永豐餘

YFY Inc.

2025

Annual Report

For more information regarding this annual report, please visit
The Market Observation Post System：https://mops.twse.com.tw
Company Website：https://www.yfy.com
Printed on：2026.04.30

I. Name, title, contact number, and email of the Company's spokesperson:

- President David Lo | TEL：+886-2-2396-8020 | E-mail：IR@yfy.com

II. Addresses and phone numbers of the headquarters, branch offices, and plants:

- YFY Inc.：
  No. 14, Jiutang Road, Jiutang Village, Dashu District, Kaohsiung | TEL：+886-7-651-2611
- Taipei branch: | 15F, No. 51, Chongqing S. Road Sec. 2, Taipei | TEL：+886-2-2396-8020

III. Name, address, website, and telephone number of stock transfer agent:

- SinoPac Securities – Share Registration Services Department
  3F, No. 17, Boai Road, Zhongzheng District, Taipei, Taiwan | TEL：+886-2-2381-6288
  https://www.sinotrade.com.tw

IV. Name, firm name, address, website, and telephone number of the CPA who attested the most recent year's financial statements:

- CPA: Chih-Ming Shao and Hui-Min Huang.
  Deloitte and Touche
  20F, No. 100, Songren Rd., Xinyi Dist., Taipei, 11073, Taiwan | TEL：+886-2-2725-9988
  https://www2.deloitte.com

V. Stock exchange(s) on which the stock is traded overseas and ways to obtain relevant information: N/A

VI. Company Website： https://www.yfy.com

Notice to readers

This English-version annual report is a translation version from the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Table of Contents

YFY Inc.

Letter to Shareholders

In 2025, the global economy showed signs of moderate recovery as inflationary pressures eased and major economies gradually adjusted their monetary policies. Nevertheless, geopolitical developments, evolving tariff policies, the energy transition, and ongoing supply chain restructuring continued to create a highly dynamic and uncertain operating environment. According to the Chung-Hua Institution for Economic Research (CIER), Taiwan's economy achieved a robust growth rate of 7.43% in 2025, supported by strong momentum in AI-driven demand, exports, and investment, highlighting the resilience and adaptability of Taiwan's industries amid global transformation. At the same time, concentrated growth momentum and structural cost pressures prompted enterprises to adopt a more prudent and disciplined approach to strategic planning.

Looking ahead to 2026, CIER forecasts a moderation in global economic growth, while Taiwan's economy is projected to grow by 4.14% as the growth model transitions toward a more balanced contribution from both domestic demand and external trade. Mainland China's economic growth is expected to range between 4.4% and 4.6%, signaling a period of regional economic adjustment. In addition, with the gradual internalization of energy and carbon costs, Taiwan will formally enter the era of carbon pricing. As a result, corporate competitiveness will increasingly depend on capabilities in energy transformation, carbon management, and the circular economy.

Against this backdrop, YFY remains confident in the strength of its long-term strategy and transformation roadmap. Centered on the "Saccharide Economy," we continue to pioneer innovative climate technology business models by advancing both energy transition and material innovation. These initiatives continue to strengthen the resilience and sustainability of our business portfolio while laying a solid foundation for sustainable growth in a rapidly evolving global landscape.

Financial Performance

YFY's consolidated revenue for 2025 reached NT$73.643 billion. Non-operating income totaled approximately NT$3.517 billion, while net income attributable to the parent company amounted to approximately NT$1.974 billion, resulting in earnings per share of NT$1.19. Despite ongoing market uncertainties and structural challenges, the Group maintained stable operations and continued to advance its long-term transformation strategy. The following sections outline YFY's key operational achievements and strategic priorities.

In response to climate change and the arrival of the carbon pricing era, YFY continues to strengthen its investments in research and development across three core areas: low-carbon and energy-efficient technologies, comprehensive circular economy solutions, and plastic-free material innovation. We are also actively expanding integrated net-zero value-added solutions, including renewable energy services, smart energy management, virtual power plants, and carbon management solutions. Through close collaboration with enterprises, government agencies, and industry partners, YFY is committed to accelerating carbon reduction efforts and advancing sustainable development.

Under this strategic framework, "energy transition" and "material innovation" remain the two primary pillars driving YFY's corporate transformation.

In the area of energy transition, as Taiwanese enterprises begin paying carbon fees in 2026 based on 2025 emissions, YFY has proactively implemented improvement initiatives centered on optimizing low-carbon energy structures and enhancing production efficiency. Although seven of our plants are subject to carbon fee assessments, our early deployment and disciplined execution enabled two plants to qualify for Preferential Rate A, while the remaining five secured Preferential Rate B.

To ensure that each facility achieves its committed carbon reduction targets for 2025–2030, YFY has also developed an in-house carbon management platform that digitally tracks daily emissions data across all plants. These efforts have enabled YFY to progressively decouple production growth from carbon emissions, further strengthening operational resilience and sustainability performance.

Low-carbon Energy Structure

YFY believes that effectively addressing climate change requires a systematic reduction in dependence on traditional fossil fuels. Accordingly, the Company has established a comprehensive energy structure and fuel transition roadmap for its paper business covering the period from 2025 to 2030. Through this initiative, YFY is progressively converting cogeneration boilers from high carbon-intensity coal to lower-carbon and resource-recycling fuels, strengthening both operational efficiency and environmental performance.

As part of this transition, the Qingshui Plant, which manufactures household paper products, is gradually shifting its fuel source from coal to natural gas. Meanwhile, the Xinwu Plant, which produces industrial paper products, is increasing the use of recycled paper sludge and reclaimed wood materials, processing them into resource-recycling fuels to partially replace bituminous coal consumption. These measures not only reduce carbon emissions, but also strengthen circular resource utilization within the production process.

To increase the ratio of self-generated and self-consumed renewable electricity, YFY launched Taiwan's largest biomass energy power generation upgrade project in 2025 at its Hualien Plant, which manufactures pulp and stationery paper products. With a total investment exceeding NT$4.5 billion, the project includes the construction of new high-efficiency biomass energy recovery and power generation facilities. Through enhanced technical research and development, the project is expected to significantly improve overall power generation efficiency and expand green electricity output.

Upon completion of the upgrade, lignin concentration capacity will increase from 65% to 85%, while power generation system capacity will rise from 18,000 kW to 43,500 kW. Annual electricity generation is expected to more than double from 150 million kWh. Overall, the project is projected to reduce carbon emissions by approximately 105,000 tons of CO2e annually, further advancing YFY's long-term objectives of green energy self-sufficiency and net-zero carbon emissions.

Together, these initiatives reinforce YFY's leadership in sustainable manufacturing and climate technology while supporting the global transition toward a low-carbon economy.

Process Optimization to Improve Energy Efficiency

Beginning in 2024, YFY initiated a series of investments in energy-saving and carbon-reduction equipment projects aimed at further lowering carbon emissions and enhancing operational efficiency. These initiatives are centered on three key areas: equipment upgrades, system integration, and digital transformation. Major projects include the installation of next-generation paper machines to replace lower-efficiency equipment, as well as upgrades to steam systems and vacuum turbine pumps to reduce steam and electricity consumption.

In parallel with equipment upgrades and process optimization, YFY is also accelerating the development of its smart energy governance capabilities. Through the development and implementation of a smart Energy Management System (EMS), the Company is able to integrate and monitor data related to electricity consumption, power generation, energy storage, and plant-wide energy utilization, thereby improving energy dispatch efficiency and management precision.

Meanwhile, YFY is progressively establishing microgrids and energy storage systems to enhance its resilience against electricity price volatility and potential power supply risks. These initiatives are transforming energy management from a traditional cost-control function into a strategic capability that enhances operational flexibility, resilience, and energy efficiency.

Furthermore, by leveraging AI-driven smart manufacturing technologies, YFY aims to improve production yields, reduce rework rates, and minimize energy consumption associated with inefficient production processes. These advancements further enhance operational efficiency while supporting YFY's readiness for the carbon pricing era.

Research and Development of Innovative Green Materials

In the area of material innovation, YFY continues to advance the vision proposed by President S. C. Ho of YFY Academy for the development of sustainable alternatives to plastic materials. Guided by the goal of developing fully paper-based and biodegradable structures, YFY is committed to delivering environmentally responsible solutions while maintaining the highest standards of food safety. By enabling carbon to remain stored within products and material cycles, rather than being released into the atmosphere, these innovations contribute meaningfully to long-term carbon reduction efforts.

As the global industry accelerates the development of high-performance barrier coating technologies, YFY has already achieved encouraging preliminary results with a proprietary coating solution applicable to both hot and cold beverage paper cups. This technology not only ensures effective leak resistance and product functionality, but also supports the advancement of packaging solutions toward higher levels of sustainability and environmental compatibility.

In addition, YFY has invested in ionic liquid cellulose-dissolving spinning technology, an innovative process in which wood pulp is directly dissolved using a proprietary ionic liquid and then spun into textile fibers. This technology represents an important step toward reducing reliance on petroleum-based polyester fibers by providing the textile industry with a new pathway toward natural, low-carbon regenerated materials. At the same time, it creates significant opportunities for energy conservation and carbon reduction throughout the textile value chain.

In the field of specialty chemical materials, Shin Foong Specialty and Applied Materials, an YFY subsidiary, continues to promote green chemistry innovation by utilizing saccharide-based materials and water-based systems to replace traditional organic solvents. This approach effectively reduces volatile organic compound (VOC) emissions and minimizes environmental impact at the source.

Furthermore, through advancements in emulsion polymerization technology and the application of AI-driven predictive models for real-time monitoring of SBR latex polymerization temperature and conversion rates, the particle size of specialty latex products has been successfully reduced from 190 nm to 85 nm. This refinement significantly enhances coating smoothness, printing gloss, and color saturation, enabling higher levels of precision customization while simultaneously lowering the associated carbon footprint.

Through continuous innovation in sustainable materials, YFY is strengthening its competitive advantages in climate technology and circular economy applications while supporting the global transition toward a low-carbon future.

Promoting the Common Good of Society and Environmental Sustainability

At YFY, we believe that long-term corporate development must go hand in hand with environmental stewardship and social responsibility. Guided by this commitment, we actively invest in initiatives that promote ecological sustainability and create positive social impact within the communities where we operate.

In 2024, YFY sponsored the restoration of the Old Railroad Bridge Wetland in Kaohsiung as part of our efforts to enhance biodiversity and support ecosystem conservation. Building on this foundation, in 2025 we further collaborated with partners across industry, government, and academia to launch a carbon sink assessment and conservation initiative for the Dashu Old Railway Bridge Wetland. In addition to establishing a carbon budget model for artificial wetlands and quantifying carbon sequestration capacity, the project also advanced biodiversity restoration through comprehensive wetland conservation efforts.

We are encouraged that the Kaohsiung City Government’s Water Resources Bureau received the National Sustainable Development Award in recognition of the project's outstanding achievements, underscoring the positive impact of cross-sector collaboration in advancing sustainability goals.

Meanwhile, Taiwan faced increasing challenges related to household food waste disposal amid concerns over African swine fever. In response, biomass energy emerged as one of the most scalable and economically viable solutions. Leveraging years of expertise in anaerobic biogas power generation technology, YFY has developed specialized anaerobic microorganisms capable of decomposing up to 90% of the organic matter in food waste within just four hours.

Compared with conventional incineration methods, this process generates only approximately one-fourth of the carbon emissions while producing biogas with methane concentrations of up to 83%, enabling highly efficient biomass-based green power generation.

Currently, in addition to meeting existing operational needs, YFY's Xinwu and Guishan ROT Plants maintain surplus processing capacity capable of handling at least 25 tons of food waste per day. This capacity enables YFY to support local governments in processing household food waste, while also assisting businesses, convenience stores, hypermarkets, and department store food courts in managing food waste disposal more effectively.

Through these initiatives, YFY continues to support community well-being, environmental sanitation, and the development of a more sustainable circular economy.

Future Prospects

At the book launch of "*Circulating between Being and Nothingness*", President S. C. Ho remarked that "YFY leverages carbon as its axis, saccharides as its foundation, and data to guide its future development." This vision reflects YFY's long-term commitment to building a sustainable and innovation-driven enterprise.

YFY believes sustainability is both a corporate responsibility and a key driver of future competitiveness. Accordingly, in addition to actively advancing our strategies in energy transition and material innovation, we continue to strengthen the development of high-value-added business opportunities through precise investment, strategic resource integration, and business incubation initiatives.

Through disciplined operations and continuous innovation, YFY is steadily building a more resilient and future-ready business model. At the same time, we remain committed to fulfilling our responsibilities to society, the environment, and all stakeholders through disciplined management and long-term value creation.

Looking ahead, YFY will continue to embrace transformation with confidence and purpose. Guided by innovation and sustainable development, we remain committed to creating enduring value for our shareholders while advancing toward a more resilient and future-ready enterprise.

We sincerely thank you for your continued trust and support, and wish you peace, good health, and continued prosperity.

Chairman
Huey-Ching Yeh

Chapter 2. Corporate Governance Report

I. Profiles of Directors, Independent Directors, President, VP, VPs, and Managers

(I) Profiles of Directors and Independent Directors

December 31, 2025

Title	Nationality Or Place Of Registration	Name	Gender & Age			Date Elected	Term (Year)	First Elected	Shares Held When Elected		Shares Currently Held		Current Shares Held By Spouse And Underage Children		Shares Held In Names Of Third Parties		Education And Work Experience	Positions Concurrently Held At The Company Or Other Companies	Spouse Or Relatives Within Second Degree Of Kinship Who Also Act As Directors, Supervisors, Or Other Department Heads			Notes
			50~60	61-70	>71				Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage			Title	Name	Relation	
Chairman	ROC	Yuen Foong Paper Co., Ltd. Representative: Huey-Ching Yeh	Male			2024/06/20	3	2024/06/20	18,268,073	1.10	18,268,073	1.10	0	0	0	0	Master of Economics, National Chengchi University	Note 1	N/A	N/A	N/A	
				✓					0	0.00	0	0.00										
Director	ROC	Yuen Foong Paper Co., Ltd. Representative: David Lo	Male			2024/06/20	3	2022/02/07	18,268,073	1.10	18,268,073	1.10	0	0	0	0	MBA, Johnson School of Management, Cornell University	Note 2	N/A	N/A	N/A	
			✓						0	0.00	0	0.00										
Director	ROC	Shin-Yi Enterprise Co., Ltd. Representative: Chin-San Wang	Male			2024/06/20	3	2018/06/21	77,794,610	4.69	77,794,610	4.69	0	0	0	0	EMBA, Accounting and Management Strategy, National Taiwan University	Note 3	N/A	N/A	N/A	
					✓				0	0.00	0	0.00										
Director	ROC	Shin-Yi Enterprise Co., Ltd. Representative Chun-Chieh Huang	Male			2024/06/20	3	2021/05/17	77,794,610	4.69	77,794,610	4.69	0	0	0	0	Master of Science and Technology Management Institute, National Chengchi University	Note 4	N/A	N/A	N/A	
				✓					0	0.00	0	0.00										

Title	Nationality or place of registration	Name	Gender & Age			Date elected	Term (Year)	First elected	Shares held when elected		Shares currently held		Shares held when elected		Shares held when elected		Education and work experience	Positions concurrently held at the Company or other companies	Spouse or relatives within second degree of kinship who also act as directors, supervisors, or other department heads			Notes
			50~60	61-70	>71				Number of shares	Number of shares	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relation	
Independent Director	ROC	Jin-Li Hu	Male			2024/06/20	3	2021/05/17	0	0.00	0	0.00	0	0	0	0	PhD in Economics, State University of New York, Stony Brook	Note 5	N/A	N/A	N/A	
			✓						0	0.00	0	0.00										
Independent Director	ROC	Di-Shi Huang	Male			2024/06/20	3	2021/05/17	0	0.00	0	0.00	0	0	0	0	Master of Criminal Justice Management Institute, Oklahoma City University	N/A	N/A	N/A	N/A	
					✓				0	0.00	0	0.00										
Independent Director	ROC	Yie-Yun Chang	Female			2024/06/20	3	2021/05/17	0	0.00	0	0.00	0	0	0	0	LL.D in University of Munich	Note 6	N/A	N/A	N/A	
				✓					0	0.00	0	0.00										

*personal holdings

Note 1.

Director, Chung Hwa Pulp Corp.; Director, Shin Foong Specialty and Applied Materials Co., Ltd.; Director, YFY Packaging Inc ; Director, YFY Mauritius; Chariman, EFFION Enertech Co., Ltd.; Chariman,,Ensilience Co., Ltd.; Chariman, San Ying Enterprise Co., Ltd.; Chairman, Fun Spring Circuteck Co., Ltd.

Note 2.

President, YFY Inc.; Director, YFY Packaging Inc.; Director, YFY Consumer Products Co., Ltd.; Director, Yuen Foong Yu Consumer Products Investment Ltd. ; Chairman, YFY Corporate Advisory & Services Co., Ltd.; Chairman, YFY Paradigm Investment Co., Ltd.; Chairman, YFY Development Corp.; Director, Fidelis IT Solutions Co., Ltd.; Director, YFY Biotech Management Company; Director, Taiwan Sotck Exchange Corporation; Director, YFY International B.V.; Director, YFY Global Investment B.V.; Director, YFY Mauritius Corp.; Director, Arizon RFID Technology (Cayman) Co., Ltd.; Director, Ensilience Co., Ltd.; Director, Taiwan Venture Capital Association

Note. 3.

