

TAIFLEX SCIENTIFIC CO., LTD.

Meeting Minutes of 2024 Annual Shareholders' Meeting

Time: 9:00 a.m., May 24, 2024

Place: No.1, Huanqu 3rd Rd., Qianzhen Dist., Kaohsiung City

Meeting type : physical shareholders meeting

Attendance: The shareholders present in person or by proxy represented 160,489,110 shares (including 43,077,486 shares attended through electronic means), which accounted for 76.74% of the total shares outstanding.

Directors present: Ta-Wen Sun, Fu-Le Lin

Independent Directors present: Wen-I Lo, convener of the Audit Committee; Shi-Chern Yen, convener of the Sustainable Development Committee

Guests: Fang-Wen Li, CPA; Zong-Han Jiang, General Manager; Hui-Hsin Chou, Lawyer

Chairperson: Ta-Wen Sun, Chairperson of the Board Recorder: Yi-Jiun Chen

I. Chairperson's Opening Remarks (omitted)

II. Report Items

1. Distribution of 2023 remuneration to directors and compensation to employees
(Please refer to the meeting agenda.)
2. Business report for 2023 (Please refer to the meeting agenda.)
3. Audit Committee's review report on 2023 financial statements. Please refer to Attachment I.
4. Cash dividends for 2023 earnings distribution (Please refer to the meeting agenda.)
5. Amendments to Rules of Procedure for the Board of Directors' Meeting. Please refer to Attachment II.

III. Ratification Items

Item 1

Subject: To ratify the 2023 financial statements (Proposed by the Board of Directors)

Explanation: 1. The 2023 business report and consolidated and parent company only financial statements, which were audited by Certified Public Accountants of Ernst & Young, Jheng-Chu Chen and Ching-Piao Cheng, were reviewed by the Audit Committee.
2. Please refer to Attachment III for the financial statements.

3. Please ratify the above-mentioned financial statements.

Resolution: The voting result showed that 152,021,586 votes were in favor of the proposal, which accounted for 94.72% of the total represented shares present; 9,630 votes were against the proposal; 8,457,894 votes were abstained/withhold; and there was no invalid vote. The proposal was ratified by the majority of voting rights represented at the time of voting.

Item 2

Subject: To ratify the 2023 earnings distribution (Proposed by the Board of Directors)

Explanation:

1. The earnings available for distribution of NT\$3,661,468,114 is calculated by adding the unappropriated earnings from previous year of NT\$3,115,050,741, and the remeasurement of defined benefit plan transferred into retained earnings directly of NT\$22,507,521 to net income for 2023 of NT\$422,973,609, and appropriating 10% of the sum of net income and items, other than the net income, included in the current year's undistributed earnings, i.e. NT\$44,548,113, for legal reserve and reversing special reserve of NT\$145,484,356.
2. Dividends to shareholders:

Shareholders will be entitled to receive a cash dividend of NT\$1 per share and a stock dividend of NT\$0.5 per share. The total amount of dividends equals NT\$313,679,542. Unappropriated earnings at the end of period of NT\$3,347,788,572, net of dividends, will be retained for distribution in later years. Earnings from 2023 will be distributed first. Cash dividends to be paid are rounded down to the nearest dollar. Dividends of fractional dollar amount to an individual shareholder are transferred to the Employee Welfare Committee of the Company.
3. The earnings distribution plan is calculated based on the number of outstanding shares as of the date on which the proposal is approved in the Board meeting. In the event that there are changes in the total number of outstanding shares due to exercise of employee stock options for common shares, capital increase by cash, stock buyback, transfer of treasury stocks, or conversion or cancellation of convertible bonds, and the stock and cash dividend payout ratios are affected, the Chairperson is authorized to handle matters pertaining to the changes in dividend payout ratio.
4. When the conditions for this earnings distribution are changed due to amendments to laws or decisions of regulators, the Chairperson is authorized to take all necessary measures.
5. 2023 earnings distribution table is as follows:

Taiflex Scientific Co., Ltd.

2023 Earnings Distribution Table

(In New Taiwan Dollars)

Item	Subtotal	Total	Note
Unappropriated earnings, beginning balance		3,115,050,741	
Add: Net income of 2023	422,973,609		
Other comprehensive income (Remeasurement of defined benefit plan) (Note 1)	22,507,521		
Reversal of special reserve	145,484,356		
Less: Legal reserve (Note 2)	(44,548,113)		
Distributable earnings		3,661,468,114	
Distribution items:			
Dividends to shareholders - cash (Note 3)	209,119,692		NT\$1 per share
Dividends to shareholders - stock	104,559,850		NT\$0.5 per share
Total distributed earnings		(313,679,542)	
Unappropriated earnings, ending balance		3,347,788,572	

Chairperson: Ta-Wen Sun President: Zong-Han Jiang Accounting Manager: Chi-Yuan Pan

(Note 1) The remeasurement of defined benefit plan under IAS 19 is transferred into retained earnings directly instead of through profit or loss account.

(Note 2) In compliance with changes in the domestic accounting standards, when an entity appropriates legal reserve pursuant to Article 237 of the Company Act, the basis for the recognition is changed from net income to the sum of net income and items, other than the net income, included in the current year's undistributed earnings starting from the appropriation of 2019 earnings.

Legal reserve appropriated is calculated as follows: $(422,973,609 + 22,507,521) * 10\% = 44,548,113$.

(Note 3) The distribution item above is calculated pursuant to the Articles of Incorporation. The amount and percentage are calculated as follows:

Dividends to shareholders: Cash dividend of NT\$1 per share * 209,119,692 shares = NT\$209,119,692.

6. Please ratify the 2023 earnings distribution.

Resolution: The voting result showed that 152,221,622 votes were in favor of the proposal, which accounted for 94.84% of the total represented shares present; 49,719 votes were against the proposal; 8,217,769 votes were abstained/withhold; and there was no invalid vote. The proposal was ratified by the majority of voting rights represented at the time of voting.

IV. Discussion Items

Subject: Issuance of new shares for capitalization of profits (Proposed by the Board of Directors)

Explanation:

1. It is proposed to issue 10,455,985 common shares at the par value of NT\$10 for the

capitalization of NT\$104,559,850 in profits for business needs. The new shares give their holders the same rights and obligations as the existing shares and are issued in dematerialized form.

