Lin

B. Professional Qualifications of Directors and Independence Status of Independent Directors

As of March 29, 2026

Conditions / Name	Professional Qualifications and Experiences (Note 1)	Independence Status (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Qiao Mei Development Corporation Representative: Ta-Wen Sun	Chairperson Ta-Wen Sun graduated from Fu Jen Catholic University with a Bachelor of Business Administration. He has been awarded the Model of Entrepreneurs Award and served as chairperson in multiple companies. He has vast experience and expertise in business management of the information and electronic industry.	Chairperson Ta-Wen Sun is an employee of the Company as well as a chairperson or director of the Company's wholly-owned investees. He is also the representative of Qiao Mei Development Corporation, which holds more than 5% of the Company's shares. He has satisfied all other independence criteria (Note 2).	0
Chein-Ming Hsu	Director Chein-Ming Hsu graduated from Chung Yuan Christian University majoring in Electrical Engineering. He was the Electronic Communication & Power Director of 3M Company (the Greater China Region), Electronic Communication Promotion Director of 3M Company (the Asia-Pacific Region) and CEO of 3M Thailand Limited. He has vast experience in the management of international corporations.	Director Chein-Ming Hsu is a director of the Company's wholly-owned investees. He has satisfied all other independence criteria (Note 2).	0
Ching-Yi Chang	Director Ching-Yi Chang graduated from National Chengchi University with a Master of Business Administration. He is the founder of CID Group Ltd. and has the reputation of "King of Venture Capital" in Taiwan. He is also the chairperson of LandMark Optoelectronics Corporation and an independent director of Jetway Information Co., Ltd. (a TPEx-listed company) with expertise in information and electronic, business management, investment management and risk control.	Director Ching-Yi Chang is not an employee of the Company. However, his holdings in the Company exceeds 1% and is one of the top 10 natural-person shareholders of the Company. He has satisfied all other independence criteria (Note 2).	1

Conditions / Name	Professional Qualifications and Experiences (Note 1)	Independence Status (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Fu-Le Lin	Director Fu-Le Lin graduated from University of Akron, USA with a Ph.D. in Polymer Science. He once worked in Vishay General Semiconductor Taiwan Ltd. and Industrial Technology Research Institute. Being one of the Company's founders, he is also the former chairperson of the subsidiary, Koatech Technology Corporation. His expertise lies in polymer materials and business management.	Director Fu-Le Lin is an employee of the Company as well as a director of the Company's wholly-owned investees. He has satisfied all other independence criteria (Note 2).	0
Fuding Investment Co., Ltd. Representative: Re-Zhang Lin	Director Re-Zhang Lin graduated from Soochow University with a Bachelor of Accounting. He is the chairperson of Taiwan Fu Hsing Industrial Co., Ltd. (TWSE-listed), as well as a director in several TPEx-listed companies. His expertise lies in accounting and business management.	Director Re-Zhang Lin is not an employee of the Company but is elected as a representative of corporate director. He has satisfied all other independence criteria (Note 2).	0
Chun-Chi Lin	Director Chun-Chi Lin graduated from National Taiwan University with an EMBA. He is the former CEO of Xintec Inc., an investee of Taiwan Semiconductor Manufacturing Company Limited, the chairperson of Taiwan Electron Microscope Instrument Corporation and an Independent Director of Scientech Corporation (TWSE-listed) and M31 Technology Corporation (TPEx-listed). He has vast experience in information, electronic, material science, business management and risk management.	Director Chun-Chi Lin is not an employee of the Company and has satisfied all independence criteria (Note 2).	3
Wen-I Lo	Independent Director Wen-I Lo graduated from National ChengChi University with a Master of Business Administration. He is also the convener of the Company's Audit Committee, and a member of the Compensation Committee and the Sustainable Development Committee. He owns a CPA license. He was the President of China Venture Management, Inc. and the Vice President of CDIB Capital Management Corporation. He now also serves as an independent director of Ado Optronics Corporation (a TPEx-listed company). He has vast experience and expertise in accounting, business management and risk management and is not a person who meets any of the conditions outlined in Article 30 of the Company Act.	Independent Director Wen-I Lo is not an employee of the Company and has satisfied all independence criteria (Note 2).	1
Yung-Shun Chuang	Independent Director Yung-Shun Chuang is an Honorary Doctorate of National Taiwan University of Science and Technology. He was elected as an Independent Director in the by-election at Shareholders' Meeting on July 16, 2021. He is the convener of the Compensation Committee, and a member of the Audit Committee and the Sustainable Development Committee. He is a chairperson in multiple TWSE-listed companies and serves concurrently as a director, thereby having vast experience and expertise in business and risk management. He is not a person who meets any of the conditions outlined in Article 30 of the Company Act.	Independent Director Yung-Shun Chuang is not an employee of the Company and has satisfied all independence criteria (Note 2).	0
Shi-Chern Yen	Independent Director Shi-Chern Yen graduated from University of Wisconsin with a Ph.D. in Chemical Engineering. He was the Professor of Chemical Engineering in National Taiwan University until retirement. He is now the emeritus professor and adjunct professor of Chemical Engineering in National Taiwan University, the	Independent Director Shi-Chern Yen is not an employee of the Company and has satisfied all independence criteria (Note 2).	0

Conditions / Name	Professional Qualifications and Experiences (Note 1)	Independence Status (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	convener of the Company's Sustainable Development Committee, and a member of the Compensation Committee and the Audit Committee. Professor Yen has profound knowledge in chemical engineering and environmental safety and health, which is beneficial to risk management on factory operation. Mr. Shi-Chern Yen is not a person who meets any of the conditions outlined in Article 30 of the Company Act.		

Note 1: Please refer to page 5 to 7 for detailed information on individual Director's education, work experience and positions held in the Company and others.

Note 2: Independence criteria are set out below:

(1) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of managerial officers.

(2) Not a director, supervisor, or employee of a company whose majority of directorships or voting rights are controlled by a shareholder who also controls the majority of directorships or voting rights of the Company. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)

(3) Not a director, supervisor or employee of a company or institution whose chairperson, president, or an officer of equivalent position is the same person as, or a spouse to, one of the persons holding the same positions in the Company. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)

(4) Not a director, supervisor, managerial officer, or shareholder with shareholding of 5% or more of a specific company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specific company or institution owns 20% (inclusive) to 50% (exclusive) of the Company's total number of issued shares, and the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)

(5) Not a professional individual who, nor an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or its affiliates, or provides commerce, law, finance, accounting or related services to the Company or its affiliates with a cumulative compensation under NT$500,000 in the recent two years, nor a spouse thereof. However, this requirement is not applicable where members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Committee for Merger/Acquisition perform duties pursuant to laws and regulations in association with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(6) Not a spouse or a relative within the second degree of kinship to any other director of the Company.

(7) Not being a person who meets any of the conditions outlined in Article 30 of the Company Act.

C. Board Diversity and Independence Status

(a) Board diversity:

i. The Company has formulated the "Code of Practice for Corporate Governance" and the diversity policy is stipulated in Chapter III. Strengthen the Board's Functions.

The composition of the Board of Directors shall take diversity into account. In addition to ensuring that the number of Directors concurrently serving as managerial officers does not exceed one-third of the total Board seats, the Board shall also formulate an appropriate diversity policy based on the Company's operational model, business activities, and development needs. This policy shall encompass, but is not limited to, the following two key aspects:

(i) Basic attributes and values: such as gender, age, nationality, and cultural background.

(ii) Professional knowledge and skills: including professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional expertise, and industry experience.

(iii) Specific governance objectives and achievement status under the Board diversity policy are as follows:

Category	Criteria	Status
Board composition	The Board comprises nine members, including two Directors who concurrently serve as managerial officers, four outside Directors, and three Independent Directors. The number of Directors serving as managerial officers does not exceed one-third of the total Board seats.	Achieved
Term	Independent Directors shall not serve more than three consecutive terms.	Achieved
Gender	At least one female Director shall be included.	Not Achieved
Diverse industry experience and professional expertise	Industry experience includes finance, investment, information and electronics, and materials science. Professional expertise covers law, accounting and finance, business operations, and risk management.	Achieved

(iv) To fulfill the Company's corporate governance objectives, at least one female Director will be included in the next Board re-election.

ii. Board members have diverse backgrounds. The expertise of Board members covers global perspectives, regional management capabilities, financial management, copper manufacturing, polymer chemical engineering and international business, which shapes a well-structured Board. Details of Board diversity are as follows:

Diversity Core Items / Name of Directors		Basics								Industry Experience				Professional Competence			
		Nationality	Gender	Taiflex Employee	Age			Seniority of Independent Director		Finance	Investment	Information and Electronics	Materials Science	Law	Accounting and Finance	Business Management	Risk Management
					51 to 60	61 to 70	71 to 80	Under 3 years	3 to 9 years								
Chairperson	Qiao Mei Development Corporation Representative: Ta-Wen Sun	R.O.C.	Male	V	V					★	V	V	★		V	V	V
Director	Ching-Yi Chang					V				V	V	V	V		V	V	V
Director	Chein-Ming Hsu						V					V	V			V	V
Director	Fuding Investment Co., Ltd. Representative: Re-Zhang Lin						V				V	★	★		V	V	V
Director	Chun-Chi Lin					V					V	V	V		★	V	V
Director	Fu-Le Lin			V		V						V	V			V	V
Independent Director	Wen-I Lo					V			V	V	V	V	★	V	V	V	V
Independent Director	Yung-Shun Chuang						V		V			V	V		★	V	V
Independent Director	Shi-Chern Yen						V		V			V	V			V	V

Note: V competent; ★ partially competent

iii. Based on current scale and development, the Company has nine Directors (including three Independent Directors), of which, there are two Directors serving concurrently as managerial officers, three Independent Directors and four outside Directors, which is in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies.

(b) Independence Status of the Board

The Company has three Independent Directors which account for one-third of the total number of Directors, thereby satisfying the regulatory requirements. Upon assessment, all Directors have met the independence criteria and circumstances set forth in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act do not exist, including situations where Directors are spouses or within second-degree of kinship to each other.

The Company would constantly assess Directors' independence, which covers areas such as if the Directors can continue to raise constructive issues to the management and other Directors, whether their opinions are independent of other Directors or the management, and if their behaviors both in and outside the Board are appropriate. All Directors in the Board meetings this year had demonstrated the said characteristics and maintained positive interactions with management of the Company.

(2) Presidents, Vice Presidents, Assistant Vice Presidents and Managers of Departments and Branches

As of March 29, 2026 (In Shares; %)

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Other Companies	Managers Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	Zong-Han Jiang	Male	2021.01	0	0	0	0	0	0	Master of Mechanical Engineering, University of Southern California Former Assistant Vice President of Ko-E Limited, Yageo Corp.	Chairperson of Taiflex USA Corporation (Note 1) Chairperson of Taiflex Scientific Japan Co., Ltd. (Note 1) Chairperson of Kunshan Taiflex Electronic Co., Ltd. (Note 1) Chairperson of Shenzhen Taiflex Electronic Co., Ltd. (Note 1) Director of Rudong Fuzhan Scientific Co., Ltd. (Note 1) Director (Representative of Corporate Director) of Taichem Materials Co., Ltd. (Note 1) Director of Taiflex Scientific (Thailand) Co., Ltd. (Note 1)	-	-	-	-
Senior R&D Director	R.O.C.	Fu-Le Lin	Male	1998.04	303,595	0.12	20,153	0.01	0	0	Ph.D. in Polymer Science, University of Akron, USA Former Senior Engineer of Vishay General Semiconductor Taiwan Ltd. Former Researcher of Material Research Laboratories, Industrial Technology Research Institute	Director (Representative of Corporate Director) of Koatech Technology Corporation	-	-	-	-
Executive Vice President and Chief Information Security Officer	R.O.C.	Jiang-Zhi Zhao	Male	2007.04	0	0	0	0	0	0	Master of Science in Finance, Drexel University Former Vice President of Cradle Technology Corp. Former Vice President of Origo Co., Ltd.	Director (Representative of Corporate Director) of Taichem Materials Co., Ltd. (Note 1) Director of Taiflex Scientific (Thailand) Co., Ltd. (Note 1) Chairperson and President of Koatech Technology Corporation Director (Representative of Corporate Director) of Kunshan Koatech Technology Corporation	-	-	-	-
Vice President	R.O.C.	Chin-Te Ni	Male	2024.03	0	0	0	0	0	0	Master of Communications Management, Shih Hsin University Vice President of HR Administration Division, Sino Horizon Holdings Limited Vice President of HR Administration Division, Taiwan Express Co., Ltd.	Director (Representative of Corporate Director) of Koatech Technology Corporation	-	-	-	-
Vice President	R.O.C.	Zhen Lin	Male	2014.02	1,062	0	2,091	0	0	0	Master of Mechanical Engineering, National Taiwan University Former Acting Plant Chief of Himax Technologies, Inc	Director (Representative of Corporate Director) and President of Taiflex Green Power Co., Ltd. (Note 1)	-	-	-	-

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Other Companies	Managers Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President	R.O.C.	Chong-Chen Liu	Male	2016.02	40,345	0.02	0	0	0	0	Bachelor of Information Technology and Computer Science, Feng-Chia University Former Assistant Vice President of W&Jsoft Inc.	Director and President of Taiflex Scientific (Thailand) Co., Ltd. (Note 1)	-	-	-	-
Vice President	R.O.C.	Guo-Xiong Xia	Male	2017.02	5,059	0	0	0	0	0	Master of Biomedical Science and Engineering, National Yang-Ming University	Director (Representative of Corporate Director) of Taichem Materials Co., Ltd. (Note 1) Director (Representative of Corporate Director) of Koatech Technology Corporation	-	-	-	-
Vice President	R.O.C.	Xin-Yuan Chen	Male	2020.05	18	0	0	0	0	0	Master of Industrial Engineering and Business Information Department, Tunghai University Former Manager of Himax Technologies, Inc.	Director (Representative of Corporate Director) of Taichem Materials Co., Ltd. (Note 1)	-	-	-	-
Vice President	R.O.C.	Sheng-Ying Lin	Male	2025.11	0	0	0	0	0	0	Master of Materials Science and Engineering, I-Shou University Former Senior Associate Vice President of Yageo Corporation	-	-	-	-	-
Senior Assistant Vice President	R.O.C.	Bing-Xun Zhang	Male	2018.02	362,000	0.14	0	0	0	0	Master of Industrial Engineering, National Taiwan University	President of Rudong Fuzhan Scientific Co., Ltd. (Note 1)	-	-	-	-
Senior Assistant Vice President	R.O.C.	Yu-Han Huang	Female	2025.11	50,000	0.02	0	0	0	0	Master of Logistics Management, National Kaohsiung First University of Science and Technology	Director of Shenzhen Taiflex Electronic Co., Ltd. (Note 1) Director of Kunshan Taiflex Electronic Co., Ltd. (Note 1)	-	-	-	-
Senior Assistant Vice President	R.O.C.	Ching-Wen Lu	Male	2025.11	0	0	0	0	0	0	Master of Biomedical Engineering, National Cheng Kung University	-	-	-	-	-
Chief Financial Officer and Corporate Governance Officer	R.O.C.	Chi-Yuan Pan	Male	2020.08	50,000	0.02	0	0	0	0	Master of Business Administration, National Cheng Kung University	Supervisor of Taichem Materials Co., Ltd. (Note 1) Supervisor of Taiflex Green Power Co., Ltd. (Note 1) Supervisor of Rudong Fuzhan Scientific Co., Ltd. (Note 1) Supervisor of Shenzhen Taiflex Electronic Co., Ltd. (Note 1) Supervisor of Kunshan Taiflex Electronic Co., Ltd. (Note 1)	-	-	-	-
Internal Audit Officer	R.O.C.	Shu-Zhen Guo	Female	2002.09	112	0.00	0	0	0	0	Bachelor of Business Management-Accounting, National Sun Yat-Sen University	-	-	-	-	-

Note 1: Taiflex USA Corporation, Taiflex Scientific Japan Co., Ltd., Kunshan Taiflex Electronic Co., Ltd., Shenzhen Taiflex Electronic Co., Ltd., Rudong Fuzhan Scientific Co., Ltd., Taichem Materials Co., Ltd., Taiflex Green Power Co., Ltd. and Taiflex Scientific (Thailand) Co., Ltd. are 100%-owned investees of the Company.

Note 2: Where the Company's President or personnel with equivalent position (top executive) and Chairperson are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g., increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers): None.

2. Remuneration Paid to Directors (including Independent Directors), Supervisors, Presidents and Vice Presidents:

(1) Remuneration Paid to Directors and Independent Directors

As of December 31, 2025 (In Thousands of New Taiwan Dollars; Thousands of Shares; %)

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Remuneration to Directors</th><th colspan="2" rowspan="2">Total of A, B, C and D and as a % of Net Income</th><th colspan="8">Compensation Earned by Being an Employee of Taiflex or Taiflex's Consolidated Entities</th><th colspan="2" rowspan="2">Total of A, B, C, D, E, F and G and as a % of Net Income</th><th rowspan="4">Compensation from Non-consolidated Affiliates or Parent Company</th></tr>
<tr><th colspan="2">Base Compensation (A)</th><th colspan="2">Severance Pay and Pensions (B)</th><th colspan="2">Compensation to Directors (C) (Note 3)</th><th colspan="2">Allowances (D)</th><th colspan="2">Base Compensation, Bonus and Allowances, etc. (E)</th><th colspan="2">Severance Pay and Pensions (F)</th><th colspan="4">Employee Compensation (G) (Note 4)</th></tr>
<tr><th rowspan="2">From Taiflex</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From Taiflex</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From Taiflex</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From Taiflex</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From Taiflex</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From Taiflex</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From Taiflex</th><th rowspan="2">From All Consolidated Entities</th><th colspan="2">From Taiflex</th><th colspan="2">From All Consolidated Entities</th><th rowspan="2">From Taiflex</th><th rowspan="2">From All Consolidated Entities</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>Chairperson</td><td>Ta-Wen Sun (Note 1)</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">9,463</td><td rowspan="6">9,463</td><td rowspan="6">225</td><td rowspan="6">249</td><td rowspan="6">9,688; 1.81</td><td rowspan="6">9,712; 1.81</td><td rowspan="6">15,815</td><td rowspan="6">15,855</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">2,990</td><td rowspan="6">0</td><td rowspan="6">2,990</td><td rowspan="6">0</td><td rowspan="6">28,493; 5.32</td><td rowspan="6">28,557; 5.34</td><td rowspan="6">None</td></tr>
<tr><td>Director</td><td>Ching-Yi Chang</td></tr>
<tr><td>Director</td><td>Fu-Le Lin</td></tr>
<tr><td>Director</td><td>Re-Zhang Lin (Note 2)</td></tr>
<tr><td>Director</td><td>Chun-Chi Lin</td></tr>
<tr><td>Director</td><td>Chein-Ming Hsu</td></tr>
<tr><td>Independent Director</td><td>Wen-I Lo</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">4,613</td><td rowspan="3">4,613</td><td rowspan="3">150</td><td rowspan="3">150</td><td rowspan="3">4,763; 0.89</td><td rowspan="3">4,763; 0.89</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">4,763; 0.89</td><td rowspan="3">4,763; 0.89</td><td rowspan="3">None</td></tr>
<tr><td>Independent Director</td><td>Shi-Chern Yen</td></tr>
<tr><td>Independent Director</td><td>Yung-Shun Chuang</td></tr>
<tr><td colspan="23">1. Please state the policy, system, standard and structure of remuneration paid to Independent Directors and the correlation between factors such as responsibilities and risks assumed as well as time contributed and the amount of payment: Remuneration is determined based on the Articles of Incorporation. The Compensation Committee would evaluate the involvement of Directors in the business operation of the Company and their contributions to the Company with reference to the remuneration standard of the industry, and report to the shareholders' meeting. As net income decreased this year, it was reasonable to see a decrease in the average remuneration paid to each Director.
2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Company (e.g., being a nonemployee consultant to the parent company/all consolidated entities/investees) in the most recent year: None.</td></tr>
</table>

Note 1: Representative of corporate director, Qiao Mei Development Corporation.
Note 2: Representative of corporate director, Fuding Investment Co., Ltd.
Note 3: 2025 remuneration to Directors in the annual financial report approved in the Board meeting on March 3, 2026.
Note 4: 2025 employee compensation earned by Directors for concurrently serving as an employee of Taiflex in the annual financial report approved in the Board meeting on March 3, 2026.

Remuneration Paid to Directors

Ranges	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	From Taiflex	From All Consolidated Entities	From Taiflex	From All Consolidated Entities
Under NT$1,000,000	-	-	-	-
NT$1,000,000 ~ NT$1,999,999	Chein-Ming Hsu, Ching-Yi Chang, Fu-Le Lin, Chun-Chi Lin, Wen-I Lo, Shi-Chern Yen, Yung-Shun Chuang, Representative of Corporate Director Fuding Investment Co., Ltd.: Re-Zhang Lin	Chein-Ming Hsu, Ching-Yi Chang, Fu-Le Lin, Chun-Chi Lin, Wen-I Lo, Shi-Chern Yen, Yung-Shun Chuang, Representative of Corporate Director Fuding Investment Co., Ltd.: Re-Zhang Lin	Chein-Ming Hsu, Ching-Yi Chang, Chun-Chi Lin, Wen-I Lo, Shi-Chern Yen, Yung-Shun Chuang, Representative of Corporate Director Fuding Investment Co., Ltd.: Re-Zhang Lin	Chein-Ming Hsu, Ching-Yi Chang, Chun-Chi Lin, Wen-I Lo, Shi-Chern Yen, Yung-Shun Chuang, Representative of Corporate Director Fuding Investment Co., Ltd.: Re-Zhang Lin
NT$2,000,000 ~ NT$3,499,999	-	-	-	-
NT$3,500,000 ~ NT$4,999,999	Representative of Corporate Director Qiao Mei Development Corporation: Ta-Wen Sun	Representative of Corporate Director Qiao Mei Development Corporation: Ta-Wen Sun	Fu-Le Lin	Fu-Le Lin
NT$5,000,000 ~ NT$9,999,999	-	-	-	-
NT$10,000,000 ~ NT$14,999,999	-	-	-	-
NT$15,000,000 ~ NT$29,999,999	-	-	Representative of Corporate Director Qiao Mei Development Corporation: Ta-Wen Sun	Representative of Corporate Director Qiao Mei Development Corporation: Ta-Wen Sun
NT$30,000,000 ~ NT$49,999,999	-	-	-	-
NT$50,000,000 ~ NT$99,999,999	-	-	-	-
NT$100,000,000 and above	-	-	-	-
Total	9	9	9	9

(2) Compensation Paid to Presidents and Vice Presidents

As of December 31, 2025 (In Thousands of New Taiwan Dollars; Thousands of Shares; %)

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonus and Allowance (C)		Employee Compensation (D)				Total of A, B, C and D and as a % of Net Income		Compensation from Non-Consolidated Affiliates or Parent Company
		From Taiflex	From All Consolidated Entities	From Taiflex	From All Consolidated Entities	From Taiflex	From All Consolidated Entities	From Taiflex		From All Consolidated Entities		From Taiflex	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
Chairperson/CEO of Reinvestment	Ta-Wen Sun	29,486	30,007	0	0	19,310	19,410	10,153	0	10,153	0	58,949; 11.02	59,570; 11.13	None
President	Zong-Han Jiang													
Senior R&D Director	Fu-Le Lin													
Vice President	Jiang-Zhi Zhao													
Vice President	Guo-Xiong Xia													
Vice President	Chin-Te Ni													
Vice President	Zhen Lin													
Vice President	Chong-Chen Liu													
Vice President	Chi-Yuan Pan													
Vice President	Xin-Yuan Chen													
Vice President	Sheng-Ying Lin													

Compensation Paid to Presidents and Vice Presidents

Ranges	Names of Presidents and Vice Presidents	
	From Taiflex	From All Consolidated Entities
Under NT$1,000,000	Sheng-Ying Lin	Sheng-Ying Lin
NT$1,000,000 ~ NT$1,999,999	-	-
NT$2,000,000 ~ NT$3,499,999	Fu-Le Lin	Fu-Le Lin
NT$3,500,000 ~ NT$4,999,999	Jiang-Zhi Zhao, Guo-Xiong Xia, Chin-Te Ni, Zhen Lin, Chong-Chen Liu, Chi-Yuan Pan, Xin-Yuan Chen	Jiang-Zhi Zhao, Guo-Xiong Xia, Chin-Te Ni, Zhen Lin, Chong-Chen Liu, Chi-Yuan Pan, Xin-Yuan Chen
NT$5,000,000 ~ NT$9,999,999	-	-
NT$10,000,000 ~ NT$14,999,999	Zong-Han Jiang	Zong-Han Jiang
NT$15,000,000 ~ NT$29,999,999	Ta-Wen Sun	Ta-Wen Sun
NT$30,000,000 ~ NT$49,999,999	-	-
NT$50,000,000 ~ NT$99,999,999	-	-
NT$100,000,000 and above	-	-
Total	11	11

(3) Employee Compensation to Managerial Officers

As of December 31, 2025 (In Thousands of New Taiwan Dollars)

	Title	Name	Stock	Cash	Total	Total as a % of Net Income
Managerial officers	Chairperson and CEO of Reinvestment	Ta-Wen Sun	0	12,103	12,103	2.26
	President	Zong-Han Jiang				
	Senior R&D Director	Fu-Le Lin				
	Vice President	Jiang-Zhi Zhao				
	Vice President	Guo-Xiong Xia				
	Vice President	Chin-Te Ni				
	Vice President	Zhen Lin				
	Vice President	Chong-Chen Liu				
	Vice President	Chi-Yuan Pan				
	Vice President	Xin-Yuan Chen				
	Vice President	Sheng-Ying Lin				
	Senior Assistant Vice President	Bing-Xun Zhang				
	Senior Assistant Vice President	Yu-Han Huang				
	Senior Assistant Vice President	Ching-Wen Lu				

(4) Analysis of remuneration and compensation paid to Directors, Presidents and Vice Presidents by the Company and all consolidated entities in the recent two years as a percentage of net income in the parent company only or individual financial statements and explanations on remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks are as follows:

A. Analysis of remuneration and compensation paid to Directors, Supervisors, Presidents and Vice Presidents by the Company and all consolidated entities in the recent two years as a percentage of net income in the parent company only or individual financial statements:

(In Thousands of New Taiwan Dollars)

Item / Title	Taiflex				All Consolidated Entities			
	2024		2025		2024		2025	
	Total	%	Total	%	Total	%	Total	%
Remuneration to Directors	28,004	4.72%	33,256	6.21%	28,037	4.73%	33,320	6.23%
Remuneration to Presidents and Vice Presidents	30,044	5.07%	58,949	11.02%	30,106	5.08%	59,570	11.13%
Net income	592,776	-	535,119	-	592,776	-	535,119	-

B. Remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks:

(a) Remuneration to Directors:

Pursuant to Article 28 of the Company’s Articles of Incorporation, if the Company records a profit for the fiscal year, no more than 4% of such profit may be allocated as remuneration to Directors. The Compensation Committee shall evaluate the reasonableness of the correlation between individual performance, Company performance, and potential future risks. Individual performance is assessed based on factors such as the Director's level of involvement in Company operations, the value of their contributions, performance evaluation results, and the scope of their responsibilities.

The performance evaluation of Board members shall cover at least the following six key aspects:

i. Understanding of the Company's goals and missions

ii. Awareness of Directors' duties and responsibilities

iii. Level of participation in Company operations

iv. Management of internal relationships and communication

v. Professional expertise and continuing education

vi. Effectiveness of internal control

Directors' remuneration is determined by the Board based on the recommendations of the Compensation Committee and with reference to industry standards. The proposed remuneration is submitted to the shareholders' meeting for approval and paid in accordance with the resolution of the shareholders' meeting. In addition, Directors receive meeting attendance fees based on the actual number of meetings attended.

(b) Compensation to Presidents and Vice Presidents:

The salaries of the President and Vice Presidents are determined based on their respective responsibilities, positions, and professional competencies, with reference to industry compensation benchmarks. Bonuses are directly linked to the Company's operating results (primarily annual profit) and individual performance.

Performance indicators include the following dimensions:

i. Individual performance (e.g., KPI achievement rate)

ii. Financial performance (e.g., revenue and profit target attainment)

iii. Managerial capabilities (e.g., leadership)

iv. Learning and development (e.g., language proficiency and participation in professional training)

The Company's compensation structure is designed to strike a balance between short-term financial performance and long-term development. All individual compensation payments are prudently assessed and subject to review and approval by both the Compensation Committee and the Board of Directors. Therefore, the Company's remuneration policy does not give rise to any significant uncertainties or material risks in the future.

3. Corporate Governance Implementation

(1) Board of Directors' Meeting Status:

Chairperson Ta-Wen Sun convened nine (A) Board meetings in 2025. The attendance status of the Directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Chairperson	Qiao Mei Development Corporation Representative: Ta-Wen Sun	9	0	100%	Re-elected at Shareholders' Meeting on May 30, 2023
Director	Chein-Ming Hsu	9	0	100%	Re-elected at Shareholders' Meeting on May 30, 2023
Director	Ching-Yi Chang	9	0	100%	Re-elected at Shareholders' Meeting on May 30, 2023
Director	Fu-Le Lin	9	0	100%	Re-elected at Shareholders' Meeting on May 30, 2023
Director	Fuding Investment Co., Ltd. Representative: Re-Zhang Lin	6	3	66.67%	Re-elected at Shareholders' Meeting on May 30, 2023
Director	Chun-Chi Lin	9	0	100%	Re-elected at Shareholders' Meeting on May 30, 2023
Independent Director	Wen-I Lo	9	0	100%	Re-elected at Shareholders' Meeting on May 30, 2023
Independent Director	Yung-Shun Chuang	9	0	100%	Re-elected at Shareholders' Meeting on May 30, 2023
Independent Director	Shi-Chern Yen	9	0	100%	Re-elected at Shareholders' Meeting on May 30, 2023

For the Board meetings in 2025, the number of attendance available was 81 times and the attendance in person was 78 times. The attendance rate of the Board as a whole was 96.3%.

Annotations:

1. The Board meeting's date, session, and content of motions, opinions of all Independent Directors, and actions taken by the Company regarding the opinions shall be specified if one of the following circumstances occurs:
   (1) Matters specified in Article 14-3 of the Securities and Exchange Act: The Company has established the Audit Committee. Article 14-3 of the Securities and Exchange Act is no longer applicable pursuant to Article 14-5 of the same Act.
   (2) Except for items specified above, other resolutions on which an Independent Director expresses objection or reservation, either by recorded statement or in writing: None.
2. For situations where Directors recuse themselves from any motion due to conflict of interest, the Directors' names, content of motions, causes for the recusal, and participation in voting shall be specified:

Date of Board Meeting	Name of Directors	Content of Motions	Causes for Recusal	Participation in Voting
2025.01.16	Ta-Wen Sun Fu-Le Lin	1. 2024 compensation to employees and remuneration to Directors 2. 2024 net income bonus to managerial officers	Being the managers in the motion	Except for the two Directors who recused themselves from the voting due to conflict of interest, the motion was approved by the remaining seven Directors in attendance.
2025.04.30	Ta-Wen Sun Fu-Le Lin	1. To review the 2025 salary adjustment for managerial officers	Being the managers in the motion	Except for the two Directors who recused themselves from the voting due to conflict of interest, the motion was approved by the remaining seven Directors in attendance.
2025.07.30	Ta-Wen Sun Fu-Le Lin	1. To review the distribution of 2024 remuneration to Directors and compensation to managerial employees	Being the managers in the motion	Except for the two Directors who recused themselves from the voting due to conflict of interest, the motion was approved by the remaining seven Directors in attendance.

2025.10.29	Ta-Wen Sun	1. To review adjustments to managerial appointments and related compensation packages	Being the managers in the motion	Except for Chairperson Ta-Wen Sun who recused himself from the voting due to conflict of interest, the motion was approved by the remaining eight Directors in attendance.