Independent Director, Taiwan Cement; Independent Director, Taiwan Navigation Co. Ltd.; Independent Director, DACIN Construction Co., Ltd.; Independent Director, Fulin Plastic Industry (Cayman) Holding Co., Ltd.; Director, Yageo Corporation; Director, T N Soong Foundation

Note 4
Director & President, Huacheng Capital Co., Ltd.; Director & President, Huicheng Capital Co., Ltd. ; Director, YFY Paradigm Investment Co., Ltd. ; Director, CT Micro International Corp. (Cayman); Director, Mennonite Social Welfare Foundation

Note 5
Professor, **I**nstitute of **B**usiness and **M**anagement, NYCU; Executive supervisor, Taiwan Association of Environmental and Resource Economics; Vice President, Association for China Economic Studies; Member, National Council For Sustainable Development

Note 6
Professor, Fu Jen Catholic University of Law; Director, Dadong Resin Chemical Co., Ltd.; Independent Director & Member of Audit and Remuneration Committee, Ocean Plastic Co., Ltd.; Independent Director & Member of Audit and Remuneration Committee, Innostar Service, Inc.

1. Major Direct and Indirect Institutional Shareholders

(1). Major Direct Institutional Shareholders

December 31, 2025

Name of Institutional Shareholder	**Major Direct Institutional Shareholders**
Shin-Yi Enterprise Co., Ltd.	S. C. Ho (27.84%), Jucheng Investment & Management Co., Ltd. (12.50%), BRILLIANT PRIDE LIMITED (12.50%), Gao Da Global Ltd.(trust property) (12.50%), Mei-Yu Ho (12.50%), Guan Yu Investment Co., Ltd. (5.91%), Yu Hai Investment Corp.(trust property) (2.48%), Richard Ho (2.18%), Jin Jie Investment Ltd.(1.52%), Hoss Educational Foundation (1.48%), Hoss Cultural Foundation (1.48%)
Yuen Foong Paper Co., Ltd.	Shin-Yi Enterprise Co., Ltd. (27.39%), S. C. Ho (15.00%), Hsinex International Corp. (9.93%), Yu Hai Investment Corp. (9.69%), Hoss Venture Inc. (5.81%), Mei-Yu Ho (3.59%), Jucheng Investment & Management Co., Ltd. (3.59%), BRILLIANT PRIDE LIMITED (3.59%), Gao Da Global Ltd. (trust property) (3.59%), Yu Hai Investment Corp. (trust property) (3.18%)

(2). Major Indirect Institutional Shareholders

December 31, 2025

Name of Institutional Shareholders	Major Indirect Institutional Shareholders
Jucheng Investment & Management Co., Ltd.	RAINBOW TIME LIMITED (Samoa) (100.00%)
BRILLIANT PRIDE LIMITED	LEE SWEE HIONG (100.00%)
Gao Da Global Ltd.	Jin-Xing Lin (100.00%)
Guan Yu Investment Co., Ltd.	Yu Hai Investment Corp.(trust property) (57.49%), Jie-Ru Ho (7.50%), Wen-Hua Ho (7.50%), Yi-Jin Huang (6.25%), Yi-Xuan Huang (6.25%), Jie-Xi Liu (3.75%), Jie-Ya Liu (3.75%), Jie-Xiu Ka (3.75%), Jie-Ke Ka (3.75%), Richard Ho (0.01%)
Yu Hai Investment Corp.	Yu Hai Enterprise Co., Ltd. (34.78%), Shan Tao Investment Ltd. (25.04%), Jie Lai Investment Ltd. (19.98%), Ka Feng Investment Ltd. (19.98%), Hui-Shin Ho Tsai (0.18%),
Jin Jie Investment Ltd.	Guan Yu Investment Co., Ltd. (100.0%)
Hoss Educational Foundation	Founded in 2001 with Hui-Mei Chen as the main donor at the time of founding (100.00%)
Hoss Cultural Foundation	Founded in 2004 with Chen-Kuan Sun (95.00%) and Hui-Mei Chen (5.00%) as the main donor at the time of founding
Hsinex International Corp.	Sing-Ju Chang (42.35%), S. C. Ho (10.78%), Yi-Jia Ho (24.48%), Felix Ho (22.28%), Cheng Yu Co., Ltd. (0.11%)
Hoss Venture Inc.	Hoss Cultural Foundation (49.07%), Hoss Educational Foundation (40.03%), Yu-Huei Ho (6.81%), Hoss Capital Inc. (3.41%), Hui-Mei Chen (0.26%), Shiou-Chuan Ho (0.19%), De Yong Chen (0.15%), Yo Tian Chuang (0.04%), Hui-Zhu Chen (0.04%)

2.1.1. Disclosure of information on the professional qualifications of directors and the independence of independent directors:

December 31, 2025

Term / Name	Professional qualifications and experience	The information of independence	Number of concurrent posts at other listed companies as independent director
Huey-Ching Yeh	Chief Secretary of Ministry of Economic Affairs Chairman, Tatung Forever Energy Co. Ltd. Chairman, Cinzhi Power Co., Ltd.		0
David Lo	Managing Director, UBS Taiwan District, Deputy General Manager of Shin Kong Bank, Director of Capital Operation Division, Chang Hwa Bank		0
Chin-San Wang	Chairman, National Taiwan University EMBA Alumni Foundation, Vice Chairman Deloitte Touche Tohmatsu Limited Associate Professor of Department of Accounting, CPA Associations R.O.C Member of Financial Accounting Committee		4
Chun-Chieh Huang	President, SinoPac Securities Venture Capital Corporation, Vice President, Sercomm Corporation President, Director, Taiwan Venture Capital Association		0
Jin-Li Hu	Dean/Associate Dean, School of Management, National Chiao Tung University, Director, Institute of Management, Associate Professor, Department of Industrial Economics, Tamkang University, Associate Professor, Ming Chuan School of Management Department of Financial Management (accounting or finance expertise)	1. The two years before the election and the term of office meet the independence requirements of Article 3 of the "Measures for the Appointment of Independent Directors of Public Offering Companies and Matters to Be Followed". 2. Signed a declaration of independence of independent directors at the time of appointment.	0
Di-Shi Huang	Deputy Director of Investigation Bureau, Ministry of Justice Director of Taipei City Investigation dept., Ministry of Justice Director of New Taipei City Investigation dept., Ministry of Justice	Same content as Jin-Li Hu	0
Yie-Yun Chang	Dean, Fu Jen Catholic University Academic Associate, Dean and Head of Department of Economics and Law, Fu Jen Catholic University Member of the 6th Fair Trade	Same content as Jin-Li Hu	1

Note 1: For the academic experience of each director of YFY, please refer to Item (1) of Chapter 2 - Information on directors and independent directors. None of the directors of YFY has any of the circumstances specified in

Article 30 of Company Law.

Note 2: The independent directors of YFY have met the requirements for independence in Article 3 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to Be Followed" during the two years before the election and during their tenure.

2.1.2.Diversity and Independence of the Board of Directors：

2.1.2.1.Diversity of the Board of Directors：

2.1.2.1.1. Board Diversity Policy：

On November 13, 2018, the Board passed a resolution to introduce a Code of Corporate Governance. YFY's board diversity policy is set out in Chapter 3 (Composition and Powers of the Board), Article 19 of the Code. This includes adopting a candidate nomination system and complying with the company's Director Election Rules and Code of Corporate Governance to ensure the diversity of board members.

The Board Members' Diversity Management Goals	**The Achievement of 2025**	
(1) Directors concurrently serving as company officers not exceed one-third of the total number of the board members	Achieved, currently only 1 manager serve as director.	
(2) The board must include at least one female director.	Achieved, currently the board has 1 female director.	
(3) The professional backgrounds of the board members should encompass business management, financial accounting, legal, and risk management.	Achieved, currently among the board members' backgrounds: 7 in risk management, 6 in business management, 2 in law, and 1 in financial accounting.	

2.1.2.1.3. **Implementation of Board Diversity Policy**

The professional backgrounds of the Board includes industry, management and accounting. The members of our 29th Board of Directors who excel in leadership, operational decision-making, business management and crisis management include directors Huey-Ching Yeh, David Lo and Chun-Chieh Huang, as well as accountant Chin-San Wang. Our independent directors include Jin-li Hu and Yie-Yun Chang are all university professors; and Di-Shi Huang has expertise in criminal investigation.

Among the members of the Company's Board of Directors, there are 2 directors with employee status. There are 3 independent directors, independent director are all elected as independent directors from 2021. In terms of age, there are 2 directors over the age of 70, 3 directors between the ages of 60 and 70, 2 directors between the ages of 50 and 60.The Company also emphasizes gender equality in the composition of the Board of Directors. The current term of the Board of Directors includes 1 female members.

Name		Huey-Ching Yeh	David Lo	Chin-San Wang	Chun-Chieh Huang	Jin-li Hu	Di-Shi Huang	Yie-Yun Chang
Title		Chairman	Director	Director	Director	Independent Director	Independent Director	Independent Director
Basic Background Information	Gender	M	M	M	M	M	M	F
	Also serves as manager	Y	Y	N	N	N	N	N
	Ranges of age	61~70	51~60	>70	61~70	51~60	>70	61~70
Professional Background	Industry	V	V		V			
	Business Management	V	V		V	V	V	V
	Accounting			V				
Professional Competence	**The expertise and relevance of the board members to the company's business.**	Professional Capabilities of Board Members						
Leadership	The current board members recruited are all outstanding professional managers and scholars in their respective fields, possessing excellent leadership in internal	V	V	V	V	V	V	V

Name		Huey-Ching Yeh	David Lo	Chin-San Wang	Chun-Chieh Huang	Jin-li Hu	Di-Shi Huang	Yie-Yun Chang
	communication and problem-solving skill for the company.							
Operational Judgments	YFY's various assets are utilized to generate revenue and profit for the company.	V	V	V	V			
Business Management	Board members review the plan, organization, and control of existing resources of YFY according to their decision-making authority, enabling the management team to achieve profit goals	V	V		V	V	V	V
Crisis Management	In the event of a crisis, providing experiences from various perspectives of industry, government, and academia: 1. How to identify the causes and prevent further damage; 2. How to control risks.	V	V			V	V	V
Industry Knowledge	YFY is an investment company, with board members whose experiences span across various industries including foreign-owned machinery and electrical engineering, banking, chemical consumer goods, venture capital, and more, showcasing rich diversity in business expertise. Among the independent	V	V		V	V		

Name		Huey-Ching Yeh	David Lo	Chin-San Wang	Chun-Chieh Huang	Jin-li Hu	Di-Shi Huang	Yie-Yun Chang
	directors, Jin-li Hu has conducted profound research on how international geopolitical developments influence the economy; Hsi-Peng Lu has deep insights and observations on international technology trends and the job market, digital currencies, and e-commerce trends.							
International Market Insights	The board members' educational and professional backgrounds encompass the technical aspects of the company and its subsidiaries, as well as industries related to upstream and downstream suppliers/customers, banking, accounting, information technology, and law. This diverse array of expertise provides multi-faceted industry knowledge and risk management perspectives, contributing to the operational management and analytical decision-making of the company.	V	V	V	V	V	V	V
Risk Management		V	V	V	V	V	V	V

2. Board Independence:

The 29th board of directors of YFY consists of 7 directors, including 3 independent directors, accounting for 43% of all directors. None of the directors of YFY has a spouse or relative within the second degree of kinship as stipulated in Item 3, Article 26-3 of the Securities and Exchange Act. None of YFY's independent directors, their spouses, or relatives within the second degree of kinship serve as directors, supervisors, or employees of YFY, affiliated companies, or companies that have a specific relationship with YFY, and do not hold company shares. None has not provided business, legal, financial, accounting and other services to YFY or related companies in the past two years.

II. Profiles of President, VP, AVPs, and Management

December 31, 2025

Title	**Nationality Or Place Of Registration**	**Name**	**Gender**	**Date Elected**	Shares Held Shares		Shares Held By Spouse And Underage Children		Shares Held In Names Of Third Parties		Education And Work Experience	Positions Concurrently Held At Other Companies	Manager Who Is A Spouse Or Relative Within Second Degree Of Kinship			Notes
					Number Of Shares	Shareholding Percentage	**Number Of Shares**	Shareholding Percentage	**Number Of Shares**	Shareholding Percentage			Title	Name	Relation	
President	ROC	David Lo	Male	2022/02/07	0	0	0	0	0	0	MBA, Johnson School of Management, Cornell University	Note 1	N/A	N/A	N/A	
CSO & CTO	ROC	Kirk Hwang	Male	2016/01/01	51,909	0.00	0	0	0	0	Ph.D. in Materials Chemistry, University of Wisconsin	Note 2	N/A	N/A	N/A	
COO	ROC	Daniel Cheng-Hsien Chu	Male	2021/11/15	0	0	0	0	0	0	Ph.D., Institute of Mechanical Engineering, National Cheng Kung University	Note 3	N/A	N/A	N/A	
VP, Human Resources Department	ROC	Jeff Huang	Male	2021/08/02	40,000	0.00	35,000	0.00	0	0	Master of Labor Research Institute, National Chengchi University	Director, YFY Corporate Advisory & Services Co., Ltd. Director, Hwa Fong Paper (Hong Kong) Co., Ltd.	N/A	N/A	N/A	
VP, Finance Control Center	ROC	Vincent Min	Male	2022/09/27	0	0	0	0	0	0	Master of Finance, National Taiwan University	Note 4	N/A	N/A	N/A	
Manager, Accounting Department	ROC	Shu-Fan Lin	Male	2023/07/01	0	0	0	0	0	0	B. Acc., Tamkang University	Note 5	N/A	N/A	N/A	

Title	Nationality Or Place Of Registration	Name	Gender	Date Elected	Shares Held Shares		Shares Held By Spouse And Underage Children		Shares Held In Names Of Third Parties		Education And Work Experience	Positions Concurrently Held At Other Companies	Manager Who Is A Spouse Or Relative Within Second Degree Of Kinship			Notes
					Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage			Title	Name	Relation	
AVP, Procurement Department	ROC	Jeremy Chan	Male	2024/03/18	0	0	0	0	0	0	B. Chemical Engineering, National Taiwan University	N/A	N/A	N/A	N/A	
AVP, Auditing Department	ROC	Miles Chang	Male	2023/03/15	0	0	0	0	0	0	Master for Eminent Public Administrators, Social Economics Section, National Chengchi University	N/A	N/A	N/A	N/A	
AVP, Treasury Management Department	ROC	Allen Chen	Male	2022/09/27	0	0	0	0	0	0	Master of Finance, National Chengchi University	Supervisor, YFY Packaging (Yangzhou) Investment Co., Ltd.	N/A	N/A	N/A	
Chief Information Security Officer (Resigned on 2025/03/03)	ROC	York Kuo	Male	2022/11/11	0	0	0	0	0	0	Master of Information Management, National Yunlin University of Science & Technology	N/A	N/A	N/A	N/A	
Chief Information Security Officer (Appointed on 2025/03/03)	ROC	Richard Chuang	Male	2025/03/03	0	0	0	0	0	0	Master of Science and Technology Program, Department of Business Administration, National Chengchi University	President, Fidelis IT Solutions Co., Ltd.	N/A	N/A	N/A	

Note 1.

Director, YFY Packaging Inc.; Director, YFY Consumer Products Co., Ltd.; Director, Yuen Foong Yu Consumer Products Investment Ltd. ; Chairman, YFY Corporate Advisory & Services Co., Ltd.; Chairman, YFY Paradigm Investment Co., Ltd.; Chairman, YFY Development Corp.; Director, Fidelis IT Solutions Co., Ltd.; Director, YFY Biotech Management Company; Director, Taiwan Sotck Exchange Corporation; Director, YFY International B.V.; Director, YFY Global Investment B.V.; Director, YFY Mauritius Corp.; Director, Arizon RFID Technology (Cayman) Co., Ltd.; Director, Ensilience Co., Ltd.; Director, Taiwan Venture Capital Association

Note 2

Chairman, Chung Hwa Pulp Corp.; Chairman, Shin Foong Specialty and Applied Materials Co., Ltd.; Director, Shin Foong Trading SDN BHD; Director, Guangdong Dingfung Pulp & Paper Co., Ltd.; Director, Zhaoqing Dingfung

Forestry Co., Ltd.; Director, Sustainable Carbohydrate Innovation Co., Ltd.; Director, CHP International (BVI) Corporation; Director, Global Views Educational Foundation; Chairman, Taiwan Paper Industry Association; President, Taiwan Technical Textiles Association; Executive Director, Taiwan Carbon Capture Storage and Utilization Association; Director, Taiwan-US Carbon Capture, Utilization and Storage (CCUS) Industries Promotion Alliance

Note 3

Chairman, YFY Packaging Inc.; Chairman, YFY Cayman Co., Ltd.; Chairman, Willpower Industries Limited; Director, YFY Corporate Advisory & Services Co., Ltd.; Director, EFFION Enertech Co., Ltd.; Director, San Ying Enterprise Co., Ltd.; Director, Sustainable Carbohydrate Innovation Co., Ltd.; Director, Fidelis IT Solutions Co., Ltd.; Director, FS-Tech Company Ltd.

Note 4

Director & President, YFY Paradigm Investment Co., Ltd; Director, YFY Biotech Management Co., Ltd.; Supervisor, China Color Printing Co., Ltd.; Supervisor, YFY Japan Co., Ltd.; Supervisor, Effion Enertech Co., Ltd.; Supervisor, Arizon RFID Technology Co., Ltd.; Director, Locus Publishing Co., Ltd.; Director, Guangyuan Investment Co., Ltd.; Supervisor, FS-Tech Company Ltd.; Director, Global Investment Holding; Supervisor, Shin Taiwan Kubota Co., Ltd.; Director, China Investment and Development Co., Ltd.; Director, Universal Venture Capital Investment Corp.

Note 5

Supervisor, YFY Packaging Inc.; Supervisor, Union Paper Corp.; Supervisor, YFY Development Corp.; Supervisor, YFY Paradigm Investment Co., Ltd.; Supervisor, San Ying Enterprise Co., Ltd.; Supervisor, Fidelis IT Solutions Co., Ltd.; Supervisor, China Investment and Development Co., Ltd.; Supervisor, Sustainable Carbohydrate Innovation Co., Ltd.; Supervisor, Ensilience Co., Ltd.