2. For this issuance of new shares from capitalization of profits, shareholders recorded in the register of shareholders on the record date are entitled to 50 shares for every thousand shares held (calculated based on 209,119,692 outstanding shares). For fractional shares, the distribution will be made in the form of cash based on the par value and rounded down to the nearest dollar. Alternatively, shareholders may arrange to combine fractional shares within five days starting from the record date. The Chairperson is authorized to appoint specified person(s) to subscribe fractional shares that are either not combined or remain fractional after being combined at their par value.
3. The issuance of new shares is calculated based on the number of outstanding shares as of the date on which the proposal is approved in the Board meeting. In the event that there are changes in the total number of outstanding shares due to exercise of employee stock options for common shares, capital increase by cash, stock buyback, transfer of treasury stocks, or conversion or cancellation of convertible bonds, the Chairperson is authorized to adjust the payout ratio based on the amount of stock dividends resolved to be distributed and the actual number of outstanding shares on the record date.
4. Once approved in the Annual Shareholders' Meeting, the Board of Directors is authorized to set the ex-dividend date for the distribution.
5. When matters related to the capital increase need to be modified or changed due to amendments to laws, decisions of regulators, or facts, it is proposed the Chairperson be authorized by the shareholders' meeting to take all necessary measures.
6. The proposal is submitted for discussion and approval.

Resolution: The voting result showed that 152,165,383 votes were in favor of the proposal, which accounted for 94.81% of the total represented shares present; 107,325 votes were against the proposal; 8,216,402 votes were abstained/withhold; and there was no invalid vote. The proposal was approved by the majority of voting rights represented at the time of voting.

V. Extempore Motions:

Shareholder (No.121146) first time speaking :

Last year, the company's revenue declined by approximately 9%, but currently, the revenue is gradually recovering to previous levels. Could you please share the company's outlook on the consumer electronics market for the second half of this year and next year, as well as the related operational plans? Additionally, with the Thailand plant, which is set to start mass production for the automotive market, could you provide an update on its current operations, potential revenue contributions, and future prospects?

Reply from General Manager Jiang : (Summary below)

The overall business outlook is positive, with Q2 revenue expected to grow compared to Q1, and the performance in the second half of the year is anticipated to surpass the average level of the overall consumer electronics industry. Moving forward, the company has strategically positioned itself in areas such as AI high-speed computing, 5G and 6G high-frequency transmission, new energy, and advanced semiconductor packaging to drive long-term growth.

Regarding the Thailand plant, there are several benefits:

1. The demand for electronic materials is expected to recover. The Thailand plant will establish different production technologies to meet customer needs and enhance product value for various applications.
2. Thailand's geographical location is advantageous, serving as a key investment focus for many countries and a major automotive production hub in Southeast Asia. This provides growth opportunities in new energy automotive materials.
3. In response to geopolitical issues, our company is currently the only material supplier of flexible printed circuit in Thailand capable of mass production. We believe we will play a significant role in Thailand's automotive supply chain.

Shareholder (No.121146) second time speaking :

So, will there be a significant increase in revenue this year? Can annual revenue return to ten billion? With the current surge in raw material prices, is there an impact on the company's operational profitability?

Reply from Chairperson Sun : (Summary below)

The overall outlook for this year is positive, with no significant concerns regarding order demand at this stage. Meeting customer needs remains our primary focus. As for the impact of rising raw material prices, given that our industry's materials have high technical content, the impact of raw material prices on the company exists but is not substantial. The key is to create added value through technological advancements to generate profit margins. We are not overly concerned about the rise in raw material prices at the moment.

VI. Meeting Adjourned: 9:29 a.m., May 24, 2024

The minutes of the shareholders' meeting only states the key points of the meeting, and the results of the resolution. The content, procedures and shareholders' speeches of the meeting are based on the video of the meeting.

Attachment I - Audit Committee's Review Report for 2023

Audit Committee's Review Report

The Board of Directors has prepared the business report, consolidated and parent company only financial statements and earnings distribution proposal for the year ended December 31, 2023. Certified Public Accountants of Ernst & Young, Jheng-Chu Chen and Ching-Piao Cheng, were retained by the Board to audit the consolidated and parent company only financial statements and they have issued audit reports.

The above-mentioned business report, consolidated and parent company only financial statements and earnings distribution have been reviewed and determined to be correct by the Audit Committee. We hereby submit this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Taiflex Scientific Co., Ltd.

Convener of the Audit Committee: Wen-I Lo

February 20, 2024

Attachment II - Comparison Table of Amendments to Rules of Procedure for the Board of Directors' Meeting

Articles	Before the Amendment	After the Amendment	Basis and Reasons
Article 3	<p>The board meetings shall be held at least once quarterly. The notice indicating the reasons for convening the board meetings shall be given to all directors in writing, by e-mail or fax seven days before the meeting. In case of emergency, the meeting notice can be given in writing, by e-mail or fax at a shorter period of time. All matters specified in Paragraph 1 of Article 7 of the Rules shall be itemized in the reasons for convening the board meetings; none of them may be raised as an extempore motion <u>except for emergency or legitimate reasons.</u></p>	<p>The board meetings shall be held at least once quarterly. The notice indicating the reasons for convening the board meetings shall be given to all directors in writing, by e-mail or fax seven days before the meeting. In case of emergency, the meeting notice can be given in writing, by e-mail or fax at a shorter period of time. All matters specified in Paragraph 1 of Article 7 of the Rules shall be itemized in the reasons for convening the board meetings; none of them may be raised as an extempore motion.</p>	<p>In view of the fact that matters specified in Paragraph 1, Article 7 herein are important matters related to the Company's operations, the directors should be given sufficient information and time to evaluate the proposals before making decisions.</p>
Article 7	<p>The Company shall propose the following matters to be discussed at the board meetings:</p> <p>...</p> <p>6. Appointment and discharge of financial, accounting or internal audit officers.</p> <p>7. Donation to related parties or material donation to non-related parties. For emergency donations made for the public welfare for material disasters relief, the board may ratify such donations in its next board meeting.</p> <p>8. Any other matters that shall be resolved by the shareholders' meeting or board meeting as required by Article 14-3 of the Act, relevant laws and regulations or the Company's Articles of Incorporation, or that are deemed to be material by the regulatory authorities. The term "related parties" in Subparagraph 7 of the preceding</p>	<p>The Company shall propose the following matters to be discussed at the board meetings:</p> <p>...</p> <p>6. <u>The election and discharge of chairperson when the board of directors does not have managing directors.</u></p> <p>7. Appointment and discharge of financial, accounting or internal audit officers.</p> <p>8. Donation to related parties or material donation to non-related parties. For emergency donations made for the public welfare for material disasters relief, the board may ratify such donations in its next board meeting.</p> <p>9. Any other matters that shall be resolved by the shareholders' meeting or board meeting as required by Article 14-3 of the Act, relevant laws and regulations or the Company's Articles of Incorporation, or</p>	<p>In compliance with amendments made by the competent authority.</p>