3. Performance evaluation of the Board:

Cycle	Period	Scope	Method	Details
Annually	January 1, 2025 to December 31, 2025	1. Performance assessment on the Board	Internal performance assessment	1. Level of participation in Company operations. 2. Enhancement on the quality of Board decisions. 3. Board composition and structure. 4. Director election and continuing education. 5. Effectiveness of internal control.
		2. Performance assessment on individual Board members		1. Understanding of the Company's goals and missions. 2. Awareness of Directors' duties and responsibilities. 3. Level of participation in Company operations. 4. Management of internal relationships and communication. 5. Professional expertise and continuing education. 6. Effectiveness of internal control.
		3. Performance assessment on functional committees		1. Level of participation in Company operations. 2. Awareness of functional committees' duties and responsibilities. 3. Enhancement on the quality of functional committees' decisions. 4. Composition of the functional committees and election of members. 5. Effectiveness of internal control.
At least once every three years	November 1, 2024 to October 31, 2025	Board efficiency (including performance) assessment	Engage an external professional institution to conduct the performance assessment	The Company commissioned Taiwan Corporate Governance Association to conduct the 2025 Board efficiency (including performance) assessment for the period between November 1, 2024 and October 31, 2025 in December 2025. The assessment encompassed 5 aspects (Board's composition, guidance, authorization, supervision, communication, internal control and risk management, discipline and others), questionnaires with 12 open-ended questions, and online interviews of the Chairperson, three Independent Directors, the President, the Corporate Governance Officer and the internal audit officer. The Taiwan Corporate Governance Association had issued the Board performance assessment report on December 26, 2025. The Association had no business transaction with the Company and was independent from the Company. The Company would continue to enhance the functionality of the Board based on recommendations from the Association. The aforementioned recommendations and actions to be taken were reported in the Board meeting on January 29, 2026.

4. Objectives for strengthening the functionality of the Board in the current and most recent year (e.g., establishing an audit committee, enhancing information transparency, etc.) and evaluation of their execution:
   (1) The Board had approved "Code of Ethical Conduct", "Principles of Business Ethics", "Guidelines on Corporate Governance", "Procedures and Guidelines of Business Ethics", "Sustainable Development

Best Practice Principles", "Standard Operating Procedures of Handling Requests from Directors" and "Risk Management Policies and Procedures" in order to strengthen the functionality of the Board and enhance information transparency.

(2) The Company had drawn up the "Rules of Procedure for the Board of Directors' Meeting" in accordance with "Regulations Governing Procedure for Board of Directors Meetings of Public Companies". Directors' attendance of the Board meetings was available at the Market Observation Post System (MOPS) website, and major resolutions from the Board meetings and election of Independent Directors were disclosed on the Company's official website. These actions demonstrated our commitment and efforts on enhancing corporate governance functions.

(3) The Board had approved the amended "Methods for Evaluating Board of Directors' Performance" on October 27, 2021. Internal assessments on the Board shall be conducted at least once every year. The latest assessment result was reported in the Board meeting on January 29, 2026. Assessments by external institutions shall be carried out at a minimum of every three years for an objective opinion on the Board efficiency and recommendations for improvement and thereby enhance the Company's corporate governance level. Please refer to details above for Board performance assessments.

(4) The Board meeting on December 23, 2011 had approved the establishment of Compensation Committee to assist the Board with regular reviews and determination of remunerations to Directors and management team. It also performs periodic reviews on performance evaluations of Directors and managers and the policy, system, standards and structure of remuneration. Please refer to page 38 to 39 for details.

(2) Operations of Audit Committee:

The summary of tasks completed by and operations of Audit Committee in 2025 are as follows:

A. The Company's Audit Committee comprises three Independent Directors. Its function is to supervise the fair presentation of the Company's financial statements, the appointment (discharge), independence and performance assessment of the Company's CPAs, the effective implementation of internal controls, regulatory compliance, and controls over existing or potential risks of the Company. Its main responsibilities are listed as follows:

(a) To formulate or amend internal control system pursuant to Article 14-1 of the Securities and Exchange Act.

(b) To assess the effectiveness of the internal control system.

(c) To formulate or amend procedures for significant financial or business activities pursuant to Article 36-1 of the Securities and Exchange Act; for example, acquisition or disposal of assets, derivatives transactions, lending funds to other parties, and provision of endorsements or guarantees to other parties.

(d) Matters involving Directors' personal interests.

(e) Material asset or derivative instrument transactions.

(f) Material loans to others or provision of endorsement or guarantees.

(g) Offering, issuance, or private placement of equity-type marketable securities.

(h) Appointment and discharge of CPAs or their compensation.

(i) Appointment or discharge of a financial, accounting, or internal audit officer.

(j) Annual and semi-annual financial reports.

(k) Other material matters governed by the Company or the competent authorities.

B. Review financial reports

The Board has prepared the Company's 2025 business report, consolidated and parent company only financial statements and earnings distribution proposal. The consolidated and parent company only financial statements were audited by independent auditors, Kuo-Sen Hung and Ching-Piao Cheng, of Ernst & Young with independent auditors' reports issued. The above-mentioned business report, consolidated and parent company only financial statements and earnings distribution proposal have been reviewed and determined to be accurate by the Audit Committee.

C. Assess the effectiveness of internal controls

The Audit Committee has assessed the internal control system of the Company as of December 31, 2025 (including its supervision and management over subsidiaries). The assessment covers the effectiveness and efficiency of our operations; the reliability, timeliness and transparency of our financial reporting; and compliance with applicable laws and regulations. The design and execution of internal control systems are found to be effective. Moreover, the internal control system contains self-monitoring mechanisms, and Taiflex takes immediate remedial actions in response to any deficiencies identified.

D. CPAs

Audit Committee is in charge of assessing the independence of the Company's accounting firm to ensure the impartiality of financial reports. Except for tax-related services or items with special approval, the accounting firm cannot provide other services to the Company. Services rendered by the accounting firm shall all be approved by the Audit Committee.

To ensure the independence of the accounting firm, Audit Committee formulates independence assessment procedures in accordance with Article 47 of the Certified Public Accountant Act and Bulletin No. 10, "Integrity, Objectivity and Independence", of the Norm of Professional Ethics for Certified Public Accountants. CPAs are assessed for their independence, professionalism and suitability, and whether they are related parties to the Company or have business or financial interests in the Company.

In the 10th meeting of the third-term Audit Committee on February 26, 2025 and the 12th meeting of the tenth-term Board of Directors on the same date, the independence of CPAs, Kuo-Sen Hung and Ching-Piao Cheng, from Ernst & Young was assessed and approved. As they both met the Company's standards for independence, they were qualified to be the Company's CPAs for the financial statements and tax compliance audits for 2025.

E. Mr. Wen-I Lo, convener of the Audit Committee, convened five (A) meetings in 2025. The attendance status of Independent Directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Convener	Wen-I Lo	5	0	100%	Appointed by the Board on May 30, 2023 (Re-elected at Shareholders' Meeting on May 30, 2023)
Member	Yung-Shun Chuang	5	0	100%	Appointed by the Board on May 30, 2023 (Re-elected at Shareholders' Meeting on May 30, 2023)
Member	Shi-Chern Yen	5	0	100%	Appointed by the Board on May 30, 2023 (Re-elected at Shareholders' Meeting on May 30, 2023)

Annotations:

1. When one of the following situations occurs, the date and session of Audit Committee meeting; content of motions; objections, reservations or major recommendations of Independent Directors; resolutions of the Committee and actions taken by the Company regarding the Committee's opinions shall be specified.
   (1) Matters specified in Article 14-5 of the Securities and Exchange Act:

Date of Committee Meeting	Session	Content of Motions	Committee Resolution	Actions Taken
2025.01.16	9th meeting of the 3rd term	1. To approve 2025 operation plan and capital expenditure budget	Approved	N/A
2025.02.26	10th meeting of the 3rd term	1. To assess the effectiveness of internal control system for 2024 and issue the Statement of Internal Control System	Approved	N/A
		2. To amend the Company's written internal control system and internal audit implementation rules	Approved	N/A
		3. To approve 2024 business report and financial statements	Approved	N/A
		4. To approve 2024 earnings distribution	Approved	N/A
		5. To appoint CPAs for 2025 and assess their independence and suitability	Approved	N/A
2025.04.30	11th meeting of the 3rd term	1. To approve the consolidated financial statements for the three months ended March 31, 2025	Approved	N/A
		2. To provide endorsements and guarantees to subsidiaries	Approved	N/A
		3. To approve the provision of Letter of Comfort for investees - Taiflex Green Power Co., Ltd. and Koatech Technology Corporation	Approved	N/A
2025.07.30	12th meeting of the 3rd term	1. To approve the consolidated financial statements for the six months ended June 30, 2025	Approved	N/A
		2. To confirm that accounts receivable overdue by more than three months beyond the normal credit period as of June 30, 2025 are not of a lending nature	Approved	N/A
		3. To provide endorsements and guarantees to subsidiaries	Approved	N/A
		4. To approve the provision of Letter of Comfort for investee - Taiflex Green Power Co., Ltd.	Approved	N/A
2025.10.29	13th meeting of the 3rd term	1. To approve 2026 audit plan of the internal auditing office	Approved	N/A
		2. To approve the additions to the Company's written internal control system and internal audit implementation rules	Approved	N/A
		3. To approve the consolidated financial statements for the nine months ended September 30, 2025	Approved	N/A
		4. To provide endorsements and guarantees to subsidiaries	Approved	N/A
		5. To approve the provision of Letter of Comfort for investee - Koatech Technology Corporation	Approved	N/A

(2) Except for above-mentioned items, resolutions which were not approved by the Audit Committee but was approved by two-thirds or more of all Directors: None.

2. For situations where Independent Directors recuse themselves from any motion due to conflict of interest, the Independent Directors' names, content of motions, causes for the recusal, and participation in voting shall be specified: None.
3. Communications between the Independent Directors, the internal audit officer, and CPAs (It shall include material issues concerning the finance and business of the Company, and the means and outcomes of communication).
   (1) Besides submitting audit and follow-up reports on a monthly basis, the Company's internal audit officer presented audit items, audit findings and follow-up status to Independent Directors during the quarterly Audit Committee meetings.
   (2) The Independent Directors and audit officer all attended the Board meetings convened by the Company each quarter, and the audit officer presented internal audit items at each Board meeting.
   (3) After reviewing the third-quarter financial statements and auditing the annual financial reports, CPAs attended the Audit Committee meeting to present the review or audit results, key audit matters, significant subsequent events, and updates on relevant laws and regulations. They also discussed, explained and communicated matters fully with Independent Directors.
   (4) When there were issues to be discussed between the audit officer, CPAs and Independent Directors, they would contact each other directly. The communication channels between them have worked well.
   (5) Communications between Independent Directors and internal auditors are summarized as follows:

Meetings Attended by Internal Audit Officer and Dates	Details	Outcome
2025.01.16 Audit Committee meeting	1. Internal audit items from September to November 2024	1. Reported at the Audit Committee meeting and then the Board meeting
2025.02.26 Audit Committee meeting	1. Internal audit items from December 2024 to January 2025 2. Assessment on the effectiveness of internal control system for 2024 3. 2024 "Statement of Internal Control System" 4. Amendments to the Company's written internal control system and internal audit implementation rules	1. Reported at the Audit Committee meeting and then the Board meeting 2. Submitted to the Board once approved 3. Submitted to the Board once approved 4. Submitted to the Board once approved
2025.04.30 Audit Committee meeting	1. Internal audit items from January to March 2025	1. Reported at the Audit Committee meeting and then the Board meeting
2025.07.30 Audit Committee meeting	1. Internal audit items from March to June 2025	1. Reported at the Audit Committee meeting and then the Board meeting
2025.10.29 Audit Committee meeting	1. Internal audit items from June to September 2025 2. 2026 audit plan 3. Additions to the Company's written internal control system and internal audit implementation rules	1. Reported at the Audit Committee meeting and then the Board meeting 2. Submitted to the Board once approved 3. Submitted to the Board once approved

   (6) Communications between Independent Directors and CPAs are summarized as follows:

Meetings Attended by CPAs and Dates	Details	Outcome
2025.02.26 Audit Committee meeting	1. The appointment of CPAs for 2025 and assessments on their independence and suitability 2. Explanations on parent company only and consolidated financial statements, including key audit	CPAs attended and reported at the Audit Committee meeting, and communicated and discussed with Independent Directors. Once reviewed in the Audit Committee meeting, these items were submitted to and approved in the Board

	matters, for the year ended December 31, 2024	meeting.
2025.10.29 Audit Committee meeting	1. Explanations on consolidated financial statements for the nine months ended September 30, 2025 2. Updates on the latest securities laws and regulations	CPAs attended and reported at the Audit Committee meeting, and communicated and discussed with Independent Directors. Once reviewed in the Audit Committee meeting, these items were submitted to and approved in the Board meeting.

(3) Implementation of Corporate Governance Practices and Non-compliance with Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and Reasons

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Does the Company follow "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies" to establish and disclose its corporate governance practices?	V		The Company has established "Code of Practice for Corporate Governance" in order to enhance its performance in corporate governance, secure shareholders' rights, improve the functionality of the Board, respect stakeholder's rights and enhance information transparency.	None
2. Ownership structure and shareholders' rights				None
(1) Does the Company have internal operation procedures to handle shareholders' suggestions, concerns, disputes and litigations? If yes, has these procedures been implemented accordingly?	V		(1) The Company has spokesperson, deputy spokesperson and departments such as investor relations, shareholder service and legal to handle shareholders' suggestions or disputes.	
(2) Does the Company possess a list of major shareholders and ultimate owners of these major shareholders?	V		(2) Pursuant to Article 25 of the Securities and Exchange Act, the Company has monthly updated the changes in shareholdings of internal parties, including Directors, Supervisors, managers and shareholders with more than 10% shareholdings, at MOPS website designated by the Securities and Futures Bureau.	
(3) Does the Company establish and execute risk management and firewall mechanism between itself and affiliates?	V		(3) In addition to various risk management mechanisms already in place, there are Procedures to be followed for operational, business and financial transactions between the Company and its affiliates, for instance, the rules for reinvestments and rules governing the financial and business matters between the Company and related parties. These Procedures provide guidance for the subsidiaries to establish internal controls in writing, set authorization levels and formulate Procedures for Acquisition or Disposal of Assets, Endorsement and Guarantee, and Lending Funds to Other Parties based on the Company's corresponding Procedures in order to enforce risk management mechanism on subsidiaries.	
(4) Does the Company have internal rules to prevent insiders from using undisclosed information to trade securities?	V		(4) The Company has established "Code of Ethical Conduct" and "Procedures for Handling Material Information and Preventing Insider Trading", prohibiting insiders from using undisclosed information to trade securities. The Company also holds regular sessions to inform all relevant personnel of the Procedures to avoid violations.	

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
3. Composition and duties of the Board of Directors				None
(1) Has the Board established a diversification policy and specific management goals and have them been implemented accordingly?	V		(1) Please refer to page 11 to 13 for details on Board diversity.	
(2) Other than Compensation and Audit Committees which are required by laws, does the Company plan to set up other functional committees?	V		(2) In addition to Compensation Committee and Audit Committee, the Company established the Sustainable Development Committee in 2022 to assist the Board in managing and executing the Company's sustainable development strategies.	
(3) Has the Company formulated rules and methods for the performance assessment of the Board of Directors and evaluate the Board performance every year? Is the outcome of performance assessment submitted to the Board of Directors and used as reference for the remuneration and re-election nomination of individual Director?	V		(3) The Board had approved the amended "Methods for Evaluating Board of Directors' Performance" on October 27, 2021. Internal assessments on the Board shall be conducted at least annually and assessments by external institutions shall be carried out at a minimum of every three years. Please refer to page 24 to 25 for assessment details. The outcome of 2025 assessment was submitted to the Board meeting on January 29, 2026 and the procedures were in compliance with the spirit of corporate governance. It also was used as reference for the remuneration and re-election nomination of individual Director.	
(4) Has the Company periodically evaluated the independence of its CPAs?	V		(4) The Board annually evaluates the independence of CPAs and obtains the Declaration of Independence. Once it is confirmed that other than audit and tax fees, there is no financial interests nor business between the Company and the CPAs, and the family members of CPAs do not violate the requirements for independence, the Company would report to the Board. When discussing the independence and engagement of CPAs in the Board meeting, the resume (detailing the CPA's past and current clients) and independence declaration (that he/she did not violate Article 10 of the Bulletins of Professional Ethics Code for CPAs) of each CPA shall be submitted for evaluation. Standards for CPA independence evaluation:	

Evaluation Item	Evaluation Result	Independence Status
1. Whether the CPAs have remained unchanged for seven years, up till the latest audit?	N	Y
2. Whether the CPAs have significant financial interests in the Company?	N	Y

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>3. Whether the CPAs have improper relationships with the Company?</td><td>N</td><td>Y</td></tr>
<tr><td>4. Whether the assistants of CPAs have failed to be honest, fair and independent?</td><td>N</td><td>Y</td></tr>
<tr><td>5. Whether the CPAs have audited the financial statements of companies where they have served during the previous two years?</td><td>N</td><td>Y</td></tr>
<tr><td>6. Whether the CPAs allow others to use their credentials?</td><td>N</td><td>Y</td></tr>
<tr><td>7. Whether the CPAs own shares of the Company or its associates?</td><td>N</td><td>Y</td></tr>
<tr><td>8. Whether there is any financing between the CPAs and the Company or its associates?</td><td>N</td><td>Y</td></tr>
<tr><td>9. Whether the CPAs have joint investments or profit-sharing agreements with the Company or its associates?</td><td>N</td><td>Y</td></tr>
<tr><td>10. Whether the CPAs do regular works for the Company or its associates and receive fixed salaries?</td><td>N</td><td>Y</td></tr>
<tr><td>11. Whether the CPAs are involved with decision-making management functions of the Company or its associates?</td><td>N</td><td>Y</td></tr>
<tr><td>12. Whether the CPAs engages in businesses which may deprive them of audit independence?</td><td>N</td><td>Y</td></tr>
<tr><td>13. Whether the CPAs are spouses, lineal relatives, relatives by marriage, or relatives within the second degree of kinship to managerial officers of the Company?</td><td>N</td><td>Y</td></tr>
<tr><td>14. Whether the CPAs have received any commissions in association with their businesses?</td><td>N</td><td>Y</td></tr>
<tr><td>15. Up till now, whether there is any circumstance where the CPAs have been punished or the independence principle violated?</td><td>N</td><td>Y</td></tr>
</table>
In addition, the Company assessed the independence and suitability of CPAs in accordance with the five scopes, i.e., profession, quality control, independence, monitor and creativity, of the Audit Quality</td><td></td></tr>
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Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
			Indicators (AQIs). Based on the AQI data, we will continue to retain Ernst & Young as our CPA firm with Kuo-Sen Hung and Ching-Piao Cheng as independent auditors for our 2025 financial statements.	
4. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief corporate governance officer to handle matters pertaining to corporate governance (including but not limited to provide information required for business execution by directors and supervisors, assist directors and supervisors with regulatory compliance, handle matters pertaining to board meetings and shareholders' meetings according to laws and regulations, produce minutes of board meetings and shareholders meetings, etc.)?	V		The Company resolved in the Board meeting to appoint Mr. Chi-Yuan Pan, the Vice President of Finance and Accounting Center, as the Corporate Governance Officer to safeguard shareholders' rights and interests and strengthen the Board's functions. Mr. Chi-Yuan Pan has served in the financial managerial position of a public company for over three years. The main duties of a Corporate Governance Officer are to handle matters relating to Board meetings and Shareholders' Meetings pursuant to laws and regulations, prepare minutes of Board meetings and Shareholders' Meetings, assist Directors with assuming office and continuing education, provide information required for business execution of Directors, and assist Directors with regulatory compliances.	None
5. Has the Company established a communication channel for its stakeholders (including but not limited to shareholders, employees, customers and suppliers) and created a stakeholder section at the Company's website to address their concerns on major corporate social responsibility issues?	V		The Company has spokesperson and deputy spokesperson. Depending on the circumstances, investor relations, shareholder service and legal units would also communicate with stakeholders (including but not limited to shareholders, employees, customers and suppliers). In addition, the contact information of spokesperson and relevant departments can be found on the corporate website and a stakeholder section has been created to address stakeholders' issues of concerns, including corporate social responsibilities. To facilitate effective communications with different stakeholders and report the performance to the Board, matters for 2025 were addressed in the Board meeting on January 29, 2026.	None
6. Has the Company appointed a professional registrar to organize the Shareholders' Meetings?	V		To service our shareholders, the Company has appointed the stock management service department of Yuanta Securities to manage issues related to shareholders and organize the Shareholders' Meetings.	None
7. Information disclosure (1) Has the Company established a corporate website to disclose information regarding the Company's financials, business and corporate governance status?	 V		 (1) The Company discloses financial and business information through the corporate website at https://www.taiflex.com.tw, which is maintained by designated personnel. Information is available in both Traditional and Simplified Chinese as well as English. Material information,	None

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
			financial status, internal audit organization and operation, significant laws and regulations, corporate governance information and major resolutions of the Boards are available on the Company's official website for foreign and domestic investors to access.	
(2) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating people to handle information collection and disclosure, appointing spokesperson, and webcasting investor conference on the corporate website)?	V		(2) The Company holds investor conferences as necessary with audio or video recordings of these events made available in the Investor Relations section of the Company's website. Relevant information is also filed on the MOPS. The Company has set up both Traditional and Simplified Chinese as well as English corporate websites and appointed dedicated personnel to collect relevant data and disclose material information. The spokesperson or deputy spokesperson is in charge of communications with external parties.	
(3) Does the Company publicly announce and file its annual financial report within two months after the end of financial year, and its financial reports of the first three quarters as well as operational status of each month prior to the prescribed deadlines?	V		(3) The Company has publicly announced and filed its annual financial report within two months after the end of financial year, and its financial reports of the first three quarters as well as operational status of each month prior to the prescribed deadlines. Information is available on the corporate website at https://www.taiflex.com.tw and MOPS website at http://mops.twse.com.tw.	
8. Does the Company have other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to rights and welfare of employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer policies, and liability insurance purchased by the Company for directors and supervisors) ?	V		(1) Employees' rights and welfare: An Employee Welfare Committee is formed by employees of the Company to undertake various welfare projects and activities. Please refer to "5. Employment Relations" (page 116 to 122) for details. (2) Investor relations: The Company values investors' rights. Relevant information is disclosed timely on the MOPS website pursuant to laws and regulations and on the Company's official website. (3) Supplier relations: The Company maintains good relationships with suppliers. The quality and delivery of goods from suppliers have met the standards and there has been no incident of shortage or interruption of supplies over the years. (4) Stakeholder' rights: The Company's official website has included a stakeholder section, serving as a communication channel to protect the legal rights of both parties.	None

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<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>(5) Continuing education of Directors and Supervisors: Please refer to the table of “Continuing Education of Directors in 2025” (page 36 to 37) for details.
(6) Implementation of risk management policy and risk measurement standards: The Company established “Risk Management Policies and Procedures” in October 20022. Details are available on the corporate website at https://www.taiflex.com.tw/abo_risk.html. As for the analysis and assessment on “Risks”, please refer to page 128 to 132 for details.
(7) The implementation of customer policies: The Company follows ethical guidelines and maintains good relationships with customers. We actively respond to customers’ issues of concern, such as quality policy, research and development, innovation, continuous improvement, rapid response, customer satisfaction, protection of the planet, green care, etc. At the same time, we are committed to on-time delivery of orders and after-sales service, and deploy technical service personnel to solve relevant issues.
(8) Liability insurance for Directors and Supervisors: The Company purchases liability insurance for Directors in every May.</td><td></td></tr>
<tr><td colspan="5">9. The improvement status for the outcome of Corporate Governance Evaluation announced by Taiwan Stock Exchange Corporate Governance Center and the priority of pending issues. (Companies not included in the Evaluation are exempted.)
(1) The Company ranked in the top 36% to 50% of TWSE-listed company in the 11th Corporate Governance Evaluation conducted by the Taiwan Stock Exchange Corporate. This recognition demonstrated the Company’s strong corporate governance standards across various management aspects, including protection of shareholders’ rights, equal treatment of shareholders, improvement on Board structure and operation, enhancement of information transparency, and promotion of sustainable developments.
Improvements completed regarding the 11th Corporate Governance Evaluation include:
A. Continued promotion of sustainable development: Voluntary publication of a TCFD report.
(2) Pending issues with high priority are as follows:
A. Strengthening Board diversity: A female Director and individuals with diverse backgrounds will be included in the next Board term.
B. Enhancing information transparency: Disclosure of investor questions and the Company’s responses from investor conferences.
C. Strengthening ESG-related disclosures: Disclosure of employee turnover rates by gender and age for the past two years in the sustainability report.
(3) The Company performed self-assessment pursuant to the 12th Corporate Governance Evaluation in January 2026. The outcome will be reviewed to set the improvement plans.</td></tr>
</table>

10. The Company's Directors have duly attended courses organized by professional institutions. Continuing education of Directors in 2025 is as follows:

Title and Name	Date		Host	Class	Duration	Total Hours
	From	To				
Representative of corporate director: Ta-Wen Sun	2025/06/13	2025/06/13	Taiwan Corporate Governance Association	Trump 2.0: Corporate Strategies for Global Tax Reform and Supply Chain Restructuring	3	6
	2025/10/03	2025/10/03	Securities & Futures Institute	2025 Insider Trading Prevention Seminar	3	
Director Ching-Yi Chang	2025/08/19	2025/08/29	Taiwan Corporate Governance Association	Sustainability Reporting: Practical Implementation	3	12
	2025/08/21	2025/08/21	Taiwan Investor Relations Institute	Legal Considerations for Preventing Sexual Harassment, Power Harassment, and Bullying in the Workplace	3	
	2025/08/26	2025/08/26	Taiwan Corporate Governance Association	Integrity Management and Friendly Workplaces (Gender Equity Education Act)	3	
	2025/09/18	2025/09/18	Taiwan Corporate Governance Association	Trump 2.0: Corporate Strategies for Global Tax Reform and Supply Chain Restructuring	3	
Director Chein-Ming Hsu	2025/03/14	2025/03/14	Taiwan Corporate Governance Association	Circular Economy Benefits and Sustainable Finance Opportunities	3	6
	2025/04/18	2025/04/18	Taiwan Corporate Governance Association	Corporate Innovation, Growth, and Angel Investing	3	
Director Chun-Chi Lin	2025/04/11	2025/04/11	Taiwan Corporate Governance Association	Practical Discussion on Latest AI Trends and Risk Management Frameworks	3	9
	2025/05/02	2025/05/02	Taiwan Corporate Governance Association	Corporate Employee Incentive Tools and Case Studies	3	
	2025/11/11	2025/11/11	Taiwan Corporate Governance Association	Talent Development for Sustainable Operations	3	
Representative of corporate director Re-Zhang Lin	2025/07/09	2025/07/09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit	6	6
Director Fu-Le Lin	2025/02/14	2025/02/14	Taiwan Corporate Governance Association	Introduction to Sustainability Information, Standards, and Reporting for TWSE/TPEx-Listed Companies	3	6
	2025/02/21	2025/02/21	Taiwan Corporate Governance Association	How Audit Committee Members Implement Financial Statement Reviews	3	
Independent Director Wen-I Lo	2025/03/14	2025/03/14	Taiwan Corporate Governance Association	Circular Economy Benefits and Sustainable Finance Opportunities	3	9
	2025/06/18	2025/06/18	Institute of Financial Law and Crime Prevention	2025 Corporate Governance Workshop (Session II): Case Analysis of Shareholders' Meeting Disputes	3	
	2025/07/11	2025/07/11	Taiwan Corporate Governance Association	The Nvidia Three-Trillion Miracle: New Thinking in the Semiconductor Revolution Behind AI	3	
Independent Director Shi-Chern Yen	2025/07/25	2025/07/25	Securities & Futures Institute	2025 Briefing on Legal Compliance for Insider Equity Trading	3	6
	2025/10/21	2025/10/21	Taiwan Corporate Governance Association	Corporate Crisis Management and Communication	3	

Title and Name	Date		Host	Class	Duration	Total Hours
	From	To				
Independent Director Yung-Shun Chuang	2025/06/20	2025/06/20	Greater China Financial and Economic Development Association	Defensive Strategies and Legal Compliance in Hostile Takeovers	3	9
	2025/07/09	2025/07/09	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit	3	
	2025/07/31	2025/07/31	Taiwan Stock Exchange	2025 Strengthening Taiwan's Capital Market Summit	3	

(4) The composition, duties and operations of the Compensation Committee:

A. The Board has appointed Independent Directors, Yung-Shun Chuang, Wen-I Lo and Shi-Chern Yen, to form the third-term Compensation Committee.

Members of Compensation Committee As of March 29, 2026

Title	Condition / Name	Professional Qualifications	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving in the Compensation Committee
Independent Director (Convener)	Yung-Shun Chuang	Note 1	Note 1	0
Independent Director	Wen-I Lo	Note 1	Note 1	1
Independent Director	Shi-Chern Yen	Note 1	Note 1	0

Note 1: Members of the Compensation Committee are Independent Directors of the Company. Please refer to page 9 to 11 for details on their professional qualifications, experience and independent status.

Note 2: Compensation Committee shall exercise due care of a good administrator and duly carry out the following responsibilities:

1. To review the Charter periodically and propose recommendations.
2. To formulate and regularly review the Directors' and managers' annual and long-term performance targets as well as the compensation policies, systems, standards and structures.
3. To regularly assess the Directors' and managers' achievement rates concerning their performance targets and determine the compensation plans and amount for individuals. Recommendations made shall be submitted to the Board for discussion.

B. Compensation Committee:

(a) The Company's Compensation Committee comprises three members.

(b) Term of current Committee members: May 30, 2023 to May 29, 2026. The Compensation Committee held four (A) meetings in 2025. The qualification and attendance status of Committee members is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Independent Director (Convener)	Yung-Shun Chuang	4	0	100%	Appointed by the Board on May 30, 2023 (Re-elected at Shareholders' Meeting on May 30, 2023)
Independent Director	Wen-I Lo	4	0	100%	Appointed by the Board on May 30, 2023 (Re-elected at Shareholders' Meeting on May 30, 2023)
Independent Director	Shi-Chern Yen	4	0	100%	Appointed by the Board on May 30, 2023 (Re-elected at Shareholders' Meeting on May 30, 2023)

Annotation:

1. If the Board of Directors declined to adopt or modify a recommendation of the Compensation Committee, the date and session of the Board meeting, content of motions, resolution and actions taken by the Company regarding the Committee's opinions shall be specified (if the compensation package approved by the Board is superior to the recommendation made by the Committee, please specify the discrepancy and its reason): None.
2. As to the resolutions of the Compensation Committee, if a member expresses any objection or reservation, either by recorded statement or in writing, the date and session of the committee meeting, content of motions, all members' opinions and actions taken regarding the opinions shall be specified: None.
3. The date and session of the Compensation Committee meetings in 2025, content of motions, the resolutions and actions taken by the Company regarding the Committee's opinions are as follows:

Date of Compensation Committee Meeting	Session	Content of Motions	Resolutions	Actions Taken
2025.01.16	9th meeting of the 5th term	1. To define non-managerial employees and establish related compensation policy	Approved	N/A
		2. To review the distribution of 2024 compensation to employees and remuneration to Directors	Approved	N/A
		3. To review the distribution of 2024 net income bonus to managerial officers	Approved	N/A
2025.04.30	10th meeting of the 5th term	1. To review the 2025 salary adjustment of managerial officers	Approved	N/A
2025.07.30	11th meeting of the 5th term	1. To review the 2024 remuneration to Directors and employee compensation to managerial officers	Approved	N/A
2025.10.29	12th meeting of the 5th term	1. To review adjustments to managerial appointments and related compensation packages	Approved	N/A
		2. To review new managerial appointments and related compensation packages	Approved	N/A

(5) The composition, duties and operations of the Sustainable Development Committee:

A. The composition of the Sustainable Development Committee

(a) The Company's Sustainable Development Committee comprises five seats. As of December 31, 2025, there were five members.

(b) Term of current Committee members: May 30, 2023 to May 29, 2026. The term is the same as the current Board of Directors.