Note 6

Supervisor, YFY Corporate Advisory & Services Co., Ltd.; Supervisor, Guangdong Dingfung Pulp & Paper Co., Ltd.; Supervisor, Zhaoqing Dingfung Forestry Co., Ltd.; Director, Hwa Fong Paper (Hong Kong) Co., Ltd.; Supervisor, Shenzhen Jinglun Paper Co., Ltd.; Supervisor, Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.; Supervisor, Shin-Yi Enterprise Co., Ltd.; Supervisor, Fu Hwa Enterprise Co., Ltd.

II. Remuneration to Directors, Independent Directors, President, and VP in the Past Year

(1) Director remuneration

December 31, 2025 Unit: NT$ thousand

Title	Name	Director Remuneration								Ratio Of Total Compensation (A+B+C+D) To After-Tax Income (%)		Concurrent Employee Remuneration								Ratio Of Total Compensation (A+B+C+D+E+F+G) To After-Tax Income (%)		Parent Company And All Reinvested Businesses
		Remuneration (A)		Severance Pay And Pension (B)		Director's Remuneration (C)		Performance Compensation (D)				Salaries, Incentives And Allowances (E) (Note)		Severance Pay And Pension (F)		Employee's Remuneration (G)						
		YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY		All Companies In The Financial Statements		YFY	All Companies In The Financial Statements	
																Amount In Cash	Amount In	Amount In Cash	Amount In			
Chairman	Yuen Foong Paper Co., Ltd. Representative：Huey-Ching Yeh	0	0	0	0	12,000	12,000	336	670	12,336 0.6250%	12,670 0.6419%	38,151	39,651	108	108	37	0	37	0	50,632 2.5652%	52,466 2.6581%	306
Director	Yuen Foong Paper Co., Ltd. Representative：David Lo																					
Director	Shin-Yi Enterprise Co., Ltd. Representative：Chin-San Wang																					
Director	Shin-Yi Enterprise Co., Ltd. Representative：Chun-Chieh Huang																					
Yuen Foong Paper Co., Ltd.																						
Shin-Yi Enterprise Co., Ltd.																						
Independent Director	Yie-Yun Chang	0	0	0	0	6,000	6,000	216	216	6,216 0.3149%	6,216 0.3149%	0	0	0	0	0	0	0	0	6,216 0.3149%	6,216 0.3149%	0
Independent Director	Jin-li Hu																					
Independent Director	Di-Shi Huang																					

1. The remuneration for the Company's Independent Directors is determined based on the education, experience, and social status of the Independent Director, salary market surveys, and prevailing standards in the industry. As a principle, the Company provides remuneration that meets general standards in the industry and decides the remuneration based on the Company's business results and the contributions of Independent Directors in their duties. The remuneration is reviewed by the Remuneration Committee and reported to the Board of Directors for approval. The Company shall continue to review the remuneration policy for Independent Directors based on the business status and regulations to ensure the reasonableness of remuneration and the

Company's sustainability.

2. Except as disclosed above, remuneration received by directors in the last year for on-balance sheet services (e.g., acting as non-employee consultant) rendered to the Company: N/A.

Note 1: Including car rental expenses of NT$1,240 thousand

Range of remuneration to all directors	**Name**			
	Total amount for the 4 preceding remunerations (A+B+C+D)		**Total amount for the 7 preceding remunerations (A+B+C+D+E+F+G)**	
	YFY	**All companies in the financial statements**	**YFY**	**All companies in the financial statements**
Less than NT$1,000,000	Huey-Ching Yeh David Lo Chin-San Wang Chun-Chieh Huang	Huey-Ching Yeh David Lo Chin-San Wang Chun-Chieh Huang	Chin-San Wang Chun-Chieh Huang	Chin-San Wang Chun-Chieh Huang
NT$1,000,000 (incl.) ~ NT$2,000,000				
NT$2,000,000 (incl.) ~ NT$3,500,000	Yie-Yun Chang Jin-li Hu Di-Shi Huang	Yie-Yun Chang Jin-li Hu Di-Shi Huang	Yie-Yun Chang Jin-li Hu Di-Shi Huang	Yie-Yun Chang Jin-li Hu Di-Shi Huang
NT$3,500,000 (incl.) ~ NT$5,000,000	Shin-Yi Enterprise Co., Ltd.	Shin-Yi Enterprise Co., Ltd.	Shin-Yi Enterprise Co., Ltd.	Shin-Yi Enterprise Co., Ltd.
NT$5,000,000 (incl.) ~ NT$10,000,000	Yuen Foong Paper Co., Ltd	Yuen Foong Paper Co., Ltd	Yuen Foong Paper Co., Ltd	Yuen Foong Paper Co., Ltd
NT$10,000,000 (incl.) ~ NT$15,000,000				
NT$15,000,000 (incl.) ~ NT$30,000,000			Huey-Ching Yeh David Lo	Huey-Ching Yeh David Lo
NT$30,000,000 (incl.) ~ NT$50,000,000				
NT$50,000,000 (incl.) ~ NT$100,000,000				

(2). Remuneration to supervisors.

Starting from 2015, supervisors were replaced by the newly established Audit Committee.

(3). Remuneration to the President and VP

Unit: NT$ thousand

Title	Name	Salary (A)		Severance Pay And Pension (B)		Bonuses And Allowances (C) (Note)		Employee's Remuneration (D)				Ratio Of Total Compensation (A+B+C+D) To After-Tax Income (%)		Parent Company And All Reinvested Businesses
		YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY		All Companies In The Financial Statements		YFY	All Companies In The Financial Statements	
								Amount In Cash	Amount In Stocks	Amount In Cash	Amount In Stocks			
President	David Lo	17,232	22,514	324	432	12,678	22,065	111	0	111	0	30,344 1.5373%	42,121 2.2860%	306
COO	Cheng-Hsien Chu													
VP, Human Resources Department	Jeff Huang													
VP, Finance Control Center	Vincent Min													

Note1: Including car rental expenses of NT$898 thousand.

Note2: The Board of Directors approved the proposed distribution of employee compensation of NT$2,135 thousand (all in cash) for 2025, but the list of employee compensation distribution has not been decided as of the printing date.

Range Of Remuneration To President And VP	Name Of President And VP	
	YFY	Parent Company And All Reinvested Businesses
Less than NT$1,000,000	Vincent Min	
NT$1,000,000 (incl.) ~ NT$2,000,000		
NT$2,000,000 (incl.) ~ NT$3,500,000		
NT$3,500,000 (incl.) ~ NT$5,000,000		
NT$5,000,000 (incl.) ~ NT$10,000,000	Daniel Cheng-Hsien Chu Jeff Huang	Vincent Min Jeff Huang
NT$10,000,000 (incl.) ~ NT$15,000,000		Daniel Cheng-Hsien Chu
NT$15,000,000 (incl.) ~ NT$30,000,000	David Lo	David Lo
NT$30,000,000 (incl.) ~ NT$50,000,000		
NT$50,000,000 (incl.) ~ NT$100,000,000		
More than NT$100,000,000		
Total	4	4

(4). Name of management who distribute employee salaries and distribution status:

Titles		**Name**	**Shares Amount**	**Cash Amount**	**Total (Note)**	**Amounts In Proportion Of Net Profits (%)**
Managements	President	David Lo	0	259	259	0.0131%
	CSO &CTO	Kirk Hwang				
	COO	Daniel Cheng-Hsien Chu				
	VP, Human Resources Department	Jeff Huang				
	VP, Finance Control Center	Vincent Min				
	AVP, Legal Department and Corporate Governance Officer	Vincent Chan				
	AVP, Procurement Department	Jeremy Chan				
	AVP, Auditing Department	Miles Chang				
	AVP, Treasury Management Department	Allen Chen				
	Chief Information Security Officer	Richard Chuang				
	Manager, Accounting Department	Shu-Fan Lin				

Note: The Board of Directors approved the proposed distribution of employee compensation of NT$2,135thousand (all in cash) for the year 2025, and since the list of employee compensation distribution has not yet been decided, this table is an estimate of the proposed amount.

(5). Detailed ratios of total remuneration of YFY's directors, president, and executive vice presidents to after-tax profit with respect to the individual and consolidated financial statements in the past two years, and description of the remuneration policy, standards and combinations, determination of remuneration, and connection to business performance and future risks

1. Detailed ratios of total remuneration of YFY's directors, president, and executive vice presidents to after-tax profit with respect to the individual and consolidated financial statements in the past two years

Recipient	**Ratio Of Total Remuneration To After-Tax Profit**					
	2025		**2024**		**Differences**	
	YFY	**All Companies In The Financial Statements**	**YFY**	**All Companies In The Financial Statements**	**YFY**	**All Companies In The Financial Statements**
Director	2.5652%	2.6581%	3.0123%	3.4120%	-0.4471%	-0.7539%
Independent Director	0.3149%	0.3149%	0.4445%	0.4445%	-0.1296%	-0.1296%
President and VPs	1.5373%	2.2860%	2.4347%	3.0029%	-0.8974%	-0.7169%

2. Description of the remuneration policy, standards and combinations, determination of remuneration, and connection to business performance and future risks：

(1) The Company's Articles of Incorporation specifies that if the Company sustains profit every year, 0.1% or more of the income shall be set aside as remunerations to employees, and 2% or less shall be distributed as director remuneration. However, an amount shall be set aside first to compensate cumulative losses, if any. The remuneration of directors shall be paid in cash, and the remuneration of employees shall be paid in the form of cash or stock. The recipients of the distribution may include employees of subordinate companies who meet certain conditions, which shall be authorized by the board of directors. The distribution ratio of directors' remuneration, and the payment method and ratio of employee's remuneration shall be determined by the board of directors

with the attendance of more than two-thirds of the directors and a resolution approved by more than half of the directors present, and reported to the shareholders' meeting. When calculating the remuneration of employees and directors, the accumulated losses shall be deducted from the profit of the current year (i.e., the profit before tax deducting the profit before distribution of employees and directors' remuneration), and then the remuneration of employees and directors shall be calculated based on the balance. The standards and procedures for the provision of director's remuneration have been specified and the director's remuneration has been linked to the company's performance. The remuneration rate and amount of directors for the current year have been reviewed and approved by the Remuneration Committee and the Board of Directors, and reported to the shareholders' meeting. The company will review the remuneration distribution policy in a timely manner based on the overall operating environment and corporate operating performance and development strategies to take into account operational risks, corporate governance and safeguarding the interests of shareholders.

(2)The remuneration of the president and vice presidents is based on individual professional qualifications and with reference to market salary trends, and is submitted to the remuneration committee for discussion and subsequent approval by the board of directors. The fixed monthly salary includes monthly salary, allowances (job allowances, meal allowances, etc.) and other recurring payments. The annual bonuses and employee remuneration are paid separately. The performance appraisal results carried out by the company in accordance with the "Performance Management Measures" are used as a reference for the annual bonus of managers and employee remuneration. Performance appraisal items are divided into work result indicators and core competencies. The indicator setting is based on the company's operating strategy and business unit strategic priorities and job responsibilities, including financial and non-financial indicators.

IIV. Corporate Governance Practice

(I) Board of Directors operating status

A total of 4 meetings of the 29th Board of Directors were held in 2025. Directors' attendances was described as below:

Title	**Name**	**Attendance In Person**	**Attendance By Proxy Time(S)**	**Attendance In Person Rate (%)**	**Notes**
Chairman	Yuen Foong Paper Co., Ltd. Representative: Huey-Ching Yeh				29th
Director	Yuen Foong Paper Co., Ltd. Representative: David Lo				29th
Director	Shin-Yi Enterprise Co., Ltd. Representative: Chin-San Wang				29th
Director	Shin-Yi Enterprise Co., Ltd. Representative: Chun-Chieh Huang				29th
Independent Director	Jin-li Hu				29th
Independent Director	Di-Shi Huang				29th
Independent Director	Yie-Yun Chang				29th

Other statutory information:

I. If any of the following circumstances have occurred amid operations of the Board of Directors, the date, period, agenda content, the opinions of all independent directors, and the handling of the opinions of the independent directors by the Company shall be specified:

(I) Matters prescribed under Article 14-3 of the Securities and Exchange Act:

The Company has set up an Audit Committee. Matters prescribed under Article 14-5 of the Securities and Exchange Act include matters prescribed under Article 14-3 of the Securities and Exchange Act. Please refer to the “Operating status of the Audit Committee” for details.

(II) Aside from the above matters, other resolutions adopted by the Board of Directors with regard to which an independent director had a dissenting or qualified opinion that is on record or stated in a written statement.

Operations of the Board of Directors which did not receive dissenting or qualified opinions from independent directors that are on record or stated in a written statement.

II. Any directors who had to recuse from a proposal to prevent conflicts of interest:

(I) In the Board meeting held on March 12, 2025, the Board discussed the remuneration for directors and the distribution method. A conflict of interest existed for independent directors, Huey-Ching Yeh, David Lo, Chin-San Wang, and Chun-Chieh Huang on this matter; therefore, they recused themselves from discussing and voting on this proposal.

(II) In the Board meeting held on March 12, 2025, the Board discussed the remuneration for independent directors and the distribution method. A conflict of interest existed for independent directors, Jin-li Hu, Di-Shi Huang and Yie-Yun Chang on this matter; therefore, they recused themselves from discussing and voting on this proposal.

III. Board of Directors evaluation status: According to "Board of Directors Performance Evaluation Guidelines", the following:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents	Evaluation Results
The Company completed the performance evaluation of the board and functional committees in 2025 through “Taiwan Investor Relations Institute” to be dealt with by means of external evaluation.	From November 1, 2024 to October 31, 2025	The scope of the performance included the board, the Audit Committee, Remuneration Committee, and Sustainability Committee	The external rating agency requires the company to provide the documents specified by it, and distributes self-assessment questionnaires related to performance evaluation to all directors to fill in and return, and assigns 3 executive members to be responsible for	The criteria for evaluating the performance of the Company's Board of Directors shall cover the following five aspects: 1. Understanding and recommendations for the operation of the company; 2. Improvement of the quality of the Board of Directors' decision making; 3. Composition and structure of the Board of Directors; 4. Election and continuing education of the directors; 5. Internal control. The criteria for evaluating the performance of the functional committees shall cover the following five aspects: 1. Understanding and recommendations for the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of the quality of the functional committee's decision making; 4. Functional committee composition and election of members; 5.	The external evaluation agency issued an evaluation report on November 18, 2022, and compiled the evaluation conclusions and recommendations for the company as follows: 1. The plan aims to have one-third of the board seats occupied by women. 2. The establishment of a "Nomination Committee" strengthens the functions and governance mechanisms of the board of directors. 3. Pay attention to

			the evaluation after issuing a declaration of independence to conduct interviews with the company's chairman and independent directors, corporate governance officer, and audit supervisor conducted interviews and evaluations on November 26, 2025.	Internal control.	international ESG assessments to enhance trust in the international market.

The aforementioned performance evaluation results were reported to the meeting of the Board of Directors convened on March 13, 2026 as reference for review and improvement.

IV. Evaluation of targets and performance of the Board’s functions for current year and past year:

(I) The Company’s Audit Committee was formed by three independent directors in substitution of supervisors. Matters prescribed under Article 14-5 of the Securities and Exchange Act are submitted to the Audit Committee for discussion and resolution. The convener of the Audit Committee is responsible for reporting the resolutions passed by the Audit Committee to the Board of Directors.

(II) The Company discloses information regarding attendance to board/shareholders' meetings, director continuing education, and important resolutions passed during board meetings and shareholders' meetings.

(III) In order to increase information transparency, the Company has disclosed important resolutions passed during Board/shareholders’ meetings via the Company website right after the meetings.

(IV) Taking into account the legal risks of each director and supervisor, the Company has purchased directors' and supervisors' liability insurance with an insurance amount of US$8 million for each director and supervisor of the Company and its subsidiaries.

(V) In order to encourage directors continuously acquiring new knowledge in the fields of corporate governance, the company has provided subsidies for all the courses' expenses. The Secretary General of the Company's Board of Directors has regularly providing corporate governance related courses for directors who are interested in participating, and registering.

(II). Operating status of the Audit Committee

The Company’s Audit Committee was composed by three, independent directors. The Committee’s purpose was to verify the fair presentation of the Company’s financial statements; hiring or dismissal of CPAs, their independence and performance; effectiveness regarding implementation of the Company's internal control system; compliance with relevant regulations and rules; and the Company’s control of existing or latent risks.
In the year of 2025, the 4th Audit Committee had held 4 times. The key focuses of the year were as below:

1. Review financial reports

The Board of Directors has issued a report on the Company’s operations for the year 2024, the financial statements, and earnings distribution proposal. The financial statements have been audited and reported by Deloitte & Touche. The above-mentioned business report, financial statements and proposal for distribution of earnings were examined by the Audit Committee of the Company Board of Directors and were found to be in order.

2. Assess internal control system effectiveness

The Company’s Audit Committee assessed the effectiveness of policies and procedures of the Company’s internal control system (including finance, operations, risk management, information security, legal compliance, and other control measures) and audited the Company’s Auditing Department and CPA, as well as regular reports by managers, including risk management and compliance.