Articles	Before the Amendment	After the Amendment	Basis and Reasons
	<p>paragraph is as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “material donation to non-related parties” means each donation or aggregate amount to the same party within one year exceeds NT\$ 100,000,000 or 1 percent of net operating revenue or 5 percent of paid-in capital as reflected in the audited financial report for the most current fiscal year.</p> <p>...</p>	<p>that are deemed to be material by the regulatory authorities. The term “related parties” in Subparagraph 8 of the preceding paragraph is as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “material donation to non-related parties” means each donation or aggregate amount to the same party within one year exceeds NT\$ 100,000,000 or 1 percent of net operating revenue or 5 percent of paid-in capital as reflected in the audited financial report for the most current fiscal year.</p> <p>...</p>	
Article 12	<p>If half of all directors were absent from the board meeting at the scheduled time, the chairperson may announce the postponement of meeting. The postponement is limited to two times. If the number of directors did not meet the quorum after two postponements, the chairperson shall reconvene the meeting in accordance with the procedures specified in the first paragraph of Article 3.</p> <p>The term “all directors” in the preceding paragraph means the number of directors who are actually in office.</p>	<p>If half of all directors were absent from the board meeting at the scheduled time, the chairperson may announce the postponement of meeting <u>to a later time on the same day</u>. The postponement is limited to two times. If the number of directors did not meet the quorum after two postponements, the chairperson shall reconvene the meeting in accordance with the procedures specified in the first paragraph of Article 3.</p> <p>The term “all directors” in the preceding paragraph means the number of directors who are actually in office.</p>	<p>In order to avoid disputes arising due to an undetermined time for the postponed meeting, the postponement is limited to the original meeting date.</p>
Article 13	<p>The board meetings shall proceed in accordance with the agenda attached to the meeting notice. Change of agenda is subject to the approval of majority of attending directors.</p> <p>The chairperson shall not adjourn the meeting before completion of agenda unless agreed by the majority of attending directors.</p> <p>In the process of the board</p>	<p>The board meetings shall proceed in accordance with the agenda attached to the meeting notice. Change of agenda is subject to the approval of majority of attending directors.</p> <p>The chairperson shall not adjourn the meeting before completion of agenda unless agreed by the majority of attending directors.</p> <p>In the process of the board</p>	<p>To amend in compliance with regulations of the competent authority and actual practices.</p>

Articles	Before the Amendment	After the Amendment	Basis and Reasons
	<p>meetings, if the number of directors in attendance were less than the majority of directors originally attending the meeting, the chairperson shall temporarily adjourn the meeting upon a motion by the directors in attendance. Under such circumstance, the first paragraph of the preceding article shall apply mutatis mutandis.</p>	<p>meetings, if the number of directors in attendance were less than the majority of directors originally attending the meeting, the chairperson shall temporarily adjourn the meeting upon a motion by the directors in attendance. Under such circumstance, the first paragraph of the preceding article shall apply mutatis mutandis.</p> <p><u>When the board meeting is in progress, if the chairperson is unable to chair the meeting for any cause or declares the meeting adjourned without adhering to Paragraph 2, the provisions of Paragraph 3, Article 10 shall apply mutatis mutandis to the election of a proxy for the chairperson.</u></p>	
Article 20	<p>The Rules were established on March 7, 2003 and took effect after being approved by the board of directors. It was proposed at the shareholders' meeting of that year.</p> <p>...</p> <p>The ninth amendment to the Rules took effect after being approved by the board of directors on February 26, 2020. It was then proposed at the shareholders' meeting.</p>	<p>The Rules were established on March 7, 2003 and took effect after being approved by the board of directors. It was proposed at the shareholders' meeting of that year.</p> <p>...</p> <p>The ninth amendment to the Rules took effect after being approved by the board of directors on February 26, 2020. It was then proposed at the shareholders' meeting.</p> <p><u>The tenth amendment to the Rules took effect after being approved by the board of directors on February 20, 2024. It was then proposed at the shareholders' meeting.</u></p>	To add the amendment date.

Attachment III -Independent Auditors’ Report and 2023 Consolidated Financial Statements

Independent Auditors’ Report

To Taiflex Scientific Co., Ltd.

Audit opinion

We have audited the consolidated balance sheets of Taiflex Scientific Co., Ltd. and its subsidiaries (hereinafter referred to as “Taiflex Group”) as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to consolidated financial statements (including a summary on significant accounting policies).

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial status of Taiflex Group as of December 31, 2023 and 2022, and its consolidated financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Taiflex Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (“the Norm”), and we have fulfilled our other responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are ones that were of most significance in our audit of the consolidated financial statements of Taiflex Group for the year ended December 31, 2023 based on our professional judgment. These matters have been covered during the audit of the overall consolidated financial statements and in forming the audit opinion. We will not express a separate opinion on these matters. Key audit matters to be communicated on the independent auditors’ report are stated as follows:

1. Impairment of receivables

Net receivables generated from the selling of flexible copper-clad laminate and coverlay amounted to NT\$3,816,017 thousand and accounted for 30% of Taiflex Group’s consolidated total assets as of December 31, 2023. Hence, it was considered a material item to the Group. Loss allowance for accounts receivables was measured at an amount equal to lifetime expected credit losses. As the measurement of expected credit losses involved judgment, analysis and estimation and the outcome would affect the net accounts receivables, the impairment of receivables was identified as a key audit matter.