(c) The Sustainable Development Committee held two meetings in 2025. The Committee members, their expertise and attendance status are as follows:

Title	Name	Expertise	Attendance in Person	Attendance Rate (%)
Independent Director (Convener)	Shi-Chern Yen	Business and risk management, chemical engineering as well as environment, safety and health	2	100%
Independent Director	Wen-I Lo	Accounting, auditing and risk management	2	100%
Independent Director	Yung-Shun Chuang	Business and risk management	2	100%
Member (President)	Zong-Han Jiang	Management and marketing	2	100%
Member (Chief Sustainability Officer)	Zhen Lin	Circular economy, greenhouse gas inventory, and renewable energy	2	100%

B. Sustainable Development Committee shall exercise due care of a good administrator, duly carry out the following responsibilities and be held accountable to the Board:

(a) To formulate sustainable development policy.

(b) To draw up annual plans and strategic directions of sustainable developments.

(c) To monitor and review the execution and effectiveness of sustainable developments and report to the Board.

(d) To manage matters assigned by the Board.

C. Sustainable Development Committee:

The date and session of the Sustainable Development Committee meetings in 2025, content of motions, the resolutions and actions taken by the Company regarding the Committee's opinions are as follows:

Date of Sustainable Development Committee Meeting	Session	Content of Motions	Resolutions	Actions Taken
2025.07.16	6th meeting of the 2nd term	1. Review of the Company's risk map	Approved	N/A
2025.12.11	7th meeting of the 2nd term	1. 2026 sustainability development plan	Approved	N/A

(5) Implementation of Sustainable Developments and Non-compliance with "Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies" and Reasons

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Does the Company establish a governance structure for promoting sustainable developments and set up an exclusively (or concurrently) dedicated sustainability unit with senior management being authorized by the Board to handle relevant issues under the supervision of the Board?	V		1. Our ESG mission is to "practice ESG sustainability and bring positive energy to the world". Our visions are to "enhance green product innovation, forge a low-carbon value chain, comply with the highest corporate governance standards and create maximum value for stakeholders". We created a level-one unit - "Sustainable Development Center" in 2022 to promote sustainability matters. On October 25, 2022, we established the Sustainable Development Committee and its charter to formulate and oversee the Company's sustainable development plans. Functional units reporting to the Committee include sustainable product design, environmental sustainability, social charity, corporate governance and risk management, supply chain management and customer care. Level-one officers of relevant departments would lead the corresponding units. The position of executive secretary is created to assist the convener with monitoring the progress and achievements of each unit. The Chairperson is accountable for supervising the Committee's operation. We continuously focus on and advance sustainability issues in all aspects. The Sustainable Development Committee duly performs its duties and reports twice to the Board every year on its progress, outcome and future work plans. It also keeps track of the implementation effectiveness to ensure the sustainable development strategies are fully incorporated into the daily operation of Taiflex. Please refer to page 39 to 40 for details on the composition, duties and operations of the Sustainable Development Committee.	None
2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		2. Information disclosed covers the sustainability performance of our major sites between January to December 2025. The scope of risk assessment focuses on the Company, including our operations in Taiwan and mainland China. To fulfill our commitment to stakeholders and to respect and safeguard their legitimate interests, senior executives from various departments at Taiflex conducted an assessment of the likelihood and severity of potential positive and negative impacts across 22 sustainability topics under the three ESG dimensions, using a five-point scale. Each score was supported by a narrative explanation outlining the rationale and considerations behind the evaluation. Topics identified as having both high stakeholder concern and significant	None

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>impact were defined as material topics and prioritized for communication.
Risk management policies or strategies based on risks assessed are as follows:

Material Topic	Risk Assessment Item	Risk Management Policy or Strategy
Economic	Corporate Governance, Ethical Business Practices, and Economic Performance	1. Establish a corporate governance unit, comply with securities laws and regulations and disclose information according to relevant rules to enhance the transparency of business performance. Ensure shareholders have the rights to be fully informed, participate in and make decisions on material matters of the Company. Implement corporate governance spirit and system to secure the rights and interests of shareholders and treat requests from shareholders fairly. 2. In 2024, the Company enhanced its trade secret registration application form and strengthened related confidentiality management measures. There were four and two registered cases in 2024 and 2025, respectively. The Company first adopted the Taiwan Intellectual Property Management System (TIPS) in 2023 and successfully obtained TIPS A-Level certification in the same year. The most recent re-certification was completed in 2024, with the certificate valid from December 31, 2024 to December 31, 2026. In 2025, the Company completed and published its TCFD Report. 3. Enhance Board functions and fulfill Directors' responsibilities. A core training roadmap has been established to provide relevant continuing education topics, enabling Directors to stay informed of the latest legal and regulatory developments and to better understand their legal obligations. 4. To improve operational performance, the Company continues to strengthen its core competitive advantages. It remains dedicated to R&D in FPC and semiconductor materials, with a focus on developing high value-added products. The Company is also working to increase the proportion of localized supply at each production site, implement flexible inventory strategies, optimize product portfolios, improve production efficiency, and enhance cost control measures to increase overall operational resilience.

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<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Environmental</td><td>Green Energy and Net-Zero Emissions</td><td>1. Taiflex is committed to implementing a range of energy-saving initiatives to reduce the environmental impact of energy consumption, while actively promoting the reuse of waste materials to enhance competitiveness. These efforts align with the Company’s management goals of minimizing energy use and optimizing costs. Since 2015, the Company has pursued energy conservation, emissions reduction, and circular economy initiatives aimed at achieving zero waste. The long-term objective is to establish a zero-waste circular economy model by 2030, with a short-term goal of reaching ≥85% waste conversion rate by 2026 and obtaining UL 2799 certification between 2029 and 2030.
2. In 2024, the Group installed 431 kWp of self-consumption solar power capacity at its facility in Thailand, and 378 kWp at Rudong Fuzhan Scientific. In 2025, the Group continued to invest in green energy, with a target of having renewable sources account for 15% of its total electricity consumption by 2030.</td></tr>
<tr><td>Social</td><td>Employee Care</td><td>1. The Company has obtained ISO14001 Environmental Management Systems and ISO45001:2018 Occupational Health and Safety Management Systems certifications (including the factories in China), and continues to enhance workplace safety for employees.
2. The Company conducts employee satisfaction surveys and, in response to workload-related feedback, engages in industry-academia collaborations and supplements its workforce as needed. These efforts aim to reduce overtime hours and foster a better work-life balance for employees.
3. Pursuant to “Procedures for Safety, Health and Environment Protection Training” in Taiflex’s occupational safety and health management system, employees are taught of dangerous machinery and equipment and “Regulations for Occupation Safety and Health Education and Training”. With regards to employees’ health and safety, the Company provides continuing care and management. There are above-standard health check-ups, annual special health examinations, semi-annual environment monitoring, etc. Outcome of these examinations are analyzed in order to organize relevant health promotion activities. Guidance and health education services are provided to employees with unfavorable outcomes. There are also health-related</td></tr>
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<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>3. Environmental issues
(1) Does the Company establish environmental management system designed to fit industry characteristics?</td><td>V</td><td></td><td><table>
<tr><td></td><td></td><td>seminars available to employees. We carry out safety and health promotion and monitor the effectiveness.</td></tr>
<tr><td></td><td>Customer Care</td><td>1. In response to market globalization, Taiflex has actively pursued international safety certifications to ensure high product quality, safety, and reliability throughout the usage process. The Company has obtained multiple certifications, including those from Underwriters Laboratories Inc. (UL) and TÜV Rheinland, a German organization specializing in product safety, quality, and management system certification.
2. Customer satisfaction is our management philosophy. We are committed to deliver innovative products and services to customers and uphold the core value of accountability and enthusiasm. Taiflex has dedicated department providing services to customers and working closely with the quality assurance department to solve product issues ranging from appearance to functionality. To cope with production globalization of downstream customers, we have service personnel stationed at Kunshan, Shenzhen, Zhuhai, Xiamen, and Nantong besides Taiwan to enhance the accessibility and timeliness of our customer services.</td></tr>
</table>
3.
(1) All factories and subsidiaries of the Company have established their environmental management systems pursuant to the guidelines of ISO14001:2015 and continued to pass the third-party verifications. Greenhouse gas (GHG) inventory is carried out annually in accordance with the ISO14064-1 and the effects of emission reduction are tracked and disclosed at the sustainability report and the corporate website (https://www.taiflex.com.tw). The Company obtained ISO14001 Environmental Management Systems certification in October, 2004; IECQ-QC080000 HSPM certification in January, 2007; and certifications of CNS15506 Taiwan Occupational Safety and Health Management System and OHSAS18001 Occupational Health and Safety Management Systems in October, 2008. Also, Taiflex obtained ISO14064-1 Greenhouse Gas Inventory certification through the third-party certification body - BSI in 2017. Later, the Company transited to an updated version and obtained ISO14001:2015 Environmental Management System certification in</td><td>None</td></tr>
</table>

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
(2) Is the Company committed to improving the energy efficiency and utilizing renewable materials that have low environmental impact?	V		September, 2019; ISO45001:2018 Occupational Health and Safety Management System and CNS45001:2018 Chinese National Standard Occupational Health and Safety Management System certifications in October 2019; as well as ISO50001 Energy Management certification in December 2021. We have scheduled to complete ISO14064-1:2018 GHG inventory and third-party verification annually from 2022. Among these, the most recent ISO 14001:2015 Environmental Management System certificate is valid from September 24, 2025 to September 24, 2028; and the most recent ISO 50001 Energy Management System certificate is valid from December 8, 2024 to December 8, 2027. We fully utilize various environmental management systems and carry out continual improvement processes to enhance our management competency, forging a management model conforming to the ESG sustainability standards. We have completed inventory and third-party verification pursuant to GHG inventory standards over the years. Also, we draw up a carbon roadmap, fulfill our corporate social responsibilities and contribute to environmental sustainability. (2) Taiflex is in the electronic component industry, specializing in FPC materials such as Flexible Copper Clad Laminate (FCCL) and polymer film. Electric power and natural gas are the major sources of energy consumed during our manufacturing process. Facing the inevitable annual increases in energy and environmental costs due to climate changes, we are devoted to various energy-saving projects to reduce GHG emissions, improve energy efficiency and diminish the impact on costs. At the same time, we remain committed to recycling and regenerating resources, striving to minimize energy consumption and optimize costs. By doing so, we enhance our competitiveness while contributing to the fight against global climate change. Measures taken concerning electricity, natural gases and renewable materials are as follows: A. Electricity: Taiflex pursues the goal of maximizing energy efficiency. We implement various energy-saving measures, optimize e-energy management platform and conduct comprehensive energy inventory, making sure that	

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
			every single unit of energy consumption are properly used. In 2021, we completed the ISO50001 Energy Management System Platform and the setting of various equipment performance indicators. In accordance with the Bureau of Energy, Ministry of Economic Affairs' "Regulations Governing the Setting of Energy-Saving Targets and Implementation Plans for Energy Users," large electricity users are required to achieve annual electricity savings of 1%. In 2025, the Company reduced electricity consumption by a total of 2,518,336 kWh, representing an energy-saving rate of 6.15%. B. Natural gases: Volatile organic compounds (VOCs) are generated during the manufacturing of FCCL. To mitigate their adverse impact on the environment, Taiflex 2 has adopted an enclosed processing system (stationary source operating permit: No. Jing-Yuan-Gao-Huan-Zi BEW71620) which is certified by the environmental protection agency. Furthermore, Taiflex uses zeolite rotor concentrators equipped with Toyobo technology from Japan to save natural gas consumption for waste gases processing. Waste gases collected in the enclosed system are condensed to become auxiliary fuel, which effectively reduces our natural gas consumption. By constantly enhancing our operation processes and management systems and maintaining equipment to operate at optimal condition, we can reduce VOCs emissions as well as natural gas and raw materials consumption, thereby lowering waste of resources and secondary pollutants. Fuel gas consumption of RRTO at Taiflex 2 over the years after the introduction of zeolite rotors is as follows: In km^3/year	

Year	Gas Consumption (km^3)	Compared to Base Year - Reduction
2021	154,713	(Base year)
2022	125,808	-28,905
2023	128,504	-26,209
2024	142,316	-12,397

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	

2025	121,827	-32,886

Natural gas consumption of RRTO at Taiflex 2 over the years after the introduction of zeolite rotors is as follows:

In km^3/year

Year	Gas Consumption (km^3)	Compared to Base Year - Reduction
2021	124.30	(Base year)
2022	233.61	+109.31
2023	40.54	-83.76
2024	22.93	-101.37
2025	25.82	-98.48

C. Renewable materials:

Our raw materials comply with EU's RoHS, REACH and the halogen-free standards. The Environmental Sustainability Department has established a circular system across platforms for resource integration, including material recycling, manufacturing with renewable energy and pollution reduction during production, thereby mitigating the environmental impact. To enhance the utilization efficiency of resources, promote the concept of recycling and reduce the adverse impacts on the environment, the Company takes the following actions:

(a) Concentration, condensation, purification, and reuse of organic solvents in exhaust gases:

In 2025, a total of 181,270 Kg of VOCs from exhaust gases were recovered and reused after condensation, concentration, and purification.

(b) Effective recycling and reuse of waste solvent:

In 2025, a total of 173,521 Kg was processed in-house which generated 150,323 Kg for reuse. Recycling not only saves the costs of energy but also diminishes the adverse impacts of waste on the environment as we head towards the goal of circular economy.

(c) The Company adopts the concept of 3R (Reduce, Reuse and Recycle)

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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>

(3) Does the Company assess the present and future potential risks and opportunities of climate change for the entity, and takes measures to respond to climate-related issues?</td><td>

V</td><td></td><td>for recycling. Total volume processed was 1,901,690 Kg. This mitigates the environmental impact of incineration.
(d) Targets of quantitative management - recycling rates over the years are as follows. In 2025, improvement and upgrade works were carried out at the solvent recovery areas of Taiflex 2 and 3, including enhancements to equipment, electrical panels, and exhaust/fire safety systems. These activities indirectly affected overall recycling performance, resulting in the Company’s total recycling rate not reaching the annual target of 80%.

Item / 2023 / 2024 / 2025
Waste (MT) / 1,824.73 / 2,133.41 / 2,501.90
Recycled (MT) / 991.6 / 1,487 / 1,901.69
Reuse rate (%) / 54.3% / 69.7% / 76.01%
Target / 52% / 60% / 80%

The Company aggressively promotes various energy-saving measures. Through green manufacturing, we cut down unnecessary wastes of resources and develop technology for waste reduction and reuse. The entire value chain is involved with the recycling and reuse of packaging materials. As for products, we are dedicated to the testing of renewable materials with low environmental impact to maximize the efficiency of circular economy. Through raw material recycling, waste reduction technology and the design and selling of circular products, we create the value of sustainable operation.
(3) We have mapped out relevant investments to reduce carbon emissions in response to the low carbon transition and expectations of international customers, thereby minimizing carbon taxes and the risk of soaring energy costs in subsequent periods. Furthermore, by conducting GHG inventories and using low-carbon footprint products, we are developing green products that align with sustainable low-carbon trends and increasing the proportion of recycled materials used. We will continue to follow up and practice climate targets of the Paris Agreement and incorporate these targets into our sustainable development strategy blueprint. In October 2022, the Company</td><td></td></tr>
</table>

Item	2023	2024	2025
Waste (MT)	1,824.73	2,133.41	2,501.90
Recycled (MT)	991.6	1,487	1,901.69
Reuse rate (%)	54.3%	69.7%	76.01%
Target	52%	60%	80%

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<tr><td>

(4) Does the Company calculate its GHG emissions, water consumption and total waste weight in the recent two years, and formulate policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?</td><td>

V</td><td></td><td>established a Sustainability Development Committee to promote climate action and target management, integrating sustainability strategies and climate-related issues into product development, operations, and value chain management. Based on the 2019 TCFD guidelines developed by the Financial Stability Board, the Company has established a climate risk identification process, formulated response measures based on the results, and integrated risk identification and assessment into the Company's management system. Once approved by the Board of Directors, the frameworks for governance, strategy, risk management, metrics, and targets, as well as the related response measures, are implemented under the Board's supervision. In 2025, the Company has published its TCFD Report and completed the analysis of climate-related risks and opportunities as well as formulated corresponding response measures. For detailed implementation, please refer to pages 69 to 78 of this annual report or the Company's sustainability report.
(4) Details of the Company's GHG emissions, water consumption and total waste weight in the recent two years and relevant policies are as follows:
A. GHG Emissions:
The Company performs annual GHG inventories and third-party verification. Strategies to reduce GHG and carbon footprints were established based on the GHG inventory outcome to mitigate the adverse environmental impact of our operations.
The GHG emissions during operation are listed as follows:
Unit: MT CO_2e
<table>
<tr><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Total</th></tr>
<tr><td>2023</td><td>8,427.1570</td><td>18,498.3511</td><td>26,925.5081</td></tr>
<tr><td>2024</td><td>9,629.8389</td><td>18,748.5741</td><td>28,378.4130</td></tr>
<tr><td>2025</td><td>9,611.3534</td><td>19,263.7653</td><td>28,875.1187</td></tr>
</table>
Note:1. Scope 1: Direct GHG emissions, Scope 2: Indirect GHG emissions
2. Verification of 2025 GHG inventory data will be carried out in June 2026.</td><td></td></tr>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
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In 2025, the Company’s short to long-term GHG emission reduction targets are as follows:
Using 2021 as the base year, the Company reduced Scope 1 GHG emissions by 4%, with a short- to long-term reduction target of 5%. Details of electricity generated from in-house solar systems invested by the Group and carbon emission reductions are as follows:

Electricity from Solar Energy		
Year	Electricity (KWh)	Carbon Reduction (Kg)
2023	740,922	366,756
2024	1,378,129	680,796
2025	1,448,855	685,757
Total	4,018,658	1,962,742

B. Water consumption:
Water consumption was 91,846 m^3 and 96,804 m^3 in 2024 and 2025, respectively. Water is mainly used as cooling water for air conditioning, followed by employee daily usage, firefighting and consumption by the etching laboratory. The Company uses tap water. RO water is recycled at the factories as cooling water for air conditioning.

Factory	2024	2025	Changes
Taiflex 1	5,986 m^3	6,796 m^3	810 m^3
Taiflex 2	22,794 m^3	22,921 m^3	127 m^3
Taiflex 3	52,838 m^3	55,487 m^3	2,649 m^3
Taiflex 5	10,228 m^3	11,600 m^3	1,372 m^3
Total	91,846 m^3	96,804 m^3	4,958 m^3

Note: In 2021, we increased the electrical conductivity setting of water discharged from the cooling towers and recycled the condensed water from the NMP purification system for the vacuum system to lower tap water consumption.
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Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	

C. Waste management:

The principles of waste management policy are to enhance the utilization efficiency of resources, promote the concept of recycling and reduce the adverse impacts on the environment. Waste generated from our production can be categorized into two types: general and hazardous industrial waste and it is handled by qualified waste disposal vendors in accordance with relevant laws and regulations. On-site inspections at hazardous waste treatment plants are carried out regularly every year to ensure proper disposal of waste. Recyclable waste is recycled and reused. Hazardous industrial waste is first subject to in-house process through effective management measures in an attempt to reduce the volume outsourced and incineration rate, thereby lower operating costs and mitigating the environmental impact.

Waste output and recycling rates in 2025

Waste Statistics (Unit: MT)					
Composition	Hazardous Waste		Non-Hazardous Waste		Total
Processing Method	On-site	Off-site	On-site	Off-site	
Transfer during disposal	312.81	368.81	0	1,220.06	1,901.68
	681.62		1,220.06		
Direct disposal	0	548.15	0	52.06	600.21
	548.15		52.06		
Total	1,229.77		1,272.12		2,501.89
Total waste	2,501.89				
Recycling rate	76.01%				

Notes:

1. Transfer during disposal: Recycling; Direct disposal: Incineration (with energy recovery), incineration (without energy recovery), landfill.
2. Recycling rate is calculated as: Recycled waste volume / Total waste volume × 100%.
3. Amounts are displayed to the second decimal place and are truncated without rounding.

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to related laws and regulations and the International Bill of Human Rights?	V		(1) The Company establishes management measures based on international human rights standards, e.g., the Code of Conduct of the Responsible Business Alliance, the Guiding Principles on Business and Human Rights of the United Nations and the Nine Core Human Rights Treaties of the United Nations, and announces such on the corporate website. We believe in having the right person for the right job and aggressively recruit FPC talents from all over the world, including the U.S., Japan, China and Thailand. We adhere to the principles of the International Bill of Human Rights and establish the "Management Rules for Employee Appointment" to safeguard and uphold human rights. This policy applies to all managers, employees, suppliers, customers, and other stakeholders, and reflects the Company's commitment to eliminating all forms of human rights violations. **Taiflex Human Rights Policy** Taiflex Group firmly believes that respect for human rights and the creation of a dignified work environment are fundamental. We comply with applicable labor laws and regulations in all locations where we operate to safeguard employees' legal rights. In addition, we adhere to the principles and spirit of internationally recognized human rights standards, including the UN Global Compact, the Universal Declaration of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. This Human Rights Policy applies to the Company and its affiliates, demonstrating our commitment to respecting and protecting human rights, providing a safe and appropriate working environment, and treating all employees with dignity and respect. Human Rights Declaration is as follows: A. Diversity, Inclusion, and Equal Opportunity The Company prohibits any form of discrimination in language, attitude, or conduct based on gender, race, social status, age, marital status, language, ideology, religion, political affiliation, place of origin, birthplace, physical appearance, features, or disability. We are committed to eliminating discrimination against indigenous peoples, women, migrant workers, contract personnel, and persons with disabilities, and to safeguarding their labor rights. We strive to create a workplace that is dignified, safe, inclusive, and free from discrimination and harassment.	None

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
			B. Prohibition of Forced Labor The Company respects employees' free will and strictly prohibits all forms of forced or involuntary labor. Formal grievance mechanisms are in place to allow employees to report concerns. C. A Harassment-Free, Safe, and Healthy Work Environment, Free from Unlawful Discrimination Human rights protections are embedded in internal control processes to ensure fair treatment in employment, compensation and benefits, training, promotion, termination, and retirement. The Company provides a safe and healthy workplace and has established dedicated Occupational Safety and Health (OSH) unit and committee to identify and eliminate workplace hazards and reduce occupational risks. D. Prohibition of Child Labor Employment practices strictly comply with minimum age requirements under local laws and regulations. E. Compliance with Applicable Wage and Working Hour Laws The Company provides reasonable wages and benefits in accordance with applicable laws and regulations and manages working hours, leave, and holidays in compliance with local requirements. F. Promotion of Labor–Management Harmony and Open Communication The Company respects employees' rights to collective bargaining and provides diverse and open communication channels. Regular labor–management meetings are held to promote harmonious relations, foster mutual understanding, and effectively resolve differences. G. Compliance with Privacy and Information Security Regulations The Company strictly complies with personal data protection laws to ensure that the collection, processing, and use of personal data are lawful, thereby safeguarding individual data privacy rights. H. Risk Assessment and Continuous Improvement In response to evolving circumstances and stakeholder expectations, the Company regularly reviews and evaluates relevant risks, practices, and impacts. Potential risk issues are assessed, and management measures are adjusted based on the outcomes of such evaluations.	

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
			The Company also recruits disabled people and creates appropriate jobs for them. As of the end of 2025, we met the quota of disabled employees and complied with the regulatory requirements of Taiwan. The Company conducts an employee satisfaction survey every two years. In late October 2024, an external professional management consulting firm was engaged to carry out the 2024 employee satisfaction survey. Based on the survey results, improvement plans have been developed for key issues to continuously enhance employee experience and organizational effectiveness.	
(2) Does the Company formulate and execute reasonable employee welfare measures (including compensation, leaves and other benefits), and have the operating performance or results properly reflected in employee compensation?	V		(2) The Company has established the Compensation Committee to perform regular reviews on operational performance and the policy, system, standard and structure of compensation. A certain percentage of current year’s earnings, if any, would be appropriated as year-end bonus and employee compensation, and the latter shall not be lower than five percent of the earnings. In addition, the Company conducts market compensation surveys from time to time and makes adjustments based on the market level, economic trends and personal performance in order to stay competitive in terms of compensation. “Salary Management Rules”, “Attendance Management Rules” and “Bonus Distribution Rules” of all sorts are formulated to have the operating performance properly reflected in employee compensation. Employees are entitled to recess, holidays and regular leaves pursuant to the government’s labor regulations. For employees who need a longer period of time for parental care, major injuries or illness, accidents, etc., they may apply for unpaid leaves to attend to personal and family affairs. The Company has established the Employee Welfare Committee. Pursuant to the “Employee Welfare Fund Regulation”, a maximum of 0.15% would be appropriated from monthly operating revenue as funds for employee benefits. Welfare measures organized by the Company allow employees to enjoy a broad range of benefits including personal travel allowance, subsidies to clubs, cash gifts for birthday, wedding and new babies, funeral subsidies, employee health check-up, discounts at authorized stores, educational allowance for dependent children, and free inspection/maintenance allowance for motorcycles. There are also a variety of employee activities such as the family day and trips to promote body and mind balance. Please refer to page 118 for details on the	

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(3) Does the Company provide a safe and healthy work environment and provide safety and health training regularly?</td><td>V</td><td></td><td>retirement system and its implementation.
(3) A. OSH policy and management:
Taiflex places great importance on workplace safety and the physical and mental well-being of its employees, recognizing them as the Company’s most valuable asset. We continue to advocate for a humanistic safety culture, comply with and even surpass domestic OSH regulations and international standards to construct a safe and healthy work environment. We strive to achieve the best healthy workplace of “zero accident”, fulfill our corporate social responsibilities and embrace sustainability as the foundation of our business. We have established five major OSH policies and set five short, medium and long-term targets accordingly for all employees and stakeholders to follow:
<table>
<tr><th>Policy</th><th>2025 Target (OSH)</th><th>2025 Achievement Rate (OSH)</th><th>2026 Target (OSH)</th></tr>
<tr><td>Regulatory compliance
Full participation
Workplace safety
Risk control
Continuous improvement</td><td>1. Major event and occupational accident (hospitalization): 0 incident
2. Maintain 0 incident of occupational disease from chemical exposure
3. Disabling injuries frequency rate (FR) ≤ 1.5
4. Disabling severity rate (SR) ≤ 3.6
5. Voluntary participation in health promotion scheme > 40%</td><td>1. Major event and occupational accident (hospitalization): 3 incidents
2. Maintain 0 incident of occupational disease from chemical exposure
3. Disabling injuries frequency rate (FR) = 2.14
4. Disabling severity rate (SR) = 55
5. Voluntary participation in health promotion scheme = 50.6%</td><td>1. Major event and occupational accident (hospitalization): 0 incident
2. Maintain 0 incident of occupational disease from chemical exposure
3. Disabling injuries frequency rate (FR) ≤ 1.5
4. Disabling severity rate (SR) ≤ 3.6
5. Voluntary participation in health promotion scheme > 40%</td></tr>
</table>
Upon the occurrence of any incident, the Company immediately reviews and implements corrective and preventive measures. This includes designing safety aids, enhancing employee training, and concurrently reviewing the suitability of other operational procedures and supporting</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>tools to ensure employee safety in the workplace.
(a) Continue to reinforce safety and health management measures
i. To protect employees from hazardous substance at workplace, we provide employees with healthy and comfortable work environment. The monitoring of operational environment is carried out twice every year to understand the true exposure of employees.
ii. Qualified personnel conduct regular internal inspections of machinery, equipment, and occupational safety and health conditions to eliminate potential operational hazards. The safety management unit also performs audits across all departments focusing on five key areas, including chemical management, machinery and equipment, workplace environment, fire protection equipment, and waste disposal.
iii. New recruits are arranged to take OSH education and training as well as fire extinguisher operation training during orientation. Assessments would then be conducted to enhance employees' awareness on OSH and operation safety. Employees also undertake OSH training.
(b) Statistical data of OSH training and promotion in the past three years
<table><tr><th>Year</th><th>Number of Attendees</th><th>Training Hours</th></tr><tr><td>2023</td><td>2,228</td><td>1,217.3</td></tr><tr><td>2024</td><td>2,407</td><td>1,953.5</td></tr><tr><td>2025</td><td>2,434</td><td>2,801.0</td></tr></table>
(c) In order to improve the physical and mental health of employees, we are committed to improve the health conditions of employees with a combination of internal and external resources. Through occupational disease and health hazard prevention management and regular physical and mental assessments and assistance measures, we prevent occupational injuries and diseases and safeguard the health of individuals.
i. Based on statistical data from employee health check-ups, the Company organizes improvement programs targeting the "three highs" (hypertension, hyperlipidemia, and hyperglycemia), as well</td><td></td></tr>
</table>

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
			as weight management. An annual weight management and weight-loss competition is held to raise employees' awareness and motivation regarding weight control. Results from the past three years are as follows:	

Year	Number of Participants Meeting the Goals	Total Weight Lost (kg)
2023	44	372.7
2024	37	303.3
2025	38	281.2

ii. The Company also offers physical and mental health support to employees, including on-site physician services, a range of health-related seminars, and referral services for psychological counseling.

B. Certifications:

(a) Taiflex obtained the ISO45001 certification in 2020. We have established quantitative indicators under systematic operation, expanded OSH activities to products and relevant services, enhanced the overall OSH performance and effectively controlled risks. In 2025, we maintained ISO45001 certification and obtained the Taiwan Occupational Safety and Health Management Systems (TOSHMA) certification which is valid from August 2025 to August 2028.

(b) The Company continues to uphold a people-centered philosophy of "demonstrating leadership commitment, strengthening workforce health, and expanding positive impact." In recognition of these efforts, the Company has been honored for three consecutive years (2023~2025) by the Ministry of Labor as an outstanding performer in the voluntary evaluation of occupational health and safety performance disclosure in corporate sustainability reports.