3. Appointment of CPAs and Evaluate the independence and competence of CPAs

The Company’s Audit Committee evaluated that the CPAs Chih-Ming Shao, and Hui-Ming Huang of Deloitte have not served as the Company's CPA for more than seven years; did not have direct or indirect interest in the Company that would compromise their independence; established a suitable method to communicate with the Company and its Audit Committee; and fulfill the independence and competence requirements of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Independent directors’ attendance to the Audit Committee meetings in 2025 is described below:

Title	Name	Attendance In Person	Attendance By Proxy	Attendance In Person Rate (%)	Notes
Independent Director	Jin-li Hu	4	0	100%	4th term
Independent Director	Di-Shi Huang	4	0	100%	4th term
Independent Director	Yie-Yun Chang	4	0	100%	4th term

Other statutory information:

1. The date of the meeting, the term, contents of the proposals, independent directors' objections, reservations or major proposals, resolutions of the Audit Committee, and the Company’s handling of the resolutions of the Audit Committee shall be specified under any of the following circumstances in the operations of the Audit Committee:

(1) Matters prescribed under Article 14-5 of the Securities and Exchange Act.

Audit Committee Meeting Date	Session	Agenda Item	Independent directors' objections, reservations or major proposals	Resolutions adopted by the Audit Committee	Actions taken by the Company in response to the opinion of the Audit Committee
2025/03/12	3rd meeting of the 4th Audit Committee	The Company's 2024 consolidated financial statements, CPA's audit report and 2024 business report.	N/A	Approved as proposed.	Approved in the Board meeting on March 14, 2025 and ratified in the 2025 shareholders' meeting
		The Company's 2024 earnings distribution proposal.	N/A	Approved as proposed.	Approved in the Board meeting on March 14, 2025 and ratified in the 2025 shareholders' meeting
		Issue the Company's 2024 Statement of Internal Control System.	N/A	Approved as proposed.	Approved in the Board meeting on March 14, 2025
		Appointment of CPAs and Evaluate the independence and competence of CPAs.	N/A	Approved as proposed.	Approved in the Board meeting on March 14, 2025
		Approved the Company's CPA compensation plan for 2025 and 2026	N/A	Approved as proposed.	Approved in the Board meeting on March 14, 2025
2025/05/12	4th meeting of the 4th Audit Committee	The company's financial report for the Q1 of 2025.	N/A	Approved as proposed.	Approved in the Board meeting on May 14, 2025
		Approved the change of appointed CPA.	N/A	Approved as proposed.	Approved in the Board meeting on May 14, 2025
2025/08/11	5th meeting of the 4th Audit Committee	The company's financial report for the Q2 of 2025.	N/A	Approved as proposed.	Approved in the Board meeting on August 13, 2025
2025/11/11	6th meeting of the 4th Audit Committee	The company's financial report for the Q3 of 2025.	N/A	Approved as proposed.	Approved in the Board meeting on November 13, 2025
		The company's 2026 audit plan.	N/A	Approved as proposed.	Approved in the Board meeting on November 13, 2025
		Amended the internal control system operating procedures of the company's "Sustainability Information Management Operation"	N/A	Approved as proposed.	Approved in the Board meeting on November 13, 2025
		Amended the internal control system operating procedures of the company's "Employ Compensation Management Operation"	N/A	Approved as proposed.	Approved in the Board meeting on November 13, 2025

(2) In addition to matters above, other resolutions which did not receive the approval of the Audit Committee but were approved by more than two thirds of the entire Board of Directors.

Audit Committee operations which did not receive the approval of the Audit Committee but were approved by more than two thirds of the entire Board of Directors.

2. Any independent directors who had to recuse themselves to avoid conflicts of interest:

No independent directors had to recuse themselves to avoid conflicts of interest.

3. Communications between the Independent Directors, Internal Auditors, and the CPAs

(1) Scheduled

Every month, audit reports will be emailed to each independent director for review. Any inquiries or instructions will be notified to the internal auditors via email or phone.

Every quarter, audit progress updates will be presented at audit committee meeting, detailing the audit status of the company and each of its subsidiaries, as well as any findings and progress on improvement.

For semi-annual and annual financial reports, the CPAs will attend the audit committee meeting and discuss the status of the audits, including methods, scope, report types, key audit items, and financial report analysis.

(2) Unscheduled

Discussions on how to enhance the value of internal audits and improve operational efficiency. Results are normally carried out by conference calls, emails, or physical meetings.

Independent directors are notified in compliance with regulations if any major violations are identified. Diversify and easy communication methods have been established with independent directors and CPAs. Unscheduled audit committee meetings will be held to explain and communicate in cases of major or special events to meet related legal requirements.

The Major Items of Communication between the independent Auditors and the Internal Auditors

(1) Communications between the Independent Directors and Internal Auditors：

Date	The Major Items Of The Communication	Result
2025-11-11 Audit Committee	1. Updated internal audit progress during 3Q25 2. Explained 2026 internal audit plan based on results of risk assessment	1. Noted and agreed. 2. Approved after deliberation.
2025-08-11 Closed Door Session	Presented the 2025 audit report.	1. Noted and agreed.
2025-08-11 Audit Committee	Updated internal audit progress during 2Q25	Noted and agreed.
2025-05-12 Audit Committee	Updated internal audit progress during 1Q25.	Noted and agreed.
2025-03-12 Audit Committee	1. Updated internal audit progress during 4Q24 2. Reviewed 2024 Statement of Internal Control System	1. Noted and agreed. 2. Approved after deliberation.

(2) Communications between the Independent Directors and CPA：

Date	The Major Items of the Communication	Result
2025-08-11 Closed Door Session	1. Discussed key audit items. 2. Discussed annual audit plan.	1. Noted and agreed. 2. Noted and agreed.
2025-08-11 Audit Committee	1. Reviewed 2Q25 financial report methods, scope, and types of reports issued by CPA. 2. Explained 2Q25 financial report review results.	1. Noted and agreed. 2. Noted and agreed.
2025-03-12 Audit Committee	Updated the status of the 2024 annual financial reports	Approved after discussion.

(III) **Corporate governance practice and compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies**

Evaluation Item	Practice			Compliance With Best Practice Principles And Reasons For Any Discrepancies
	Yes	No	Summary	
I. Does the Company abide by the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies in establishing and disclosing its corporate governance best practice principles?	V		The Company has established the "Corporate Governance Best Practice Principles", which were approved in the 3rd meeting of the 27th Board of Directors on November 13, 2018 and disclosed on the Company website.	Compliant
II. The Company's shareholding structure and shareholders' rights and interests				
(I) Does the Company have in place an internal operating procedure for handling shareholders' suggestions, questions, disputes, or litigation and abide by it?	V		A service department is already in place to handle related matters.	Compliant
(II) Does the Company possess a list of major shareholders and a list of ultimate owners of those major shareholders?	V		Information can be obtained through shareholder service agents at any time.	Compliant
(III) Does the Company have in place a risk management mechanism and firewall against its affiliates or implement it?	V		The companies stay financially independent from each other, and business performance is evaluated on a regular basis.	Compliant
(IV) Does the Company have internal regulations in place to prevent its people from trading securities based on information yet to be public on the market?	V		The Company has established the "Procedures for Prevention of insider trading" & "Ethical Corporate Management Operating Procedures and Code of Conduct" to prevent the Company's insiders from using information yet to be made public on the market to purchase and sell marketable securities.	Compliant
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board of Directors establish and implement a diversification policy for its composition?	V		On November 13, 2018, the Board passed a resolution to introduce a Code of Corporate Governance. YFY's board diversity policy is set out in Chapter 3 (Composition and Powers of the Board), Article 19 of the Code. The nomination and selection of the Company's Board of Directors is conducted in accordance with the provisions of the Company's Articles of Association, using a candidate nomination system and abiding by the "Director Election Rules" and "Corporate Governance Code" to ensure the diversity and independence of the Board of Directors. None of the Directors are spouses or relatives within the second degree of kinship as provided for in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. The independent director, his/her spouse, and relatives within the second degree of kinship have not served as directors, supervisors, or employees of the company, its affiliated companies, or companies with specific relationships with the company, and do not hold any company shares; nor have they provided any information in the past two years. Business, legal, financial, accounting and other services for companies or related enterprises. The professional backgrounds of the Board includes industry, management and accounting. The members of our 29th Board of Directors who excel in leadership, operational decision-making, business management and crisis management include directors Hury-Chind Yeh, David Lo, and Chun-Chieh Huang, as well as accountant Chin-San Wang. Our independent	Compliant

Evaluation Item	Practice			Compliance With Best Practice Principles And Reasons For Any Discrepancies
	Yes	No	Summary	
			directors include Yie-Yun Chang, Jin-Li Hu are all university professors; and Di-Shi Huang has expertise in criminal investigation. Our Board includes 2 inside director who is also employee of the company. There are 3 independent directors, independent directors are all elected as independent directors from 2021. In terms of age, there are 2 directors over the age of 70, 3 directors between the ages of 60 and 70, 2 directors between the ages of 50 and 60.The Company also emphasizes gender equality in the composition of the Board of Directors. The current term of the Board of Directors includes 1 female members.	
(II) Besides the Remuneration Committee and the Audit Committee established according to law, has the Company actively established other types of functional committees?	V		In addition to setting up the Remuneration Committee and the Audit Committee, the company also sets up functional committees such as the Sustainable Development Committee. The members of the company's Sustainable Development Committee are appointed by resolution of the board of directors, and their number is 5. The Sustainability Committee has six working groups in total: Environmental Sustainability Group, Responsible Supply Chain Group, Corporate Governance Group, Employee Care Group, Social Participation Group, and Risk Management Group. The Sustainability Committee held two meetings this year, on May 12 and August 11 respectively, to report the work progress of each working group to the committee and listen to the suggestions of each member.	Compliant
(III) Has the Company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?	V		The Company's Board of Directors established the "Board of Directors Performance Evaluation Guidelines" in the board meeting on November 12, 2020. The 2025 performance evaluation was conducted externally by the Taiwan Investor Relations Association. The evaluation agency issued an assessment report on December 8, 2025, summarizing its conclusions and recommendations for the Company to use as a reference for subsequent decision-making regarding relevant improvement measures. The Company has submitted the performance evaluation results to the Board of Directors meeting on March 13, 2026.	Compliant
(IV) Does the Company periodically evaluate independence of the CPA?	V		Each year, the Audit Committee evaluates CPAs' independence and competence based on the following indicators, and respective results are reported to the Board of Directors on March 13, 2026.	Compliant

Evaluation indicator 1: Independence

Item No.	Evaluation item	Evaluation results	Fulfillment of independence criteria
1	Has the CPA submitted an independence declaration?	Yes	V
2	Does the CPA firm have a system for rotating CPAs?	Yes	V
3	Has YFY replaced CPAs so that no CPA has certified the Company's financial reports for more than 7 consecutive years?	Yes	V
4	Has YFY ensured that there are no direct or indirect material financial interests between the CPA and the Company?	Yes	V

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Practice</th><th rowspan="2">Compliance With Best Practice Principles And Reasons For Any Discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>5</td><td>Has YFY ensured that there are no financing or endorsements between the CPA and the Company or directors?</td><td>Yes</td><td>V</td></tr>
<tr><td>6</td><td>Has YFY ensured that the CPA is not a relative of the Company's directors, managerial officers, or other individuals in positions that may have significant impact on the audit? (Evaluate at least the relations such as the spouse, underage children, and close relatives)</td><td>Yes</td><td>V</td></tr>
<tr><td>7</td><td>Has YFY ensured that the CPA and the Company do not have close business relations? (e.g., joint investments in businesses, strategic alliances for profit, or product co-marketing or promotion)</td><td>Yes</td><td>V</td></tr>
<tr><td>8</td><td>Has YFY ensured that no members of the audit service team currently serve or had served as the Company's director, supervisor, managerial officer, or positions that may have significant impact on the audit in the most recent two years?</td><td>Yes</td><td>V</td></tr>
<tr><td>9</td><td>Has YFY ensured that the CPA has not accepted valuable (with value beyond regular social norms) gifts or presents from the Company, directors, or managerial officers?</td><td>Yes</td><td>V</td></tr>
<tr><td>10</td><td>Has YFY ensured that the CPA is not appointed by the Company to perform routine tasks, receive fixed salary, or serve as a director?</td><td>Yes</td><td>V</td></tr>
<tr><td>11</td><td>Has YFY ensured that the CPA is not involved in the decision-making process of the Company?</td><td>Yes</td><td>V</td></tr>
<tr><td>12</td><td>Has YFY ensured that the CPA does not provide the Company with appraisal services with material impact on the financial statements or highly subjective appraisals?</td><td>Yes</td><td>V</td></tr>
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<table>
<tr><td colspan="4">Evaluation indicator 2: Competence</td></tr>
<tr><th>Item No.</th><th>Evaluation item</th><th>Evaluation results</th><th>Fulfillment of competence criteria</th></tr>
<tr><td>1</td><td>Has the CPA been disciplined or received any other disciplinary action in the past 2 years that would impair his/her professionalism or independence?</td><td>Yes</td><td>V</td></tr>
<tr><td>2</td><td>Has the CPA actively provided YFY with the latest information on taxation, and securities supervisory regulations, and updates of IFRS accounting standards.?</td><td>Yes</td><td>V</td></tr>
<tr><td>3</td><td>Has the CPA assisted YFY in coordinating communication and coordination with competent authorities?</td><td>Yes</td><td>V</td></tr>
<tr><td>4</td><td>Have all financial statements been completed within the deadline?</td><td>Yes</td><td>V</td></tr>
<tr><td>5</td><td>Has the CPA maintained adequate communication channels with YFY's management, Audit Committee, and Directors?</td><td>Yes</td><td>V</td></tr>
</table>
</td><td></td></tr>
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<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Practice</th><th rowspan="2">Compliance With Best Practice Principles And Reasons For Any Discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td colspan="4">Evaluation indicator 3: AQIs</td></tr>
<tr><th>Item No.</th><th>Evaluation item</th><th>Evaluation results</th><th>Fulfillment of competence criteria</th></tr>
<tr><td>1</td><td>Has YFY ensured that the CPA whether the experience and training hours are sufficient?</td><td>Yes</td><td>V</td></tr>
<tr><td>2</td><td>Has the CPA spent the number of hours by certified accountants on financial report review is comparable to that of their peers?</td><td>Yes</td><td>V</td></tr>
<tr><td>3</td><td>Does the evaluation result of the case quality control review (EQCR) accountant in the past 2 years in compliance with the regulations?</td><td>Yes</td><td>V</td></tr>
<tr><td>4</td><td>Is the quality control personnel of the accounting firm capable of supporting the same industry level?</td><td>Yes</td><td>V</td></tr>
<tr><td>5</td><td>Does the accounting firm have any plans related to innovation and improvement of audit quality?</td><td>Yes</td><td>V</td></tr>
</table></td><td></td></tr>
<tr><td>IV. Has the TWSE or TPEx listed company set up a full-time (part-time) unit or appointed designated personnel to handle governance related affairs (including but not limited to supplying information requested by the directors and supervisors, processing company registration and change of registration and preparing minutes of the board meetings and shareholders' meetings)?</td><td>V</td><td></td><td>The Board of Directors resolved in the meeting on May 14, 2019 to appoint Vincent Chan, the AVP of the Legal Department, as the Corporate Governance Officer to protect shareholder interests and strengthen the functions of the Board of Directors. Vincent Chan, the AVP of the Legal Department, has more than three years of work experience in legal affairs in public companies. The Corporate Governance Officer is responsible for related corporate governance affairs including: Handling matters relating to Board meetings and shareholders’ meetings according to law; Producing minutes of Board meetings and shareholders’ meetings; Assisting in work and continuing education of directors; Furnishing information required for business execution by directors and independent directors; and Assisting the Company in complying with laws and regulations governing such meetings.

The implementation of corporate governance affairs in 2025 is as follows:
1. Convened one annual general meeting of shareholders and produced meeting minutes of the shareholders' meeting.
2. Convened 4 meetings of the Board of Directors in 2025 and produced meeting minutes of the Board meetings.
3. Convened 4 meetings of the Audit Committee in 2025 and produced meeting minutes of the Audit Committee meetings.
4. Issued letters to the directors of YFY in January and July 2025 to verify the information on their concurrent positions to ensure the integrity of information on the directors' positions concurrently held at the Company or other companies.
5. Responded to letters from Taiwan Stock Exchange and issued notices to directors and other insiders of YFY to remind them of matters to be reported when they transfer shares of insiders.
6. Regularly provided information on material information reporting procedures and regulations to all departments of YFY.
7. Cooperated with the Human Resources Department in inviting external lecturers for the continuing education for directors and supervisors of YFY and subsidiaries.
8. Provided YFY's Directors with information on continuing education courses for Directors and supervisors organized by external training institutions and assisted Directors in registration and payment procedures.
The Corporate Governance Officer participated in a total of 18 hours of courses in 2025, and continued to study to strengthen his professional skills.</td><td>Compliant</td></tr>
</table>

Evaluation Item	Practice			Compliance With Best Practice Principles And Reasons For Any Discrepancies
	Yes	No	Summary	
V. Does the Company have in place a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholders section on its website to properly address stakeholders' concerns regarding important corporate social responsibilities?	V		The Company has set up a dedicated section for stakeholders on its website, where contact information for employees, customers, suppliers/contractors, shareholders/investors, consumers, press members, and other stakeholders are listed for responding to questions concerning corporate social responsibility.	Compliant
VI. Does the Company hire professional stock agencies to take care of affairs related to shareholders' meetings?	V		We have commissioned SinoPac Securities - Register & Transfer Agency Division to provide assistance.	Compliant
VII. Information disclosure				
(I) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status?	V		Regularly disclose information on the corporate website regarding the Company's financial, business, and corporate governance status.	Compliant
(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing dedicated personnel to collect and disclose corporate information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company website)?	V		We have created an official Company website in both Chinese and English, and appoint the Corporate Affairs Department to compile and organize information for publication. Each unit has set up a dedicated contact channel, and information is disclosed through investor or press conferences.	Compliant
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month ahead of schedule before the specified deadline?		V	The Company uploads financial report in accordance with the deadline specified in regulations and has not published financial report ahead of schedule.	Changes are made gradually
VIII. Does the Company have other information that is helpful for	V		We have already notified each director of the related regulations. Directors are notified immediately when there are regulation changes. Regulations relevant to insider trading among listed companies are also explained to directors at Board	Compliant

Evaluation Item	Practice			Compliance With Best Practice Principles And Reasons For Any Discrepancies
	Yes	No	Summary	
understanding its status of corporate governance (including but not limited to employee rights and interests, employee well-being, investor relations, supplier relations, rights of stakeholders, further education sought by directors and supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer policies, the purchase of liability insurance for directors and supervisors, etc.)?			meetings. When a material issue that may impact the Company's stock prices is encountered during a Board meeting, the Legal Department will remind all directors and managers present that insider trading is strictly forbidden according to Article 157-1 of the Securities and Exchange Act. When the Company organized ethical corporate management training, the external lecturers or the employees of the Legal Department inform employees of the regulations prohibiting insider trading.	