Our audit procedures included, but not limited to, the assessment on the appropriateness of expected credit loss rate for receivables, i.e., tests on the effectiveness of internal control established by the management for receivables, random selection of customers for receivable confirmations, and verification of subsequent collections, in order to assess the recoverability of receivables. We tested the accuracy of aging, analyzed changes in aging, and assessed the reasonableness of receivables with longer collection terms.

We also considered the appropriateness of disclosures on receivables and associated risks in Notes 5 and 6 to the consolidated financial statements.

2. Inventory valuation

As of December 31, 2023, net inventories of flexible copper-clad laminate and coverlay amounted to NT\$1,409,726 thousand; thus, it was a significant item to Taiflex Group. Due to uncertainties arising from rapid changes in product technologies, allowance for inventory obsolescence and valuation losses involved significant judgment of management. Hence, it was considered a key audit item.

Our audit procedures included, but not limited to, tests on the effectiveness of internal control established by the management for inventories, such as cost carryover of inventories, assessment on inventory status, evaluation on management's stocktaking plans, and on-site observation of stocktaking at major warehouses to ensure the quantities and conditions of inventories. We assessed the accuracy of inventory aging, analyzed movements in inventory aging, and considered the expected demand and market value of inventories. We evaluated management's analyses and assessments on obsolete inventories, including the estimations on the possibility of inventory realization and net realizable value, and tested whether the allowance for writing down inventories to their net realizable value was adequate.

We also considered the appropriateness of disclosures on inventories in Notes 5 and 6 to the consolidated financial statements.

Responsibilities of management and those charged with governance for the consolidated financial statements

The responsibilities of management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRICs, and SICs endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and maintain necessary internal controls associated with the preparation in order to ensure the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing the ability of Taiflex Group in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease its operations, or has no realistic alternative but to do so.

Those charged with governance of Taiflex Group (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If those amounts of misstatements, either individually or in the aggregate, could reasonably be expected to influence the economic decisions of financial statements users, they are considered material.

We have exercised professional judgment and professional skepticism when carrying out auditing work according to the auditing standards. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements; design and execute appropriate counter-measures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.
2. Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Taiflex Group's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
4. Based on the audit evidence obtained, we conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on Taiflex Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in the notes to those statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may result in Taiflex Group ceasing to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within Taiflex Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit and the preparation of an audit opinion on the Group.

Matters communicated between us and the governance bodies include the planned scope and timing of the audit, and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provide governance bodies with a declaration that we have complied with the Norm regarding independence, and to communicate with them all relationships and other matters that may possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with governance bodies, we determine the key audit matters within the audit of Taiflex Group's consolidated financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the independent auditors' report, unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the independent auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Others

Taiflex Scientific Co., Ltd. has also prepared parent company only financial statements for the years ended December 31, 2023 and 2022, which we had audited and issued an unqualified opinion.

Ernst & Young, Taiwan

February 20, 2024

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2023	December 31, 2022
Current assets			
Cash and cash equivalents	4, 6(1)	\$ 1,965,421	\$ 2,264,386
Financial assets at fair value through profit or loss - current	4, 6(2)	32,713	26,925
Financial assets at amortized cost - current	4, 6(3)	-	30,743
Notes receivable, net	4, 6(4)	720,982	702,095
Accounts receivable, net	4, 6(5)	3,095,035	2,991,214
Other receivables		52,913	36,871
Inventories, net	4, 6(6)	1,409,726	1,770,596
Prepayments		48,981	42,169
Other current assets	8	48,789	48,121
Total current assets		7,374,560	7,913,120
Non-current assets			
Financial assets at fair value through other comprehensive income - non-current	4, 6(7)	426,661	255,689
Investments accounted for using the equity method	4, 6(8)	15,152	27,508
Property, plant and equipment	4, 6(9)	4,529,075	3,905,972
Right-of-use assets	4, 6(22)	363,168	381,448
Intangible assets	4, 6(10,12)	151,100	164,049
Deferred income tax assets	4, 6(25)	157,049	175,599
Other non-current assets	4, 6(11)	14,697	24,142
Total non-current assets		5,656,902	4,934,407
Total assets		\$ 13,031,462	\$ 12,847,527

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

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS-(Continued)
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2023	December 31, 2022
Current liabilities			
Short-term loans	6(13)	\$ 218,859	\$ 255,000
Financial liabilities at fair value through profit or loss - current	4, 6(14)	1,570	21,136
Contract liabilities - current	4, 6(20)	1,473	758
Notes payable		18,578	402
Accounts payable		1,042,424	752,369
Other payables		652,002	669,642
Current income tax liabilities	4, 6(25)	216,706	275,025
Lease liabilities - current	4, 6(22)	19,775	21,926
Current portion of bonds	6(15)	1,891,501	-
Current portion of long-term loans	6(16)	36,457	69,260
Other current liabilities		3,890	3,690
Total current liabilities		4,103,235	2,069,208
Non-current liabilities			
Bonds payable	6(15)	-	1,873,400
Long-term loans	6(16)	345,524	305,216
Deferred income tax liabilities	4, 6(25)	118,076	108,382
Lease liabilities - non-current	4, 6(22)	247,359	259,844
Net defined benefit liabilities - non-current	4, 6(17)	132,642	179,147
Other non-current liabilities	4, 12	15,999	255
Total non-current liabilities		859,600	2,726,244
Total liabilities		4,962,835	4,795,452
Equity attributable to shareholders of the parent			
Capital	6(18)		
Common stock		2,091,197	2,091,197
Capital surplus	6(18)	1,026,197	1,140,566
Retained earnings			
Legal reserve		1,163,891	1,089,400
Special reserve		310,176	235,996
Unappropriated earnings		3,560,533	3,661,049
Total retained earnings		5,034,600	4,986,445
Others	4	(164,692)	(310,176)
Total equity attributable to shareholders of the parent		7,987,302	7,908,032
Non-controlling interests	4, 6(18)	81,325	144,043
Total equity		8,068,627	8,052,075
Total liabilities and equity		\$ 13,031,462	\$ 12,847,527