C. Statistics of disabling injuries in the past three years are as follows:

Year	Fatal Accidents	Disability Accidents
2023	Male:0 Female:0	Male:5 Female:0
2024	Male:0 Female:0	Male:5 Female:2
2025	Male:0 Female:0	Male:3 Female:1

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
			The Company recorded a Disabling Injury Frequency Rate (FR) of 2.14 (target: 0.9) and a Disabling Injury Severity Rate (SR) of 55 (target: 3.6). A total of four disabling injury incidents occurred within factory operations; therefore, the goal of zero occupational injuries was not achieved. In response, immediate incident reviews were conducted, and corrective actions were implemented across relevant operations to continuously reduce the occurrence of occupational injuries, prevent disabling incidents, and strengthen workplace safety culture. (a) Short-term actions: Conduct comprehensive risk identification for potential major or severe incidents, and implement preventive safeguards and error-proofing measures to eliminate or mitigate risks. (b) Medium-term actions: i. Strengthen employee compliance with safety regulations. ii. Enhance safety communication and training programs to ensure greater engagement and effectiveness on-site. (c) Long-term actions: i. Encourage employee participation in safety initiatives and recognize outstanding on-site safety performance. ii. Foster a sustainable safety culture and awareness, ensuring safe behaviors are maintained even in the absence of supervision. iii. Standardize safety management systems to ensure consistency and effectiveness regardless of changes in safety leadership. (d) In 2025, there were no disabling injury incidents involving contractors and no fire incidents reported. D. Prevention of workplace unlawful infringement and response measures To prevent workplace unlawful infringement, the Company has established the “Workplace Unlawful Infringement Prevention Regulations.” A PDCA (Plan-Do-Check-Act) management approach is applied to continuously review and improve existing control measures, with adjustments made as necessary. In 2025, the proportion of employees identified as having medium or higher risk in workplace infringement assessments was 0%. No incidents of sexual harassment or workplace bullying were reported. The Company also provides employee assistance programs, including psychological counseling services, which were utilized by one employee	

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
(4) Has the Company established effective career development training programs for employees?	V		during the year. To further enhance awareness and prevent misconduct, particularly regarding power-based sexual harassment and workplace bullying, the Company conducted related training programs for all employees. In 2025, total training hours reached 766.5 hours, with 1,533 participants. (4) Taiflex is committed to strengthening its human capital through a comprehensive talent development roadmap. Our dedication to employee training reflects our core belief in a people-centered approach. We aim for every employee to meet workplace challenges with competence, enthusiasm, innovation and courage, continuously learning and growing along the way. Talent development roadmap: A. New employee orientation: New employee orientation and Mentor B. Core competency: Communication and teamwork, presentation skills and work report, problem analysis and solution, work improvement skills, time management, quality control C. Management competency: Top-level manager - strategy camp for management team and Dale Carnegie Training; Mid-level manager - Management Training Program (MTP) and competency-based behavioral interview/recruiting skills; Entry-level manager - Training within Industry (TWI) for entry-level managers and seven basic tools of QC D. Professional competency: Six sigma project, lean production, quality control circle project, professional certification training, R&D management, project management, sales training course E. Self-development: Internal lecturer training, TOEIC class, foreign language course, study group, keynote speech Through diverse training and education channels, we improve the learning effectiveness of employees with on-job training, off-job training, e-learning and various subsidies, such as subsidies for TOEIC, language trainings and project-based trainings. In 2025, a total of 6,154 employees completed competency training programs, with a cumulative total of 37,545 training hours. The majority of the training focused on professional competencies. The Company has also established a comprehensive performance management mechanism. Through regular performance review meetings, supervisors and employees jointly discuss and	

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
			plan individual development plans. These are reviewed and adjusted periodically to provide tailored support for employees in shaping their optimal career development paths.	
(5) Has the Company complied with related regulations and international standards for issues of customer health and safety, customer privacy, marketing and labeling of products and services, and formulated relevant consumer or customer protection policies and complaint procedures?	V		(5) To extend our global reach, we proactively obtain various international safety certifications to ensure the quality, safety and reliability of our products. International certificates of the Company include: Underwriter Laboratories Inc. (UL): UL is an U.S. non-profit organization which aims to ascertain the safety level of products at mass production stage by inspecting and classifying samples from raw materials, components, system, structure, process and conditions of usage, and conducting follow-up tests. The ultimate goal is to ensure the safety of users' life and property. Certification logos are issued for identification purpose. Japan Electrical Safety & Environment Technology Laboratories (JET): JET issues certification logos to electrical products which meet the safety standards stipulated by Japanese government. It is a certification body designated by the Japanese government to conduct inspections and product testing for factories of electrical products. According to Japanese DENTORL, safety certifications are required for products to enter the Japan market. TUV Rheinland (TUV): German safety certification institution. It provides certification services for product safety, quality and management system. In addition to protecting the customer rights through international certifications, we also value their opinions and level of satisfaction concerning our services. Thus, we set up a stakeholder section on the corporate website as a complaint channel to understand the needs of customers and address their concerns with care. For detailed information on the complaint handling process, please refer to the sustainability report.	
(6) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, OSH, or labor rights, and the implementation results?	V		(6) Taiflex requires all suppliers (including new/potential ones) to comply with the quality management system, the environment, safety and health (ESH) management system and the AEO evaluation. Through our supplier procurement procedures, we examine suppliers by indicators including basic information, relevant certifications, quality assurance records, ESH management investigation, operation, product information, manufacturing process, financial status of raw material suppliers under business continuity management, procurement contracts, green product management, and social	

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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>responsibilities. Taiflex began adopting the Responsible Business Alliance (RBA) Code of Conduct in 2017 as the evaluation standard for supplier management. The Code covers key areas including labor, health and safety, environmental protection, and business ethics, with the aim of ensuring safe working conditions in the electronics supply chain, upholding the dignity of workers, and promoting environmentally responsible manufacturing practices in line with industry expectations for corporate social responsibility. In 2020, the Company further implemented a Supplier Relationship Management (SRM) platform to enhance supplier management efficiency. This platform enables suppliers to manage orders, confirm delivery schedules, and access shipment, acceptance, and return records more effectively, thereby reducing information gaps, improving communication accuracy, and increasing overall operational efficiency.
In addition, the Company strengthens the promotion of corporate social responsibility and business ethics standards among suppliers and adopts appropriate measures to ensure compliance with applicable laws and regulations in areas such as environmental protection, occupational health and safety, and labor practices. Beyond compliance with local minimum wage requirements, suppliers are expected to provide reasonable compensation and uphold the highest standards of ethical and professional conduct in their business operations.
<table>
<tr><td>Supplier audit</td><td>Taiflex has set up an audit unit and a counselling team to monitor suppliers’ progresses in improving deficiencies, thereby jointly enhancing product quality and production technology as well as improving ESH performance. Automation equipment is also adopted to increase production and reduce occupational hazards. An annual supplier evaluation program is also arranged, involving on-site or document-based audits, with corresponding scoring and assessments. In 2025, a total of 83 suppliers were audited (32 raw material suppliers and 51 material suppliers), and no suppliers were found to be non-compliant.</td></tr>
<tr><td>Supplier training</td><td>Taiflex holds training and small forums from time to time to effectively improve ESH performance and comply with international standards through different forms of sharing and communication. The courses include occupational health,</td></tr>
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<tr><td></td><td></td><td></td><td><table><tr><td></td><td>employee health, maintenance of fire safety equipment, carbon footprint investigation, climate change, regulatory risk and business ethics.</td></tr><tr><td>Annual Supplier Conference</td><td>Taiflex places strong emphasis on the sustainable development of its overall supply chain. Based on a foundation of collaboration and mutual support, the Company enhances supply chain management performance through processes, including supplier evaluation, audits, corrective action follow-up, performance assessments, and supplier recognition programs. At the same time, through ongoing communication and engagement, the Company reinforces suppliers' awareness of corporate social responsibility and business ethics. Appropriate measures are implemented to ensure that suppliers comply with applicable laws and regulations in areas such as environmental protection, occupational health and safety, and labor practices. Suppliers are also required to commit to the highest standards of ethical conduct in their business operations. In 2025, Taiflex held its Annual Supplier Conference to express appreciation for suppliers' support and contributions over the past year. During the event, the Company's Supply Chain Center and Information Security and Knowledge Management Division shared Taiflex's outlook and communicated expectations across key areas, including quality, technology, information security, service, and sustainability. The Company also emphasized its commitment to working closely with supply chain partners to overcome challenges and achieve continued success together.</td></tr></table></td><td></td></tr>
<tr><td>5. Has the Company referred to the internationally accepted report preparation standards or guidelines for its preparation of sustainability report or other reports which disclose the Company's non-financial information? Do the aforementioned reports obtain a third-party assurance or verification statement?</td><td>V</td><td></td><td>5. The Company compiles the sustainability report pursuant to the GRI standards issued by the Global Reporting Initiative and discloses relevant indexes and ESG information with reference to SASB standards. Our corporate website, https://www.taiflex.com.tw, includes an ESG section that discloses relevant and reliable corporate social responsibility information, including ESG initiatives, sustainability reports, stakeholder engagement, and workplace well-being. We also plan to engage an independent third-party assurance provider to conduct external verification in the future.</td><td>None</td></tr>
</table>

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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td colspan="5">6. If the Company has established its sustainable principles according to “Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies”, please specify any discrepancy between the policies and their implementation:
The Company has established “Sustainable Development Best Practice Principles,” providing guidance on topics of environmental protection, community participation, contribution to society, service to society, public welfare, consumer rights and interests, human rights, safety and health, etc. Information can be downloaded from the corporate website. Please refer to Implementation of Sustainable Developments under III. Corporate Governance (page 41 to 78) of this annual report or the Company’s sustainability report for details.</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the Company’s sustainable practices (e.g., systems and measures that the company has adopted with respect to environmental protection, community participation, contribution to society, service to society, public welfare, consumer rights and interests, human rights, safety and health, and other CSR activities, and the status of implementation):
(1) System and measures taken for environmental protection and safety and health, and the implementation status:
Taiflex applies ISO14001: Plan-Do-Check-Act (PDCA) cycle to continually improve its environmental protection management standards. Resource is recycled based on the concept of 3R (Reduce, Reuse and Recycle). Packaging materials are reused to reduce waste and cost. The Company aims to achieve zero waste through continuous improvement on the recycling rate.
In addition to complying with national environmental policies and regulations, the Company invests substantial resources each year in environmental improvement initiatives and green product developments. For air pollution control, advanced treatment and control equipment are adopted, achieving treatment efficiencies of over 98% and effectively reducing environmental impact. In accordance with internationally recognized OSH management standards, including ISO 45001 and the Taiwan Occupational Safety and Health Management System (TOSHMS), the Company adopts risk-based management approaches and conducts regular regulatory compliance reviews to ensure adherence to applicable laws, reduce hazard risks, effectively control safety risks, and eliminate potential hazards. We also place strong emphasis on employee health and well-being. By continuously improving the working environment, enhancing workplace comfort and safety, and promoting health programs and management initiatives, the Company is progressing from robust occupational safety and health management toward fostering physical and mental well-being, dignified work, and an inclusive workplace, thereby fulfilling its responsibilities to society in terms of environmental protection and safety.
(2) Intellectual property (IP) management plan and implementation status:
To enhance corporate competitiveness and strengthen technological capabilities, the Company recognizes that effective allocation of R&D resources and continuous innovation in manufacturing technologies are critical to the management framework. IP is therefore regarded as one of the Company’s key strategic assets. Accordingly, based on the Taiwan Intellectual Property Management System (TIPS), the Company has established an IP management and review framework aligned with its business strategies, operational objectives, and core technologies. By applying the PDCA methodology, this framework enables the effective management and utilization of the Company’s overall technological assets. Through comprehensive protection of IP and other intangible assets, the Company aims to secure a competitive position in its key product markets and enhance overall corporate value.
A. Patent protection
To comprehensively protect the Company's R&D achievements, an internal patent management mechanism has been established, covering processes such as prior art searches, evaluation of R&D outcome and internal review of patent applications. Only after completing these internal procedures are formal patent applications filed. This approach strengthens technological capabilities, enhances patent quality, and secures a competitive technological advantage for the Company’s products in the marketplace.</td></tr>
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Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	

B. Trade secret protection
Given the nature of the Company's products, the protection of trade secrets is a key focus of the IP management framework. For R&D achievements involving methods, technologies, processes, or formulations that are difficult to replicate through reverse engineering, a comprehensive trade secret management system has been established. Trade secrets approved through internal review are designated as projects and are subject to strict confidentiality measures to ensure effective protection.

C. Trademark protection
The Company registers trademarks in its major markets and obtains exclusive rights to their use. This enhances the distinctiveness of its products and services, strengthens brand recognition, and contributes to the accumulation of corporate goodwill.

Implementation status

The Company reported IP -related matters to the Board of Directors on October 29, 2025.
Since 2014, the Company has established an IP management system based on the TIPS, tailored to its R&D activities, and has continuously strengthened its protection mechanisms. Key implementation highlights in recent years are summarized as follows:

- 2015: Completed the establishment of the IP management system.
- 2018: Established the trade secret management system.
- Since 2014, IP protection (including trademarks, patents, and trade secrets) has been incorporated as a mandatory course for all new employees. Since 2015, the Company has conducted advanced training on topics such as trade secret protection and patent infringement when needed. In addition, since 2019, annual assessments on confidential information protection and cybersecurity training programs have been implemented to ensure employees develop a proper understanding of IP, safeguard the Company's rights and interests, and avoid infringing upon the rights of others. In 2025, training totaled 1,002 hours with 1,850 attendances. Cumulatively, training has reached 7,460 attendances, with total training hours of approximately 5,156.30 hours.

IP portfolio and achievements (as of the end of 2025):

- Patents: The cumulative number of patent applications worldwide has reached 257, with 155 granted. The patent grant rate in Taiwan is approximately 84%. Currently, 59 patents are maintained as active, with an additional 10 applications under examination.
- Trade secrets: A total of 17 trade secrets is registered
- Trademarks: A total of 34 trademarks have been approved and are currently maintained worldwide.

Certification and validation

The Company has established a dedicated IP management unit responsible for overseeing the planning, management, and execution of its overall IP strategy. This unit aligns IP management with the Company's operational objectives and business strategies to ensure effective utilization of intellectual property, support long-term corporate development, and provide regular reports to senior management on implementation status.
To establish a systematic and continuously improving IP management framework, the Company has adopted the TIPS. Through structured and ongoing verification mechanisms, the Company regularly reviews and enhances the appropriateness and effectiveness of its internal IP management practices, thereby

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	

strengthening regulatory compliance and internal governance.

The Company most recently obtained TIPS certification in 2024, with the certificate valid from December 31, 2024 to December 31, 2026. This certification demonstrates that the Company has established a structured and sustainable IP management mechanism. Third-party validation of the Company's compliance and management effectiveness further enhances the confidence of investors, customers, and other stakeholders in the Company's corporate governance and long-term development.

(3) Community participation, social contribution, social services, and public welfare:

Corporate success lies not only in economic growth but also in a commitment to social welfare and environmental sustainability. Guided by the principles of sustainable development, Taiflex embraces the United Nations Sustainable Development Goals (SDGs) as a core framework and actively promotes diverse public welfare initiatives. By fulfilling our corporate social responsibility (CSR), we aim to generate a positive social impact.

A. Taiflex remains firmly committed to creating shared value with society. In 2025, the Company further expanded its scope of engagement by integrating "workplace well-being" with "circular use of social resources." Through forward-looking initiatives, Taiflex launched a series of programs aimed at strengthening employee engagement, fostering local community connection, and supporting social welfare:

- Cross-cultural inclusion and employee care: Taiflex regards its employees as its most valuable asset. By leveraging cultural celebrations as a platform, the Company organizes cross-cultural activities, such as the Thai Songkran Festival, to foster connection and inclusion among a diverse workforce, thereby promoting equality and inclusiveness in the workplace. In addition, through initiatives such as hands-on workshops, enhanced festive meals, and sports events, Taiflex translates its corporate culture into tangible employee experiences, cultivating a workplace environment characterized by cohesion, engagement, and well-being.
- Community engagement and social contribution: The Company actively engages with local communities and supports public welfare through concrete actions. In 2025, Taiflex co-organized blood donation drives and charity runs, and adopted green spaces at local schools to help enhance the community environment. In terms of social support, during the "Gratitude and Sharing Month," the Company collected daily necessities for donation to material bank, extending care and support to those in need. In addition, surplus waste wood was upcycled into eco-friendly products for charity sales, with all proceeds donated to the South Kaohsiung Branch of the Taiwan Fund for Children and Families (TFCF), achieving the dual objectives of environmental protection and social care. Through continued commitment to ESG (Environmental, Social, and Governance) objectives, Taiflex not only extends goodwill to the broader community but also strives internally to build an inclusive and sustainable workplace. By taking concrete actions, the Company aims to enhance its social impact and foster a resilient and sustainable force for societal development.

B. Taiflex employees voluntarily initiated a charitable club, the "Youth Care Club," in 2011. In the following year, the club was formally established as the "Kaohsiung City Youth Care Association," dedicated to advancing social welfare initiatives. Recognizing the vital importance of education, particularly language proficiency and the ability for self-directed learning, in shaping children's future, Chairperson Sun and his spouse led a reorganization of the Association in 2025. With funding contributed by the Company's Board of Directors, the Taiflex Education Foundation was established, guided by the belief that "education transforms lives," and committed to encouraging parents to prioritize their children's education and unlock greater opportunities for the next generation. Through long-term commitment to ESG principles, the Company continues to strengthen its connection with society. By taking concrete actions, it seeks to enhance its social impact and contribute to building a more inclusive and sustainable model for societal development.

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	

A summary of Taiflex's social engagement activities in 2025 is as follows:

2025: Sponsored the maintenance of green spaces at Aicyun Elementary School and Rueifong Elementary School (one-year program).
February: Co-organized the "Donate Blood, Share Love" blood donation campaign.
April: Hosted a Thai Songkran Festival cross-cultural exchange event and participated in the "Run for Future" charity run.
August: Organized a charity sale of upcycled eco-friendly products made from waste wood (proceeds donated to the TFCF South Kaohsiung Branch); co-organized the "60 Years of TFCF - Walking Together in Southern Kaohsiung" charity walk.
October: Conducted an ecological walking tour at Niaosong Wetland.
November: Organized the "Gratitude and Sharing Month" donation drive (Kaohsiung City Material Bank).
December: Donated educational materials and hosted a "Junior Police Experience Camp."

The outcomes of the aforementioned public welfare initiatives are summarized as follows:

No.	Category	Activity	SDGs	Amount (NT$)	Description
1	Educational Promotion	Educational Seminars	SDG 4.3 SDG 4.5	81,000	Since its establishment, the Taiflex Education Foundation has organized monthly educational seminars from July to December 2025, totaling six sessions. Topics included cognitive psychology, childhood vaccination, cybercrime prevention, family reading, and drug prevention. These seminars aim to deliver accurate knowledge and address evolving societal needs.
2		English Learning Applications for Local Students	SDG 4.1	70,728	To enhance English proficiency and reading literacy among local students, the Foundation provided 100 accounts for the "Epic School Plus" English learning platform. Through graded reading materials and diverse content, the program supports language development and fosters independent reading, creating a digital learning environment free from time and space constraints and laying a foundation for future learning and a global perspective.
3	Ecological Education	Niaosong Wetland Ecological Walk	SDG 12.8	16,550	An ecological walking tour was conducted at Niaosong Wetland in Kaohsiung, encouraging participants to engage with nature through immersive, low-impact exploration. Participants were guided to closely observe wetland ecosystems and the surrounding landscape, gaining insights into the interconnected narratives of nature and local culture. The activity focused on cultivating ecological literacy and environmental awareness, deepening understanding of habitat conservation and biodiversity. It also fostered connections with local communities, promoting environmental education and reinforcing values of respect for nature and sustainable coexistence.

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	

4		Campus Green Space Sponsorship	SDG 11.6 SDG 11.7 SDG 15.8	100,000	Guided by the philosophy of a "cycle of kindness," the Company integrates social welfare initiatives with environmental sustainability. Waste wood generated from production processes is upcycled into eco-friendly products for charity sales, with all proceeds donated to the TFCF South Kaohsiung Branch to support underprivileged children. In addition, the Company actively participates in community charity walks and public welfare events, transforming resource circulation into meaningful social impact.
5	Legal Awareness	Educational Material Donation & Junior Police Experience Camp	SDG 12.6	192,170	A "Junior Police" experience program was organized to introduce students to law enforcement and the principles of the rule of law through interactive, hands-on learning. The program included activities such as forensic fingerprint collection, traffic safety education, water gel blaster exercises, mini police vehicle rides, and drug prevention awareness, enabling students to develop a sense of law compliance and self-protection through practical experience. In addition, a set of educational materials was donated to the Kaohsiung Juvenile Delinquency Prevention Brigade to strengthen legal education resources in schools and communities. These efforts aim to instill awareness of law and safety from an early age, while fostering sound values and a strong sense of social responsibility among students.
6	Social Care	Educational Support Program	SDG 4.3 SDG 4.5	100,000	The success of an enterprise is built on the efforts of its employees. As Taiflex values not only employee development but also the well-being of their families, it has long promoted the Educational Support Program to provide scholarships for the children of employees who passed away or were seriously injured due to accidents or illness. The program helps ensure that these children can continue their education in a stable environment, reducing the risk of school dropout caused by financial hardship.
7		Kaohsiung Qianzhen Technology Industrial Park Blood Drive	SDG 3.8 SDG 17.17	20,000	In collaboration with the Kaohsiung Qianzhen Technology Industrial Park, the Company organized a large-scale blood donation event, mobilizing employees and community partners to participate. This initiative aimed to raise awareness of the need for medical resources and support blood bank operations through concrete action. In addition to providing direct support to the healthcare system, the event strengthened the connection between the Company and the local community, fostering a spirit of mutual support and civic responsibility.
8		60 Years of TFCF, Walking Together in South Kaohsiung" Charity Walk	SDG 3.9 SDG 12.2	35,000	Guided by the philosophy of a "cycle of kindness," the Company integrates environmental sustainability with social welfare initiatives. Waste wood generated from production processes is upcycled into eco-friendly products for charity sales, with all proceeds donated to the TFCF South Kaohsiung Branch to support

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	

					underprivileged children. In addition, the Company actively participates in community charity walks and public welfare events, transforming resource circulation into meaningful social impact.
9		Gratitude and Sharing Month: In-Kind Donation Activity	SDG 2.1 SDG 12.3 SDG 17.16	35,000	Throughout November 2025, the Company held the "Gratitude and Sharing Month" in-kind donation campaign at Taiflex 2 and 3, collecting food and daily necessities for donation to charitable organizations commissioned by the Kaohsiung City Government's Social Affairs Bureau. This initiative transformed reusable resources into tangible support for vulnerable groups, reduced food and material waste, and supplemented social welfare resources.
Total			**650,448**		

(4) Consumer rights and interests:

The Company complies with contractual terms and fulfills its obligations to protect the rights of consumers and the Company.

(5) Human rights:

The Company provides equal employment opportunities to all individuals, regardless of gender, color, language, religion, political inclination, race, age, sexual orientation, nationality and place of residence. It also establishes a safe environment to protect employees from discrimination and harassment.

(6) Safety and health:

The Company complies with the Occupational Safety and Health Act and establishes safety and health management organizations and dedicated units accordingly to draft, plan, promote and oversee the implementation of various safety and health measures.

(6) Climate-related Information of TWSE/TPEx-Listed Companies

A. Implementation of climate-related information

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>1. Describe the oversight and governance of the Board and management on climate-related risks and opportunities.</td><td>The Board of Directors serves as the highest decision-making body for risk management in the Company, overseeing the effective operation of risk management mechanism to ensure that the Company’s business strategies can be effectively implemented to achieve business objectives. The Board authorizes the Chairperson to be the convener of risk management plans, coordinating and directing the plan promotion and operation.
The Sustainable Development Committee reports to the Board twice a year, reviewing climate change-related risks and opportunities, and proposing corresponding short, medium, and long-term plans, measures, and goals. The Board regularly evaluates the effectiveness of climate response strategies based on the plan progress of functional teams summarized by the Sustainable Development Committee (Sustainable Development Center).</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities would affect the business, strategy, and finance of the entity (short, medium, and long-term).</td><td>The Company has identified three major climate-related risks and three major climate-related opportunities based on its assessment of climate risks and opportunities.
• Climate Risks
<table>
<tr><th>Risk Ranking</th><th>Risk</th><th>Scope</th><th>Time Horizon</th><th>Likelihood</th><th>Financial Impact</th></tr>
<tr><td>1</td><td>[Transition Risk] Increased pricing on GHG emissions (Carbon fees)</td><td>Upstream, Taiflex</td><td>Long-term</td><td>Low</td><td>Very Low</td></tr>
<tr><td rowspan="3">2</td><td rowspan="3">[Transition Risk] Substitution of existing products with low-carbon alternatives</td><td rowspan="3">Upstream, Taiflex, Downstream</td><td>Short-term</td><td>Low</td><td>Moderate</td></tr>
<tr><td>Medium-term</td><td>Moderate</td><td>High</td></tr>
<tr><td>Long-term</td><td>High</td><td>Very High</td></tr>
<tr><td rowspan="2">3</td><td rowspan="2">[Physical Risk] Extreme weather events (e.g., typhoons, floods)</td><td rowspan="2">Taiflex</td><td>Short-term</td><td>High</td><td>Low</td></tr>
<tr><td>Medium to Long-term</td><td>High</td><td>Moderate</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td></td><td>

- Climate Opportunities

<table>
<tr><th>Opportunity Ranking</th><th>Opportunity</th><th>Scope</th><th>Time Horizon</th><th>Likelihood</th><th>Financial Impact</th></tr>
<tr><td>1</td><td>[Climate Opportunity] Adoption of more efficient production processes</td><td>Taiflex</td><td>Short, Medium to Long-term</td><td>Very High</td><td>Moderate</td></tr>
<tr><td rowspan="2">2</td><td rowspan="2">[Climate Opportunity] Use of low-carbon energy / Participation in renewable energy projects</td><td rowspan="2">Taiflex, Downstream</td><td>Short-term</td><td>Very High</td><td>Low</td></tr>
<tr><td>Medium to Long-term</td><td>Very High</td><td>Moderate</td></tr>
<tr><td rowspan="2">3</td><td rowspan="2">[Climate Opportunity] Recycling and reuse</td><td rowspan="2">Upstream, Taiflex, Downstream</td><td>Short-term</td><td>Very High</td><td>Moderate</td></tr>
<tr><td>Medium to Long-term</td><td>Very High</td><td>High</td></tr>
</table>

</td></tr>
<tr><td>3. Describe the financial impact of extreme weather events and transition activities.</td><td>

1. Financial Impact of Climate Risk Scenarios and Response Strategies

<table>
<tr><th>Risk</th><th>Financial Impact</th><th>Response Strategy</th></tr>
<tr><td>[Transition Risk] Increased pricing on GHG emissions (Carbon fees)</td><td>The Company anticipates no risk of carbon fee imposition by the government in the short to medium term. However, in the long term, carbon emissions are expected to exceed the regulatory threshold, triggering carbon fee payments and resulting in financial impacts on costs and profitability.</td><td>To mitigate this, the Company will implement annual energy-saving projects to reduce energy consumption and install self-consumption solar power facilities to lower GHG emissions. In addition, the Company plans to offset emissions by purchasing voluntary carbon credits from other sources. These measures are expected to reduce cash outflows from operating activities as a result of rising carbon costs. These outflows will be funded through the Company’s own resources, resulting in no operational or cash flow risks. The impact on financing availability and cost of capital is expected to be minimal.</td></tr>
</table>

</td></tr>
</table>

Item	Implementation status		
	[Transition Risk] Substitution of existing products with low-carbon alternatives	If the Company fails to meet customer demands for low-carbon products, it may result in the loss of certain orders, leading to a negative financial impact on profitability.	To mitigate this risk, the Company will fully comply with customer requirements for the use of recycled materials to prevent the loss of orders. While the use of recycled materials will increase costs, the Company plans to gradually adjust product prices to offset the financial impact. Following the implementation of this strategy, the Company expects limited impact on profitability in the short, medium, and long term, with no significant effect on financing availability or cost of capital.
	[Physical Risk] Extreme weather events (e.g., typhoons, floods)	Extreme weather events such as typhoons and floods may lead to higher disaster-related expenses, resulting in operating cash outflows and adverse effects on profitability.	The Company has assessed the exposure to this physical risk and determined that it is within an acceptable range. Accordingly, it has adopted a risk acceptance strategy. The impact on financing availability and cost of capital is expected to be minimal.

2. Financial Impact of Climate Opportunity Scenarios and Response Strategies

Opportunity	Financial Impact	Response Strategy
[Climate Opportunity] Adoption of more efficient production processes	The Company has implemented a series of investments in high-efficiency equipment and energy-saving improvements. While these initiatives will increase capital amortization and equipment maintenance costs, they are expected to reduce energy consumption and lower utility expenses. Overall, these efforts are expected to enhance the Company's	Electricity and natural gas are the primary energy sources used in the Company's production processes. The Company has established short-, medium-, and long-term plans for equipment upgrades and energy efficiency improvements. Cash outflows related to investing and operating activities will be funded by the Company's own resources, resulting in no operational or cash flow risks. The

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td></td><td>
<table>
<tr><td></td><td>financial opportunities and increase profitability.</td><td>impact on financing availability and cost of capital is expected to be minimal.</td></tr>
<tr><td>[Climate Opportunity]
Use of low-carbon energy / Participation in renewable energy projects</td><td>The Company has installed solar and biomass power generation systems. These investments will increase capital amortization, maintenance costs, and interest expenses. However, they will also generate revenue through electricity sales to Taipower and reduce costs associated with purchasing electricity. Overall, these initiatives are expected to enhance the Company’s financial opportunities and increase profitability.</td><td>The Company has established short-, medium-, and long-term renewable energy investment plans. Cash outflows associated with investing and operating activities during these periods will be funded by the Company’s own capital and bank loans. These projects are not expected to pose operational or cash flow risks. The impact on financing availability and cost of capital is expected to be minimal.</td></tr>
<tr><td>[Climate Opportunity]
Recycling and reuse</td><td>The Company plans to invest in processes and equipment for the recycling and reuse of waste gases and solvents. Although these investments will increase capital amortization and maintenance costs, they are expected to reduce the cost of raw material procurement and waste treatment, while generating additional revenue from the resale of recovered solvents and purified gases. Overall, these efforts are expected to enhance the Company’s financial opportunities and increase profitability.</td><td>The Company has developed short-, medium-, and long-term investment plans for recycling and reuse processes and equipment. Cash outflows associated with investing and operating activities during these periods will be funded by the Company’s own capital. These projects are not expected to pose operational or cash flow risks. The impact on financing availability and cost of capital is expected to be minimal.</td></tr>
</table>
</td></tr>
<tr><td>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</td><td>The Company has established a Risk Management Policy and Procedures and, with reference to the risk identification and assessment framework recommended by the TCFD, has incorporated climate-related risks into its existing risk management processes. For each identified item, response strategies and objectives are developed. The Sustainable Development Committee is responsible for ongoing monitoring and oversight, and regularly reports implementation progress to the Board of Directors to ensure alignment with overall</td></tr>
</table>

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td></td><td>strategic direction. Climate change risk and opportunity identification and assessment meetings are convened by the Corporate Governance and Risk Management Team. During the meeting, risks and opportunities were identified and assessed using a matrix based on predefined risk levels. The process results in the identification and confirmation of those with the highest level of risk or opportunity. Based on the assessed likelihood and potential impact of each item, responsible departments are assigned to formulate appropriate response plans. For items that are both highly likely to occur and have a significant potential impact, the Company forms cross-functional project teams to coordinate resources and responses. Risk response actions are regularly reviewed and refined to mitigate potential impacts.</td></tr>
<tr><td>5. If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions and analysis factors used as well as major financial impacts shall be described.</td><td>The Company has developed climate scenarios based on the two risk categories: transition risk and physical risk, as well as climate opportunities, as recommended by the TCFD. Since climate-related risks and opportunities may influence future strategy and financial planning, the Company adopts a worst-case scenario approach to evaluate the resilience of its climate strategy.
<table>
<tr><th>Type of Risk and Opportunity</th><th>Scenario Used for Risk and Strategy Assessment</th><th>Scenario Description</th></tr>
<tr><td>• Transition Risk
• Opportunity</td><td>• 1.5°C Scenario
• Taiwan’s 2050 Net-Zero Emissions Pathway and Strategy
• Taiwan’s 2030 Nationally Determined Contribution (NDC)
• Taiwan Climate Change Response Act</td><td>As the world advances toward net-zero carbon emissions by 2050, Taiwan’s Executive Yuan released the 2050 Net-Zero Emissions Pathway and Strategy Overview in March 2022, outlining four key transitions—energy, industry, lifestyle, and society—supported by two governance foundations: technological innovation and climate legislation, aimed at stringent control of GHG emissions. In December 2022, the National Development Council (NDC) announced phased goals and key strategies for the 2050 transition. Subsequently, in late 2024, Taiwan’s Ministry of Environment declared that by 2030, national net GHG emissions shall be reduced to 28% ± 2% of the 2005 baseline, representing a 5% increase over the previously announced NDC target of 24% ± 1%. These</td></tr>
</table></td></tr>
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<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td></td><td><table>
<tr><td></td><td></td><td>developments may have operational implications for the Company and its value chain.</td></tr>
<tr><td>• Physical Risk</td><td>• SP5-8.5 (Worst-case Global Warming Scenario) from the IPCC Sixth Assessment Report</td><td>Under the extremely high GHG emissions scenario (SSP5-8.5), climate change is projected to cause intensified fluctuations in average temperature, extreme heat, annual rainfall, maximum daily precipitation, number of consecutive dry days, and the frequency of severe typhoons. These changes may lead to potential operational impacts on the Company and its value chain.</td></tr>
</table></td></tr>
<tr><td>6. If there is a transition plan for managing climate-related risks, describe the plan details, and the indicators and targets used to identify and manage physical risks and transition risks.</td><td>To effectively guide progress across the areas of climate risk governance, strategy, and risk management, the Company has established short-, medium-, and long-term action plans and targets for GHG reduction and the development of renewable energy generation capacity. These initiatives aim to strengthen the Company’s ability to mitigate both transition and physical climate risks, support national climate policies, and demonstrate the Company’s commitment to achieving a low-carbon transition.
For details of the plans and targets, please refer to Table 1–2.</td></tr>
<tr><td>7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.</td><td>To further enhance internal energy-saving and carbon-reduction performance, the Company has introduced an internal carbon pricing mechanism. At the current stage, a benchmark internal carbon price of NT$300 per metric ton of CO_2 equivalent has been adopted, in line with the carbon fee rate announced by Taiwan’s Ministry of Environment for 2025. When assessing the investment benefits of energy-saving and carbon-reduction projects, the Company monetizes the associated environmental benefits and includes the implied cost of carbon fees in the decision-making process. This approach not only improves the effectiveness of internal carbon reduction efforts but also supports the Company’s long-term commitment to sustainability.</td></tr>
<tr><td>8. If climate-related targets have been set, the activities covered, the scope of GHG emissions, the planning horizon, and the progress achieved each year shall be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and</td><td>To reduce carbon emissions, improve energy efficiency, and lower energy costs, the Company has established the following climate-related targets:<table>
<tr><th>Period
Indicator</th><th>Current
(2025)</th><th>Short Term
(2026)</th><th>Mid to Long Term
(2027–2040)</th></tr>
<tr><td>VOCs Recovery Rate
(Scope 1)</td><td>VOCs condensation and recovery >1% compared to base year (2021)</td><td>VOCs condensation and recovery >5% compared to base year (2021)</td><td>VOCs condensation and recovery > 30% compared to base year (2021)</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>quantity of carbon credits or the quantity of RECs to be offset shall be specified.</td><td><table>
<tr><td></td><td>*In 2025, the rate increased by 47.9%; target achieved.</td><td></td><td></td></tr>
<tr><td>Energy Saving Target
(Scope 2)</td><td>Energy saving rate >1% compared to previous year
*In 2025, energy saving rate was 6.15%; target achieved.</td><td>Energy saving rate >1% compared to previous year</td><td>Energy saving rate >1% compared to previous year</td></tr>
</table></td></tr>
<tr><td>9. GHG inventory and assurance status as well as reduction targets, strategy, and concrete action plans. (Data available in 1-1 and 1-2)</td><td>Please refer to tables 1-1 and 1-2 below.</td></tr>
</table>

1-1. GHG inventory and assurance status in the recent two years

1-1-1 GHG inventory information

Describe the GHG emission volume (MT CO_2e), intensity (MT CO_2e /NT$ million), and data coverage in the recent two years.