IX. Please mention any priority matters and measures that require improvement and improvements that have been made according to the Corporate Governance Evaluation results released by TWSE's Governance Center.

The Company is committed to strengthening information disclosure in order to enhance corporate governance, and plans to disclose indices that failed to receive points during the Corporate Governance Evaluation. The following section will explain some of the items:

Index 3.4: Does the company publish an annual financial report audited and certified by an accountant within two months after the end of the fiscal year?

In order to comply with the requirements of the IFRS Sustainable Disclosure Standards blueprint for our country, our accounting department will begin work as soon as possible so as to publish the audited and certified annual financial report as soon as possible after the end of the fiscal year.

Index 3.12: Does the company's annual report disclose a specific and clear dividend policy?

The Company's Articles of Association have established a dividend policy, and thereafter, a fixed amount, a fixed rate, or a reasonable range of distributable profits for each year will be disclosed in the Company's annual report.

Director Continuing Education in 2025:

Title	Name	Duration		Institution	Course	Hours
		Start date	End date			
Representative of Institutional Director	Huey-Ching Yeh	2025/11/17	2025/11/17	Taiwan Corporate Governance Association	Enterprise AI Brain — Navigation and Maps for the AI Era	3
		2025/11/17	2025/11/17	Taiwan Corporate Governance Association	The New Role of Environmental Economics — Corporate TCFD/TNFD, Biodiversity, and Natural Capital Disclosure	3
Representative of Institutional Director	David Lo	2025/02/14	2025/02/14	Taiwan Corporate Governance Association	Introduction to Sustainability Information, Sustainability Standards, and Reporting for Publicly Listed Companies	3
		2025/07/31	2025/07/31	Taiwan Stock Exchange	2025 Taiwan Capital Market Growth Summit	3
		2025/11/17	2025/11/17	Taiwan Corporate Governance Association	Enterprise AI Brain — Navigation and Maps for the AI Era	3
		2025/11/17	2025/11/17	Taiwan Corporate Governance Association	The New Role of Environmental Economics — Corporate TCFD/TNFD, Biodiversity, and Natural Capital Disclosure	3
Representative of Institutional Director	Chin-San Wang	2025/10/30	2025/10/30	Taiwan Corporate Governance Association	Group Governance and Performance Management	3
		2025/10/30	2025/10/30	Taiwan Corporate Governance Association	Hostile Takeover Strategies and the Legal Liabilities of Corporate Directors and Officers "Gender Equality and Human Rights"	3
Representative of Institutional Director	Chun-Chieh Huang	2025/02/18	2025/02/18	Taiwan Corporate Governance Association	How Boards of Directors Can Address 12 Key ESG Risk Issues	3
		2025/03/04	2025/03/04	Taiwan Corporate Governance Association	NVIDIA's Three-Trillion Miracle: New Perspectives on the Semiconductor Industry Revolution Behind Artificial Intelligence	3
		2024/11/17	2024/11/17	Taiwan Corporate Governance Association	Enterprise AI Brain — Navigation and Maps for the AI Era	3
		2024/11/17	2024/11/17	Taiwan Corporate Governance Association	The New Role of Environmental Economics — Corporate TCFD/TNFD, Biodiversity, and Natural Capital Disclosure	3
Independent Director	Jin-Li Hu	2025/07/08	2025/07/08	Taiwan Corporate Governance Association	Contract Risk Management Under Trump's 2025 "Reciprocal Tariff" Policy Impacts	3
		2024/10/25	2024/10/25	Taiwan Corporate Governance Association	Fundamental Legal Concepts for Publicly Listed Companies	3
		2024/11/17	2024/11/17	Taiwan Corporate Governance Association	The New Role of Environmental Economics — Corporate TCFD/TNFD, Biodiversity, and Natural Capital Disclosure	3
Independent Director	Di-Shi Huang	2025/06/10	2025/06/10	Taiwan Corporate Governance Association	Practical Operations of Sustainability Committees (Chief Sustainability Officers and Working Groups)	3
		2025/06/27	2025/06/27	Taiwan Corporate Governance Association	Corporate Governance, Organizational Culture, and Corporate Sustainability	3
Independent Director	Yie-Yun Chang	2025/05/13	2025/05/13	Taiwan Corporate Governance Association	Strategic Analysis of Sustainable Enterprises — The Case of Renewable Energy	3
		2025/09/25	2025/09/25	Taiwan Institute of Directors	Case Studies in Sustainable Governance for Business Succession and Transformation	3
		2025/11/20	2025/11/20	Securities & Futures Institute	The Impact of the Latest Securities and Investors Protection Act Amendments on Directors' and Supervisors' Liabilities and Practical Response Strategies	3

(IV) Companies that have established a Remuneration Committee shall disclose the names and responsibilities of its members and committee operations

(1) Information on Members of the Remuneration Committee

December 31, 2025

Requirement Position	Name	Professional qualifications and experience	Independence	Number of other public companies in which the committee member also serves as a remuneration committee member
Independent Director (Convener)	Jin-li Hu	Ph.D. in Economic, State University of New York at Stony Brook Work experience including Dean/Associate Dean, School of Management, National Chiao Tung University, Director, Institute of Management, National Chiao Tung University, Associate Professor, Department of Industrial Economics, Tamkang University, Associate Professor, Ming Chuan School of Management Department of Financial Management and the current position of Professor at the Institute of Business and Management, National Yang Ming Chiao Tung University	There are no matters mentioned in Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee" in the two years before the appointment and during the term of office.	0
Independent Director	Di-Shi Huang	Master of Criminal Justice Management Institute, Oklahoma City University Work experience including Deputy Director of Investigation Bureau, Ministry of Justice, Director of Taipei City Investigation dpt, Ministry of Justice, Director of New Taipei City Investigation dpt, Ministry of Justice, Director of Agency Against Corruption, Ministry of Justice Investigation Bureau, and Legal Secretary of Department of Justice in Houston, Ministry of Justice Investigation Bureau	There are no matters mentioned in Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee" in the two years before the appointment and during the term of office.	0
Independent Director	Yie-Yun Chang	LL.D in University of Munich Work experience including Dean, Fu Jen Catholic University, Academic Associate Dean and Head of Department of Economics and Law, Fu Jen Catholic University, Member of the 6th Fair Trade Commission, Adjunct Professor at Department of Finance, National Chengchi University and the current position of professor in the Department of Financial and Economic Law at Fu Jen Catholic University	There are no matters mentioned in Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee" in the two years before the appointment and during the term of office.	2

(II) Operation of the Remuneration Committee

1. There are 3 members in the Remuneration Committee.
2. Current term for the members: From June 2024 to June 2027. A total of 2 Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Jin-li Hu	2	0	100%	The 6th convener
Committee Member	Di-Shi Huang	2	0	100%	None
Committee Member	Yie-Yun Chang	2	0	100%	None

Remuneration Committee	Agenda Item And Follow-Up	Results Of Resolution	Actions Taken By The Company In Response To The Opinion Of The Remuneration Committee
6th term Committee 2nd Meeting 2025/01/15	1. Reviewed 2024 year-end bonus proposal for executive managers	Approved by all committee members as proposed.	None
6th term Committee 3rd Meeting 2025/03/12	1. Reviewed the proposal of employee remuneration in 2024 2. Reviewed the proposal of director remuneration in 2024	Approved by all committee members as proposed.	The Board of Directors approved the employee and director remuneration proposals in 2024 and reported to the shareholders' meeting.

Other statutory information:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion: None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(V) Sustainable Development, Deviations from "Sustainable Development Best Practice Principlese for TWSE/TPEx Listed Companies" and Reasons

Evaluation Items	**Practice**			**Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation**
	Yes	**No**	**Summary**	
I. Does the Company set up a governance structure and a dedicated function to facilitate sustainability developmet? Is the sustainable development function managed by senior management, and is authorized by/reports the progress to the Board of Directors	V		YFY has been actively promoting sustainable development since 2013. In 2020, the Company established an independent and dedicated unit—the CSR Office. To further strengthen the promotion of ESG-related issues, the office was renamed the ESG Office in 2022. In the same year, the Company also established its first Sustainable Development Committee, elevating ESG governance to the board level. This committee functions as a functional committee under the Board of Directors, in addition to those mandated by law. In the second half of 2024, the second Sustainable Development Committee was formed, chaired by the Chairman of YFY Inc., with one director and three independent directors as committee members, and the ESG Office serving as the executive secretary. The Sustainable Development Committee oversees a wide range of ESG issues, including corporate governance, environmental sustainability, employee relations, responsible supply chain, social engagement, information security, and risk management. Each issue is led by a senior executive from the YFY Inc., who are responsible for coordinating its operations. Ad hoc working meetings are convened as necessary, bringing together members from functional departments across business groups to implement ESG-related initiatives. Together, they conduct risk assessments and strengthen internal management practices concerning environmental, social, and governance matters relevant to the Company's operations. The ESG Office reports quarterly to the Board on behalf of the Sustainable Development Committee. Four meetings were held in 2025, with the Board overseeing the following: • Progress of GHG inventory and verification schedule • Status of IFRS Sustainability Disclosure Standards implementation • Execution of sustainability initiatives • Review of the 2024 Sustainability Report • Stakeholder engagement updates • Partial revisions to the "Procedures for Sustainability Report Preparation and Assurance" The Sustainabile Development Committee convenes at least once every six months. In 2025, a total of two meetings were held, with a 100% attendance rate. The reporting dates and supervisory matters are as follows: <u>May 12</u> · Status of IFRS Sustainability Disclosure Standards implementation. · Progress of sustainability initiatives. · Status of GHG inventory for consolidated subsidiaries and voluntary reduction plans.	Compliant

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation
	Yes	No	Summary	
			August 11 · Status of IFRS Sustainability Disclosure Standards implementation. · Results of the 2024 Sustainability Report preparation. · 2025 risk management outcomes and key emerging risk items for 2026.	
II. Does the company evaluate business-related environmental, social and governance issus and risks based on materiality principles?	V		The Company adopted the Risk Management Policy and Procedures in 2023, approved by the Board. The Sustainabile Development Committee oversees risk management in accordance with this policy. A Risk Management Task Force under the Committee is responsible for risk identification and control implementation, and reports annually to the Board. The latest report was submitted on August 13, 2025. The sustainability risk assessment period covers January to December 2025. Based on frameworks including GRI, TCFD, SASB, corporate governance evaluation, and AA1000 stakeholder engagement principles, ESG risks are identified and assessed for stakeholder inclusiveness, sustainability, impact materiality, and completeness. The assessment scope focuses on key subsidiaries with material ESG relevance, including Chung Hwa Pulp Corporation (Forest, Pulp & Paper Group), YFY Consumer Products Co., Ltd. (Consumer Products Group), and YFY Packaging Inc. (Containerboard and Packaging Group). Following the materiality principle, the Company conducts ESG risk assessment and internal management on identified material topics related to operations, and formulates action plans and targets accordingly. For risks and opportunities across all plants under the three business groups, corresponding policies and mitigation measures are implemented to enhance operational resilience. For details on risk identification processes, materiality matrix results, response strategies, management targets, and progress, please refer to the Sustainability Report.	Compliant
III. Environmental issues (1)Has the Company established a proper environmental management system based on its incustry characteristics?	V		The Company has established environmental management systems across its plants in Taiwan, Mainland China, and Vietnam, and has obtained certifications such as ISO 14001 and ISO 9001. Each production site has dedicated units in place in accordance with local environmental regulations to ensure effective system operation. Based on site-specific characteristics, additional certifications have been obtained, including ISO 50001, ISO 14064-1, ISO 14067, FSC, and PEFC. In addition, the Company's circular papermaking process has achieved BS 8001 certification, making it the first paper company globally to receive this circular economy recognition. For details on certified sites and validity periods, please refer to the "Certificates and Standards" on the Company's website and in the Sustainability Report.	Compliant
(2)Is the Company commited to increase	V		The Company adopts "low-carbon energy use" and "energy efficiency improvement" as its core energy-saving strategies. In low-carbon energy application, biomass is prioritized to replace coal, with alternative energy	Compliant

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Practice</th><th rowspan="2">Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>energy efficiency and use renewable materials with low environment impact?</td><td></td><td></td><td>accounting for over 30% of total input and biomass exceeding 40% in some business groups. For efficiency, the Company continues upgrading process equipment and motor performance, promoting retrofits and process optimization to reduce steam and electricity use. Measures such as energy-efficient pulping, plant-wide steam and flue gas heat recovery further reduce heat loss and fuel demand. At the same time, the Company develops smart Energy Management Systems (EMS), deploys microgrids and storage systems to enhance power resilience, and applies digital and AI technologies to improve yield, reduce rework, and cut energy waste from inefficient production. In line with energy transition trends, renewable energy deployment and self-generation continue to expand.

Following circular economy principles, the Company prioritizes low-impact recycled materials in procurement and strengthens sustainability and traceability through supply chain management. Over 90% of materials used in products and packaging are recycled. In addition, over 90% of pulp raw materials in the Containerboard and Packaging Group come from recovered paper. The Procurement Department also ensures that over 90% of sourced materials are FSC/PEFC certified, reducing impacts on forests and ecosystems while increasing green procurement and promoting sustainable resource use.

For data on energy efficiency and recycled materials, please refer to the ESG section of the Company’s website and the Sustainability Report.</td><td></td></tr>
<tr><td>(3)Does the Company evaluate present and future climate-related risks and opportunities, and take necessary actions?</td><td>V</td><td></td><td>For details on YFY’s assessment of climate change-related risks and opportunities, as well as corresponding response measures, please refer to the section titled "Climate-related Information for Listed Companies" in this annual report and the Company's sustainability report.</td><td>Compliant</td></tr>
<tr><td>(4) Does the company count greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulate policies for greenhouse gas reduction, water use reduction or other</td><td>V</td><td></td><td>**Greenhouse Gas Emissions**
For the Company’s GHG inventory results, assurance status, and reduction policies, please refer to “1-1 Status of the company's greenhouse gas inventory and assurance over the past two years” and “1-2 Greenhouse gas reduction targets, strategies, and action plans” in this Annual Report..

Water
All plants in Taiwan, Mainland China, and Vietnam follow ISO 14001 environmental management systems to assess risks from water shortages or supply disruptions affecting operations, and all have obtained ISO 14001 certification. The Company also applies World Resources Institute tools to evaluate water stress at each site. Major production sites use freshwater sources (excluding rainwater) and ensure no conflict with domestic or agricultural water use.</td><td>Compliant</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Practice</th><th rowspan="2">Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>waste management?</td><td></td><td></td><td>
<p>The Company promotes water-saving programs by assessing process water quality needs and implementing online recycling, allowing wastewater from one process to be reused in another for continuous circulation. At the same time, strict control over receiving water bodies is enforced, with internal discharge standards exceeding regulatory requirements to reduce environmental impact. Taiwan sites report annually to the Water Resources Agency, and the average water reuse rate at Taiwan paper mills exceeds 90%.</p>
<p>Water Consumption Over the Past Two Years</p>
<table>
<tr><th>Year</th><th>Water Withdrawal (Million liters)</th><th>Water Withdrawal Intensity (Million liters/million TWD revenue)</th><th>Water Discharge (Million liters)</th><th>Water Discharge Intensity (Million liters/million TWD revenue)</th></tr>
<tr><td>2024</td><td>31,247</td><td>0.80</td><td>32,161</td><td>0.83</td></tr>
<tr><td>2025</td><td>32,034</td><td>0.87</td><td>31,694</td><td>0.86</td></tr>
</table>
<p>Data Scope: YFY Taiwan production sites, including Containerboard and Packaing Group–Taiwan (Xinwu, Xinwu Corrugated Container, Taoyuan (include Colored box), Zhunan, Pek Crown, Changhua, Kaohsiung), Forest, Pulp & Paper Group–Taiwan (Jiutang, Hualien, Taitung, Kuanyin), and Consumer Products Group–Taiwan (Qingshui, Yangmei, Ever Growing).</p>
<p>Waste</p>
<p>All plants in Taiwan, Mainland China, and Vietnam follow ISO 14001 environmental management systems, conducting regular waste inventories, risk assessments, and internal and external audits, with all sites certified under ISO 14001. The Company applies YFY’s circular economy model, prioritizing waste recycling and only using incineration or landfill for non-recyclable waste.</p>
<p>Except where regulations in Mainland China and Vietnam require designated contractors, waste from production and water treatment in Taiwan is reused through circular processes. It is either remanufactured into products (e.g., paper, fertilizers) or converted into energy (biogas, lignin, SRF) and eco-friendly materials. The waste-to-resource ratio in Taiwan is approximately 90%.</p>
<p>Waste Generation Over the Past Two Years</p>
<table>
<tr><th>Year</th><th>Non-Hazardous Waste (Metric tons)</th><th>Hazardous Waste (Metric tons)</th><th>Total Weight (Metric tons)</th><th>Waste Intensity (Metric tons/million TWD revenue)</th></tr>
<tr><td>2024</td><td>289,947</td><td>6.8</td><td>289,953.8</td><td>7.5</td></tr>
<tr><td>2025</td><td>282,812</td><td>4.7</td><td>282,816.7</td><td>7.7</td></tr>
</table>
<p>Data Scope: YFY Taiwan production sites, including Containerboard and Packaing Group–Taiwan (Xinwu, Xinwu Corrugated Container, Taoyuan (include Colored box), Zhunan, Pek Crown, Changhua, Kaohsiung), Forest, Pulp &</p>
</td><td></td></tr>
</table>