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

(Concluded)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	Notes	2023	2022
Operating revenue	4, 6(20)	\$ 8,150,519	\$ 8,721,875
Operating costs	4, 6(6,23)	(6,359,012)	(6,643,012)
Gross profit		<u>1,791,507</u>	<u>2,078,863</u>
Operating expenses	4, 6(23)		
Sales and marketing expenses		(455,450)	(537,631)
General and administrative expenses		(478,979)	(486,493)
Research and development expenses		(366,518)	(400,591)
Expected credit loss	6(21)	(2,962)	(6,068)
Total operating expenses		<u>(1,303,909)</u>	<u>(1,430,783)</u>
Operating income		<u>487,598</u>	<u>648,080</u>
Non-operating income and expenses	6(24)		
Interest income		27,568	15,275
Other income		47,126	41,199
Other gains and losses		(36,355)	209,569
Finance costs		(32,456)	(35,206)
Share of profit or loss of associates accounted for using the equity method	4, 6(8)	(11,162)	(1,604)
Total non-operating income and expenses		<u>(5,279)</u>	<u>229,233</u>
Income before income tax		482,319	877,313
Income tax expense	4, 6(25)	(121,596)	(185,600)
Net income from continuing operations		<u>360,723</u>	<u>691,713</u>
Net income		<u>360,723</u>	<u>691,713</u>
Other comprehensive income (loss)	6(24)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		28,134	55,540
Unrealized gain on investments in equity instruments at fair value through other comprehensive income		170,972	(116,948)
Income tax related to items that will not be reclassified subsequently		(5,626)	(11,108)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(32,443)	53,809
Income tax related to items that may be reclassified subsequently to profit or loss		6,488	(10,762)
Total other comprehensive income (loss), net of tax		<u>167,525</u>	<u>(29,469)</u>
Total comprehensive income		<u>\$ 528,248</u>	<u>\$ 662,244</u>
Net income attributable to:			
Shareholders of the parent		\$ 422,974	\$ 700,483
Non-controlling interests		(62,251)	(8,770)
		<u>\$ 360,723</u>	<u>\$ 691,713</u>
Total comprehensive income (loss) attributable to:			
Shareholders of the parent		\$ 590,966	\$ 670,749
Non-controlling interests		(62,718)	(8,505)
		<u>\$ 528,248</u>	<u>\$ 662,244</u>
Earnings per share (NT\$)	4, 6(26)		
Earnings per share - basic		\$ 2.02	\$ 3.35
Earnings per share - diluted		<u>\$ 1.73</u>	<u>\$ 2.87</u>

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Item	Equity Attributable to Shareholders of the Parent							Total	Non-Controlling Interests	Total Equity
	Retained Earnings					Others				
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income			
Balance as of January 1, 2022	\$ 2,091,197	\$ 1,145,766	\$ 1,014,369	\$ 234,299	\$ 3,515,661	\$ (213,774)	\$ (22,222)	\$ 7,765,296	\$ 148,097	\$ 7,913,393
Appropriation and distribution of 2021 earnings										
Legal reserve					(75,031)			-		-
Special reserve			75,031	1,697	(1,697)			-		-
Cash dividends for common stocks					(522,799)			(522,799)		(522,799)
Changes in other capital surplus										
Changes from investments in associates accounted for using the equity method		7						7		7
Net income for the year ended December 31, 2022					700,483			700,483	(8,770)	691,713
Other comprehensive income (loss) for the year ended December 31, 2022					44,432	42,782	(116,948)	(29,734)	265	(29,469)
Total comprehensive income	-	-	-	-	744,915	42,782	(116,948)	670,749	(8,505)	662,244
Disposal of investments accounted for using the equity method		(5,207)						(5,207)		(5,207)
Changes in percentage of ownership interests in subsidiaries						(14)		(14)		(14)
Non-controlling interests									4,451	4,451
Balance as of December 31, 2022	<u>\$ 2,091,197</u>	<u>\$ 1,140,566</u>	<u>\$ 1,089,400</u>	<u>\$ 235,996</u>	<u>\$ 3,661,049</u>	<u>\$ (171,006)</u>	<u>\$ (139,170)</u>	<u>\$ 7,908,032</u>	<u>\$ 144,043</u>	<u>\$ 8,052,075</u>
Balance as of January 1, 2023	\$ 2,091,197	\$ 1,140,566	\$ 1,089,400	\$ 235,996	\$ 3,661,049	\$ (171,006)	\$ (139,170)	\$ 7,908,032	\$ 144,043	\$ 8,052,075
Appropriation and distribution of 2022 earnings										
Legal reserve			74,491		(74,491)			-		-
Special reserve				74,180	(74,180)			-		-
Cash dividends for common stocks					(397,327)			(397,327)		(397,327)
Changes in other capital surplus										
Changes from investments in associates accounted for using the equity method		73						73		73
Cash dividends from capital surplus		(125,472)						(125,472)		(125,472)
Net income for the year ended December 31, 2023					422,974			422,974	(62,251)	360,723
Other comprehensive income (loss) for the year ended December 31, 2023					22,508	(25,488)	170,972	167,992	(467)	167,525
Total comprehensive income	-	-	-	-	445,482	(25,488)	170,972	590,966	(62,718)	528,248
Disposal of investments accounted for using the equity method		(3)						(3)		(3)
Share-based payments		11,033						11,033		11,033
Balance as of December 31, 2023	<u>\$ 2,091,197</u>	<u>\$ 1,026,197</u>	<u>\$ 1,163,891</u>	<u>\$ 310,176</u>	<u>\$ 3,560,533</u>	<u>\$ (196,494)</u>	<u>\$ 31,802</u>	<u>\$ 7,987,302</u>	<u>\$ 81,325</u>	<u>\$ 8,068,627</u>