GHG Emissions of Taiflex in the Recent Two Years (MT CO_2e):

Year	2024	2025
Scope 1	9,629.8389	9,611.3534
Scope 2	18,748.5741	19,263.7653
Total	28,378.4130	28,875.1187
Emission intensity (MT CO_2e / NT$ millions)	3.4545	3.2985
Data coverage	Taiflex 1, 2, 3 and 5	Taiflex 1, 2, 3 and 5, Linkou Office
Assurance agency	SGS Taiwan Limited	SGS Taiwan Limited (scheduled for June)

Note:

1. Scope 1 emissions are direct emissions (i.e., emissions directly from sources owned or controlled by the Company). Scope 2 emissions are indirect energy emissions (i.e., indirect GHG emissions from electricity, heat, or steam).
2. The intensity of GHG emissions may be calculated per unit of product/service or revenue. The parent company only revenue of the Company amounted to NT$8,215 million and 8,754 million in 2024 and 2025, respectively.
3. In accordance with the Sustainable Development Roadmap of TWSE and TPEx-listed Companies, the inventory and assurance of the parent company shall be completed by 2026 and 2028, respectively. We had completed both in 2022.

1-1-2 GHG assurance information

Describe the assurance status in the recent two years, including the assurance scope, agency, standards, and opinion.

Basic information of the Company	Minimum disclosure required by the Sustainable Development Roadmap for TWSE/TPEx-Listed Companies:
□ Companies with capital of NT$10 billion or above, the iron and steel industry, or the cement industry □ Companies with capital of NT$5 billion or above but less than NT$10 billion ■ Companies with capital under NT$5 billion	□ Inventory for parent company only □ Inventory for all consolidated entities □ Assurance for parent company only □ Assurance for all consolidated entities

Assurance status:

Year	2024	2025
Scope	Taiflex 1, 2, 3 and 5	Taiflex 1, 2, 3 and 5, Linkou Office
Agency	SGS Taiwan Limited	SGS Taiwan Limited
Standards	ISO14064-1:2018	
Opinion	Reasonable assurance for Scope 1 + Scope 2, and limited assurance for Scope 3	The complete GHG assurance opinion has yet to be available (Note 1)

Note 1: As of the date of this annual report, the Company has yet to obtain a complete GHG assurance opinion. The information will be disclosed in the next annual report.

1-2 GHG reduction targets, strategy, and concrete action plans

Specify the GHG reduction base year and its data; the reduction targets, strategy and concrete action plans; and the status of target achievement.

With 2021 being the base year, we conduct audits every year to examine the differences compared to the base year as well as formulate corresponding carbon reduction plans:

	2021 (Base year)	2023	Compared to Base Year (%)	2024	Compared to Base Year (%)	2025	Compared to Base Year (%)
Scope 1	10,077.9274	8,427.1570	-16.38	9,629.8389	-4.45	9,611.3534	-4.63
Scope 2	20,340.1285	18,498.3511	-9.05	18,748.5741	-7.82	19,263.7653	-5.29
Scope 1 + Scope 2	30,418.0559	26,925.5081	-11.48	28,378.4130	-6.71	28,875.1187	-5.07

- Short-term reduction targets (2026):
  - 5% reduction in Scope 1 emissions with 2021 being the base year.
  - Taiflex Green Power Co., Ltd. (a subsidiary) with an average annual renewable energy generation of 3,000,000 kWh.
- Medium-term reduction targets (2027 to 2030):
  - 5% reduction in Scope 1 emissions with 2021 being the base year.
  - Taiflex Green Power Co., Ltd. (a subsidiary) with an average annual renewable energy generation of 6,000,000 kWh.
- Long-term reduction targets (2031 to 2040):
  - 5% reduction in Scope 1 emissions with 2021 being the base year.
  - Taiflex Green Power Co., Ltd. (a subsidiary) with an average annual renewable energy generation of 10,000,000 kWh.

Performance:

- In 2025, the Company's Scope 1 emissions decreased by only 4.63% while Scope 2 emissions decreased by 5.29% compared to 2021, achieving the originally established reduction targets.
- For Scope 1, the Company implemented measures to control natural gas consumption and improve boiler combustion efficiency. In the second half of 2025, ongoing energy-saving initiatives included regular maintenance of boiler equipment and the replacement of thermal storage bricks, effectively managing Scope 1 emissions.
- For Scope 2, the Company establishes annual energy-saving targets and initiatives, monitors electricity consumption across equipment, and, starting in 2025, has implemented energy-efficiency improvement projects targeting high energy-consuming equipment.
- In 2024 and 2025, Taiflex Green Power Co., Ltd. (a subsidiary) achieved cumulative power generation exceeding 1,200,000 kWh. The Company plans to continue investing in solar and biomass power projects in 2026.

(7) Performance in Ethical Management and Non-compliance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" and Reasons

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Establishment of ethical management policies and schemes				None
(1) Does the Company formulate ethical management policies approved by the Board of Directors and clearly express ethical management policies and actions as well as the Board and senior management's commitment to implement those policies in the Company's internal rules and external documents?	V		(1) The Company has established the "Principles of Business Ethics," which, upon approval by the Board of Directors, have been communicated to all employees. Senior management also emphasizes the importance of ethical conduct on various occasions. To ensure these principles are embedded in employees' daily behavior, the Company conducts regular awareness programs and related training for all employees. In addition, ethical management requirements have been incorporated into contracts and review mechanisms for both suppliers and customers.	
(2) Does the Company establish assessment mechanism for risk arising from unethical conducts, regularly analyze and assess operating activities with higher risk of unethical conduct within its business, and formulate preventive schemes accordingly, which at least contain preventive measures for conducts set forth in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies"?	V		(2) The Company has established measures to prevent operating activities involving higher risk of unethical conduct, which include: A. Offering and acceptance of bribes B. Provision of illegal political contribution C. Improper charitable donations or sponsorship D. Offering or acceptance of unreasonable gifts, hospitality or other improper benefits E. Infringement of trade secrets, trademarks, patents, copyrights and other intellectual property rights F. Unfair competition G. Maliciously and gravely jeopardize the rights, health and safety of consumers or other stakeholders during the process of research and development, purchase, manufacture, rendering or sale of products and services	
(3) Does the Company have clear statements regarding relevant procedures, conduct guidelines, disciplinary measures and compliant system in the schemes to prevent unethical conduct, and does the Company implement them accordingly and regularly review those schemes?	V		(3) The Company has established "Procedures and Guidelines of Business Ethics" to encourage internal and external parties to report unethical behaviors or misconducts. Based on the degree of misconduct, whistleblowers could receive a citation of merit pursuant to the Company's reward and discipline policy. Internal personnel making false accusation or malicious claims will be	

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
			disciplined. Serious offense can lead to termination of employment. The Company has organized internal, independent whistleblowing mailbox and hotline for internal and external personnel of the Company.	
2. Implementation of ethical management (1) Does the Company review the counterparty's history of ethical conduct and include the compliance of business ethics as a clause in the contract?	V		(1) Personnel of the Company shall avoid engaging in business with unethical agents, suppliers, customers or other business counterparties. Once we are aware of the counterparty's misconduct, we will terminate all business dealings and blacklist the counterparty for future dealings to meet our requirement for business ethics.	None
(2) Has the Company established a dedicated department under the Board to promote ethical conducts and report regularly (at least once every year) its ethics policies and preventive schemes for unethical conducts as well as implementation status to the Board of Directors?	V		(2) The Company appoints a dedicated division to formulate and monitor the execution of ethics policies and preventive schemes for unethical conducts, as well as report to the Board of Directors. There was no major unethical conduct in 2025.	
(3) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels and thoroughly implement the policies?	V		(3) Before signing contracts, the Company and its subsidiaries shall fully understand the degree of business ethics of the counterparty and include the compliance of business ethics as a clause in the contract. Once a party becomes aware of any violation of contractual terms on prohibition of commission, rebates or other benefits, it shall promptly inform the other party of the violator's identity, method of provision, promise, request, or acceptance of improper benefits, amount or other benefits and provide relevant evident to assist with investigation. The Company and its subsidiaries are entitled to make a claim to the other party for any detriment suffered as a result. The claims can be deducted from our payables if this clause was explicitly stated in the contract. Moreover, in order to thoroughly implement the rules regarding conflict of interest and prevent damage to the Company, the Internal Auditing Office will soon establish a whistleblowing system as a proper complaint channel to avoid any conflict of interest.	

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
(4) Has the Company established effective accounting and internal control systems for the implementation of ethics policies and had the internal audit unit formulating relevant audit plans based on the assessment outcome of risk associated with unethical conducts? Has the Company then performed audits on the compliance with the preventive schemes for unethical conducts accordingly, or entrust the CPAs to conduct the audits? (5) Has the Company regularly held internal and external training sessions on business ethics?	V V		(4) The Company has established effective accounting and internal control systems as well as the Internal Auditing Office reporting directly to the Board. Each year, the Internal Auditing Office carries out audits according to the Annual Audit Plan, monitors corrective actions for deficiencies and regularly submits audit reports to the Audit Committee and the Board for management to understand the implementation status of internal control system in order to achieve the effectiveness of the design and execution of the systems. (5) The Company conveys the importance of business ethics at orientation programs, regular meetings and corporate ethics sessions. Ethics is one of the indicators in performance review.	
3. Implementation of whistleblowing system (1) Has the Company established specific whistleblowing and reward systems, set up conveniently accessible complaint channels, and designated responsible individuals to handle the complaint received? (2) Has the Company established standard operating procedures for investigating the complaints received, actions to be taken upon the completion of investigation, and mechanisms for confidentiality? (3) Has the Company established measures to protect whistleblowers from retaliation?	 V V V		 (1) The Company has provided proper channels for reporting of unethical conducts. It would keep the identity and complaint of the whistleblower confidential. The Company has designated responsible individuals to investigate the complaint. (2) The Company follows standard operating procedures and relevant mechanism to maintain the confidentiality of case details when conducting investigations. (3) The Company follows standard operating procedures and confidentiality mechanism to protect whistleblowers from retaliation.	None
4. Enhancement on information disclosure Does the Company disclose its principles of business ethics and information about implementation of such guidelines on its website and MOPS?	V		The Company has disclosed the "Principles of Business Ethics" on the corporate website at https://www.taiflex.com.tw and the MOPS website at http://mops.twse.com.tw. Relevant information can also be found in this annual report.	None
5. If the Company has established ethical conduct policies based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies", please specify any discrepancy between the policies and their implementation: The Company upholds the principles of fairness, honesty, trustworthiness and transparency in all business transactions. Principles of Business Ethics are established in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" for all employees to follow.				

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
There is no significant discrepancy between the policies and their implementation.				
6. Other important information to facilitate better understanding of the Company's ethical conduct practices (e.g., the Company reviews and revises its Principles of Business Ethics, etc.): Besides listing the Principles of Business Ethics as a mandatory course for orientation program, we incorporate relevant principles into the employee reward and discipline policy and the code of conduct for suppliers, thereby instilling ethics into daily operation. Also, we follow ethical guidelines for all business transactions and encourages business partners to follow suit.				

(8) Other important information to facilitate better understanding of the Company's corporate governance:

A. Procedures for internal material information: The Company has established the "Procedures for Handling Material Information and Preventing Insider Trading" for Directors, management and employees to follow. The Procedures specify that the Company's Directors, management and employees shall not violate laws, regulations and orders regarding insider trading. Please refer to the corporate website at https://www.taiflex.com.tw for more details.

B. For details on Independent Directors' nomination and election method, nomination process, (qualified) candidates' profile, election process and outcome, please refer to the Company and MOPS websites at https://www.taiflex.com.tw and https://mops.twse.com.tw, respectively.

(9) Internal Control System Execution Status:

A. Statement of Internal Control System: The Company's Statement of Internal Control System is available on the MOPS and can be accessed at the following website: https://mops.twse.com.tw/mops/#/web/t06sg20.

B. Where CPAs are retained to audit the internal control system, please disclose the CPAs' audit report: None.

(10) Major resolutions of shareholders' meetings and Board of Directors' meetings in the most recent year and up to the date of this annual report:

A. Major resolutions of shareholders' meetings and Board of Directors' meetings are summarized as follows:

Shareholders / Board Meetings	Date	Major Resolutions
Shareholders' meeting	2025.05.27	1. Adoption of the Company's 2024 financial statements 2. Amendment to the Company's "Articles of Incorporation" 3. Removal of non-compete restrictions on Directors
Board meeting	2025.01.16	1. Approval of compensation to employees and remuneration to directors for 2024 2. Approval of net income bonus for managerial officers for 2024 3. Approval of the definition of non-managerial employees and related compensation policy 4. Amendment to certain provisions of the Company's "Articles of Incorporation" 5. Amendment to certain provisions of the Company's "Code of Practice for Corporate Governance" 6. Amendment to certain provisions of the Company's "Audit Committee Charter" 7. Approval of the Company's 2025 operation plan and capital expenditure budget 8. Loan limit for subsidiaries 9. Disposal of operating equipment through related-party transactions 10. Removal of non-compete restrictions on managerial officers serving as directors of investees 11. Appointment of one additional member to the Sustainability Development Committee
Board meeting	2025.02.26	1. Adjustments to managerial appointments 2. Approval of the Company's 2024 assessment on the effectiveness of internal control system and issuance of the "Statement of Internal Control System" 3. Amendments to the Company's written internal control system and internal audit implementation rules 4. Approval of the Company's 2024 business report and financial statements 5. Approval of the Company's 2024 earnings distribution 6. Appointment of the Company's CPAs for 2025 and assessment on their independence and suitability 7. Renewal of credit lines with financial institutions to meet business needs 8. Approval of the record date for issuing new shares upon conversion of the Company's first overseas unsecured convertible bonds 9. Removal of non-compete restrictions on Directors 10. Approval of matters related to the agenda of the 2025 annual

Shareholders / Board Meetings	Date	Major Resolutions
		shareholders' meeting 11. Approval of matters related to shareholder proposals for the 2025 annual shareholders' meeting 12. Approval of the 2025 sustainability development plan
Board meeting	2025.04.11	1. Repurchase of the Company's own shares for transfer to employees
Board meeting	2025.04.30	1. Review of the proposed salary adjustments for managerial officers for 2025 2. Approval of the proposed donation to the Kaohsiung Taiflex Education Foundation for 2025 3. Amendment to certain provisions of the Company's "Regulations Governing the Fourth Share Repurchase and Transfer to Employees" 4. Adoption of the consolidated financial statements for the three months ended March 31, 2025 5. Renewal of credit lines with financial institutions to meet business needs 6. Provision of endorsements and guarantees for subsidiaries 7. Provision of Letter of Comfort for investees - Taiflex Green Power Co., Ltd. and Koatech Technology Corporation 8. Approval of the record date for share issuance upon exercise of employee stock options for the first quarter of 2025 9. Additional investment of NT$65,000 thousand in Jointek Corporation to strengthen the Company's long-term strategic positioning in the semiconductor industry
Board meeting	2025.06.12	1. Review of the adjustments to the definition of managerial officers and the dismissal of managerial officers 2. Approval of the ex-dividend date for 2025 and matters concerning adjustments to the dividend payout ratio 3. Amendment to certain provisions of the Company's "Code of Practice for Corporate Governance"
Board meeting	2025.07.30	1. Review of the distribution of 2024 remuneration to Directors and compensation to managerial employees 2. Review of the Company's risk map 3. Adoption of the consolidated financial statements for the six months ended June 30, 2025 4. Confirmation that accounts receivable overdue by more than three months beyond the normal credit period as of June 30, 2025 are not of a lending nature 5. Approval of the record date for share issuance upon exercise of employee stock options for the second quarter of 2025 6. Establishment of the Company's "Procedures for Share Repurchase" 7. Renewal of credit lines with financial institutions to meet business needs 8. Provision of endorsements and guarantees for subsidiaries 9. Provision of Letter of Comfort for investee - Taiflex Green Power Co., Ltd. 10. Approval of the Company's 2024 Sustainability Report 11. Amendment to the Company's "Procedures for Preparation and Verification of Sustainability Reports"
Board meeting	2025.10.29	1. Review of the adjustments to managerial appointments and related compensation packages 2. Review of the adjustments to new managerial appointments

Shareholders / Board Meetings	Date	Major Resolutions
		and related compensation packages 3. Approval of organizational and personnel changes of the Company 4. Adoption of 2026 audit plan of the internal auditing office 5. Additions to the Company's written internal control system and internal audit implementation rules 6. Amendment to certain provisions of the Company's "Code of Practice for Corporate Governance" 7. Amendment to certain provisions of the Company's "Regulations Governing Financial and Business Transactions Between Related Parties" 8. Adoption of the consolidated financial statements for the nine months ended September 30, 2025 9. Approval of the record date for issuing new shares upon conversion of the Company's first overseas unsecured convertible bonds 10. Approval of the record date for share issuance upon exercise of employee stock options for the third quarter of 2025 11. Renewal of credit lines with financial institutions to meet business needs 12. Provision of endorsements and guarantees for subsidiaries 13. Provision of Letter of Comfort for investee - Koatech Technology Corporation 14. Approval of the schedule of Board meetings for 2026
Board meeting	2025.11.20	1. Approval of additional capital expenditures.
Board meeting	2025.12.18	1. Proposed lease of right-of-use assets from a non-related party 2. Additional capital expenditures (new leased factory) 3. Additional capital expenditures (reserved machinery) 4. Authorization of the Chairperson to dispose of marketable securities

B. Execution of resolutions of 2025 Annual Shareholders' Meeting:

(a) Adoption of the Company's 2024 financial statements

Voting Results (In Shares)

Total Votes	Votes For	Votes Against	Abstain
178,144,453	170,572,598	39,613	7,532,242
100.00%	95.75%	0.02%	4.23%

(b) Amendment to the Company's "Articles of Incorporation"

Execution: The Company has proceeded in accordance with the amended Articles of Incorporation, which is available on the corporate website.

Voting Results (In Shares)

Total Votes	Votes For	Votes Against	Abstain
178,144,453	170,830,555	28,771	7,285,127
100.00%	95.89%	0.02%	4.09%

(c) Removal of non-compete restrictions on Directors

Execution: Relevant information is available on the corporate website.

Voting Results (In Shares)

Total Votes	Votes For	Votes Against	Abstain
178,144,453	170,072,279	82,566	7,989,608
100.00%	95.47%	0.05%	4.48%

(11) Different opinions expressed by Directors or Supervisors regarding major resolutions, either by recorded statement or in writing, in the most recent year and up to the date of this annual report: None.

4. Audit Fees for CPA

(In Thousands of New Taiwan Dollars)

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee (Note)	Total	Note
Ernst & Young	Kuo-Sen Hung and Ching-Piao Cheng	2025	3,530	510	4,040	Note: Non-audit fee included tax compliance audits of NT$150 thousand, audits on the physical inventory of bonded goods of NT$100 thousand and money advanced of NT$260 thousand.

(1) Change of accounting firms with audit fee paid in the year of change being less than the previous year: None.

(2) Over 10% decrease in audit fee on a year-to-year basis: None.

5. Change of CPA

(1) Former CPA

<table>
<tr><td>Date of Change</td><td colspan="4">September 27, 2024</td></tr>
<tr><td>Reasons for Change and Explanation</td><td colspan="4">In line with the internal organizational restructuring of Ernst & Young, effective from the third quarter of 2024, CPA Shih-Chieh Huang has been replaced by CPA Kuo-Sen Hung, with CPA Ching-Piao Cheng remaining in position.</td></tr>
<tr><td rowspan="3">Explain whether the Company ended the engagement or CPA declined further engagement</td><td colspan="2">Parties
Cases</td><td>CPA</td><td>The Company</td></tr>
<tr><td colspan="2">Voluntarily Termination of Engagement</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td colspan="2">Decline (Terminate) Further Engagement</td></tr>
<tr><td>Opinion and reason for the former CPA to issue an audit report expressing other than an unqualified opinion during the two most recent years</td><td colspan="4">None</td></tr>
<tr><td rowspan="2">Disagreement with the Company</td><td rowspan="2">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Financial report disclosure</td></tr>
</table>

			Auditing scope or procedure
			Others
	No	V	
	Explanation: None		
Supplementary Disclosure (Matters specified in Items 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies)	None		

(2) Successor CPA

CPA Firm	Ernst & Young
CPAs	Kuo-Sen Hung and Ching-Piao Cheng
Date of Engagement	October 30, 2024
Consultation on accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered prior to the engagement	None
Written opinions from successor CPA regarding disagreeable items of the former CPA	None

(3) Response by mail from the former CPA regarding matters specified in Items 1 and 2-3, Subparagraph 5, Article 10 of the Regulations: None.

6. Any of the Company's Chairperson, President, or Managers in Charge of Finance or Accounting Held a Position in the CPA's Firm or Its Affiliates in the Most Recent Year: None.

7. Changes in Shareholding and Shares Pledged by Directors, Supervisors, Managers and Shareholders with 10% Shareholdings or More in the Most Recent Year and up to the Date of this Annual Report

- Reference Path:

  Market Observation Post System (MOPS) > Summaries > Summaries > Summary Table of Shareholding by Directors, Supervisors, Managers, and Major Shareholders

  Website: https://emops.twse.com.tw/server-java/t58query

- Reference Path:

  Market Observation Post System (MOPS) > Summaries > Summary Table of Changes in Shareholding of Directors and Supervisors > Recent Changes of Major Shareholders with 10% of Shares or More

  Website: https://emops.twse.com.tw/server-java/t93sb06_1_e

8. Top 10 Shareholders Who are Related Parties, Spouses, or within Second-Degree of Kinship to Each Other

Relationship between Top 10 Shareholders

As of March 29, 2026; (In Shares; %)

Name	Shareholding		Spouses, Minor Children		Nominee Arrangement		Names and Relationship of Top 10 Shareholders who are Related Parties, Spouses or within Second-Degree of Kinship to Each Other		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
Qiao Mei Development Corporation Representative: Ta-Wen Sun	17,011,579	6.45	0	0	0	0	-	-	-
Chang Wah Electromaterials Inc. Representative: Chuen-Sing Hung	15,002,336	5.69	0	0	0	0	-	-	-
E Ink Holdings Inc. Representative: Cheng-Hao Lee	12,310,000	4.67	0	0	0	0	-	-	-
BaoJie Funds in custody of Standard Chartered Bank Main Branch	12,272,607	4.65	0	0	0	0	-	-	-
Huasheng International Investment Co., Ltd. Representative: Zhi-Cheng Zhang	8,900,209	3.38	0	0	0	0	-	-	-
New Field e-Paper Co., Ltd. Representative: Le-Chun Chen	7,200,000	2.73	0	0	0	0	-	-	-
YuanHan Materials Inc. Representative: Yung-Heng Chen	6,150,000	2.33	0	0	0	0	-	-	-
Ching-Yi Chang	6,097,328	2.31	2,091	0	0	0	-	-	-
Yingruiji Funds in custody of Standard Chartered Bank Main Branch	6,006,702	2.28	0	0	0	0	-	-	-
Morgan Stanley International Limited Investment Account in custody of HSBC Bank (Taiwan) Limited	4,256,803	1.61	0	0	0	0	-	-	-

9. Number of Shares Held and Shareholding Percentage of the Company, the Company's Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities on the Same Investee

Shareholding Percentage

(In Thousands of Shares; %)

Investee (Note 1)	Investment by the Company		Investment by Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities		Total	
	Shares	%	Shares	%	Shares	%
Taistar Co., Ltd.	21,825	100.00	0	0	21,825	100.00
Koatech Technology Corporation	16,124	52.97	2,867	9.42	18,991	62.39
Innovision FlexTech Corp.	2,799	10.62	4	0.01	2,803	10.63
TFS Co., Ltd.	15,520	100.00	0	0	15,520	100.00
Richstar Co., Ltd.	44,000	73.94	15,510	26.06	59,510	100.00
Taiflex Scientific Japan Co., Ltd.	6	100.00	0	0	6	100.00
Taiflex USA Corporation	1	100.00	0	0	1	100.00
Taichem Materials Co., Ltd.	17,000	100.00	0	0	17,000	100.00
Taiflex Green Power Co., Ltd.	5,000	100.00	0	0	5,000	100.00
Taiflex Scientific (Thailand) Co., Ltd.	120,600	100.00	0	0	120,600	100.00
TSC International Ltd.	0	0	21,170	100.00	21,170	100.00
KTC Global Co., Ltd.	0	0	3,960	100.00	3,960	100.00
KTC PanAsia Co., Ltd	0	0	3,955	100.00	3,955	100.00
Kunshan Taiflex Electronic Co., Ltd. (Notes 2)	0	0	0	100.00	0	100.00
Rudong Fuzhan Scientific Co., Ltd. (Note 2)	0	0	0	100.00	0	100.00
Shenzhen Taiflex Electronic Co., Ltd. (Note 2)	0	0	0	100.00	0	100.00
Kunshan Koatech Technology Corporation (Note 2)	0	0	0	100.00	0	100.00

Note 1: Long-term investments of the Company as of December 31, 2025.
Note 2: Investments in companies located in China through reinvestment of a company established in the third area.

III. Capital Overview

1. Capital and Shares

(1) Source of Capital:

A. History

As of March 29, 2026 (In Shares; NT$)

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source	Capital Increase by Assets Other than Cash	Others
2025.03	10	300,000,000	3,000,000,000	256,276,999	2,562,769,990	Overseas unsecured convertible bonds	None	By No. Yuan-Shou-Gao-Zi 1145400045 on 2025.03.20
2025.05	10	300,000,000	3,000,000,000	256,650,999	2,566,509,990	Issuance of new shares upon exercise of employee stock options	None	By No. Yuan-Shou-Gao-Zi 1145400081 on 2025.05.14
2025.08	10	300,000,000	3,000,000,000	256,765,999	2,567,659,990	Issuance of new shares upon exercise of employee stock options	None	By No. Yuan-Shou-Gao-Zi 1145400186 on 2025.08.18
2025.11	10	300,000,000	3,000,000,000	262,742,994	2,627,429,940	Overseas unsecured convertible bonds & issuance of new shares upon exercise of employee stock options	None	By No. Yuan-Shou-Gao-Zi 1145400243 on 2025.11.13
2026.02	10	300,000,000	3,000,000,000	262,926,994	2,629,269,940	Issuance of new shares upon exercise of employee stock options	None	By No. Yuan-Shou-Gao-Zi 1155400034 on 2026.02.12

B. Type of share capital

As of March 29, 2026 (In Shares)

Shares / Type	Authorized Capital			Remark
	Outstanding	Unissued Shares	Total	
Listed Common Shares	263,668,994	36,331,006	300,000,000	A total of 742,000 common shares subscribed through the exercise of employee stock options are pending registration of capital change

C. Shelf Registration: None.

(2) Major Shareholders

The name, number of shares and shareholding percentage of shareholders with holdings equal to or exceed 5% or the top 10 shareholders:

As of March 29, 2026 (In Shares; %)

Shareholding / Major Shareholders	Shares	%
Qiao Mei Development Corporation	17,011,579	6.45
Chang Wah Electromaterials Inc.	15,002,336	5.69
E Ink Holdings Inc.	12,310,000	4.67
BaoJie Funds in custody of Standard Chartered Bank Main Branch	12,272,607	4.65

Shareholding / Major Shareholders	Shares	%
Huasheng International Investment Co., Ltd.	8,900,209	3.38
New Field e-Paper Co., Ltd.	7,200,000	2.73
YuanHan Materials Inc.	6,150,000	2.33
Ching-Yi Chang	6,097,328	2.31
Yingruiji Funds in custody of Standard Chartered Bank Main Branch	6,006,702	2.28
Morgan Stanley International Limited Investment Account in custody of HSBC Bank (Taiwan) Limited	4,256,803	1.61

(3) Dividend Policy and Its Execution Status

A. The dividend policy is stipulated in the Articles of Incorporation as follows:

Article 28-1 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 the total capital of the Company

(d) Special reserve appropriated or reversed as stipulated by relevant laws and regulations or competent securities authority

(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 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.

Article 29 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 according to the distributable earnings calculated pursuant to Article 28-1 and submit it to the Shareholders' Meeting for approval. At least forty percent of the distributable earnings calculated shall be appropriated as shareholders' dividends. The cash dividend shall not be lower than ten percent of the total dividends and shall be capped at one hundred percent.

B. Earnings distribution proposal

The 2025 earnings distribution plan approved in the Board of Directors' meeting on March 3, 2026 is as follows:

(a) Cash dividend: NT$525,854 thousand from 2025 earnings, i.e., NT$2 per share. The Board is authorized to set the record date after the distribution of cash dividends is approved by the Board.

C. Explanation on expected significant changes in dividend policy: None.

(4) Impact of Stock Dividends on Operation Performance and Earnings per Share: None.

(5) Compensation to Employees, Directors and Supervisors

A. The percentage or range of compensation to employees and remuneration to Directors in the Articles of Incorporation is as follows:

Article 22 The Compensation Committee would evaluate the involvement of directors (including the independent directors) in the business operation of the Company and their contributions to the Company, and make recommendations to the Board concerning their remuneration. The Board of Directors has been delegated to determine the remuneration based on the recommendations from the Compensation Committee with reference to the remuneration standard of the industry.

Article 28 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-managerial employees, and the remuneration to the directors shall not be higher than four percent of the balance.

The compensation can be made in the form of stock or cash based on the Board resolution. Parties eligible to receive the said compensation shall include employees in affiliated companies who met certain conditions set by the Board. The distribution plan of compensation to employees and remuneration to the directors shall be approved in the Board of Directors' meeting by the majority of attending directors which represents more than two-third of all directors and reported to the shareholders' meeting.

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 the directors based on the above-mentioned ratios.

B. The estimation basis of compensation to employees and remuneration to Directors, calculation basis for number of shares distributed as employee compensation and accounting treatments for difference between estimated and actual payment amount:

(a) Please refer to (5)A for the estimation basis of compensation to employees and remuneration to Directors.

(b) The calculation basis for number of shares distributed as employee compensation: The Company did not distribute shares as employee compensation in 2025; thus, this is not applicable.

(c) Accounting treatments for difference between estimated and actual payment amount: Amount resolved to be distributed by the Board of Directors was recognized as operating expense in 2025. Changes in the amount after the parent company only financial statement for the year has been approved and authorized for issue by the

Board would be accounted for as changes in accounting estimates and recognized in profit or loss of 2026.