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation
	Yes	No	Summary	
			Paper Group–Taiwan (Jiutang, Hualien, Taitung, Kuanyin), and Consumer Products Group–Taiwan (Qingshui, Yangmei, Ever Growing).	
IV. Social issues (1)Does the Company comply with relevant international laws and regulations on human rights, and have related management policies and procedures in place?	V		**Human Rights Commitment** The Company supports the principles of the United Nations Global Compact and aligns with the Universal Declaration of Human Rights and International Labour Organization conventions. A Human Rights Policy has been established and approved by the Chairman to safeguard the rights of full-time employees, contract and temporary workers, and interns, and to foster a dignified workplace. The Company requires that its own operations, as well as those of suppliers and partners, strictly prohibit any form of human rights violations. The Company is committed to prohibiting discrimination, ensuring equal pay, and upholding freedom of association and collective bargaining. It also pays attention to vulnerable and high-risk groups, including prohibiting human trafficking, forced labor, and child labor. **Human Rights Due Diligence Process and Assessment** YFY's risk management is overseen by the Sustainable Development Committee, under which a Risk Management Taskforce is responsible for risk identification and due diligence. Major human rights issues are incorporated into the Company's overall risk management system. The due diligence process is as follows: **Identification: Human Rights Issue Mapping** In 2025, the Risk Management Taskforce distributed a "Risk Register" to department representatives to ensure coverage across YFY's entire value chain. A total of 56 paper industry-related risks were identified, including human rights indicators such as data privacy protection, non-discrimination and anti-harassment (e.g., workplace sexual harassment), occupational health (e.g., work interruption due to illness, vehicle accidents, contractor or employee occupational injuries), labor rights protection (e.g., unlawful termination), and forced labor (e.g., excessive overtime). These risks mainly affect internal operations, while contractor-related occupational accidents may also impact the broader value chain. **Assessment: Human Rights Risk Evaluation** Departments proposing human rights issues assess potential risks across value chain nodes and evaluate impacts on affected groups, including employees, suppliers, communities, and vulnerable groups. Risks are ranked based on likelihood and severity to form a "Human Rights Risk Exposure Matrix." Issues with high impact and high likelihood are classified as key risks for priority management. Details are disclosed in the Company's Sustainability Report. **Management: Human Rights Risk Mitigation** From a value chain perspective, human rights issues are managed based on the Risk Exposure Matrix. Responsible departments implement, review, and refine mitigation measures and continuously monitor their effectiveness. Relevant actions are disclosed in the Sustainability Report.	Compliant

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation
	Yes	No	Summary	
			Disclosure: Information Transparency The Company discloses its human rights policy and due diligence outcomes through its Sustainability Report.	
(2)Has the Company established and implemented reasonable employee benefits (including remuneration, leave, and other benefits), and ensured business performance or results are reflected adequately in employee remuneration?	V		The Company provides a comprehensive compensation, benefits, and performance management system, while ensuring alignment with external market conditions and internal fairness. It also offers leave benefits exceeding statutory requirements. Guided by a profit-sharing philosophy, the Company aims to attract, retain, develop, and motivate talent. **Employee Compensation** Employee compensation and benefits are benchmarked against industry and market surveys, and determined based on education, experience, competencies, and job responsibilities. Salary adjustments are made promptly upon promotion, without discrimination based on gender or age. The Company's Articles of Incorporation stipulate that at least 0.1% of annual profits shall be allocated as employee remuneration. Additional bonuses are determined based on operating performance, employee rank, and performance, ensuring competitiveness and incentive alignment to encourage contributions and shared growth. **Employee Benefits** For implementation details in 2025, please refer to this Annual Report under Business Overview > V. Labor Relations > (1) Current Labor-Management Practices. **Workplace Diversity and Equality** YFY is committed to building a diverse workforce, encompassing gender, age, professional background, nationality, and employees with disabilities. It further promotes gender balance through increasing the proportion of female managers at different leadership levels. Detailed data on employee structure, including gender distribution by role, age, and nationality, can be found in the Company's Sustainability Report.	Compliant
(3) Does the Company provide a safe and healthy work environment, and provide employees with regular safety and health training?	V		YFY together with labor representatives, formulates occupational safety and health (OSH) policies approved by the Chairman to safeguard the safety and health of all employees and contractors and prevent occupational accidents. Each business group establishes safety and health work rules in accordance with Article 42 of the Enforcement Rules of the Occupational Safety and Health Act, tailored to operational needs, and files them with labor inspection authorities. YFY targets zero major occupational accidents and	Compliant

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation
	Yes	No	Summary	
			commits to implementing action plans based on its OSH principles, continuously reviewing and improving management systems to enhance OSH performance. Each unit appoints safety and health personnel responsible for planning OSH management programs and promoting hazard identification, assessment, and control. All employees are required to complete at least three hours of OSH training every three years. All Taiwan production sites follow YFY's OSH Management Regulations and Safety Rules, implement ISO 45001 systems in compliance with or exceeding legal requirements, and utilize a digital occupational incident data system to monitor performance. In 2025, a total of 29 incidents occurred among employees in Taiwan's three business groups, including medical treatment without hospitalization, observation, and hospitalization cases. Ten cases involved temporary total disability (approximately 0.22% of employees). No fire incidents occurred in 2025. To prevent and mitigate occupational hazards, YFY requires strict compliance with safety regulations, implementation of pre-operation equipment checks and environmental monitoring, and strengthened safety training. Additional measures include fire alarms and sprinklers, regular equipment inspections, flammable material control, and enhanced emergency training, aiming to create a safe, healthy, and friendly workplace and achieve zero accidents.	
(4) Does the Company offer its employees effective occupational empowerment training programs?	V		Based on different roles and levels, YFY plans and provides professional competency training required for each position, along with diversified learning resources such as management, general, and onboarding programs. For implementation in 2025, please refer to this Annual Report under Business Overview > V. Labor Relations > (3) Employee Training and Development.	Compliant
(5) Does the Company comply with relevant laws and international standards	V		YFY complies with applicable laws and regulations in all operating locations, providing responsible products and services. Product marketing and labeling follow FSC, PEFC, ISO, and other relevant international standards. Product specifications and disclosures meet national regulations and international certifications (such as FSC, HACCP, and ISO 22000), enabling consumers to fully understand product	Compliant

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation
	Yes	No	Summary	
in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures?			information and choose safe and reliable products. The Company also provides certification inquiry channels on its website by product category, and has established customer service hotlines, phone support, and email channels to actively respond to customer and public needs. In addition, a "Customer Complaint and Inquiry Handling Procedure" has been implemented to ensure timely consultation and a complete complaint handling mechanism, safeguarding consumer and customer rights. Regarding customer privacy and personal data protection, the Company strictly complies with the Personal Data Protection Act in collecting, processing, and using personal data. A dedicated Personal Data Protection Management Organization has been established, with clear roles, management systems, and control mechanisms to ensure data security and privacy, reduce risks, and strengthen customer trust.	
(6) Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.	V		**Supply Chain Strategy** The Company has established a "Supplier Code of Conduct and Due Diligence Statement" as its supply chain policy and requires suppliers to sign it, ensuring compliance with environmental sustainability, health and safety, labor and human rights, ethical conduct, sustainable procurement, information security, and data privacy. To achieve a sustainable supply chain, YFY adopts three key strategies: (1) continue promoting supplier ESG programs, expand renewable energy and energy-efficient procurement, and explore local sourcing opportunities; (2) enhance supply chain digitalization; and (3) provide resources and support to strengthen suppliers' ESG awareness and execution capabilities. **Supplier Identification** Suppliers are classified based on a comprehensive assessment of business/material criticality, external risks, environmental, social, and governance factors, and key suppliers are identified. For key suppliers, YFY shares business strategies, promotes ESG knowledge exchange, conducts regular audits, and, when necessary, holds quarterly business reviews (QBR) to improve management performance and reduce operational risks.	Compliant

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Practice</th><th rowspan="2">Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Supplier Evaluation and Improvement
The Company implements a “Supplier Evaluation Procedures” and conducts evaluations in accordance with these procedures. Evaluations are carried out twice annually, once in the first half of the year and once in the second half. Assessment criteria include product and service quality, delivery accuracy, cost control capability, and supplier responsibility issues. Results are used to identify risks and improvement areas and require suppliers to submit corrective plans.
For underperforming suppliers, YFY issues “Supplier Improvement Notices” requiring corrective actions and provides guidance programs to address root causes and implement measurable improvements. Suppliers failing to meet standards after improvement will be disqualified.</td><td></td></tr>
<tr><td>V. Does the Company refer to international general principle or GRI guideline to prepare sustainability report and other reports that disclose non-financial information by following international reporting standards or guidelines? Has the company received assurance or certification of the aforesaid reports from a third-party accreditation institution?</td><td>V</td><td></td><td>Since 2015, the Company has published an annual sustainability report in accordance with the international GRI Standards. Beginning in 2017, the report has been independently assured each year by third-party verification bodies. In 2025, the Company engaged the British Standards Institution (BSI) to conduct the assurance and obtained a Type 2 Moderate Level of Assurance in accordance with the AA1000 Assurance Standard. The assurance statement is disclosed in the Company’s official website and in the appendix of the sustainability report.</td><td>Compliant</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Practice</th><th rowspan="2">Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">VI. If the Company has established sustainable development guidelines by following the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles:

The Company has established relevant policies and procedures, all of which adhere to the principles of corporate social responsibility and are effectively implemented in practice.</td></tr>
<tr><td colspan="5">VII. Other key information useful for explaining the status of sustainable development initiatives:
(1) Community Engagement: YFY actively supports the development of local culture by encouraging public participation in arts and cultural activities and promoting reading habits. In 2025, the Company contributed a total of NT$10,648,635 toward cultural initiatives. For more information, please visit the Company’s official website: https://esg.yfy.com/zh-tw/society/31#tab.

(2) YFY received several external awards in 2025. For details, please refer to the Company’s sustainability report or official website: https://www.yfy.com/tw/about_award.html.</td></tr>
</table>

Climate-related Information for Listed Companies

1. Implementation of climate-related information

Items	Practice
1. Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and Executive Management team.	The Board of Directors has established the “Sustainable Development Committee” as a functional committee, chaired by the Board Chairman, with one director and three independent directors serving as committee members. The committee oversees seven key functional tasks, each led by senior executives. Among them, the Environmental Sustainability team is responsible for climate risk and opportunity assessments and strategies, while the Risk Management team maintains close horizontal communication with the Environmental Sustainability team to ensure comprehensive understanding and management of the Group's climate-related risks. Led by the Chairman, senior executives across various functions convene work meetings as needed to coordinate with business units and functional departments, jointly driving the assessment and internal management of operational and climate-related risks. The committee’s secretariat, the ESG Office, regularly reports to the committee and the Board of Directors annually, receiving oversight and recommendations from the directors. In 2018, the Board of Directors approved the “Sustainability and Social Responsibility Code,” which clearly stipulates that the company must fully consider the environmental impact in conducting business activities and operations. Additionally, the company is required to formulate and promote energy conservation, carbon reduction, and greenhouse gas reduction strategies based on operational status and greenhouse gas inventory results to minimize the impact of business activities on climate change.
2. Describe how identified climate risks and opportunities impact the company's business, strategy, and finances in the short, medium, and long term.	The Company follows the TCFD materiality assessment method, considering international climate events, industry trends, domestic and foreign regulations, policies or guidelines, and authoritative research, to identify climate-related risks and opportunities associated with its operations over the short term (within 3 years), medium term (3 to 5 years), and long term (beyond 5 years). **Short-term** In the short term, climate risks mainly arise from the implementation of carbon fees by the Environmental Protection Administration, making carbon costs explicit and increasing operating expenses. In addition, fluctuations in fuel prices may directly impact manufacturing costs. The Company has established the Carbontech & Management Group to actively manage emissions. Each plant also implements voluntary reduction plans to secure preferential carbon fee rates and recognition as high carbon leakage risk industries, thereby reducing cost pressures. At the same time, as Taiwan accelerates AI development, factors such as the phase-out of nuclear power, delays in renewable energy projects, and regional power imbalances may lead to localized supply instability despite overall sufficient electricity supply. YFY has introduced energy storage, microgrids, and renewable energy across its plants to enhance power resilience. It also prioritizes energy-saving and AI efficiency projects with shorter payback periods to reduce operational impact. On the opportunity side, the Company will leverage growing demand for green electricity by expanding renewable self-generation to reduce purchased electricity and carbon costs, while developing green power trading. It is also transforming food waste treatment and biogas generation into new business opportunities. Using proprietary technology, organic matter from food waste and industrial wastewater is rapidly converted into high-concentration biogas (methane) for

Items	Practice
	green power generation, helping governments, businesses, and retailers manage waste and achieve “waste-to-energy.” This technology is applied internally and also commercialized externally. In response to carbon pricing and rising corporate decarbonization demand, the Company also provides smart energy and carbon management services, creating diversified revenue streams. The development of low-carbon materials is another key opportunity. Through technological innovation, the Company promotes commercialization of “saccharide-based” bio-based carbon-sequestering materials as alternatives to plastics. Key developments include organic non-plastic saccharide-based materials, cellulose spinning and film-forming using ionic liquids, and the Electro-Kraft process, which significantly reduces carbon emissions in pulping, advancing circular sustainability and expanding green applications. **Medium-term** In the medium term, the Company will further strengthen carbon management, aiming to decouple emissions from revenue growth. Through digital carbon management systems, carbon costs will become traceable and controllable. At the same time, Taiwan’s energy challenge lies not in total supply shortage, but in regional imbalance and uncertainty. The Company is therefore building a more comprehensive energy strategy to reduce operational risks from power instability. While process optimization and energy-saving investments can lower unit energy use and long-term costs, they also increase capital expenditure and depreciation. To improve efficiency and reduce energy use, the Company has collaborated with academia to introduce AVM big data and AI technologies, and will expand digital applications from individual machines to entire plants, and from processes to supply chains, enhancing productivity and cost competitiveness. On the opportunity side, the Company will develop a green value chain covering power generation and sales, green energy applications, and carbon reduction services. Saccharide-based materials will also be extended to textiles and construction materials, offering verifiable carbon and plastic reduction benefits. In parallel, the Company will provide integrated “digital and standardized” services to help enterprises address carbon management challenges, including smart energy, low-carbon microgrids, energy storage, virtual power plants, and carbon management platforms—strengthening its medium-term growth momentum. **Long-term** In the long term, climate risks will focus on net-zero transition and operational resilience. Carbon costs will become a key factor affecting product competitiveness, while energy systems must shift from cost control to strategic resource allocation to reduce supply uncertainty and price volatility. In response, the Company will advance deep decarbonization along its net-zero pathway, converting reductions into low-carbon products and contractual advantages to generate revenue. At the same time, by integrating smart energy and virtual power plants, energy use will shift from a cost burden to a source of competitiveness. On the opportunity side, the Company will expand the value of green electricity through energy storage and virtual power plants to drive new growth. Verified environmental performance will be linked to revenue and margins, enhancing market and capital valuation. In addition, the Company will strengthen its “net-zero + digital” climate technology positioning, transforming internal decarbonization capabilities into scalable and sustainable external revenue streams.

Items	Practice
3. Describe the financial impact of extreme weather events and transition actions on the company.	**Financial Impacts of Extreme Climate Events** Extreme weather events—such as typhoons, floods, intense rainfall, and prolonged inundation—are becoming more severe. These may cause raw material shortages, logistics disruptions, and operational shutdowns, increasing procurement and transportation costs and potentially leading to significant one-off losses. They may also result in unstable power supply, equipment damage, or moisture-related losses of finished goods, causing production interruptions and affecting output and delivery schedules. In addition, more frequent droughts and water shortages may raise water costs and related fees, further increasing operating expenses and impacting production stability. To address these risks, the Company has established short-term supplier risk classification and backup mechanisms. In the medium term, it will leverage circular economy capabilities and local resources to reduce reliance on imported materials. In the long term, disaster prevention and resilience investments will be incorporated into asset allocation strategies to strengthen operational stability. **Financial Impacts of Transition Actions** In the transition toward a low-carbon economy, the Company may face transition risks from policy, technology, and market changes. Measures such as carbon pricing, low-carbon technology adoption, and stricter energy efficiency regulations may increase operating and production costs or affect operations. To address these risks, the Company actively participates in renewable energy initiatives and improves energy efficiency. Leveraging its strong R&D capabilities in fiber and materials, it continues to invest in low-carbon products and bio-based material technologies, driving product innovation and transformation. In addition, the Company integrates its carbon management strategy, actively engages in carbon trading and renewable energy markets, and participates in incentive programs. It also invests in voluntary reduction and carbon offset projects to accumulate carbon credits for future emission reductions. These efforts enhance transition resilience, capture emerging opportunities, and strengthen long-term competitiveness. While the transition presents challenges, it also creates new business opportunities and supports the development of new operating models beyond the core business.
4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	Under the governance structure of the Sustainable Development Committee, the Environmental Sustainability team regularly reviews climate-related risks and opportunities identified by management, along with response strategies and progress of target initiatives. The Environmental Sustainability team maintains close coordination with the Risk Management team to ensure that material climate risks and opportunities are integrated into the Company's overall risk management framework. Under the supervision of the Risk Management team and management, a total of 56 risks were identified in 2025. Risk levels were assessed based on impact and likelihood, and a risk matrix was developed. Risks with a score of 60 or above were classified as material risks and opportunities, including climate-related issues. After identification, responsible units conducted initial screening to select high-impact topics, which were then submitted to the Sustainable Development Committee for voting. Key risk topics for annual priority management were determined and continuously monitored.