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 482,319	\$ 877,313
Adjustments:		
Non-cash income and expense items:		
Depreciation	435,954	408,616
Amortization	23,251	23,284
Expected credit loss	2,962	6,068
Net (gain) loss on financial assets (liabilities) at fair value through profit or loss	(5,345)	71,326
Interest expense	32,456	35,206
Interest income	(27,568)	(15,275)
Compensation costs of share-based payments	11,033	-
Share of loss of associates accounted for using the equity method	11,162	1,604
Loss (gain) on disposal of property, plant and equipment	308	(427)
Gain on disposal of investments accounted for using the equity method	(807)	(39,846)
Others	70,461	126,302
Changes in operating assets and liabilities:		
Increase in financial assets mandatorily at fair value through profit or loss	(20,009)	(60,635)
(Increase) decrease in notes receivable	(18,887)	227,209
(Increase) decrease in accounts receivable	(107,478)	36,253
(Increase) decrease in other receivables	(17,471)	14,658
Decrease (increase) in inventories	291,757	(28,154)
(Increase) decrease in prepayments	(11,009)	10,442
(Increase) decrease in other current assets	(988)	773
Decrease (increase) in other non-current assets	10,361	(10,775)
Increase (decrease) in contract liabilities	715	(1,095)
Increase in notes payable	18,176	33
Increase (decrease) in accounts payable	290,055	(526,934)
(Decrease) increase in other payables	(47,942)	57,209
Increase (decrease) in other current liabilities	200	(139)
Decrease in net defined benefit liabilities	(23,997)	(25,110)
Cash generated from operations	<u>1,399,669</u>	<u>1,187,906</u>
Interest received	28,997	14,263
Interest paid	(10,202)	(11,468)
Income tax paid	(146,612)	(48,995)
Net cash generated by operating activities	<u>\$ 1,271,852</u>	<u>\$ 1,141,706</u>

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

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities:		
Disposal of financial assets at amortized cost	\$ 30,743	\$ 246,157
Disposal of investments accounted for using the equity method	2,071	46,419
Acquisition of property, plant and equipment	(1,015,157)	(977,068)
Disposal of property, plant and equipment	92	1,151
Increase in refundable deposits	(1,525)	-
Decrease in refundable deposits	-	702
Acquisition of intangible assets	(1,210)	(4,359)
Increase in other current assets - other financial assets - current	-	(1,297)
Decrease in other current assets - other financial assets - current	320	-
Net cash used in investing activities	<u>(984,666)</u>	<u>(688,295)</u>
Cash flows from financing activities:		
Decrease in short-term loans	(36,141)	(535,000)
Increase in long-term loans	7,505	-
Repayment of long-term loans	-	(435,244)
Increase in guarantee deposits received	15,744	-
Repayment of lease principal	(32,381)	(23,533)
Distribution of cash dividends	(522,799)	(522,799)
Changes in non-controlling interests	-	4,437
Net cash used in financing activities	<u>(568,072)</u>	<u>(1,512,139)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(18,079)</u>	<u>52,713</u>
Net decrease in cash and cash equivalents	<u>(298,965)</u>	<u>(1,006,015)</u>
Cash and cash equivalents at beginning of period	<u>2,264,386</u>	<u>3,270,401</u>
Cash and cash equivalents at end of period	<u>\$ 1,965,421</u>	<u>\$ 2,264,386</u>

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

(Concluded)

Independent Auditors' Report and 2023 Parent Company Only Financial Statements

Independent Auditors' Report

To Taiflex Scientific Co., Ltd.

Audit opinion

We have audited the parent company only balance sheets of Taiflex Scientific Co., Ltd. (hereinafter referred to as "Taiflex" or "the Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to parent company only financial statements (including a summary on significant accounting policies).

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the financial status of the Company as of December 31, 2023 and 2022, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Taiflex in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("the Norm"), and we have fulfilled our other responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are ones that were of most significance in our audit of the parent company only financial statements of Taiflex for the year ended December 31, 2023 based on our professional judgment. These matters have been covered during the audit of the overall parent company only financial statements and in forming the audit opinion. We will not express a separate opinion on these matters. Key audit matters to be communicated on the independent auditors' report are stated as follows:

3. Impairment of receivables

Net receivables generated from the selling of flexible copper-clad laminate and coverlay amounted to NT\$2,613,856 thousand and accounted for 21% of Taiflex's total assets as of December 31, 2023. Hence, it was considered a material item to the Company. Loss allowance for accounts receivables was measured at an amount equal to lifetime expected credit losses. As the measurement of expected credit losses involved judgment, analysis and estimation and the outcome would affect the net accounts receivables, the impairment of receivables was identified as a key audit matter.

Our audit procedures included, but not limited to, the assessment on the appropriateness of expected credit loss rate for receivables, i.e., tests on the effectiveness of internal control established by the management for receivables, random selection of customers for receivable confirmations, and verification of subsequent collections, in order to assess the recoverability of receivables. We tested the accuracy of aging, analyzed changes in aging, and assessed the reasonableness of receivables with longer collection terms.

We also considered the appropriateness of disclosures on receivables and associated risks in Notes 5 and 6 to the parent company only financial statements.

4. Inventory valuation

As of December 31, 2023, net inventories of flexible copper-clad laminate and coverlay amounted to NT\$992,593 thousand; thus, it was a significant item to Taiflex. Due to uncertainties arising from rapid changes in product technologies, allowance for inventory obsolescence and valuation losses involved significant judgment of management. Hence, it was considered a key audit item.

Our audit procedures included, but not limited to, tests on the effectiveness of internal control established by the management for inventories, such as cost carryover of inventories, assessment on inventory status, evaluation on management's stocktaking plans, and on-site observation of stocktaking at major warehouses to ensure the quantities and conditions of inventories. We assessed the accuracy of inventory aging, analyzed movements in inventory aging, and considered the expected demand and market value of inventories. We evaluated management's analyses and assessments on obsolete inventories, including the estimations on the possibility of inventory realization and net realizable value, and tested whether the allowance for writing down inventories to their net realizable value was adequate.

We also considered the appropriateness of disclosures on inventories in Notes 5 and 6 to the parent company only financial statements.

Responsibilities of management and those charged with governance for the parent company only financial statements

The responsibilities of management are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintain necessary internal controls associated with the preparation in order to ensure the financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, management is also responsible for assessing the ability of Taiflex in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease its operations, or has no realistic alternative but to do so.