C. Proposed compensation approved by the Board

(a) Amounts of compensation to employees and remuneration to directors and supervisors to be distributed in cash or shares. Where there are differences from the amounts accrued as expenses in the relevant year, the differences, reasons, and treatment shall be disclosed:

For 2025, the Company accrued compensation to employees of NT$51,480,302 and remuneration to directors of NT$14,076,796. These amounts were approved by the Board of Directors on January 29, 2026 to be distributed in cash. There is no difference between the amounts approved by the Board and the amounts accrued as expenses in the relevant year.

(b) Amount of stock distributed as employee compensation and as a percentage to net income of parent company only or individual financial statements and aggregate compensation to employees: Not applicable.

D. Actual payment of compensation to employees and remuneration to Directors and Supervisors in the previous fiscal year

(In NT$)

Item	Estimates	Amount Resolved at Shareholders' Meeting (2025.05.27)	Difference	Cause of Difference
Remuneration to Directors (in Cash)	60,131,588	60,131,588	0	None
Compensation to Employees (in Cash)	16,442,407	16,442,407	0	None

(6) Execution Status of the Company's Share Repurchase (Completed):

Repurchase Tranche	First (2025)
Purpose of Repurchase	Transfer of shares to employees
Repurchase Period	2025/4/14 ~ 2025/6/13
Repurchase Price Range	N/A
Type and Number of Shares Repurchased	None
Total Amount of Shares Repurchased	None
Percentage of Shares Repurchased to Planned Repurchase Quantity (%)	None
Number of Shares Cancelled or Transferred	N/A
Cumulative Number of Treasury Shares Held	None
Cumulative Number of Treasury Shares Held as a Percentage of Total Issued Shares (%)	None

Note: No share repurchase was carried out as the share price had stabilized.

2. Corporate Bonds:

(1) Corporate bonds

As of March 29, 2026

Type of Corporate Bonds	First overseas unsecured convertible bonds in 2021
Issue Date	November 30, 2021
Denomination	US$100 thousand
Place of Issuance and Listing	Singapore Exchange Securities Trading Limited
Issue Price	100% of par value
Total Amount	US$70,000 thousand
Coupon Rate	Coupon rate of 0% p.a.
Tenure	Five years from the issue date; Maturity date is November 30, 2026
Guarantor	None
Trustee	Citicorp International Limited
Underwriter	Overseas lead underwriter: KGI Asia Limited Domestic lead underwriter: KGI Securities Co., Ltd.
Legal Counsel	Johnson F.H. Huang, Johnson & Partners
CPA	Jheng-Chu Chen, Ernst & Young
Repayment	1. Unless the bonds have been redeemed, repurchased and cancelled or converted by the bondholders, the Company will redeem the bonds in whole at the par value plus an annual interest rate of 0% on the maturity date. 2. The redemption amount at maturity is converted to New Taiwan dollars using the Fixed Exchange Rate, and the New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US$/NT$ fixing published by the Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.
Outstanding Principal	US$0 thousand (As of March 29, 2026)
Redemption or Early Repayment Clause	1. Three months after the issuance of the bonds and prior to the maturity date, the issuing company may redeem the bonds, in whole or in part, at 100% of the principal amount of the bond plus an annual interest rate of 0% (hereinafter, the “early redemption amount”) when the closing price 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 and divided by the principal amount of the bonds for a period of thirty consecutive trading days. 2. When more than 90 percent of the bonds have been redeemed, converted, repurchased and cancelled, the issuing company may redeem the outstanding bonds early, in whole but not in part, at the “early redemption amount”. 3. When changes in the tax laws of the ROC would result in an increase in tax, additional expenses or cost for the issuing company, the issuing company may redeem the outstanding bonds early, in whole but not in part, at the

	"early redemption amount" in accordance with the bond indenture. For bondholders who choose not to have their bonds redeemed, they shall not request issuing company to bear the additional taxes or expenses. 4. 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.
Restrictions	None
Name of Credit Rating Agency, Date of Rating and Rating of Corporate Bond	None
Other Rights: Amount of Converted (Exchanged or Subscribed) Common Shares, Global Depository Receipts or Other Marketable Securities up to the Date of the Annual Report	US$70,000 thousand
Other Rights: Rules Governing the Issuance and Conversion (Exchange or Subscription)	Please refer to the corporate bonds section under Investment in the MOPS
Possible Dilutive Effect on Equity and Impacts on Shareholders' Equity from the Rules Governing the Issuance, Conversion, Exchange or Subscription as well as Issuance Conditions	The Company's first overseas unsecured convertible bonds in 2021 have been fully converted into shares.
Custodian	Not applicable

(2) Convertible bonds

Type of Corporate Bonds		First overseas unsecured convertible bonds in 2021	
Item / Year		2025	As of March 29, 2026
Market price	Highest	US$123.7	Not applicable
	Lowest	US$86.9	Not applicable
	Average	US$99.4	Not applicable
Conversion Price		NT$42.37/share	Not applicable
Issue Date and Conversion Price at Issuance		Issue date: November 30, 2021 Conversion price at issuance: NT$53.50/share	
Conversion Obligation		Issuance of new shares	

3. Preferred Shares: None.

4. Global Depositary Shares: None.

5. Employee Stock Options

(1) Outstanding employee stock options up to the date of this annual report and the impact on shareholders' equity:

Employee Stock Options

As of March 29, 2026

Employee Stock Options Granted	Forth Grant
Approval Date by Competent Authority and Total Units	November 30, 2022; 3,000 units
Issue Date	February 22, 2023
Number of Options Granted	3,000 units
Number of Options to be Granted	0
Percentage of Shares Exercisable to Outstanding Shares	1.141%
Option Duration	5 years
Source of Option Shares (Note 1)	New Shares
Vesting Schedule and %	Cumulative % of Options Exercisable during the Vesting Period: 2nd Year: up to 50% 3rd Year: up to 100%
Shares Exercised	1,489,000 shares
Value of Shares Exercised	NT$53,886,400
Shares Unexercised	656,000 shares
Exercise Price Per Share of Shares Unexercised	NT$35.50
Percentage of Shares Unexercised to Outstanding Shares	0.25%
Effects on Shareholders' Equity	If all outstanding employee stock options were exercised, the dilution ratio would be approximately 0.25%. The resulting dilutive effect on shareholders' equity is limited.

Note 1: Please specify whether it is shares issued or new shares.

Note 2: The total number of issued shares is calculated based on the share count of 262,926,994 shares as registered with the Ministry of Economic Affairs.

(2) Names of managers and top 10 employees receiving the employee stock options as well as the cumulative number of options received and exercised up to the date of this annual report:

<table>
<tr><th rowspan="2"></th><th rowspan="2">Job Title (Note 1)</th><th rowspan="2">Name</th><th rowspan="2">No. of Shares Exercisable (In Thousands of Shares)</th><th rowspan="2">No. of Shares Exercisable as a % to Total No. of Issued Shares (Note 3)</th><th colspan="4">Exercised</th><th colspan="4">Unexercised</th></tr>
<tr><th>No. of Shares (In Thousands of Shares)</th><th>Exercise price</th><th>Value of Shares Exercised (In Thousands of NT$)</th><th>No. of Shares as a % to Total No. of Issued Shares (Note 3)</th><th>No. of Shares (In Thousands of Shares)</th><th>Exercise price</th><th>Value of Shares to be Exercised (In Thousands of NT$)</th><th>No. of Shares as a % to Total No. of Issued Shares</th></tr>
<tr><td rowspan="7">Managerial Officers</td><td>Vice President</td><td>Guo-Xiong Xia</td><td rowspan="7">600</td><td rowspan="7">0.23%</td><td rowspan="4">65</td><td rowspan="4">37.6</td><td rowspan="7">9,544</td><td rowspan="7">0.10%</td><td rowspan="7">335</td><td rowspan="7">35.5</td><td rowspan="7">11,893</td><td rowspan="7">0.13%</td></tr>
<tr><td>Vice President</td><td>Xin-Yuan Chen</td></tr>
<tr><td>Vice President</td><td>Zhen Lin</td></tr>
<tr><td>Vice President</td><td>Chong-Chen Liu</td></tr>
<tr><td>Vice President</td><td>Chi-Yuan Pan</td><td rowspan="3">200</td><td rowspan="3">35.5</td></tr>
<tr><td>Senior Assistant Vice President</td><td>Yu-Han Huang</td></tr>
<tr><td>Senior Assistant Vice President</td><td>Bing-Xun Zhang</td></tr>
</table>

	Job Title (Note 1)	Name	No. of Shares Exercisable (In Thousands of Shares)	No. of Shares Exercisable as a % to Total No. of Issued Shares (Note 3)	Exercised				Unexercised			
					No. of Shares (In Thousands of Shares)	Exercise price	Value of Shares Exercised (In Thousands of NT$)	No. of Shares as a % to Total No. of Issued Shares (Note 3)	No. of Shares (In Thousands of Shares)	Exercise price	Value of Shares to be Exercised (In Thousands of NT$)	No. of Shares as a % to Total No. of Issued Shares
Employees (Note 2)	Employee	Yuan-Fu Lin	740	0.28%	167	37.6	20,586	0.06%	170	35.5	6,035	0.06%
	Employee	Kai-Ping Wang										
	Employee	Ching-Hung Huang										
	Employee	Yu-Chih Kao										
	Employee	Yuan-Ching Shih										
	Employee	Liang-Chun Weng			403	35.5						
	Employee	Che-Jen Chang										
	Employee	Ling-Chun Liu										
	Employee	Jen-Kai Huang										
	Employee	Pei-Chen Chen										

Note 1: Including managerial officers and employees (those who have resigned or passed away shall be specified). The names and job titles shall be disclosed by individuals. However, the number of options granted and subscribed may be disclosed in aggregate.

Note 2: Top 10 employees receiving the employee stock options refer to employees other than the managerial officers.

Note 3: Number of issued shares refer to the number of shares indicated in the amendment registration with the Ministry of Economic Affairs.

Note 4: For exercised employee stock options, the exercise price at the time of execution shall be disclosed.

Note 5: For unexercised employee stock options, the adjusted exercise price calculated in accordance with the issuance terms shall be disclosed.

6. **Employee Restricted Stock**: None.

7. **New Share Issuance in Connection with Mergers and Acquisitions**: None.

8. Execution of Funding Plans

(1) Plan details of previous issuance or private placement of securities not yet completed or completed in the past three years with benefits yet to be shown as of the quarter preceding the date of this annual report: None.

(2) Implementation status of previous issuance or private placement of securities not yet completed or completed in the past three years with benefits yet to be shown as of the quarter preceding the date of this annual report: None.

IV. Operational Highlights

1. Business

(1) Business Scope

A. Major Products/Services

(a) CC01080 electronic parts and components manufacturing

(b) F107170 wholesale of industrial catalyst

(c) F107200 wholesale of chemistry raw material

(d) F107990 wholesale of other chemical products

(e) F119010 wholesale of electronic materials

(f) F207170 retail sale of industrial catalyst

(g) F207200 retail sale of chemistry raw material

(h) F207990 retail sale of other chemical products

(i) F219010 retail of electronic materials

(j) ZZ99999 other businesses which are not prohibited or restricted by the laws, in addition to business approved

B. Major Products as a Percentage to Revenue

(In Thousands of New Taiwan Dollars; %)

Main Products	2024		2025	
	Net Revenue	Percentage (%)	Net Revenue	Percentage (%)
Electronic Materials	9,250,829	93.08	10,231,497	96.44
Others	687,306	6.92	377,943	3.56
Total	9,938,135	100.00	10,609,440	100.00

C. Major Products/Services

The Company mainly engages in the researching, developing, manufacturing and selling of Flexible Copper Clad Laminate (FCCL), Coverlay (CL), bonding sheet, stiffener and composite sheet.

D. Development of New Products

The Company will allocate additional resources to new product development and accelerate time-to-market. Building on its core technologies, Taiflex will strengthen its R&D capabilities through collaboration with industry, government, academia, and peers, integrating resources to focus efforts on the development of the following products:

(a) Flexible Printed Circuit (FPC) Materials:

The development of our electronic materials focuses on the following two aspects:

(i) High-frequency and high-speed materials: To meet the high-speed transmission demands of 5G and beyond, antennas and data interconnects in handheld devices require high-frequency, high-speed materials to fully realize network performance. In addition, the rapid advancement of generative AI has accelerated the adoption of edge AI in handheld devices, increasing data transmission requirements and further driving demand for such materials. In response to diverse bandwidth requirements, the Company has developed a range of materials with low Dk and low Df. The product portfolio includes MPI-based (Modified Polyimide) copper clad laminates and coverlay materials.

(ii) High dimensional stability and ion migration-resistant materials: As handheld devices continue to become thinner while maintaining high data transmission demands, there is a growing trend toward fine-line circuit designs on PCBs. This trend has driven increasing demand for materials with high dimensional stability to meet stringent precision requirements. In addition, as line spacing becomes increasingly fine, materials must also exhibit strong resistance to ion migration to prevent signal interference and short circuits. Accordingly, the Company has developed materials with ultra-high dimensional stability, as well as ultra-thin materials with enhanced ion migration resistance, to meet evolving market demands.

(b) Advanced semiconductor packaging materials

Leveraging the Company's long-established coating expertise, materials have been transformed from conventional liquid forms into film-type formats, enabling a comprehensive portfolio of materials for temporary bonding and laser debonding (TB/DB) processes used in advanced packaging. For mainstream flip chip packaging processes, the Company offers innovative alternative solutions that are more cost-competitive and provide greater manufacturing flexibility.

The Company is currently developing a proprietary dual-layer composite film based on patented technology. Its laminated structure integrates the two core functions of laser release and temporary bonding, offering a highly streamlined application process that requires only precise lamination onto a carrier or substrate to provide excellent mechanical support throughout subsequent processing. Its key value lies in replacing conventional, structurally complex, and high-cost carrier/jig solutions, thereby significantly reducing the hidden costs associated with tooling procurement and maintenance.

In addition, the film ensures precise positional control of chips during the packaging stage and enables clean, low-stress separation via laser debonding after completion of each process stage, leaving no adhesive residue. This not only optimizes the overall production flow but also provides customers with a key enabler for achieving high-performance, automated production lines, making it an ideal solution for enhancing both yield and cost efficiency in packaging processes. The product extends beyond the conventional 12-inch wafer platform and further supports square panels up to 600 mm^2, aligning with the industry trend toward larger-format packaging.

(c) High-frequency and high-speed PCB materials

(i) The Company's development of high-speed PCB materials primarily focuses on multilayer PCBs for AI servers. As computing frequencies continue to increase, these materials are required to exhibit even lower Dk and Df. Compared with the widely used M8 and M9 CCLs currently available in the market, PTFE-based CCLs can achieve a Df of 0.0006 at 10 GHz, delivering superior dielectric loss performance relative to existing M9 materials. This enables improved electrical performance for AI servers operating at frequencies above 56 GHz.

(ii) Applications such as aerospace and quantum computing operate in environments approaching absolute zero. PTFE-based CCLs are able to maintain their mechanical properties and bonding strength even at temperatures as low as -270°C. These materials are expected to enable emerging applications in satellite PCB systems.

(2) Industry Overview

A. Industry Status and Development

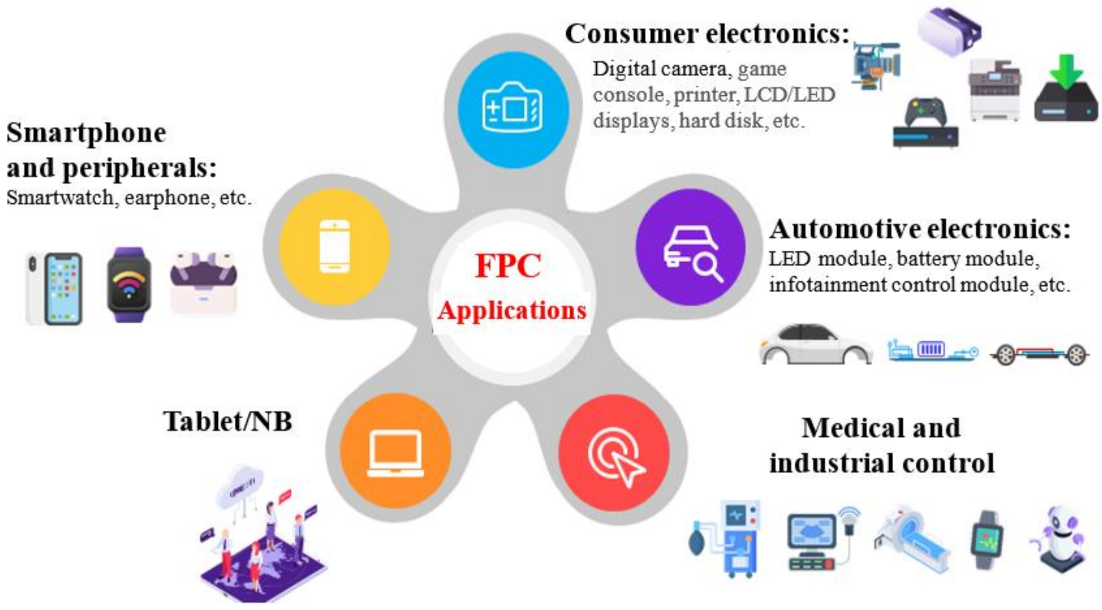
Flexible Print Circuit (FPC) refers to flexible copper clad laminates processed through photolithographic technology into a conductor for data transmission in electronic devices. FPC composes mainly of insulating materials, bonding adhesive and copper foil conductors. A coverlay (CL) is applied once the flexible circuit is completed to avoid oxidation of copper wires and to protect the circuit from heat and moisture.

Flexible Copper Clad Laminate (FCCL), the primary product of Taiflex, is composed of copper foil and PI resin. It is a key base material for FPC and represents an upstream segment of the FPC supply chain. FCCL is primarily categorized into two types: the traditional adhesive 3L-FCCL and adhesiveness 2L-FCCL. At present, the latter is the mainstream specification widely adopted in the market.

On the application side, FPC is more flexible, thinner and lighter. Those characteristics satisfy the needs of data transmission and telecommunication products to be compact. Thus, consumer electronics industry is the primary market for FPC and accounts for approximately 80% to 90% of its sales. Currently, smartphones, tablet PCs, notebooks and wearable devices are the main end-use products of FPCs. In terms of components, FPCs are mostly used in the connection of antenna, battery, camera, display, button, slot and charging port to the motherboards. With the unchanging trend of electronic devices evolving towards being thin and lightweight, FPC is further advanced from its pure connection function to be an extension of the PCB design with its advantages of being lighter, thinner and more flexible than rigid PCBs, opening to a wider range of applications.

All in all, the increasing functionality of handheld devices will prompt more versatile and multilayer designs for FPC components, consequently driving greater demand for FPC raw materials.

Applications of FPCs



FPC is a highly concentrated industry. The main producers are located in Japan, Taiwan and Korea, and the top 10 producers account for over 70% of global output. In recent years, Chinese manufacturers have rapidly emerged, supported by strong domestic demand and favorable localized supply chain policies. Their potential shall not be underestimated. Amid rising geopolitical tensions, international customers are increasingly calling for resilient supply chains. In response, many FPC manufacturers are relocating production to Southeast Asia and India. As a result, Mainland China and Southeast Asia are expected to become the primary production bases for the FPC industry in the future.

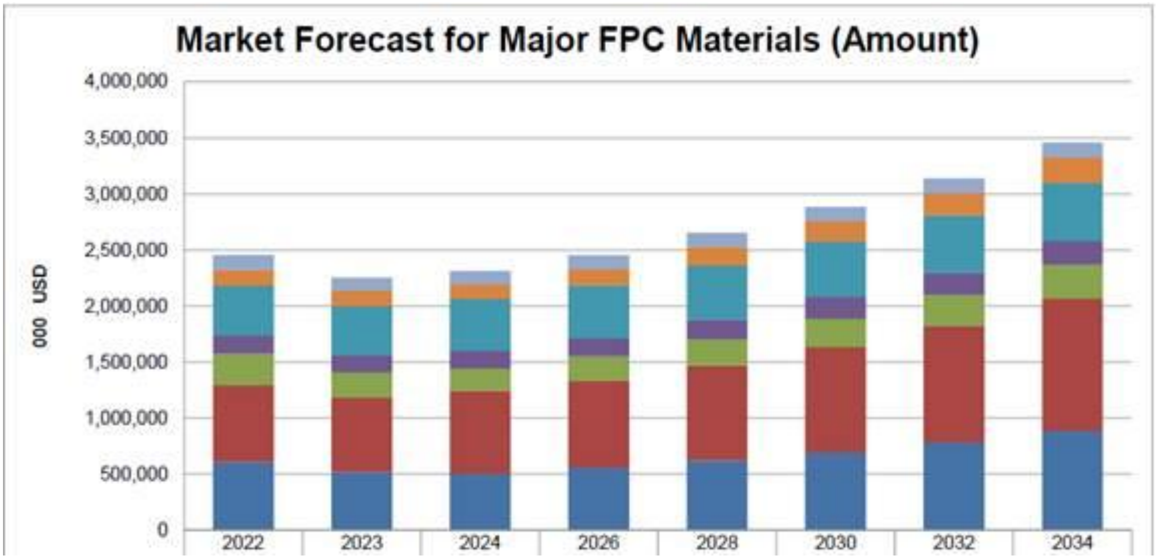
Since the explosive growth of mobile devices in 2010 triggered an enomous increase in FPC production, penetration of smartphones and tablets PCs continued to climb and contributed significantly to the overall growth of FPC industry. However, as smartphones and tablets already have high market peneration rates, it is unlikely that the shipment of these two products will significantly boost the FPC industry. The future growth momentum of the FPC industry will depend on emerging applications such as next-generation communication standards (e.g., Beyond 5G), foldable smartphones, and edge AI. These technologies are expected to drive demand for advanced materials, thereby enhancing the economic value added of the FPC industry.

In 2025, the consumer electronics market saw the initial adoption of edge AI, driving a rebound in smartphone shipments. According to IDC, global shipments grew by 1.9% year on year, indicating a modest recovery. However, the concurrent surge in global AI infrastructure investment has created a pronounced crowding-out effect on key production resources, including semiconductor chips, high-end PCB materials, advanced passive components, and power supply. Amid supply constraints and rising costs, market growth is expected to face downside risks in 2026.

Nevertheless, as end-device specifications continue to advance, the evolution of edge AI and 5G technologies is driving mobile devices toward higher-frequency, higher-speed performance, thinner form factors, and finer-line circuit designs. This trend not only presents challenges for FPC manufacturers in enhancing product performance, but also signals that high value-added materials will play a pivotal role in the next device replacement cycle.

FPC Material Market Growth Trend

(In thousands of US dollars)



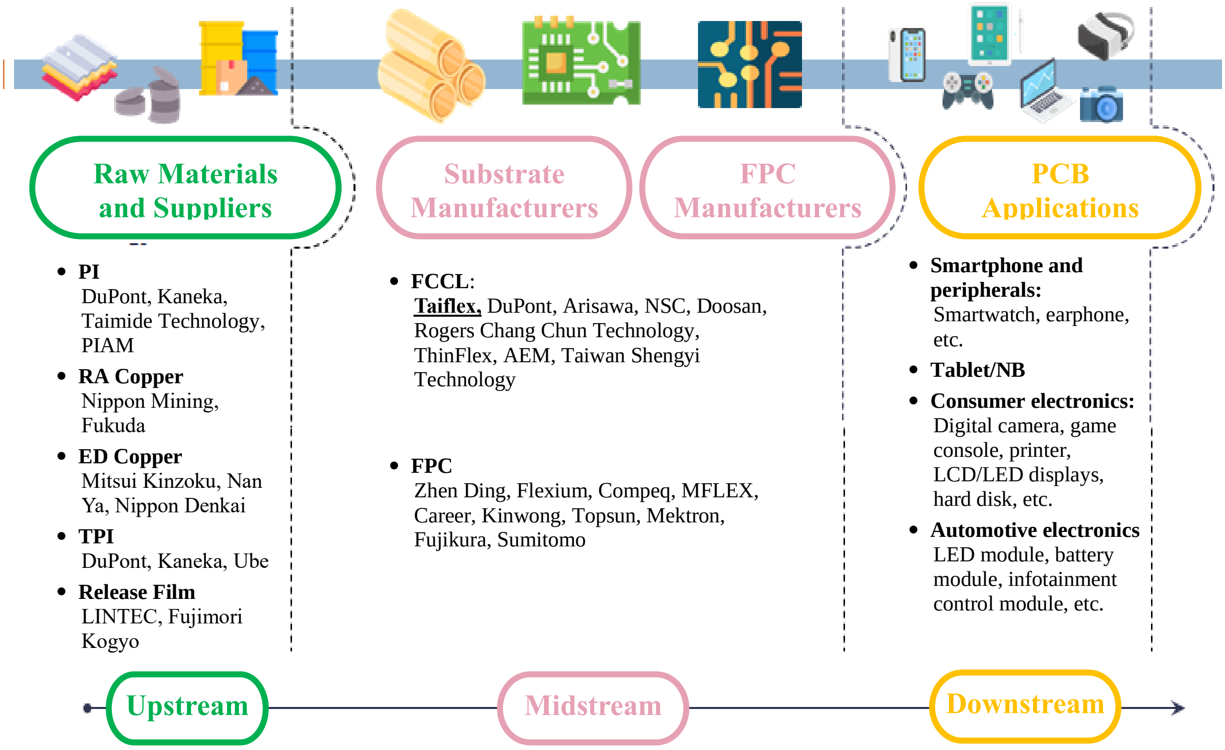
Source: JMS (2024)

B. Supply Chain

The upstream segment of the FPC industry primarily consists of raw materials such as polyimide (PI) film, copper foil, and adhesives. The midstream segment is flexible copper clad laminate (FCCL), which is the core business of the Company. The downstream segment includes FPC manufacturers.

For major industry players and FPC applications, please refer to the diagram below:

Supply Chain of FPC industry



C. Macro-economy and Industry Development Trend

Amid rising geopolitical tensions and protectionism worldwide, end customers are placing greater emphasis on supply chain resilience. From an industry-wide perspective, this has led to a gradual increase in production capacity allocation in Southeast Asia. To align with customers' global supply chain strategies, the Company has established a new production base in Chonburi, Thailand, which has commenced mass production. This initiative enhances supply resilience through a globally diversified manufacturing footprint.

However, in terms of industrial clustering, availability of skilled technical labor, and infrastructure, China continues to hold a significant cost advantage. As a result, the prevailing strategy among major industry players is to prioritize China as the primary production base, complemented by global diversification. In line with this approach, and after evaluating customer needs and our overall global footprint, we have established comprehensive production lines and an extensive distribution network in China to serve local customers.

In the FPC industry, the development of CCLs and technologies is driven by growing demand for lightweight, compact, highly reliable, and multifunctional electronic devices. This has led to increasing demand for materials with high-frequency, high-speed performance, fine-line capability, and resistance to ion migration, prompting FCCL manufacturers to focus on developing such advanced materials.

The use of electronic materials stresses on reducing pollution given the increasing awareness in maintaining a green environment. Thus, suppliers intensify their efforts in the research and development of eco-friendly materials. Under European Union RoHS regulations, electronic industry switches to halogen-free materials, which initiates material evolution in the CCL industry. At present, large smartphone manufacturers gradually shift to eco-friendly substrates, and eco-friendly materials will become basic product requirements due to rising environmental awareness and regulatory requirements.

Looking ahead, high-frequency and high-speed materials are expected to represent the most promising growth area in materials development. This is primarily driven by the demands of high-speed computing applications such as 5G, AI, and autonomous driving, which require enhanced signal transmission capabilities to support future technological advancements. Depending on bandwidth and transmission efficiency requirements, designs may incorporate CCLs based on MPI, LCP, hydrocarbon, and fluorine-based materials. Accordingly, the ability to provide a comprehensive portfolio of integrated product solutions will be the key to competitiveness going forward.

Overall, Taiflex is in the leading position regarding capacity, scale, customer portfolio and market share, and remains highly competitive in the FPC industry.

D. Product Competition

In terms of global market share for FPC materials, Japan, Taiwan, and South Korea continue to dominate the industry, maintaining a tripartite leadership structure. Major competitors include Nippon Steel and Arisawa from Japan, Doosan from South Korea, and Asia Electronic Materials (AEM) from Taiwan. However, China’s PCB industry has experienced rapid growth in recent years, supported by government policies. A complete industry cluster, which includes copper foil plants, CCL plants, and assembly factories, is taking shape. Meanwhile, there are peers entering the FCCL market. For instance, ITEQ and Shengyi Technology have been actively switching from CCL to FCCL recently. Consequently, the competition has become more complicated. Furthermore, with rising demand driven by AI, 5G, and automotive electronics, manufacturers are actively investing in the development and market penetration of high-frequency, high-speed materials, which has become a key area of competition in recent years.

(3) Technology and Research and Development

A. Technology and R&D

The Company’s R&D division was established when Taiflex was founded in August, 1997. In the early stage, the division focused on the research and development of Polymer film (Coverlay) and copper clad laminate (Flexible Copper Clad Laminate (FCCL)). In 1999, Taiflex signed the Adhesiveless FPC Material Technology Transfer Agreement and collaborated on the development of substrate packaging materials with ITRI. In 2000, Arisawa MFG Co., Ltd. transferred FCCL and coverlay process inspection technology to the Company. Those technologies are the foundation of Taiflex’s development.

In addition to the existing FPC materials, the Company actively researches and develops new products of semiconductor and high-end server applications to expand the business scope. Besides in-house research and development, the Company improves technical capability by cooperating with other players in the industry; for example, it cooperates with ITRI and domestic universities as well as well-known companies in Taiwan in research and integration. Those efforts accelerate the Company’s transformation into a world-class flexible material specialist.

B. Education Level of Research and Development Personnel

(In people)

Education \ Year	2023	2024	2025
Ph.D. and Master’s Degree	65	67	70
Bachelor’s Degree/College	51	43	60
Senior High School	5	19	10
Total	124	129	140

C. Research and Development Expenses from 2021 to 2025

(In Thousands of New Taiwan Dollars)

Year	2021	2022	2023	2024	2025
R&D Expenses	323,220	400,591	366,518	394,321	458,982
Net Revenue	9,405,002	8,721,875	8,150,519	9,938,135	10,609,440
Percentage of Revenue (%)	3.44	4.59	4.50	3.97	4.32

Source: Audited financial statements from 2021 to 2025

D. Technology or Product Developed from 2021 to 2025

Year	Item	Result
2021	Bonding sheet for fine-line with low ion transport	With 35/35 fine circuit, it passed the tests of 85ºC/85%RH at 1000hrs, 50VDC and 110ºC/85%RH at 144 hours, 50VCD with no ion migration nor whisker formation. It has high reliability.
	Development of 2nd-generation stiffener	Improved storage stability to further reduce the defect rate at customer end
	Ultra-thin coverlay for fine-line with low ion transport	Featuring fine-line and ultra-thinness for the designs of next-generation FPC
2022	Development of Sub 6GHz high-frequency and high-speed transmission materials	Development of MPI FCCL materials with a better insertion loss to be applied in higher-end products
	Development of laminate materials for high power battery of smart electric vehicle	Development of FCCL with high CTI (≦2) and sound reliability as well as electrical properties to be used by FPC manufacturers in automotive products
	Advanced composite flexible electronic materials	Development of rigid-flex board with thickness uniformity of 0.25 μm and dimensional stability ≦ 0.03% for L/S <35 um
	Development of millimeter wave materials for automotive 77GHz radar	High-frequency, fluoro-based products with stable DK and DF under variable frequency and temperature. The product can be used in national defense, communications, automotive, radar and satellite industries.
2023	In-house development of ultra-thin, anti-migration coverlay for periscope lenses in camera module	Mass production and transfer of in-house ultra-thin coverlay with high reliability, PI thickness of 5um and l/s 20/20; and its application in high-end U.S. mobile phones
	Completed the development of 2nd-generation low-loss bonding sheet	Mass production and transfer of new bonding sheet to be applied in high-frequency multi-layer PCBs and rigid-flex boards with glue overflow improved during

Year	Item	Result
		multiple lamination cycles; passed the UL 94 test with VTM-0 rating plus improved processing operability at customer end and a shelf life of 10 months
	Completed the development of 4th-generation anti-migration bonding sheet	Mass production and transfer of bonding sheet for fine-pitch applications where baking is not needed, which improves process efficiency and cost performance ratio; passed the UL 94 test with VTM-0 rating
	Development of 2-layer FCCL for foldable phone	Mass production of FCCL for single-layer stack-ups with air-gap featuring anti-adhesiveness; to be applied in foldable phones including flip phones or smartphones that fold in or out vertically
	Development of 2nd-generation in-house white coverlay with high reflectivity	PFAS-free white coverlay to be applied in LED light-bar and automotive lighting
2024	Completed the development of in-house black ultra-thin ion migration-resistant coverlay	Development of an in-house black ultra-thin ion migration-resistant coverlay to meet end-user demands. The black PI layer is 5 μm thick, and the adhesive layer supports L/S designs of 20 μm/20 μm.
	Development of flexible resin-coated copper (FRCC) for camera modules	Development of a new stacked structure of Cu/PI/AD to meet the demand for thinner camera modules. The PI layer is 5 μm thick, and the adhesive layer supports L/S designs of 35 μm/35 μm.
	Completed the development of low-loss PI FCCL for foldable phone antennas	Development of a highly flexible, low-loss PI FCCL to meet the design requirements for high-frequency transmission lines in foldable phones. The bending durability has doubled compared to previous versions with a Df <0.003.
2025	Completed the development of 2nd-generation high-frequency protective film	Development of a low-Dk coverlay incorporating a second-generation low-loss AD layer and mPI film, capable of supporting L/S designs of 35 μm/35 μm in response to end-market demand.
	Completed the development of ultra-thin high-frequency protective film	Development of a protective film integrating 5 μm mPI with a low-loss AD layer to meet the requirements of high-speed displays and camera modules.
	Completed the development of PTFE-filled CCLs	Development of an ultra-low-loss M9+ flexible material capable of supporting AI server high-speed interconnects compliant with PCIe 6.0 and above, as well as multilayer mainboards for AI server applications.