Items	Practice
5. If scenario analysis is used to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, analysis factors, and key financial impacts employed.	The Company adopts the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) report issued by the National Science and Technology Council, which compiles key scientific findings from the IPCC Sixth Assessment Report (AR6). The worst-case global warming scenario (SSP5-8.5) is used as the basis to estimate the maximum potential financial impact of physical risks. In assessing physical risks, the Company evaluates costs required to respond to short-term extreme weather events (such as typhoons and floods) and potential revenue losses, while also considering increased operating costs from long-term climate changes (such as drought and water shortages). Under the SSP5-8.5 scenario, the average increase in the maximum consecutive dry days by mid-21st century is projected at 5.5%, while changes in typhoon-related rainfall in Taiwan may increase by 20%. The analysis indicates that both extreme events and long-term climate changes have limited overall financial impact on the Company.
6. If there is a transition plan to address and manage climate-related risks, describe the plan's content, and the metrics/targets used for identifying and managing physical and transition risks.	To manage transition risks, the Company plans to expand biomass alternative fuel use and promote waste resource recovery. It also strengthens energy management, improves efficiency, increases green electricity, and integrates smart applications across generation, storage, consumption, and dispatch. For physical risks, measures include establishing disaster response teams, enhancing logistics flexibility, implementing groundwater monitoring and early warning systems, and expanding drainage capacity. Under the Company’s overall risk management framework, climate risks are systematically managed and environmental performance is monitored through key indicators, including GHG emissions, energy (power-saving rate, renewable generation and usage, alternative energy input), water (consumption), and waste (waste-to-resource ratio, outsourced and direct treatment).
7. If internal carbon pricing is used as a planning tool, state the basis for price setting.	The Company’s internal carbon pricing is based on estimated costs of emission reduction measures at each plant, including initial investment and ongoing operation and maintenance, as well as the accumulated emission reductions (Scope 1 and Scope 2). These factors are used to calculate the cost per ton of carbon reduction. A shadow pricing mechanism is adopted, integrating internal carbon pricing into investment evaluation and capital expenditure decisions. Priority is given to listed subsidiaries that are major emission sources, making it a key criterion for new investments and procurement-related capital spending. By quantifying carbon reduction benefits into financial value and incorporating them into payback period (PBP) and investment return assessments, the Company can more effectively evaluate energy-saving and low-carbon technology investments, guiding capital allocation toward low-carbon transition. This mechanism also encourages all sites to

Items	Practice
	continuously promote energy efficiency, process optimization, and renewable energy adoption.
8. If climate-related targets are set, provide information such as the covered activities, greenhouse gas emissions scope, planning timeline, and annual progress. Additionally, if carbon offsets or RECs are used to achieve the targets, specify the source and quantity.	In accordance with Annual Report regulations, the base year shall be the year in which the GHG inventory is completed based on the consolidated financial boundary. The Company completed its 2024 inventory in 2025 using the consolidated financial boundary; therefore, 2024 is set as the base year. The Company's GHG boundary covers YFY Inc. (parent company) and all production activities of its consolidated subsidiaries. Using 2024 as the base year, the Company has set Scope 1 and Scope 2 reduction targets of 22% by 2035, 50% by 2040, and net zero by 2050. Progress toward these targets is detailed in question 1-2 below.
9. Describe the GHG inventory and assurance status, reduction targets, strategies, and specific action plans (answer questions 1-1 and 1-2).	For details on the Company's GHG inventory and assurance status, as well as its reduction targets, strategies, and specific action plans, please refer to questions 1-1 and 1-2 below.

1-1 Status of the company's greenhouse gas inventory and assurance over the past two years.

1-1-1 Greenhouse gas inventory details：Describe the greenhouse gas emissions (in tonnes CO2e), intensity (in tonnes CO2e per million TWD), and data coverage over the past two years.

Starting from 2025, YFY conducts annual GHG inventories covering the Company and all subsidiaries within the consolidated financial statements for the previous year. The operational control approach is applied, and GHG emissions for the past two years are consolidated as shown in the table below.

		2024$^{\text{note1}}$		2025$^{\text{note 2}}$	
		Emissions (tonnes CO_2e)	Intensity (tonnes CO_2e/million TWD revenue)	Emissions (tonnes CO_2e)	Intensity (tonnes CO_2e/million TWD revenue)
YFY Inc. (parent company)	Scope 1	12		13	
	Scope 2	32		29	
	Subtotal	44		42	
All subsidiaries included in the consolidated financial report	Scope 1	2,105,878		2,056,748	
	Scope 2	380,636		377,892	
	Subtotal	2,486,514		2,434,639	
Total		2,486,558	31.7	2,434,681	33.1

Note 1: As the publication date of the 2024 Annual Report precedes the completion of third-party GHG verification for each subsidiary, the 2024 data in this report have been updated to the latest available figures.

Note 2: Due to capacity and scheduling constraints of third-party verification bodies, if any changes arise after verification of the 2025 estimated data, updates will be disclosed in the Sustainability Report or on the Company's website.

1-1-2 Greenhouse gas assurance details：Describe the assurance status over the past two years, including the scope of assurance, the assurance provider, the assurance standard, and the assurance opinion.

In 2024, YFY Inc. (parent company) reported assured greenhouse gas emissions of 44 tonnes of CO_2e, representing 100% of its total emissions for the year. This figure was assured by BSI in accordance with ISO 14064-3, with a reasonable level of assurance. For all subsidiaries included in the consolidated financial statements, total greenhouse gas emissions in 2024 amounted to 2.487 million tonnes of CO_2e. Of this, 2.289 million tonnes of CO_2e, representing 92% of total emissions, underwent third-party assurance with a reasonable level of assurance. The assurance was conducted by DNV, SGS Taiwan, AFNOR, and designated professional institutions authorized by the Chinese government, in accordance with ISO 14064-3 or other relevant greenhouse gas standards. The verification schedule for 2025 is currently under planning, and complete assurance information will be disclosed in the sustainability report or published on the official website. Furthermore, the Company plans to begin disclosing consolidated assurance information for the parent company and its subsidiaries starting in 2027.

1-2 Greenhouse gas reduction targets, strategies, and action plans

Describe the base year for greenhouse gas reduction, including its data, reduction targets, strategies, specific action plans, and the progress of these targets.

In 2025, YFY completed its 2024 GHG inventory based on the consolidated financial boundary; therefore, 2024 is set as the base year. Scope 1 and Scope 2 emissions were 2.106 million tonnes of CO_2e and 0.381 million tonnes of CO_2e, respectively. Through the following reduction strategies and action plans, the Company aims to achieve a 2% reduction by 2026 compared to the base year, 22% by 2035, 50% by 2040, and net zero emissions by 2050.

GHG Reduction Strategies and Action Plans

Strategies		Action Plans
Energy Structure	**Alternative Fuels**	▪ Expand the use of biomass-based alternative fuels and renewable fuels. ▪ Promote waste resource recovery and reduction to decrease the use of fossil fuels.
	Green Energy Development	Continue to invest in biomass energy, biogas power generation, and solar energy to develop green electricity.
Process Optimization	**Energy Efficiency & Equipment Upgrade**	Energy management is implemented through various energy-saving measures to reduce equipment energy consumption and improve efficiency. These include motor downsizing, pump efficiency optimization, compressed air system upgrades, paper machine heat recovery, and steam line loss reduction.
	Production Optimization	▪ Optimize product structure to maximize production allocation and enhance efficiency. ▪ Invest in low-carbon R&D and innovative technologies to implement green and low-emission production.
Transformative R&D	**Digital Intelligence**	▪ Implement AI-driven digital management to improve production efficiency and product yield. ▪ Install energy storage systems to participate in Taipower's supplemental reserve program. ▪ Establish carbon accounting systems integrated with automated equipment to track daily plant-wide and production line carbon emissions.
	Material Innovation	Develop diverse and innovative paper-based materials to expand the application of saccharide-based materials.
	Market Engagement	▪ Implement voluntary emission reduction projects, promote Taiwan’s pilot afforestation carbon credit project, and develop methodologies for emission reduction through constructed wetlands. ▪ Continue to monitor domestic and international trends and regulatory developments, and implement an internal carbon pricing mechanism.

Progress toward Reduction Targets

The status of target achievement for 2025 is described as follows:

Base Year	Base Year Emissions	2025 Target	2025 Progress
2024	2.487 million tonnes of CO_2e	1% reduction from the base year	Emissions amounted to 2.435 million tonnes of CO_2e, representing a 2.1% reduction compared to the base year.

(VI) Deviations of the implementation of ethical corporate management from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for deviation

Evaluation item	**Practice**			**Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation**
	Yes	**No**	**Summary**	
I. Establishment of ethical corporate management policy and approaches				
(I) Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices as well as the commitment of its Board of Directors and senior management to implementing the management policies?	V		The Company's "Code of Operation Integrity" was passed by the Board of Directors and the Company established the "Ethical Corporate Management Operating Procedures and Code of Conduct" to actively prevent dishonest behavior and conflicts of interest, establish whistleblowing channels, and regulate the conduct of relevant personnel.	Compliant
(II) Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies?	V		The Company performs regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business and implement programs to prevent unethical conduct. The programs are provided below: 1. Prevention of dishonest behavior and the prohibition of bribery acceptance: Detailed information about disciplinary actions and the reporting system are listed in Chapter Four: “Service Regulations” of the Work Rules. 2. Protection of Intellectual Property Rights: Achieved by requiring employees to sign the *Integrity and Confidentiality of Intellectual Property Agreement* as well as the employment contract. 3. Code of Conduct for Employees: The Code of Conduct for Employees was established to implement the Company’s core values, maintain high ethical standards, provide employees with standard compliance requirements when performing their daily duties and tasks, protect the Company’s reputation, and earn the respect and trust of our clients, vendors, and other individuals. 4. *Ethical Corporate Management Operating Procedures and Code of Conduct*: Contain 15 operational regulations and stipulate whistleblowing systems and handling procedures.	Compliant
(III) Does the Company have any measures against dishonest conduct? Are these measures supported by proper procedures, conduct guidelines, disciplinary actions and complaint systems? Does the Company review the policies on a regular basis?	V		The Company established the *Ethical Corporate Management Operating Procedures and Code of Conduct* in accordance with the *Code of Operation Integrity* to specify disciplinary actions and complaint systems and the Company reviews the policies on a regular basis.	Compliant
II. Full Implementation of ethical management principles				
(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		In the credit evaluation process of business partners, the Company carefully assesses the integrity of their records. Likewise, we clearly specify in the procurement contract as well as the *Honesty and Integrity Declaration Form* that absolutely no bribery or dishonest behavior are allowed.	Compliant
(II) Does the Company have a unit responsible for business integrity on a full-time basis under the Board of Directors, which will report the business integrity policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		The Company’s Human Resources Department is responsible for handling the drafting, revision, interpretation, consulting services, notification, and record of the Company’s *Ethical Corporate Management Operating Procedures and Code of Conduct*. The Department supervises the executing unit and reports the implementation status of the ethical corporate management policies and programs for preventing unethical conduct to the Board of Directors once a year.	Compliant
(III) Does the Company have policies that help prevent conflicts of interests, provide appropriate channels for filing related complaints, and precisely enforce them?	V		Directors who may have a conflict of interest with respect to a proposal discussed during a Board meeting must recuse themselves from the meeting.	Compliant
(IV) Does the Company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or engage CPAs to perform the audits?	V		An effective accounting system and internal control system are already in place; internal auditors conduct inspections according to the audit plan approved by the Board of Directors. Regularly hold seminars related to ethical corporate management： The Legal Department and external lecturers jointly conduct seminars on topics such as "Prohibition of receiving improper benefits", "Recusal due to conflict of interest" and "Prohibition of insider trading" every year, which are mandatory for all employees.	Compliant Compliant
(V) Does the Company periodically provide internal and external training on ethical corporate management?	V		Regularly hold seminars related to ethical corporate management： The Legal Department and external lecturers jointly conduct seminars on topics such as “Prohibition Against Accepting Improper Benefits", “Conflict of Interest Avoidance" and "Prohibition of Insider Trading" every year, which are mandatory for all employees. New employees are required to	Compliant

Evaluation item	Practice			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviation
	Yes	No	Summary	
			complete the digital course “Procedures for Ethical Management and Guidelines for Conduct “during the probationary assessment period. Through the seminars, we promote correct concepts, actively implement the value of honesty and integrity, strengthen corporate governance and risk control, and deeply plant the corporate culture of integrity in the hearts of our employees. In 2025, 305 people attended the seminars “Procedures for Ethical Management and Guidelines for Conduct” and ”2025 Ethical Management” related to the theme of “Prevention of Conveyance of Unjust Interests ” and “Prevention of Insider Trading”, of which a total of 373 hours of classes were held. No dishonest business practices occurred within the company in 2025. .	
III. Implementation of the Company’s whistleblowing system				
(I) Does the Company have in place a substantial whistleblowing and reward system as well as a convenient reporting channel and appropriate designated personnel with regard to the party being reported on?	V		The Company's *Ethical Corporate Management Operating Procedures and Code of Conduct* established a whistleblowing and reward system as well as open and diversified reporting channels with the Human Resources Department as the responsible department.	Compliant
(II) Has the Company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, as well as relevant confidential mechanisms?	V		The Company has prescribed the standard operating procedures for investigating report, follow-up measures to be taken after the completion of investigations, and related confidentiality mechanisms in its *Ethical Corporate Management Operating Procedures and Code of Conduct*.	Compliant
(III) Does the Company adopt measures to prevent whistleblowers from improper treatment for filing the report?	V		The Company’s *Ethical Corporate Management Operating Procedures and Code of Conduct* expressly pledges the Company's protection of whistleblowers from damages imposed on the legal or contractual rights of whistleblowers as a result of whistleblowing. Should he or she be subject to improper treatment after filing the report, the whistleblower may file grievance report with the Company's Human Resources Department	Compliant
IV. Reinforcing information disclosure				
(I) Has the Company disclosed its corporate ethical management principles and progress onto its website and the Market Observation Post System?	V		Important internal policies and the operation of audit units are disclosed on the Company website.	Compliant
IV. If the Company has implemented its own ethical corporate management principles by following the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles: The Company has established the *Ethical Corporate Management Guidelines* and relevant operational procedures, and incorporated the principles of ethical corporate management into applicable regulations pursuant to the *Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies*.				
VI. Other important information to facilitate better understanding of the Company’s implementation of ethical corporate management: (e.g., review/revision of the Company’s ethical corporate management principles, etc.): The Company requires all suppliers and third parties to sign the *Honesty and Integrity Declaration Form* to guarantee their commitment to fulfill their obligations of conducting honest business operations. All contracts between the Company and its suppliers require both parties to comply with the ethical corporate management policy. If the supplier is involved in any dishonest activity, the Company may terminate or void the contract at any time.				

(VII) Other material information that can facilitate the understanding of the Company's corporate governance practice may be disclosed:

1. Please refer to (3) Corporate governance practice and compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
2. Continuing education and training for key managers who participate in corporate governance:

Corporate governance training for key managers in 2025

Topics of the Courses	**Organizer**	**Date**	**Hours**	**Participate Managers**
Introduction to Enterprise AI Brain	Human Resources Department	2025.11.17	3	Huey-Ching Yeh、David Lo、Vincent Min、Jeff Huang、Yi-Chia Ho、Richard Chuang、I-Pin Chen、Ya-Hui Huang、Frank Yeh、Han-Chu Yen、Vincent Zhan、Allen Chen、Jeremy Chan、Kens Lin、Judy Wu、Coco Chang、Yi-Ping Yang and other key managers of investee companies
A New Role in Environmental Economics: TCFD/TNFD and Nature related Financial Disclosure	Human Resources Department	2025.11.17	3	Huey-Ching Yeh、David Lo、Vincent Min、Jeff Huang、Yi-Chia Ho、Richard Chuang、I-Pin Chen、Frank Yeh、Han-Chu Yen、Chen-Tsung Hsiao、Vincent Zhan、Allen Chen、Jeremy Chan、Kens Lin、Judy Wu、Coco Chang、Yi-Ping Yang and other key managers of investee companies

(VIII). Status of implementation of internal control system:

1. Statement on the Internal Control System

YFY Inc.
Statement on the Internal Control System

Date: March 13, 2026

In 2025, the Company conducted a self-assessment on its internal control system, and based on its outcomes, hereby declares as follows:

(1) The Company is clearly aware that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and the executives. YFY has established this system accordingly. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance and security of assets), reliability, timeliness, and information transparency of reports and compliance with relevant regulatory requirements.

(2) There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. In addition, due to changes in market environment and conditions, the effectiveness of the internal control system may change along with them. Nonetheless, YFY's internal control system has a built-in self-supervision mechanism and once a flaw is detected, the Company is able to make immediate corrections.

(3) In compliance with the *Regulations Governing Establishment of Internal Control Systems by Public Companies* (the "Regulations"), YFY has adopted a checklist of items for the internal control system in judging the effectiveness of system design and implementation. The checklist items covered in the Regulations are based upon five elements according to the management control process: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element comprises several items as detailed in the Regulations.

(4) The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

(5) Based on the aforementioned evaluation results, the Company holds that it has reasonably assured the achievement of the aforementioned with the internal control system as of December 31, 2024 (including the monitoring over the subsidiaries), including understanding the effectiveness and efficiency in operation, reliability and transparency in timely reporting, and compliance with relevant regulatory requirements, and that the design and enforcement of internal control are effective.