Those charged with governance of Taiflex (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If those amounts of misstatements, either individually or in the aggregate, could reasonably be expected to influence the economic decisions of financial statements users, they are considered material.

We have exercised professional judgment and professional skepticism when carrying out auditing work according to the auditing standards. We also perform the following tasks:

7. Identify and assess the risks of material misstatement arising from fraud or error within the parent company only financial statements; design and execute appropriate counter-measures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud or error is higher than for one resulting from error.
8. Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Taiflex's internal control.
9. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
10. Based on the audit evidence obtained, we conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on Taiflex's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in the notes to those statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may result in Taiflex ceasing to continue as a going concern.
11. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately represent the underlying transactions and events.
12. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the group to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit on those investees and the preparation of an audit opinion on the group.

Matters communicated between us and the governance bodies include the planned scope and timing of the audit, and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provide governance bodies with a declaration that we have complied with the Norm regarding independence, and to communicate with them all relationships and other matters that may possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with governance bodies, we determine the key audit matters within the audit of Taiflex's parent company only financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the independent auditors' report, unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the independent auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Ernst & Young, Taiwan

February 20, 2024

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2023	December 31, 2022
Current assets			
Cash and cash equivalents	4, 6(1)	\$ 877,547	\$ 1,220,684
Financial assets at fair value through profit or loss - current	4, 6(2)	32,621	26,925
Financial assets at amortized cost - current	4, 6(3)	-	30,743
Notes receivable, net	4, 6(4)	444	359
Accounts receivable, net	4, 6(5)	1,967,968	2,073,040
Accounts receivable - related parties	6(5), 7	645,444	608,753
Other receivables		25,764	27,681
Other receivables - related parties	7	270,351	73,018
Inventories, net	4, 6(6)	992,593	1,267,489
Prepayments		18,366	14,113
Other current assets	8	22,347	21,083
Total current assets		4,853,445	5,363,888
Non-current assets			
Financial assets at fair value through other comprehensive income - non-current	4, 6(7)	426,661	255,689
Investments accounted for using the equity method	4, 6(8)	4,164,295	3,847,586
Property, plant and equipment	4, 6(9)	2,400,662	2,334,661
Right-of-use assets	4, 6(21)	238,488	241,187
Intangible assets	4, 6(10)	77,368	89,778
Deferred income tax assets	4, 6(24)	116,986	108,464
Other non-current assets	4, 6(11)	6,529	6,474
Total non-current assets		7,430,989	6,883,839
Total assets		\$ 12,284,434	\$ 12,247,727

(The accompanying notes are an integral part of the parent company only financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS-(Continued)
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2023	December 31, 2022
Current liabilities			
Short-term loans	6(12)	\$ -	\$ 190,000
Financial liabilities at fair value through profit or loss - current	4, 6(13)	1,556	21,069
Contract liabilities - current	4, 6(19)	9	-
Accounts payable		934,716	648,729
Accounts payable - related parties	7	33,467	58,345
Other payables		511,333	516,649
Other payables - related parties	7	20,349	15,826
Current income tax liabilities	4, 6(24)	203,214	274,858
Lease liabilities - current	4, 6(21)	11,009	9,988
Current portion of bonds	6(14)	1,891,501	-
Current portion of long-term loans	6(15)	-	60,583
Other current liabilities		3,065	3,121
Total current liabilities		3,610,219	1,799,168
Non-current liabilities			
Bonds payable	6(14)	-	1,873,400
Long-term loans	6(15)	200,000	141,417
Deferred income tax liabilities	4, 6(24)	117,783	108,015
Lease liabilities - non-current	4, 6(21)	236,488	238,548
Net defined benefit liabilities - non-current	4, 6(16)	132,642	179,147
Total non-current liabilities		686,913	2,540,527
Total liabilities		4,297,132	4,339,695
Equity			
Capital	6(17)		
Common stock		2,091,197	2,091,197
Capital surplus	6(17)	1,026,197	1,140,566
Retained earnings			
Legal reserve		1,163,891	1,089,400
Special reserve		310,176	235,996
Unappropriated earnings		3,560,533	3,661,049
Total retained earnings		5,034,600	4,986,445
Others	4	(164,692)	(310,176)
Total equity		7,987,302	7,908,032
Total liabilities and equity		\$ 12,284,434	\$ 12,247,727

(The accompanying notes are an integral part of the parent company only financial statements.)

(Concluded)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	Notes	2023	2022
Operating revenue	4, 6(19), 7	\$ 6,837,677	\$ 7,287,918
Operating costs	4, 6(6,22), 7	(5,371,905)	(5,551,347)
Gross profit		1,465,772	1,736,571
Realized gain/(loss) on transactions with associates		3,555	3,226
Gross profit, net		1,469,327	1,739,797
Operating expenses	4, 6(22)		
Sales and marketing expenses		(299,188)	(355,369)
General and administrative expenses		(325,780)	(356,117)
Research and development expenses		(314,812)	(350,360)
Expected credit (loss)/gain	6(20)	(2,990)	(2,526)
Total operating expenses		(942,770)	(1,064,372)
Operating income		526,557	675,425
Non-operating income and expenses	6(23)		
Interest income		17,384	7,734
Other income		42,797	39,306
Other gains and losses		(38,002)	230,285
Finance costs		(25,026)	(30,284)
Share of profit or loss of subsidiaries and associates accounted for using the equity method	4, 6(8)	(25,078)	(54,431)
Total non-operating income and expenses		(27,925)	192,610
Income before income tax		498,632	868,035
Income tax expense	4, 6(24)	(75,658)	(167,552)
Net income from continuing operations		422,974	700,483
Net income		422,974	700,483
Other comprehensive income (loss)	6(23)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		28,134	55,540
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income		170,972	(116,948)
Income tax related to items that will not be reclassified subsequently	6(24)	(5,626)	(11,108)
Items that may be reclassified subsequently to profit or loss	6(23)		
Exchange differences on translation of foreign operations		(31,859)	53,477
Income tax related to items that may be reclassified subsequently to profit or loss	6(24)	6,371	(10,695)
Total other comprehensive income (loss), net of tax		167,992	(29,734)
Total comprehensive income		\$ 590,966	\$ 670,749
Earnings per share (NT\$)	4, 6(25)		
Earnings per share - basic		\$ 2.02	\$ 3.35
Earnings per share - diluted		\$ 1.73	\$ 2.87