(4) Business Development Plan

A. Long-term Business Development Plan

(a) Marketing strategy

(i) Establish regional marketing offices and logistic centers to enhance competitiveness and advantages

(ii) Identify niche markets and diversify product profile to diminish the impacts of business cycle on operation

(iii) Segment target markets precisely and establish appropriate strategies to increase market share

(iv) Form strategic alliances, maintain long-term supply chain relationships and pursue sustained cooperative development.

(b) Production strategy

(i) Establish domestic and overseas production bases to stay close to customers and set up global logistics centers to lower logistic costs

(ii) Identify specific function for each equipment to enhance production efficiency, yield and outputs

(iii) Dual certification and sourcing of key materials to lower the risk of factories shutdown or logistics disruption from a single area

(iv) Simplify manufacturing process and identify cost elements to improve production efficiency and reduce waste

(c) Product development strategy

(i) Introduce advance materials and technology through cooperation with international companies to develop cutting edge products

(ii) Strengthen industry-academia collaboration to build technical capabilities for materials

(iii) Purchase from domestic vendors in compliance with government policies

(iv) Expedite the development and launches of new products through supply chain integration

(d) Scale of operation and financing

Through diversification and internationalization, Taiflex expands its markets to increase operation scale. The Company also utilizes various financial instruments and international fund-raising tools to supplement operating capital, lower finance costs and build global presence to achieve business goals and sustainability.

B. Short-term Business Development Plan

(a) Marketing strategy

(i) Actively expand share of wallet among end customers by supporting market and product design trends, strengthening customer service, and building strong, interactive relationships. This approach aims to earn customer trust in both the market and the Company, ultimately enhancing overall customer satisfaction.

(ii) Understand the dynamics of end customers' product designs and the use of major materials, and provide real-time feedback to R&D, production, and quality assurance departments to increase customer loyalty and preference.

(iii) Seek additional distribution partners, particularly in the less-penetrated European and overseas markets, to enhance brand and product visibility.

(iv) Attend overseas seminars and product launches to enhance corporate presence as well as identify potential customers.

(v) Establish and develop product application database for product promotion.

(b) Production strategy

(i) Enhance production flexibility to cope with temporary volatility in orders.

(ii) Improve supply-chain management to shorten the delivery of raw materials, decrease lead time, expedite product delivery and improve accuracy to enhance customer satisfaction and lower inventory costs.

(iii) Identify optimal cost-efficient material suppliers with considerations to the price, service and capability factors in order to obtain the lowest costs possible and minimize the overall cost through strategic alliance in supply chain.

(c) Product development strategy

(i) Enhance the quality and improve the usability of existing products to expand their range of applications.

(ii) Improve manufacturing process and yield, lower product costs and enhance product competitiveness.

(d) Operation and financial strategy

In response to potential declines in consumer spending and rising operating costs driven by current global geopolitical tensions, inflation, and tariff conflicts, we would pay special attention to inventory control and credit management in order to minimize potential drops in sales. Also, we would structure ideal fund-raising channels using various financing tools to supplement short-term operating capital and lower the cost of short-term financing. Furthermore, we would implement control systems to enhance company presense and attract talented personnel to strengthen management performance and corporate health.

2. Market and Sales Overview

(1) Market Analysis

A. Sales Distribution by Region

(In Thousands of New Taiwan Dollars; %)

Year / Region	2024		2025	
	Amount	Percentage (%)	Amount	Percentage (%)
Taiwan	2,859,824	28.78	2,849,326	26.86
China	6,697,558	67.39	6,969,387	65.69
Others	380,753	3.83	790,727	7.45
Total	9,938,135	100.00	10,609,440	100.00

B. Market Share

According to a market research report by JMS, the Company estimates its market share in FPC materials was approximately 15% to 20% in 2025.

C. Future Supply and Demand and Market Growth

The Company primarily provides materials for FPCs, with the main products consisting of FCCL and coverlay (CL). At present, FPCs are used primarily in smartphones, tablets, notebook computers, and wearable devices. Looking ahead, the electrification of automotive components and the increasing demand for high-speed transmission driven by AI servers are expected to become the next wave of growth drivers. However, smartphones remain the dominant application for FPCs for now.

An overview of the smart device industry is presented as follows:

Since Apple launched the iPhone and sparked a global wave of smartphone adoption, the market has flourished. However, with smartphones now widely adopted, the market has gradually reached saturation. As a result, the momentum of sales growth has slowed, and demand has shifted to being primarily driven by replacement cycles. High-end innovations such as AI edge computing smartphones and foldable devices are expected to gradually replace traditional models, leading to a shift in product mix. Overall, the global smartphone market is expected to see slow growth.

According to IDC, global smartphone shipments reached 1.26 billion units in 2025, representing a year-on-year increase of approximately 1.9%, indicating modest growth momentum. This growth was primarily driven by strong performance in high-end models and foldable smartphones, as well as accelerated replacement demand amid consumer expectations of future price increases. Currently, major smartphone manufacturers are actively launching 5G devices with innovative features such as foldable designs and AI capabilities, aiming to stimulate consumer upgrade demand.

Demand for FPCs in smartphones continues to increase with the expansion of device functionalities. As the number of external components, such as touch panels, side buttons, and antennas, grows, FPCs serve as critical interconnects linking these components to the mainboard, driving higher usage. In addition, in line with the trend toward thinner and lighter devices, certain circuit designs are increasingly shifting from rigid boards to flexible substrates.

In general, entry-level smartphones require approximately 6 to 8 FPCs per unit, whereas high-end models, due to their enhanced functionality and performance, may incorporate more than 20 FPCs per device. As the penetration of high-end models continues to increase, the FPC industry is expected to maintain a growth rate above that of the overall smartphone market, despite the latter's moderating growth.

Also, the smartphone market has been dominated by major players and top brands have enjoyed obvious competitive advantages. Our key strategy in the slow-growth market would be to increase our market share in the major brands' supply chain. As major mobile phone brands have strict requirements on supplier qualifications, the entire supply chain is showing signs of contraction where only large international corporations are selected.

Shipment and Market Share Ranking of Top 5 Smartphone Brands
in the Recent Two Years

Top 5 Companies, Worldwide Smartphone Shipments, Market Share, and Year-Over-Year Growth, Calendar Year 2025 (Preliminary results, shipments in millions of units)					
Company	**2025 Shipments**	**2025 Market Share**	**2024 Shipments**	**2024 Market Share**	**Year-Over-Year Change**
1. Apple	247.8	19.7%	233.1	18.9%	6.3%
2. Samsung	241.2	19.1%	223.5	18.1%	7.9%
3. Xiaomi	165.3	13.1%	168.4	13.6%	-1.9%
4. Vivo	103.9	8.2%	101.2	8.2%	2.7%
5. OPPO	102.0	8.1%	104.8	8.5%	-2.7%
Others	400.0	31.7%	405.2	32.8%	-1.3%
Total	**1,260.3**	**100.0%**	**1,236.3**	**100.0%**	**1.9%**
Source: IDC Worldwide Quarterly Mobile Phone Tracker, January 13, 2026					

D. Competitive Advantage

(a) Proximity to the market to expedite services

The Company has established comprehensive production lines and well-structured distribution channels in the Greater China Region, the largest production and consumer market in the world. Geographical advantages allow the Company to respond to customers promptly and offer highly flexible supply capability and reasonable prices. It also helps customers to cut down the overall costs which in turn facilitates our long-term strategic cooperation with major customers.

Besides setting up production bases in both China and Taiwan, the Company chooses Thailand to build its third production base in response to rising concerns over geoeconomic risks from customers around the world. We strengthen our global presence to meet customer demand and enhance supply resilience.

(b) Establishment of long-term partnerships with key raw material suppliers

Certain critical materials for FCCL, such as high-end copper foil and specialty chemicals, exhibit oligopolistic characteristics. Accordingly, effective supply chain management and secure sourcing are key competitive factors. As an industry leader, the Company benefits from economies of scale and has established long-term strategic alliances with key raw material suppliers, providing a strong advantage in the procurement of critical materials. This enables the Company to respond promptly to customer demand and maintain a competitive edge over its peers.

(c) Strong in-house formulation capabilities

As a professional supplier of electronic materials, the Company's research and development capabilities are well recognized by leading international customers. Leveraging the core expertise in chemical synthesis, the Company is able to develop high-performance coating formulations tailored to customer requirements, ensuring that product quality and performance meet customer expectations. In addition, the long-term partnerships with key raw material suppliers enable close collaboration in the development of new materials, allowing the Company to effectively address evolving customer needs for advanced technologies and materials. Our R&D capabilities are highly regarded within the industry.

(d) Leading process technology

In addition to chemical synthesis expertise, the Company possesses key core technologies such as precision coating and high-temperature processing, supported by comprehensive coating and thermal processing equipment. This enables the Company to manufacture a full range of products for applications in PCBs, semiconductors, and related fields. Such diversification not only mitigates operational risks but also significantly enhances customer satisfaction.

(e) Bright future for the industry

With the advent of the 5G era and the rapid expansion of AI-related applications, growing demand for high-frequency and high-speed transmission is creating new growth momentum. As a long-term partner within the global supply chain, the Company maintains a strong ability to anticipate emerging product requirements and is well positioned to grow alongside its customers in advanced PCBs and semiconductor packaging materials.

E. Favorable and unfavorable factors for long-term development

(a) Favorable factors:

(i) With new applications emerge, the future growth momentum of FPC is promising

Being thin and lightweight, FPCs are used in portable devices such as smartphones and tablets. As smartphones are driven to provide multi-functions, various external components including touch panels, side keys, and antennas are added and the number of FPCs used are several times greater than ones consumed by conventional feature phones. Also, the future grwoth of 5G, AI and foldable phones will trigger new materials demand. Therefore, long-term observation shows that the continuous introduction of new features for end devices will bring ongoing demand for material revolutions, keeping the industry on a healthy growth path.

(ii) A sound integration throughout the supply chain

As one of the leading FCCL suppliers, Taiflex forms strategic alliances with end customers and maintains a sound relationship. From material sampling to production plans, the Company works closely with customers and consequently builds an invisible barrier to entry. Moreover, Taiflex is supeiror to peers in term of purchasing volume and liquidity, and forms strategic alliance with suppliers of key materials to ensure stable supply. As flexible materials are highly oligopolized, this is one area where it is difficult for competitors to compete. Being able to enjoy supports from key suppliers while the industry expands has been one of Taiflex's absolute advantages.

(b) Unfavorable factors:

(i) Key raw materials are concentrated on few vendors

As some of the key materials for the Company's primary product, FCCL, have high technology barriers to entry, qualified suppliers are mostly international corporations in Japan and US. Key materials for FCCL include PI from DuPont, Taimide Technology and PIAM; rolled annealed Copper foil (RA Copper) from Nikko Metals Taiwan; and electrodeposited copper foil (ED copper) from Mitsui Kinzoku. The aforementioned purchase policy considers the fact that the supply of key raw materials is concentrated on a few international corporations due to product quality stability and customer requests.

<u>Mitigation measures:</u>

i) Maintain good relationships with other vendors as a secondary source of supply to ensure competitive prices and sufficient supply.

ii) Build a sound feedback mechanism with suppliers. In addition to frequent exchange of information between production and sales to monitor industry information, which facilitates production capacity planning at both ends, we summarize and provide customer feedback to suppliers and actively assist with relevant testings conducted by suppliers in order to improve product quality and strengthen relationships.

(ii) Rapid price erosion

With fierce competitions in the consumer electronics industry, gross profit is eroded and customers continuously ask for price cuts. Those factors combine with price competitions from peers result in enormous pressure to lower the prices.

Mitigation measures:

i) Expand market share with advantages of superior quality and solid relationship with customers. Enhance equipment efficiency and product yield to effectively lower the product cost.

ii) Improve bargaining power with large volume purchases to lower material costs.

iii) Forge strategic alliance with international corporations to secure orders and strengthen technology.

(2) Main applications and manufacturing process of key products

A. Main application of key products

Key products of the Company include Coverlay and FCCL. Their main applications are as follows:

- Coverlay: Protect FPC circuits against oxidation
- FCCL: FPC customers can create circuit patterns on FCCL to connect external components to the mainboard and extend circuit wirings

B. Manufacturing process

Product			
Process Flow	Coverlay	3L-FCCL	2L-FCCL
	Adhesive mixing	Adhesive mixing	Mixing
	Filtering	Filtering	Coating
	Coating	Coating	Curing
	Drying	Drying	Thermal Imidization
	Laminating	Laminating	Slitting
	Rolling	Rolling	Packaging
	Slitting	Re-rolling	Warehousing
	Packaging	Setting	-
	Warehousing	Slitting	-
	-	Packaging	-
	-	Warehousing	-

(3) Supply of key raw materials

Key Raw Material	Main Source	Supply
PI Film	Japan, U.S., Taiwan	Good
Copper foil	Japan	Good
Release film	Japan	Good

Given the advanced technologies and economy of scale possessed by Japanese and U.S. suppliers, they provide majority of upstream materials. To maintain product stability and meet customers' requests, the Company purchases materials from a small number of major material suppliers abroad. However, the Company also maintains strong relationships with other vendors of the same products to ensure price competitiveness and sufficient supply of materials and thereby diminish the risk of purchase concentration. In whole, Taiflex maintains solid relationships with raw material suppliers. There has been no shortage or interruption of supply, and the quality and delivery schedule have been normal.

(4) Suppliers/customers account for 10% or more of the Company's total purchase/revenue in the recent two years:

A. Key suppliers in the recent two years

(In Thousands of New Taiwan Dollars)

	2024				2025			
Item	Name	Amount	Percentage to Annual Net Purchase (%)	Relationship with the Company	Name	Amount	Percentage to Annual Net Purchase (%)	Relationship with the Company
1	Supplier A	2,318,042	37.88	None	Supplier A	2,552,840	38.33	None
2	Supplier B	616,432	10.07	None	Supplier B	593,174	8.91	None
3	Others	3,184,699	52.05	None	Others	3,514,488	52.76	None
	Net Purchase	6,119,173	100.00		Net Purchase	6,660,502	100.00	

Note: 1. Net purchase includes processing fee.
2. As of the date of this annual report, CPA-audited or reviewed financial statements of the latest period is not available.

Variance Analysis:

Our major raw material suppliers are long-standing, reputable partners, ensuring stable supply and consistent quality. Aside from fluctuations in purchase volumes driven by changes in downstream customer demand and our operating strategies, there have been no significant changes in supplier rankings. In 2025, total purchases increased slightly compared to 2024, primarily due to stronger-than-expected performance in the consumer electronics sector. This was driven by a replacement cycle associated with the introduction of AI features in smartphones, resulting in a moderate market recovery and higher raw material purchases year on year. Looking ahead, we will continue to monitor overall supply and demand conditions across the supply chain and make flexible inventory adjustments to maintain inventory at appropriate levels.

B. Key customers in the recent two years

(In Thousands of New Taiwan Dollars)

	2024				2025			
Item	Name	Amount	Percentage to Annual Net Revenue (%)	Relationship with the Company	Name	Amount	Percentage to Annual Net Revenue (%)	Relationship with the Company
1	Company A	1,359,963	13.68	None	Company A	1,771,985	16.70	None
2	Company B	1,319,242	13.27	None	Company B	1,372,003	12.93	None
3	Company E	1,069,040	10.76	None	Company C	1,198,637	11.30	None
4	Company D	1,026,756	10.33	None	Company D	1,086,809	10.24	None
5	Company C	871,479	8.77	None	Company E	1,069,449	10.08	None
6	Others	4,291,655	43.18	None	Others	4,110,559	38.74	None
	Net Revenue	9,938,135	100.00		Net Revenue	10,609,440	100.00	

Note: As of the date of this annual report, CPA-audited or reviewed financial statements of the latest period is not available.

Variance Analysis:

We have maintained long-term relationships with key customers. Changes in the ranking were mainly due to industry characteristics such as order allocations and designated materials from brands. However, our relationships with major customers remained intact.

3. Human Resources in the Recent Two Years and up to the Date of this Annual Report (No. of Employees, Average Year of Service and Age, and Education)

(No. of people; %)

Item \ Year		2024	2025	Up to February 28, 2026
No. of Employees	Direct	559	594	583
	Indirect	785	828	834
	Total	1,344	1,422	1,417
Average Age		44.74	38.85	39.04
Average Year of Service		6.59	6.72	6.90
Education	Ph.D.	0.67	0.49	0.49
	Master’s Degree	13.32	13.43	13.48
	Bachelor’s Degree	50.22	53.38	53.49
	Senior High School	24.70	30.31	30.13
	Below Senior High School	11.09	2.39	2.40

Note: Number of employees is calculated based on personnel at work.

4. Expenditure Related to Environmental Protection

(1) Losses incurred (including indemnity and violations of environmental protection laws and regulations identified during environmental audits) as a result of pollution in the most recent year and up to the date of this annual report:

Taiflex adopts “zero environmental incidents” as its fundamental objective. To ensure full compliance with environmental regulations, the Company implemented and obtained certification for the ISO 14001 Environmental Management System in 2004. Through a comprehensive environmental management framework, potential environmental risks are identified and controlled. The environmental protection department conducts regular regulatory compliance reviews, covering air pollution control, water pollution prevention, waste management, and the management of toxic and other regulated chemical substances. Appropriate measures are implemented in accordance with applicable laws and regulations, and any identified risk of non-compliance is promptly addressed through corrective and preventive actions. Over the past five years, the Company has maintained a clean record, with no environmental penalties and no incidents involving significant pollution, leaks, or regulatory violations.

(2) Estimated amount at present or in the future and action plans:

In response to the medium and long-term GHG reduction targets of Taiwan, 2025 net-zero emissions target, international trends toward carbon neutrality, and the requirements of clients and end customers, the Company has set carbon neutrality targets in order to fulfill its social responsibility and achieve sustainable development. We employ the PDCA (Plan - Do - Check - Act) framework under ISO14001 Environmental Management Systems for continuing improvements. Furthermore, we consider the life cycles of raw materials at different stages, such as extraction, manufacturing, distribution and waste, in the discussion of internal and external issues; and uphold our ESH policies (regulatory compliance, green innovations, waste reduction & recycling, full participation, workplace safety, risk control, energy conservation & carbon reduction, and continuing improvements). We invest in various environmental improvement programs to reduce operational risk and environmental impact.

The Company has implemented the following improvement measures to manage stationary pollution sources and industrial waste:

A. Air pollution control measures

The Company adopts a range of advanced treatment technologies, integrating zeolite rotor systems, condensation recovery units, scrubbers, and regenerative thermal oxidizers (RRTO) into a comprehensive exhaust gas treatment solution. This integrated approach enables stable pollution control while improving resource efficiency, enhancing VOC recovery rates, and reducing emissions, thereby supporting both circular economy and energy efficiency objectives. All air pollution control equipment complies with applicable environmental regulations and emission standards. Through continuous monitoring and established management mechanisms, the Company regularly evaluates operational performance to ensure effective pollution control and to drive ongoing improvements in environmental management performance.

B. Industrial waste management

All waste generated by the Company is handled in accordance with the Waste Disposal Act, and is entrusted only to qualified collection and treatment service providers approved by the competent authorities. The Company also conducts periodic audits of these contractors to verify their regulatory compliance, thereby mitigating environmental risks arising from operational negligence or unlawful practices. For hazardous industrial waste, the Company has established an in-house solvent recovery system using thin-film evaporator technology. By prioritizing on-site treatment, we reduce reliance on outsourced disposal and lower incineration rates. This approach not only helps control operating costs but also minimizes environmental impact.

(3) Environmental expenditures and benefits in 2025

In the 2025, the Company’s total environmental expenditures amounted to approximately NT$46,618 thousand, representing a 48.6% increase compared to the previous year. These expenditures cover environmental management system audits, pollution prevention, environmental monitoring, environmental education activities, and sponsorships for environmental organizations. We collaborate with diverse partners, including third-party testing and certification bodies, resource recovery firms, professional waste disposal services, and environmental monitoring agencies.

The objective of Taiflex’s environmental accounting system is not only to identify and quantify environmental costs, but also to evaluate and measure the economic benefits derived from environmental protection initiatives, including cost savings and revenue generation. By doing so, the Company promotes and incentivizes the implementation of environmentally sustainable projects with demonstrable economic value. Economic benefits are calculated based on estimated cost savings resulting from reductions in energy consumption, water usage, and waste generation, together with revenues generated from waste recycling and reuse. In 2025, total environmental benefits amounted to approximately NT$108,438 thousand, representing a 17% increase from the previous year. Key contributors included solvent purification and reuse, waste reduction, and resource recycling. These results demonstrate that, through effective pollution control and resource circulation measures, the Company not only reduces its environmental impact but also generates tangible economic value.

<table>
<tr><th>Item</th><th>Details</th><th>Total</th></tr>
<tr><td rowspan="5">Environmental expenditure</td><td>(1) Pollution control (regulatory fees and charges: e.g., air pollution emission fee, etc.)</td><td rowspan="5">NT$46,618 thousand</td></tr>
<tr><td>(2) Environmental projects to improve and reduce environmental burdens (e.g., improvements on the waste gas treatment system)</td></tr>
<tr><td>(3) Industrial waste disposal charge</td></tr>
<tr><td>(4) Expenditure for measures improving wastewater treatment efficiency</td></tr>
<tr><td>(5) Environmental management fee (maintenance and certification of ISO14001 and 14064-1 management systems)</td></tr>
<tr><td rowspan="3">Environmental benefits</td><td>(1) Savings on solvent purification and reuse</td><td rowspan="3">NT$108,438 thousand</td></tr>
<tr><td>(2) Savings on reduction, recycling and reuse of industrial waste</td></tr>
<tr><td>(3) Savings on resource recycling (resource recycling + copper recycling + solvent)</td></tr>
<tr><td>Improvements</td><td colspan="2">
(1) Air Pollution Reduction:
Emission Intensity of Major Air Pollutants - Kaohsiung Facilities
<table>
<tr><th>Year</th><th>Production Volume (1,000 m²)</th><th>VOCs (kg/1,000 m²)</th><th>Particulate Pollutants (kg/1,000 m²)</th></tr>
<tr><td>2024</td><td>29,520</td><td>3.538</td><td>0.012</td></tr>
<tr><td>2025</td><td>32,931</td><td>3.713</td><td>0.012</td></tr>
<tr><td>YOY Change</td><td>11.55%</td><td>0.05%</td><td>0%</td></tr>
</table>
(2) Circular Benefits from Organic Solvent Recovery and Reuse: (Conversion of VOC Emissions into Reusable Liquid Solvents)
<table>
<tr><th>Year</th><th>Factory</th><th>Recovered and Regenerated (kg)</th></tr>
<tr><td rowspan="2">2025</td><td>Kaohsiung facilities</td><td>150,323</td></tr>
<tr><td>Rudong facilities</td><td>17,492</td></tr>
</table>
(3) Circular Benefits from Organic Waste Gas Recovery and Reuse:
<table>
<tr><th>Year</th><th>Factory</th><th>Recovered for Reuse (kg)</th><th>Recovered and Recycled (kg)</th></tr>
<tr><td>2025</td><td>Kaohsiung facilities</td><td>181,270</td><td>265,256</td></tr>
</table>
(4) Circular Benefits from Reuse of Recyclable Materials: (Wooden Crates, Mixed Paper, and Plastics):
<table>
<tr><th>Year</th><th>Factory</th><th>Recovered and Recycled (kg)</th></tr>
<tr><td rowspan="2">2025</td><td>Kaohsiung facilities</td><td>1,901,690</td></tr>
<tr><td>Rudong facilities</td><td>242,834</td></tr>
</table>
</td></tr>
</table>

The Company will continue to implement the following improvement measures to manage stationary pollution sources and industrial waste:

A. Increase Solvent and Hazardous Gas Recovery and Reuse

In collaboration with the Industrial Technology Research Institute (ITRI), the Company continues to evaluate and adopt optimal solvent recovery technologies. By the end of 2025, enhancement projects for the thin-film evaporator solvent recovery system and purification towers were successfully completed. Beginning in 2026, these upgrades are expected to increase annual solvent recovery by approximately 60 metric tons and enable an additional 150 metric tons of solvent recovery through the condensation and purification of organic exhaust gases. By enhancing solvent recovery and reuse efficiency, the Company reduces its reliance on virgin solvent procurement. This initiative not only lowers operating costs but also reduces the demand for petroleum-based raw materials and their associated extraction and processing. As a result, it contributes to lower GHG emissions, promotes sustainable resource utilization, reduces environmental impact, and supports the transition toward sustainable production and consumption.

B. Environmental Smart System Platform

The Company plans to implement an Intelligent Environmental Management Platform in 2026. This platform will integrate environmental regulatory requirements with operational control parameters for environmental equipment and facilities into a system-based management framework. Through this intelligent system, data generated from various environmental operations will be centralized and fully traceable, reducing manual data handling and redundant processes, while enabling data-driven decision-making through big data analysis. In addition, integration with mobile devices, such as tablets, smartphones, and barcode scanning, will allow real-time monitoring of environmental data and equipment performance. This platform is expected to enhance environmental management efficiency and audit traceability. Beyond ensuring compliance with environmental regulations, it will also reduce environmental risk and strengthen the Company's overall environmental governance capabilities.

5. Employment Relations

(1) Employees' welfare, education, training and pension, employee relations and protection of employees' rights:

A. Employee Welfare

To enhance employee satisfaction and quality of life, Taiflex provides a diverse range of benefits and support measures, which are summarized as follows:

Medical treatment and insurance coverage	1. Group and life insurances: Based on the nature of their work, employees are entitled to life insurance, total and permanent disability insurance, critical illness insurance, occupational injury insurance, accidental injury insurance, cancer insurance, etc. Premiums are paid by the Company. Employees' family dependents can participate in the insurance scheme at a discounted rate. 2. Periodic health check-up: (1) New employee: Pre-employment physical examination (2) Employees: Annual health check-ups for all employees and specific ones for personnel engaging in special operations
Profit sharing	In addition to employee compensation stipulated in the Articles of Incorporation and relevant laws and regulations, the Company has set up employee stock ownership trust where subsidies are provided for

	purchasing the Company's shares as a way of profit-sharing.
Cash gifts	Cash gifts for Mid-Autumn Festival/Dragon Boat Festival, wedding and new babies, and subsidies for hospitalization and funeral from the Company; cash gifts for birthdays, education allowance of employees' children, travel fund, etc. from the Employee Welfare Committee.
Activities	Employee Welfare Committee would organize activities such as trips, family day, year-end party, various ball games, fun contests, etc.
Facilities	Cafeterias, coffee machines, parking lots, reading area, nursery room, fridges reserved for nursing mothers, sports field, official vehicles, blind massage sessions, shower rooms, etc.
Clubs	Softball, basketball, cycling, yoga, etc.

B. Employee education and training

The Company is committed to cultivating the talent required to support its business growth. A comprehensive talent development roadmap has been established based on functional and professional requirements, accompanied by a range of training programs. Employees are also encouraged to engage in self-directed learning to enhance both their managerial capabilities and professional expertise. These efforts help build a robust talent pipeline to support the Company's growth and improve overall operational performance.

(a) Training sessions:

(i) For long-term development of the Company and enhancement of employees' core competencies, we survey and summarize requests from different units and carry out education and training upon approval from the training committee. Trainings are categorized as follows:

i) Internal training: engage qualified consulting firms or professional lecturers as well as internal lecturers to hold various courses

ii) External training: employees would attend sessions held at training institutions based on specific job requirement.

iii) License: hours of training on professional qualification requested by competent authorities

iv) Language: subsidies for internal or external language courses due to personal interest or job requirement

(ii) Work environment and safety training for employees:

i) New recruits: We provide safety and health trainings, such as general knowledge on safety and health, special safety and health training, firefighting drills and chemical disaster response procedures, to new recruits

ii) Employees: Based on actual job requirements, the Company provides trainings on safety and health and certification to enhance employees' knowledge in handling emergency situations.

iii) Contractor: Besides submitting relevant application documents, contractors shall be informed of safety precautions and preventive measures before commencement of work, and the contractor management system shall be implemented to ensure the safety of contractors and employees.

(b) Training for 2025 is summarized as follows:

Category	Duration
New employee orientation	667
Core competency	1,757
Professional competency	29,608
Management competency	3,491
Self-development	10,882
Total	46,405

(Note) Duration is calculated based on sessions, attendance and class hours, and includes both internal and external sessions.

C. Retirement system:

To provide a sound and stable retirement system, the Company and its domestic subsidiaries have established the "Employee Retirement Regulations" in accordance with the Labor Standards Act (the "old system") and the Labor Pension Act (the "new system"). The Company makes pension contributions for all employees and provides retirement benefits in accordance with applicable regulations. Employees of the Company who meet the criteria set forth in Article 53 of the Labor Standards Act may apply for voluntary retirement. In circumstances stipulated under Article 54 of the same Act, the Company may enforce mandatory retirement. Retirement benefits are provided in accordance with the standards prescribed by law. The Company's overseas subsidiaries also make retirement contributions in compliance with the legal requirements of their respective jurisdictions.

Pension details of the Company and its domestic subsidiaries for the year 2025:

(a) Defined Benefit Plan (old system): Pension expenses of NT$6,272 thousand were recognized based on actuarial valuations under the defined benefit plan. Contributions are made at rates ranging from 2% to 6% of employees' total insured salaries and deposited into a dedicated pension reserve account at the Bank of Taiwan, administered by the Labor Pension Reserve Supervisory Committee.

(b) Defined Contribution Plan (new system): Pension expenses of NT$39,681 thousand were recognized under the defined contribution plan, based on 6% of employees' total insured salaries. The full amount has been contributed to employees' individual pension accounts maintained by the Bureau of Labor Insurance.

D. Employment relations and employee welfare:

The Company places great importance on fostering open, two-way communication with employees. Multiple communication channels have been established, and regular meetings are held to facilitate the exchange of views and constructive dialogue based on the principles of mutual respect and integrity. Through effective communication, the Company is able to understand employee perspectives in a timely manner and make appropriate adjustments to workforce management policies, thereby fostering a positive, collaborative workplace that supports mutual benefit for both employees and the Company.

Labor-Management Communication Channels and Objectives		
No.	Communication Channels	Objectives
1	Labor-Management Meetings	To coordinate labor-management relations, promote collaboration, and enhance operational efficiency.

Labor-Management Communication Channels and Objectives		
No.	Communication Channels	Objectives
2	Employee Satisfaction Survey	To assess employee satisfaction with overall Company policies and incorporate feedback into improvement initiatives.
3	CEO Town Hall Meetings	To provide employees with opportunities to share suggestions, raise concerns, and gain insight into the Company's operations and development goals.
4	Employee Suggestion Box	To offer a direct and accessible online communication channel between the Company and employees.
5	Employee Welfare Committee	Comprised of a majority of employee representatives to advocate for employee benefits, and responsible for the planning and implementation of welfare programs.
6	Occupational Safety and Health Committee Meetings	To ensure 100% tracking and response to labor-management occupational safety and health matters on a quarterly basis.

The Company has also established Code of Conduct for employees to follow. There is also the Rules for Factory Access to ensure the safety of employees and work environment.

The Company has established the Rules for Occupational Safety and Health and a dedicated unit pursuant to the Occupational Safety and Health Act. The unit reports directly to the President. Occupational Safety and Health Committee is also established for employees to participate in the planning and organizing of safety, health promotion and environmental protection events and proactively take parts in relevant activities to ensure their safety and health and prevent occupational disasters.

(2) Loss incurred due to industrial disputes, estimated amount at present or in the future and actions taken in the most recent year and up to the date of this annual report:

Since its establishment, Taiflex has not experienced any major labor disputes. With the Company's continued and proactive implementation of various employee welfare measures, no significant losses from labor disputes are anticipated in the future.

In 2025, the Company was found to have violated certain regulations following labor inspections and was subject to fines and corrective measures as detailed below:

A. On April 8, 2025, via official letter No. Jing-Yuan-Gao-Huan-Zi 1140100938A, the Company was fined NT$50,000 for failure to pay overtime wages in accordance with regulations for extended working hours. This constituted a violation of Paragraph 1, Article 24 of the Labor Standards Act.

B. On November 24, 2025, via official letter No. Jing-Yuan-Gao-Huan-Zi 1140103255, the Company was fined NT$100,000 due to inadequate safety measures during the repair and adjustment of machinery, which posed a potential hazard to employees. This constituted a violation of Paragraph 1, Article 57 of the Regulations for Occupational Safety and Health Facilities and Paragraph 1, Article 6 of the Occupational Safety and Health Act.

C. On December 11, 2025, via official letter No. Jing-Yuan-Gao-Huan-Zi 1140103543, the Company was fined NT$100,000 for failing to suspend machinery operation during adjustment work that posed a potential hazard to employees. This constituted a violation of Paragraph 1, Article 57 of the Regulations for Occupational Safety and Health Facilities and Paragraph 1, Article 6 of the Occupational Safety and Health Act.

D. The Company remains committed to continuously improving workplace safety facilities, strengthening the management of working hours, and reinforcing communication and procedures regarding overtime applications. These efforts aim to ensure employee safety and safeguard labor rights, while promoting full compliance with occupational safety and labor regulations and fostering a safe and healthy work environment.

(3) Code of Conduct or Ethics:

The Company has established a Code of Conduct, Principles of Business Ethics, and a Code of Ethical Conduct to serve as behavioral guidelines for all personnel. The key provisions are as follows:

A. Employees must adhere to workplace discipline during working hours and may not leave their posts or receive personal visitors unless under special circumstances.

B. In the performance of business duties, all personnel must uphold the principle of integrity. Offering bribes, accepting bribes, or receiving improper benefits, such as kickbacks, commissions, or other unlawful compensation, is strictly prohibited.

C. The offering or acceptance of unreasonable gifts, hospitality, or other benefits that may compromise fair business transactions is not allowed.

D. Employees must comply with all applicable intellectual property laws and internal policies. Unauthorized use, disclosure, or infringement of intellectual property is strictly prohibited.

E. Conflicts of interest must be avoided. Employees shall not use their positions for personal gain and must ensure that all transactions are conducted fairly and impartially.

F. Company assets must be properly safeguarded and appropriately used, ensuring that all resources serve legitimate business purposes.

G. Employees must comply with applicable laws and internal regulations and are encouraged to report any violations of legal or ethical standards.

H. Any violation of these rules will be subject to appropriate disciplinary action in accordance with Company policies.

In addition, the Company continuously strengthens employees' awareness of the Code of Conduct through new employee orientation and internal reporting mechanisms, ensuring that all personnel adhere to ethical standards and uphold integrity in all business activities.

(4) Safety measures at work place and for employees' personal safety:

Category	Details
Access Security	1 The Company has established "Regulations Governing Fab Access", "Procedures for Security Guards on Duty", etc. to specify the routes for personnel entering the factory premises in order to maintain the safety of factories and all personnel. 2 Stringent surveillance on all exterior and major interior entrances and exits using security camera and access security system 24 hours a day. 3 Security guards are situated in factories to assist with securing the premises. 4 Quarterly inspection and maintenance on security camera and access security systems. 5 Security systems with on-line connection to the security firm. 6 Monthly education and training sessions for security guards, simulating all possible scenarios and carrying out security drills.
Factory and	1 Stringent surveillance on all exterior and major interior entrances and

<table>
<tr><th>Category</th><th>Details</th></tr>
<tr><td>Equipment Safety & Maintenance</td><td>exits using security camera or access security system 24 hours a day. Security guards are stationed at factories, or security systems are implemented, to safeguard the premises.
2 Annual public safety inspection by specialized company in accordance with the Regulations for Inspecting and Reporting Buildings Public Security.
3 In accordance with the Fire Services Act, annual fire safety inspection shall be conducted by external parties. Periodic maintenance and inspection of fire safety equipment shall be performed.
4 Pursuant to the Regulations for Management of Occupational Safety and Health, periodic maintenance and inspection on high/low pressure electrical equipment, dangerous equipment/machineries, ventilation systems, drinking fountains, etc. shall be performed.</td></tr>
<tr><td>Disaster Prevention and Response</td><td>1 The Company has rules which clearly define individual’s responsibilities and tasks in major events such as fire, natural disasters and infectious disease. Sessions on preventive measures and drills are held regularly.
2 The Company invites local fire department to hold drills and lectures on fire drills and safety, and participates in the fire unions at the Technology Industrial Park to maintain operation safety in the neighborhood.
3 The Company establishes dedicated safety and health unit, to promote safety, health and disaster prevention management.</td></tr>
<tr><td>Physical and Mental Health Management and Promotion</td><td>1 Health management:
(1) Employees are entitled to periodic health screenings on more items and at a shorter interval than what is required by laws. Dedicated personnel would carry out follow-up actions based on the test results, e.g., identifying high-risk groups and providing health education and guidance.
(2) Based on statistical data from employee health check-ups, the Company organizes improvement programs targeting the "three highs" (hypertension, hyperlipidemia, and hyperglycemia), as well as weight management. An annual weight management and weight-loss competition is held to raise employees’ awareness and motivation regarding weight control. Results from the past three years are as follows:
<table>
<tr><th>Year</th><th>Number of Participants Meeting the Goals</th><th>Total Weight Lost (kg)</th></tr>
<tr><td>2023</td><td>44</td><td>372.7</td></tr>
<tr><td>2024</td><td>37</td><td>303.3</td></tr>
<tr><td>2025</td><td>38</td><td>281.2</td></tr>
</table>
2 Healthy environment: Periodic disinfection, inspections on drinking water and operating environment, and cleaning of the premises by specialized personnel.
3 Mental health: Organize lectures of stress relief and communication techniques, and initiate the “Taiflex Employee Assistance Program (TEAP) to assist employees with mental adjustment and provide professional consultation services. There are diverse communication channels in place for employees to express their opinions and thoughts, and rules in place to assist employees with prevention and handling of physical and metal harm.
4 Health promotion: Regularly organize health seminars, sporting courses and sporting competitions to enhance employees’ health awareness and improve their health.</td></tr>
</table>

Category	Details
Safety Management of Other Stakeholders	Set rules to manage other stakeholders such as contractors and other workers. These rules define contractors' rights and responsibilities regarding safety and health issues, prevent occupational hazard, and protect the safety and well-being of contractors and Company employees.
Safety Management of Contractor Operations and Other Operators	1 The Company has rules such as the "Rules Governing the Management of Contractors' Workplace and Safety and Health" and the Rules for Factory Access in place for the management of contractors and other workers. These rules define contractors' rights and responsibilities regarding safety and health issues, prevent occupational hazard, and protect the safety and well-being of contractors and Company employees. 2 Consultative organization meetings with existing and new contractors are held regularly and whenever the need arises to ensure contractors fully understand the operational standards of the Company.
Insurance and Medical Relief	The Company handles labor insurance and national health insurance matters for employees in compliance with relevant regulations. Pursuant to the Labor Insurance Act and Enforcement Rules of the Labor Insurance Act issued by the Ministry of Labor, the Company assists employees in apply for insurance benefit payments from the Bureau of Labor in instances of child birth, injury, illness, disability, seniority and death. In addition, the Company also provides group insurances paid by the Company. The insurance policy covers life insurance, critical illness insurance, accidental injury insurance, accidental medical and hospitalization cover, cancer treatment insurance and outpatient surgery. Employees' family dependents can participate in the insurance scheme at their own expenses at a special rate. Employees are also entitled to cash gifts for new babies and reliefs for hospitalization.

6. Cyber Security Management

(1) Risk management structure

The Company established the "Intangible Asset Security Committee" in 2015 to integrate senior representatives from the Legal, Information Technology, and Human Resources functions, facilitating cross-functional coordination. The Committee oversees Group-wide information security policies, cybersecurity risk management frameworks, implementation initiatives, and related resource planning. In March 2022, the Company further established the "Information Security and Knowledge Management Division" as a dedicated unit responsible for the planning, execution, and risk management of cybersecurity and trade secret protection. In addition, the Chief Information Security Officer (CISO), together with relevant information security leaders, provides annual reports to the Board of Directors on cybersecurity matters and the effectiveness of related management practices.

(2) Cyber security policy

The Company complies with the management system under the international information security structure - ISO27001 in carrying out circular reviews, inspections and tracking periodically, and implements relevant risk management measures and information security governance in conformity to corporate policies. At the same time, it establishes standard operating procedures containing five aspects: identify, protect, detect, respond and recover. Employees can implement relevant regulations and follow the information operating procedures to ensure their appropriateness and effectiveness.

(3) Management plans

The Company implements a comprehensive set of management measures across eight key dimensions to mitigate cybersecurity risks and safeguard customer privacy. In 2025, no material cyberattacks or information security incidents were reported, and no actual or potential issues were identified that could have a material adverse effect on the Company's operations.

Document Management	1	Establish a document management platform (DMP) and adopt file classification management.
	2	Establish procedures for the retrieval and destruction of confidential documents and implement tracking and management measures.
Risk Management	1	Risk assessments and regular vulnerability scanning on computer facilities.
	2	Regular disaster exercises and drills concerning cyber security.
Information Operational Security	1	Enforce password rules and establish endpoint detection and response (EDR) software.
	2	Set up remote and local back/recovery services.
Device Security	1	Set up device security protection mechanisms (e.g., encryption) and monitor network and information access security.
Supplier Information Security	1	Require all units to execute Non-Disclosure Agreements (NDAs) with suppliers to ensure the protection of confidential information.
	2	Conduct unscheduled audits or field visits for suppliers annually; assess the effectiveness of suppliers' information security prevention through supplier audit (questionnaires) or online tools (such as SecurityScorecard) to mitigate the risk of supply chain disruptions arising from cybersecurity incidents.
Site Security	1	Implement controls over computers of guests/guests; implement controls over electronic devices, personal mobile phones and USB flash drives at production lines and laboratories.
	2	Establish a zoned management system for office and restricted areas; implement access control measures and monitoring mechanisms for server rooms to detect anomalies, with regular reviews and continuous improvements undertaken.
Human Resource Security	1	All employees of the Company and its subsidiaries have signed the "Confidential Information Protection Regulations," achieving a 100% compliance rate.
	2	Carry out cyber security education and training and promote information security instructions company-wide.
	3	Promote "Confidential Information Protection Policy" on the first day of each month to increase employees' awareness on information security.
Cybersecurity Evaluation	1	Continuously maintain ISO 27001 Information Security Management System certification and assessments.
	2	Successfully pass information security audits conducted by key customers and implement corresponding improvement measures.
	3	Conduct internal audits and self-assessments, perform regular vulnerability and threat analyses, and report the results to senior management for review and approval.

(4) Resources allocated to cyber security management

Item	Description
Cyber security certification	Obtain ISO27001:2022 certification for ten consecutive years (2016 to 2025)
Audits from key customers	Successfully pass information security audits conducted by key customers and implement required improvement measures

Item	Description
Internal audits and self-assessment	Conduct regular vulnerability and threat analyses to continuously strengthen cybersecurity defenses
Education and training	Provide information security training to all employees to enhance cybersecurity awareness

(5) Loss, impacts and action plans due to major cyber security incidents in the most recent year and up to the date of this annual report:

The Company is committed to protecting confidential information and ensuring robust information security governance for its customers, shareholders, and partners. To this end, the Company has established and continuously updates a comprehensive set of information security policies, procedures, and systems. A range of security mechanisms has been implemented, including network security, data protection, data backup, and endpoint protection systems. These controls are designed to manage information security risks, provide early warnings of potential incidents, prevent the leakage of trade secrets, and defend against hacker intrusions—thereby ensuring the high availability of the Company's operational systems. In 2025 and up to the date of this annual report, the Company has not identified any major cyberattacks or incidents, nor any issues that have caused or may cause significant adverse impact on its operations.

7. Material Contracts

Nature	Counterparty	Duration	Description	Covenant
Land Lease	Kaohsiung-Pingtung Branch, Bureau of Industrial Parks, Ministry of Economic Affairs	2024.06.01-2027.03.31	Land lease	No sub-lease, transfer or sub-lent
Land Lease	Kaohsiung-Pingtung Branch, Bureau of Industrial Parks, Ministry of Economic Affairs	2016.02.23-2026.02.28	Land lease	No sub-lease, transfer or sub-lent
Land Lease	Kaohsiung-Pingtung Branch, Bureau of Industrial Parks, Ministry of Economic Affairs	2018.03.01-2028.02.28	Land lease	No sub-lease, transfer or sub-lent
Land Lease	Kaohsiung-Pingtung Branch, Bureau of Industrial Parks, Ministry of Economic Affairs	2019.02.01-2029.01.31	Land lease	No sub-lease, transfer or sub-lent
Factory Lease	Kaohsiung-Pingtung Branch, Bureau of Industrial Parks, Ministry of Economic Affairs	2026.01.01 – 2035.12.31	Factory lease	No sub-lease, transfer or sub-lent
Long-term Loan	Consortium bank including the Bank of Taiwan	2020.10.29-2025.10.28	Syndicated loan	Syndicated loan agreement

V. Review and Analysis of Financial Position and Performance and Associated Risks

1. Financial Position

(1) Reasons and Impact of Significant Changes in Asset, Liability and Equity

(In Thousands of New Taiwan Dollars)

Item / Year	2025	2024	Difference	
			Increase (Decrease)	%
Current Assets	9,283,312	8,776,244	507,068	5.78
Financial Assets at Fair Value through Other Comprehensive Income - Non-current	304,158	436,144	(131,986)	(30.26)
Investments Accounted for Using the Equity Method	7,452	10,252	(2,800)	(27.31)
Property, Plant and Equipment	4,555,109	4,725,152	(170,043)	(3.60)
Intangible Assets	139,011	142,075	(3,064)	(2.16)
Right-of-use Assets	281,488	285,140	(3,652)	(1.28)
Other Non-current Assets (including Deferred Income Tax Assets)	196,666	152,484	44,182	28.97
Total Assets	14,767,196	14,527,491	239,705	1.65
Current Liabilities	3,159,492	2,825,925	333,567	11.80
Non-current Liabilities	686,851	1,036,041	(349,190)	(33.70)
Total Liabilities	3,846,343	3,861,966	(15,623)	(0.40)
Total Capital	2,629,270	2,562,770	66,500	2.59
Capital Surplus	2,532,299	2,322,316	209,983	9.04
Retained Earnings	5,586,916	5,584,144	2,772	0.05
Other Equity	147,515	174,798	(27,283)	(15.61)
Non-controlling Interests	24,853	21,497	3,356	15.61
Total Equity	10,920,853	10,665,525	255,328	2.39

Significant variance:

A. Financial assets at fair value through other comprehensive income - non-current decreased primarily due to the disposal of marketable securities.

B. Investments accounted for using the equity method decreased primarily due to a reduction in long-term investments.

C. Other non-current assets (including deferred income tax assets) increased primarily due to an increase in deductible temporary differences, including provisions for doubtful accounts and inventory write-downs.

D. Non-current liabilities decreased mainly as a result of the full conversion of convertible bonds into equity.

2. Financial Performance

(1) Reasons for Significant Changes in Revenue, Operating Income and Income before Income Tax

(In Thousands of New Taiwan Dollars)

Item \ Year	2025	2024	Difference	
			Increase (Decrease)	%
Net Revenue	10,609,440	9,938,135	671,305	6.75
Operating Costs	8,568,425	7,800,358	768,067	9.85
Gross Profit, Net	2,041,015	2,137,777	(96,762)	(4.53)
Operating Expenses	1,549,900	1,475,056	74,844	5.07
Operating Income	491,115	662,721	(171,606)	(25.89)
Non-operating Income and Expenses	123,636	38,279	85,357	222.99
Income before Income Tax	614,751	701,000	(86,249)	(12.30)
Less: Income Tax Expense	89,726	168,512	(78,786)	(46.75)
Net Income	525,025	532,488	(7,463)	(1.40)

Significant variance:

A. Operating income decreased primarily due to a decline in gross margin and an increase in operating expenses, resulting in reduced profitability.

B. Net non-operating income and expenses increased mainly attributable to higher gains from effective hedging through forward foreign exchange contracts, as well as the recovery of compensation related to land use rights granted by the Rudong local government.

C. Income tax expense decreased primarily due to the decline in operating profit.

(2) Expected Sales Volume in 2026 with Basis, Its Impact on the Company's Finance and Business and Action Plans:

Based on factors including the growth outlook of end markets, industry competition, customers' capacity expansion plans, technological developments, and the Company's overall strategic positioning, the Company expects overall market demand to decline slightly in the coming year. In response, the Company will focus on optimizing its product mix, improving profit margins, and accelerating new product introductions. Leveraging the comprehensive product portfolio, strong reputation for quality, and cost competitiveness, the Company aims to maintain its competitive position and capture long-term growth opportunities.

(3) Industry-specific Key Performance Indicator (KPI):

KPIs can be set for finance, customer relation, process, and organizational growth and education aspects. Based on those four aspects, KPIs are developed in accordance with the Company's philosophy and strategies.

Finance KPIs of the Company include debt ratio, operating cycle (days sales outstanding + days inventory outstanding - days payable outstanding), property, plant and equipment turnover, return on equity, gross margin, and net margin. In addition to periodic review of finance KPIs, there are non-finance KPIs in place, such as market shares, yields, weightings of major customers, average productivity of employees, achievement rates of R&D projects, and achievement rates of supply chain management costs. The Company monitors peer competitions and industry dynamics through data analysis.

3. Cash Flows

(1) Variance Analysis of Cash Flows in 2025:

(In Thousands of New Taiwan Dollars)

Cash, Beginning of Year	Net Cash Provided by Operating Activities	Net Increase in Cash	Cash, End of Year	Remedies for Cash Shortage	
				Investment Plans	Financing Plans
2,889,347	707,466	(11,204)	2,878,143	-	-

Analysis of variance:

A. Net cash generated by operating activities: Mainly due to decreases in accounts payable and income tax.

B. Net cash used in investing activities: Mainly due to an increase in capital expenditures.

C. Net cash used in financing activities: Mainly due to the distribution of cash dividends.

(2) Improvement plans for liquidity shortfall: None.

(3) Liquidity Analysis for 2026:

Cash, Beginning of Year	Net Cash Provided by Operating Activities	Net Increase in Cash	Cash, Surplus/ (Shortage)	Remedies for Cash Shortage	
				Investment Plans	Financing Plans
2,878,143	1,497,730	(171,035)	2,707,108	-	-

Analysis: We do not expect any cash shortage in 2026.

4. Major Capital Expenditures in the Most Recent Year and Their Impacts on the Company's Finance and Business

On the consolidated basis, the Company paid NT$595 million for acquisition of property, plant and equipment in 2025. Capital expenditures were paid with cash generated from operations and had no significant impact on the Company's finance and business.

5. Reinvestment Policies in the Most Recent Year, Main Reasons for Investment Gains or Losses, Improvement Plans, and Investment Plans of the Next Year

The Company's reinvestment policy primarily focuses on long-term investments aligned with its operational strategies and industry development trends. In 2025, the consolidated financial statements recognized losses on investments accounted for using the equity method, mainly attributable to the underperformance of investees due to weak end-market demand and lower-than-expected sales. The Company will prudently assess whether to adjust its reinvestment plans in light of operational needs and overall business development strategies in the future.

6. Risks

(1) Impacts of Fluctuations in Interest Rates and Foreign Exchange Rates and Inflation on the Company's Profitability and Associated Action Plans

A. Impacts of interest rate fluctuations in the most recent year on the Company's profitability and associated action plans:

(In Thousands of New Taiwan Dollars)

Item	2025
Net Interest Income (Expense) (1)	11,932
Net Revenue (2)	10,609,440
Operating Income (3)	491,115
(1)/(2)	0.11%
(1)/(3)	2.43%

In 2025, the Company recorded net interest income of NT$11,932 thousand, accounting for 0.11% of operating revenue and 2.43% of operating income for the year. This was mainly attributable to market interest rates remaining at relatively high levels and the Company's sufficient working capital, which enabled partial repayment of borrowings, resulting in interest income exceeding interest expenses.

A 10-basis point increase/decrease in the market interest rate would increase/decrease the Company's income by NT$2,220 thousand. To hedge the interest rate risk, the Company adopts the following measures:

(a) To establish a sound financial structure: The Company would increase capital by cash to meet the demands from operation and funding in order to reduce its dependency on bank financing.

(b) To increase the means for financing: The Company would assess the possibility of issuing domestic and overseas corporate bonds in order to lower the cost of funds through an increase in direct financing.

(c) To use banking facilities flexibly: The Company would review banks' savings and lending rates periodically and increase transaction volume with banks to obtain a better borrowing rate than the market, thereby making the most effective use of capital.

B. Impacts of foreign exchange rate fluctuations in the most recent year on the Company's profitability and associated action plans:

(In Thousands of New Taiwan Dollars)

Item	2025
Net Foreign Exchange Gain (Loss) (1)	18,432
Net Revenue (2)	10,609,440
Operating Income (3)	491,115
(1)/(2)	0.17%
(1)/(3)	3.75%

Foreign exchange gain amounted to NT$18,432 thousand in 2025, which was 0.17% and 3.75% of revenue and operating income for the year, respectively. Although the New Taiwan dollar appreciated against the U.S. dollar during the year, the Company's forward foreign exchange transactions generated significant valuation and realized gains, which were sufficient to offset exchange losses on its asset positions, resulting in net exchange gains. To mitigate the impact of exchange rate volatility, we carried out adequate hedging to balance our exposures.

The Company's revenue is mainly denominated in U.S. dollars and RMB while raw material purchases are mostly denominated in U.S. dollars. As foreign-currency revenues are greater than foreign-currency purchases, the Company has a net foreign-currency asset position which cannot be fully covered by a natural hedge. Thus, exchange rates fluctuations in U.S. dollars and RMB would affect the Company's revenue and profits. Besides keeping a close watch on the economic situation of the international markets, changes in the financial markets and the foreign exchange market, we would continue to carry out the following actions:

(a) In addition to natural hedging from sales and purchases, the capital management unit would take into account the exchange market data and future movement of the currencies before entering forward exchange contracts to mitigate foreign currency risk.

(b) The Company would exchange information with its main banks and monitor the exchange rates to provide relevant data for management to take appropriate actions and as a reference for price quotes.

C. Impacts of inflation on the Company's profitability and associated action plans:

Although Taiwan's inflation rate has accelerated slightly in recent periods due to increasing energy expenses and labor costs, as we are in the material industry with highly automated production process, short-term inflation does not have a significant impact on our profitability as the prices of raw materials, which account for the largest portion of the cost, remain stable as rising energy consumption and labor costs put pressure on costs.

However, in order to keep a close watch on the costs of raw materials, we will continue to expand our list of qualified suppliers both at home and abroad. We can reduce the risk of increasing cost from a single source under inflation through supplier diversification. At the same time, we will implement various energy saving and automation measures to not only mitigate the cost pressure from inflation but also move towards the goal of low energy consumption for sustainability purpose.

(2) Policies, Main Causes of Gain or Loss and Action Plans with Respect to High-risk, Highly-leveraged Investment, Lending Funds to Other Parties, Endorsement and Guarantee and Derivative Trading

A. In 2025 and up to the date of this annual report, the Company did not engage in high-risk, high-leveraged investments.

B. Lending between the Company and its subsidiaries is proceeded in accordance with "Procedures for Lending Funds to Other Parties". Endorsement and guarantees provided by the Company are for 100%-owned investees to receive credit lines and are processed in accordance with "Procedures for Endorsement and Guarantee".

C. The Company engages in derivative trading, forward contracts in particular, to hedge foreign currency risk. Transactions are conducted in accordance with "Procedures for Acquisition or Disposal of Assets".

(3) Future Research and Development Plans and Estimated Expenses

A. Future research and development plans:

(a) Electronic materials R&D: Leveraging Taiflex's core expertise in PI formulation and processing technologies, together with advanced adhesive formulation capabilities, the Company collaborates with downstream customers to develop FPC materials for high-frequency and high-speed transmission, low ionic migration materials, and transparent materials. In addition, casting technology is employed to achieve ultra-thin specifications of up to 5 μm.

The following products represent the Company's current key development priorities:

i. Colorless transparent materials: In response to end-user demand, the Company is developing a comprehensive portfolio of colorless, transparent materials, including FCCL, coverlays, and adhesive sheets, for applications in displays and automotive electronics.

ii. High-frequency/thick mPI-based FCCL: The Company is developing proprietary coated mPI-based FCCL (single- and double-sided) with thicknesses of 75 μm or greater, designed for low-loss, high-frequency transmission lines and antenna applications.

iii. High-Tg anti-ionic migration coverlays and adhesive sheets: To address the requirements of high-temperature, multi-lamination processes in rigid-flex boards, as well as the high-temperature and high-humidity conditions of foldable devices, the Company is developing anti-ionic migration coverlays and adhesive sheets. These materials feature a Tg exceeding 100°C and support L/S designs of 35 μm/35 μm.

iv. Photosensitive coverlays: The Company is developing thin-film photosensitive PI materials for use as protective layers. This single-layer structure offers excellent insulation and gap-filling capabilities. By utilizing photolithographic development in place of conventional mechanical drilling, it reduces customers' processing steps while enabling further material thinning.

(b) Semiconductor materials R&D:

The Company is deeply engaged in the R&D of semiconductor packaging materials. Through strategic alliances with customers and equipment manufacturers, we achieve vertical integration across the value chain and provide "process + materials" total solutions. In response to the current reliance on major U.S. and Japanese suppliers for critical film materials, we aim to become the preferred partner for localized semiconductor sourcing in Taiwan. Looking ahead, we will continue to advance laser debonding and temporary bonding technologies, and develop customized solutions aligned with the emerging trend toward glass substrates. Whether addressing demanding physical property requirements or accommodating specialized thicknesses ranging from 5 μm to 240 μm, we offer highly flexible material solutions to support customers in achieving technological breakthroughs.

(c) High-speed computing CCL R&D for AI servers:

Building on our core expertise in fluoropolymer formulation, together with extensive experience in high-temperature processing, the Company is developing next-generation CCL with lower Df to meet the demands of AI servers. These products are designed to support high-speed AI infrastructure, including cloud computing servers, humanoid robots, and smart vehicles. In addition, we are developing high-performance fluoropolymer-based substrates capable of operating in extreme environments, such as those required for space applications.

B. Estimated expenses:

The Company remains committed to continuous investment in research and development. For 2026, total R&D expenditure is projected to reach NT$422,844 thousand. We will continue our long-standing practice of allocating about 4% of annual revenue to R&D.

(4) Impacts of Changes in Major Domestic and Overseas Policies and Regulations on Company's Finance and Business and Associated Action Plans

Impacts of changes in major policies and regulations on the Company's finance and business were minimal in 2025. Asia is the Company's major market and the percentage of sales in China remains relatively high. The Company has established factories at Nantong and set up a subsidiary in Thailand to capture timely market information and adapt to future changes in policies and regulations to minimize adverse impacts on the Company.

(5) Impacts of Changes in Technology (including Cyber Security Risk) and Industry on Company's Finance and Business and Associated Action Plans

The rapid decline in the prices of electronic consumables due to short lifespans and price competitions from peers had significant impacts on the Company's gross margin. Therefore, the Company would timely adjust the directions of product developments and apply the core technology of precision coating in other industry to provide the most trustworthy advanced FPC materials, innovative applications and integrated services for sustainable growth.

(6) Impacts of Changes in Corporate Image on Corporate Risk Management and Associated Action Plans

With excellent performance and a positive corporate image, the impacts of changes in corporate image on the Company's risk management were minimal.

(7) Expected Benefits and Risks Relating to Merger and Acquisition and Associated Action Plans

The Company has no plans to merge or acquire other companies in the near future.

(8) Expected Benefits and Risks Relating to Plant Expansion and Associated Action Plans

Plant expansion increases our production capacity and the room to take on more orders, which benefit our revenue and profitability and strengthen our position in the industry. Moreover, once we reach economies of scale, product costs can be reduced significantly. However, electronic consumables have short lifespans and market demands often change considerably. When market faces downturn, capacity would turn idle and depreciation expenses of those plant equipment would weigh heavily on the Company's profitability. Therefore, we thoroughly review our capital expenditure plans by considering the industry growth and actual orders from customers in order to optimize the use of our capital.

(9) Risks of Concentrated Sources of Sales or Purchases and Associated Action Plans

Sales of the Company are not concentrated on certain customers. Purchases of critical raw materials, such as copper-clad and PI, are concentrated on certain foreign vendors mainly due to quality control and customer specification. However, the Company maintains good relationships with other vendors providing similar components to ensure competitive purchase prices and adequate supplies and minimize the risk of single-source supplier. Overall, the Company has a good relationship with suppliers. The quality and delivery time of materials have been normal and there has been no shortage or delay in supply of materials.

(10) Impact and Risk of Sale or Transfer of Significant Number of Shares by the Directors, Supervisors or Shareholders with Over 10% of Shareholding and Associated Action Plans

There was no sale or transfer of significant number of shares by the Directors, Supervisors and shareholders with over 10% of shareholding in 2025.

(11) Impact and Risk of Change in Management and Associated Action Plans

The major shareholders and Directors of the Company maintain steady ownership and there is no foreseeable plan to change the management.

(12) For Major Litigations, Non-litigations, or Administrative Disputes which Involve the Company, Directors, Supervisors, President, De Facto Responsible Person, Major Shareholders with Over 10% of Shareholding and Affiliates and Have Significant Impacts on the Interests of Shareholders or Share Prices, the Facts, Amount in Dispute, Commencement Date, Major Parties Involved, and the Status up to the Date of This Annual Report Shall be Disclosed

None.

(13) Other Significant Risks and Associated Action Plans

As of the date of this annual report, the Company had no other significant risks.

7. **Other Significant Matters**: None.

VI. Special Notes

1. Affiliates

(1) Consolidated Business Report of the Affiliates: The Company's consolidated business report of the affiliates is available on the MOPS at: https://mopsov.twse.com.tw/mops/web/t57sb01_q10

(2) Consolidated Financial Statements of Affiliates:

The entities that are required to be included in the consolidated financial statements of affiliates are identical to those included in the consolidated financial statements. Thus, both statements are the same.

(3) Affiliation Reports: Not applicable

2. Private Placement of Securities in the Most Recent Year and up to the Date of this Annual Report: None.

3. Other Necessary Supplement: None.

VII. Any Events in the Most Recent Year and up to the Date of this Annual Report that had Significant Impacts on Shareholders' Right or Security Prices as Stated in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.

TAIFLEX Scientific Co., Ltd.

Chairperson: Ta-Wen Sun