(The accompanying notes are an integral part of the parent company only financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Item	Retained Earnings					Others		Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	
Balance as of January 1, 2022	\$ 2,091,197	\$ 1,145,766	\$ 1,014,369	\$ 234,299	\$ 3,515,661	\$ (213,774)	\$ (22,222)	\$ 7,765,296
Appropriation and distribution of 2021 earnings								
Legal reserve			75,031		(75,031)			-
Special reserve				1,697	(1,697)			-
Cash dividends for common stocks					(522,799)			(522,799)
Changes in other capital surplus								
Changes from investments in associates accounted for using the equity method		7						7
Net income for the year ended December 31, 2022					700,483			700,483
Other comprehensive income (loss) for the year ended December 31, 2022					44,432	42,782	(116,948)	(29,734)
Total comprehensive income	-	-	-	-	744,915	42,782	(116,948)	670,749
Disposal of investments accounted for using the equity method		(5,207)						(5,207)
Changes in percentage of ownership interests in subsidiaries						(14)		(14)
Balance as of December 31, 2022	<u>\$ 2,091,197</u>	<u>\$ 1,140,566</u>	<u>\$ 1,089,400</u>	<u>\$ 235,996</u>	<u>\$ 3,661,049</u>	<u>\$ (171,006)</u>	<u>\$ (139,170)</u>	<u>\$ 7,908,032</u>
Balance as of January 1, 2023	\$ 2,091,197	\$ 1,140,566	\$ 1,089,400	\$ 235,996	\$ 3,661,049	\$ (171,006)	\$ (139,170)	\$ 7,908,032
Appropriation and distribution of 2022 earnings								
Legal reserve			74,491		(74,491)			-
Special reserve				74,180	(74,180)			-
Cash dividends for common stocks					(397,327)			(397,327)
Changes in other capital surplus								
Changes from investments in associates accounted for using the equity method		916						916
Cash dividends from capital surplus		(125,472)						(125,472)
Net income for the year ended December 31, 2023					422,974			422,974
Other comprehensive income (loss) for the year ended December 31, 2023					22,508	(25,488)	170,972	167,992
Total comprehensive income	-	-	-	-	445,482	(25,488)	170,972	590,966
Disposal of investments accounted for using the equity method		(3)						(3)
Share-based payments		10,190						10,190
Balance as of December 31, 2023	<u>\$ 2,091,197</u>	<u>\$ 1,026,197</u>	<u>\$ 1,163,891</u>	<u>\$ 310,176</u>	<u>\$ 3,560,533</u>	<u>\$ (196,494)</u>	<u>\$ 31,802</u>	<u>\$ 7,987,302</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 498,632	\$ 868,035
Adjustments:		
Non-cash income and expense items:		
Depreciation	297,835	290,617
Amortization	21,333	21,286
Expected credit loss	2,990	2,526
Net (gain) loss on financial assets (liabilities) at fair value through profit or loss	(5,200)	69,775
Interest expense	25,026	30,284
Interest income	(17,384)	(7,734)
Compensation costs of share-based payments	10,190	-
Share of loss of associates accounted for using the equity method	25,078	54,431
Gain on disposal of property, plant and equipment	-	(80)
Gain on disposal of investments accounted for using the equity method	(807)	(39,846)
Others	37,924	89,949
Changes in operating assets and liabilities:		
Increase in financial assets mandatorily at fair value through profit or loss	(20,009)	(58,799)
(Increase) decrease in notes receivable	(85)	588
Decrease (increase) in accounts receivable	102,082	(533,571)
(Increase) decrease in accounts receivable - related parties	(36,691)	725,736
Decrease in other receivables	462	10,642
Increase in other receivables - related parties	(197,333)	(20,070)
Decrease (increase) in inventories	238,320	(93,085)
(Increase) decrease in prepayments	(4,253)	2,548
(Increase) decrease in other current assets	(1,195)	1,066
Increase (decrease) in contract liabilities	9	(957)
Increase (decrease) in accounts payable	285,987	(471,876)
(Decrease) increase in accounts payable - related parties	(24,878)	24,458
(Decrease) increase in other payables	(35,905)	32,082
Increase (decrease) in other payables - related parties	4,523	(10,297)
Decrease in other current liabilities	(3,444)	(3,169)
Decrease in net defined benefit liabilities	(18,371)	(14,002)
Cash generated from operations	<u>1,184,836</u>	<u>970,537</u>
Interest received	18,839	6,740
Interest paid	(3,369)	(7,380)
Income tax paid	(145,311)	(28,255)
Net cash generated by operating activities	<u>\$ 1,054,995</u>	<u>\$ 941,642</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS-(Continued)
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities:		
Disposal of financial assets at amortized cost	\$ 30,743	\$ 246,157
Acquisition of investments accounted for using the equity method	(370,609)	(455,846)
Disposal of investments accounted for using the equity method	2,071	46,419
Acquisition of property, plant and equipment	(499,024)	(469,432)
Disposal of property, plant and equipment	169,354	1,927
Increase in refundable deposits	(55)	-
Decrease in refundable deposits	-	670
Acquisition of intangible assets	(243)	(169)
(Increase) decrease in other current assets - other financial assets - current	(69)	28
Dividends received	-	4,676
Net cash used in investing activities	<u>(667,832)</u>	<u>(625,570)</u>
Cash flows from financing activities:		
Decrease in short-term loans	(190,000)	(590,000)
Repayment of long-term loans	(2,000)	(442,850)
Repayment of lease principal	(15,501)	(14,922)
Distribution of cash dividends	(522,799)	(522,799)
Net cash used in financing activities	<u>(730,300)</u>	<u>(1,570,571)</u>
Net decrease in cash and cash equivalents	(343,137)	(1,254,499)
Cash and cash equivalents at beginning of period	1,220,684	2,475,183
Cash and cash equivalents at end of period	<u>\$ 877,547</u>	<u>\$ 1,220,684</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

(Concluded)