(6) This Statement shall become a main part of the annual report and prospectus and be disclosed to the public. If there are any deceptive or concealed statements herein, the Company shall be liable for violations of Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

(7) This Statement was approved by the Board of Directors on March 13, 2026; all 7 directors present concurred unanimously.

YFY Inc.
Chairman: Huey-Ching Yeh President: David Lo

2. CPA’s internal control special audit report: N/A

(IX). Important resolutions adopted in shareholders’ meetings, Board of Directors' meetings, and the Audit Committee meetings in the past year and up to the print date of this annual report:

1. Important resolutions of the 2025 annual shareholders’ meeting (June 20, 2025) (summary)

(1) Approved the acknowledgment of YFY’s 2024 financial statements.
(2) Approved the acknowledgment of YFY’s 2024 earnings distribution proposal.
(3) Amendment on Article of Incorporation

Implementation of resolutions of the 2025 shareholders’ meeting:

(1) The Board of Directors followed Article 230 of the Company Act and prepared and submitted the financial statements to the shareholders’ meeting for acknowledgment. Once acknowledged by the shareholders’ meeting, the Board of Directors distributed the financial statements and earnings distribution proposals to the shareholders through announcements.
(2) In 2024, the Company’s cash dividends of ordinary stock were NT$0.8 per share; the ex-dividend date was July 19, 2025, and the distribution date for dividends was August 8, 2025.

YFY have completed the implementation of all tasks in accordance with the resolutions of the shareholders’ meeting.

2. Important resolutions of the 5th meeting of the 29th Board of Directors (March 14, 2025) (summary)

(1) Approved YFY’s 2024 financial statements and submitted them to the shareholders' meeting for acknowledgment.
(2) Approved YFY’s 2024 earnings distribution proposal and submitted it to the shareholders’ meeting for approval.

YFY's 2024 net profit after tax was NT$1,631,190,180, surplus from the previous year in terms of accumulated undistributed earnings was NT$12,384,557,156, confirmed welfare plan re-measurement was NT$258,442,056, and special reserve reversal was NT$86 before subtracting a recognized change of NT$76,592,000 in the net value of shares held in the investment portfolio to arrive at a total of NT$14,197,597,478 in unappropriated retained earnings. Excluding a statutory legal reserve of NT$181,304,032, the distribution of a NT$0.8 cash dividend of per share, amounting to NT$1,328,297,196 in total, was conducted. The remaining balance of NT$12,687,996,250 is reserved to be appropriated in the coming year, July 19, 2025 is the base date for dividend distribution, and August 8, 2025 is the dividend payment day.

(3) Approved YFY’s 2024 employee and director compensation proposals and submitted them to the shareholders’ meeting. In 2024, the Company set aside NT$1,796,000 as compensation for employees and NT$20,000,000 as compensation for directors.
(4) Approved the amendment for YFY's Articles of Incorporation.
(5) Approved the time, location, agenda, and other relevant matters regarding the 2025 shareholders meeting.
(6) Approved the Company’s 2024 Statement of Internal Control System.

(7) Approved the Compliance of the CPAs' independence and accountability after evaluation as required by the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

(8) Approved the company's accountant visa remuneration case is NT$4,250,000 each for 2025 and 2026.

(9) Approved YFY's interbank lending credit line application.

(10) Approved YFY to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by YFY's subsidiaries, and to issue letters of acknowledge.

(11) Approved YFY's subsidiaries to serve as the joint promissory note maker.

(12) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2024 and calculated these at the end of Q4 to be approx. NT$15,786,371 thousand.

(13) Approved the appointment of Mr. Richard Chuang as the Chief Information Security Officer.

3. **Important resolutions of the 6th meeting of the 29th Board of Directors (May 14, 2025) (summary)**

(1) Approved YFY's 2025 Q1 financial statements.

(2) Approved the company's financial statement certifying accountants are changed to Vivian Yeh CPA and Chih-Ming Shao CPA.

(3) Approved the company in order to repay existing bank loans, replenish mid-term operating funds and improve financial structure, the Company intends to appoint First Commercial Bank and Bank of Taiwan as lead banks to handle a five-year joint credit project.

(4) Approved YFY's interbank lending credit line application.

(5) Approved YFY to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by YFY's subsidiaries.

(6) Approved YFY's subsidiaries to serve as the joint promissory note maker in the interbank lending credit line applications by their subsidiaries, and to issue letters of support.

(7) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2025 Q1 to be NT$15,815,496 thousand.

4. **Important resolutions of the 7th meeting of the 29th Board of Directors (August 13, 2025) (summary)**

(1) Approved YFY's 2025 Q2 financial statements.

(2) Approved YFY's Rreport of Sustainability on 2024.

(3) Approved the case of using the equity of Yuen Foong Yu Paper (Jiaxing) Co., Ltd. held by YFY Mauritius Corporation to invest in Yuen Foong Yu Industrial Paper Investment (Yangzhou) Co., Ltd.

(4) Approved YFY's interbank lending credit line application.

(5) Approved YFY to serve as the joint promissory note maker and severable guarantor in the interbank lending credit line applications by YFY's subsidiaries, and to issue letters of support or letters of comfort.

(6) Approved YFY's subsidiaries serve as the joint promissory note maker, guarantor, and provides a letter of support for their subsidiaries (or sister company) in the interbank lending credit line applications, and also issues a letter of guarantee for its subsidiary's factory lease contract.

(7) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2025 Q2 to be NT$14,641,077 thousand.

5. **Important resolutions of the 8th meeting of the 29th Board of Directors (November 13, 2025) (summary)**

(1) Approved YFY's 2025 Q3 financial statements.
(2) Approved YFY's 2026 annual operational budget.
(3) Approved YFY's 2026 annual audit plan.
(4) Approved the amendment for YFY's "Operating Procedures for the Preparation and Verification of Sustainability Reports".
(5) Approved the amendment for YFY's internal control system concerning the "payroll cycle".
(6) Approved YFY indirectly invested in the mainland "Yong Feng Yu Industrial Paper (Yangzhou) Investment Co., Ltd." through a third-party business. The company used the profits distributed from the mainland business "Yong Feng Yu Paper Enterprise (Tianjin) Co., Ltd." and other five companies to invest a total of US$900 Million Yuan was transferred to increase the capital of "Yong Feng Yu Paper Mfg. (Yangzhou) Co., Ltd."
(7) Approved YFY's interbank lending credit line application.
(8) Approved YFY to serve as the joint promissory note maker and severable guarantor in the interbank lending credit line applications by YFY's subsidiaries, and to issue letters of support.
(9) Approved YFY's subsidiaries to serve as the joint promissory note maker in the interbank lending credit line applications by their subsidiaries, and to issue letters of support.
(10) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2025 Q3 to be NT$14,985,804 thousand.

6. **Important resolutions of the 9th meeting of the 29th Board of Directors (March 13, 2026) (summary)**

(1) Approved YFY's 2025 financial statements and submitted them to the shareholders' meeting for acknowledgment.
(2) Approved YFY's 2025 earnings distribution proposal and submitted it to the shareholders' meeting for approval.

YFY's net profit after tax for fiscal year 2025 was NT$1,973,838,773. Benefiting from the previous year's accumulated undistributed earnings of NT$12,687,996,250, gains from the disposal of FVOCI financial assets of NT$158,285,271, recognized changes in the net equity of investee companies of NT$85,256,254, and the reversal of special reserves of NT$1,008,135, and further deducting the reassessment amount for the determined welfare plan of NT$28,695,200, the total distributable amount was NT$14,877,689,483. After deducting the statutory reserve of NT$218,969,323, a cash dividend of NT$1 per ordinary share was distributed, totaling NT$1,660,371,495. The remaining NT$12,998,348,665 will be retained for consolidation and distribution in future years, July 19, 2026 is the base date for dividend distribution, and August 6, 2026 is the dividend payment day.

(3) Approved YFY's 2025 employee and director remuneration proposals and submitted them to the shareholders' meeting.
In 2025, the Company set aside NT$2,135,000 as remuneration for employees and NT$18,000,000 as remuneration for directors.

(4) Approved the time, location, agenda, and other relevant matters regarding the 2026 shareholders meeting.

(5) Approved the Company's 2025 Statement of Internal Control System.

(6) Approved the Compliance of the CPAs' independence and accountability after evaluation as required by the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

(7) Approved the amendment for YFY's internal control system concerning the "payroll cycle".

(8) Approved YFY's interbank lending credit line application.

(9) Approved YFY to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by YFY's subsidiaries, and to issue letters of acknowledge & support.

(10) Approved YFY's subsidiaries to serve as the joint promissory note maker, and to issue letters of support.

(11) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2025 and calculated these at the end of Q4 to be approx. NT$15,087,856 thousand.

7. Important resolutions of the 3rd meeting of the 4th Audit Committee (March 12, 2025) (summary)

(1) Approved YFY's 2024 financial statements. The proposal is filed to the Board of Directors for approval.

(2) Approved YFY's 2024 earnings distribution proposal to distribute NT$0.8 cash dividend per share. The proposal is filed to the Board of Directors for approval.

(3) Approved YFY's 2024 Statement on the Internal Control System, and filed to the Board of Directors for approval.

(4) Approved the Compliance of the CPAs' independence and accountability after evaluation as required by the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and filed to the Board of Directors for approval.

(5) Approved the company's accountant visa remuneration case for 2025 and 2026 is NTD 4,250,000, and filed to the Board of Directors for approval.

(6) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2024 Q4 to be NT$15,786,371 thousand, and filed to the Board of Directors for approval.

8. Important resolutions of the 4th meeting of the 4th Audit Committee (May 12, 2025) (summary)

(1) Approved YFY's 2025 Q1 financial statements. The proposal is filed to the Board of Directors for approval.

(2) Approved the company's financial statement certifying accountants are changed to Vivian Yeh CPA and Chih-Ming Shao CPA. The proposal is filed to the Board of Directors for approval.

(3) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2025 Q1 to be NT$15,815,496 thousand, and filed to the Board of Directors for approval.

9. Important resolutions of the 4th meeting of the 5th Audit Committee (August 11, 2025) (summary)

(1) Approved YFY's 2025 Q2 financial statements. The proposal is filed to the Board of Directors for approval.

(2) Approved the case of using the equity of Yuen Foong Yu Paper (Jiaxing) Co., Ltd. held by YFY Mauritius Corporation to invest in Yuen Foong Yu Industrial Paper Investment (Yangzhou) Co., Ltd. and filed to the Board of Directors for approval.

(3) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2025 Q2 to be NT$14,641,077 thousand, and filed to the Board of Directors for approval.

10. Important resolutions of the 4th meeting of the 6th Audit Committee (November 11, 2025) (summary)

(1) Approved YFY's 2025 Q3 financial statements. The proposal is filed to the Board of Directors for approval.

(2) Approved YFY's 2026 annual audit plan and submitted it to the Board of Directors for approval.

(3) Approved the amendment for YFY's "Operating Procedures for the Preparation and Verification of Sustainability Reports", and filed to the Board of Directors for approval.

(4) Approved the amendment for YFY's internal control system concerning the "payroll cycle", and filed to the Board of Directors for approval.

(5) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2025 Q3 to be NT$14,985,804 thousand, and filed to the Board of Directors for approval.

11. Important resolutions of the 3rd meeting of the 7th Audit Committee (March 11, 2026) (summary)

(7) Approved YFY's 2025 financial statements the proposal is filed to the Board of Directors for approval.

(8) Approved YFY's 2025 earnings distribution proposal to distribute NT$1.0 cash dividend per share. The proposal is filed to the Board of Directors for approval.

(9) Approved YFY's 2025 Statement on the Internal Control System, and filed to the Board of Directors for approval.

(10) Approved the Compliance of the CPAs' independence and accountability after evaluation as required by the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and filed to the Board of Directors for approval.

(11) Approved the amendment for YFY's internal control system concerning the "payroll cycle", and filed to the Board of Directors for approval.

(12) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2025 Q4 to be NT$15,087,856 thousand, and filed to the Board of Directors for approval.

(X) The content of any resolution of the Board of Directors which received any dissenting opinions from a director or supervisor that are supported by appropriate records or written statements: N/A

IV. Information on Fees to CPA

Unit: NT$ thousand

Name Of Accounting Firm	Name Of CPA	Audit Period	Audit Fee	Non-Audit Fees	Total	Notes
Deloitte and Touche Taiwan	Shu-Jiuan Ye	2025	3,750	530	4,280	Non-audit fees list： I. Tax Compliance Audit II. Audit Committee Document Review
	Chih-Ming Shao					

V. Information on change/replacement of CPA:

(I). Regarding previous CPA：

<table>
<tr><th>Date of Change</th><th colspan="3">Passed during the board of directors meeting dated May 14, 2025</th></tr>
<tr><td>Reasons for change and remark</td><td colspan="3">Because of the firm’s internal rotation and arrangement, CPA Hui-Ming Huan was replaced by CPA Shu-Jiuan Ye</td></tr>
<tr><td rowspan="3">Termination initiated by client or accountant declined to accept the appointment</td><td>Parties Involved
Scenario</td><td>CPA</td><td>Client</td></tr>
<tr><td>Termination initiated by client</td><td>N/A</td><td>N/A</td></tr>
<tr><td>CPA declined to accept (continue) the appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Audit opinions other than unqualified opinions issued in the past two years and reasons</td><td colspan="3">None</td></tr>
<tr><td rowspan="6">Opinions different from those of issuer</td><td rowspan="4">Yes</td><td></td><td>Accounting principles or practice</td></tr>
<tr><td></td><td>Disclosure of financial reports</td></tr>
<tr><td></td><td>Scope or stages of auditing</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td>None</td><td colspan="2">V</td></tr>
<tr><td colspan="3">Description</td></tr>
<tr><td>Other disclosures (Disclosures specified in Item 1.4-1.7, Subparagraph 6, Article 10 of the Standards)</td><td colspan="3">None</td></tr>
</table>

（II). Regarding succeeding CPA：

Name of firm	Deloitte and Touche Taiwan
Name of CPAs	CPA Shu-Jiuan Ye
Date of appointment	Passed during the board of directors meeting dated May 14, 2025
Consultation given on accounting treatment or accounting principle adopted for any specific transactions and on possible opinion issued on financial report prior to appointment and results	N/A
Succeeding CPA's written opinions that are different from those of the previous CPA	None

（III). The former CPA's reply to Point 3, Item 1 and Item 2, Subparagraph 6, Article 10 of the Standards: N/A

VI. The Chairman, President And Financial Or Accounting Managerial Officer Of The Company Who Has Worked For The CPA Firm Or Its Affiliate In The Past Year:

This event did not occur at the Company.

VII. Equity Transfers And Changes Of Equity Interests By Directors, Supervisors, Managers, And Major Shareholders Holding More Than 10% Of The Shares In Last Fiscal Year And Up To The Print Date For This Annual Report

(I). Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

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

(II). Share transfer information: This event did not occur at the Company.

(III). Share pledge information: This event did not occur at the Company.

VIII. Information Disclosing the Spouse, Kinship Within Second Degree, And Relationship Between Any Of The Top Ten Shareholders

April 14, 2026

Name	Shares held by the individual		Shares held by spouse and underage children		Total shares held in names of third parties		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree)		Notes
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relation	
Ho Tze Yi Enterprise Co., Ltd. Representative: S. C. Ho	164,652,028 0	9.92% 0	0 0	0 0	0 0	0 0	1. Hsin-Yi Foundation, Shin-Yi Enterprise Co., Ltd., Hsinex International Corp. 2. Chen Yu Co., Ltd. 3. Ru Yi Enterprise Co., Ltd. 4. Mei-Yu Ho 5. Felix Ho	1. S. C. Ho serves as Director and spouse of the representative 2. Representatives are husband and wife 3. S.C. Ho serves as Director and father of the representative 4. Siblings with the representative 5. Father and Son with the representative	N/A
Hsin-Yi Foundation Representative: Sing-Ju Chang	94,004,485 0	5.66% 0	0 0	0 0	0 0	0 0	1. Ho Tze Yi Enterprise Co., Ltd. 2. Ru Yi Enterprise Co., Ltd. 3. Mei-Yu Ho 4. Felix Ho	1. Representatives are husband and wife 2. Representatives are mother and daughter 3. Related to the representative as relative-in-law within second degree of kinship 4. Mother and son with the representative	N/A
Shin-Yi Enterprise Co., Ltd. Representative: Sing-Ju Chang	77,794,610 0	4.69% 0	0 0	0 0	0 0	0 0	1. Ho Tze Yi Enterprise Co., Ltd. 2. Ru Yi Enterprise Co., Ltd. 3. Mei-Yu Ho 4. Felix Ho	1. Representatives are husband and wife 2. Representatives are mother and daughter 3. Related to the representative as relative-in-law within second degree of kinship 4. Mother and son with the representative	N/A

Name	Shares held by the individual		Shares held by spouse and underage children		Total shares held in names of third parties		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree)		Notes
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relation	
Hsinex International Corp. Representative: Sing-Ju Chang	77,190,895 0	4.65% 0	0 0	0 0	0 0	0 0	1. Ho Tze Yi Enterprise Co., Ltd. 2. Ru Yi Enterprise Co., Ltd. 3. Mei-Yu Ho 4. Felix Ho	1. Representatives are husband and wife 2. Representatives are mother and daughter 3. Related to the representative as relative-in-law within second degree of kinship 4. Mother and son with the representative	N/A
Cheng-Ting Ho	48,419,959	2.92%	0	0	0	0	N/A	N/A	N/A
Supervisory Committee of Workers' Pension Reserve Funds of YFY Inc. Representative: Jeff Huang	46,396,624 40,000	2.79% 0.00%	0 35,000	0 0.00%	0 0	0 0	N/A	N/A	N/A
Chen Yu Co., Ltd. Representative: Sing-Ju Chang	45,756,948 0	2.76% 0	0 0	0 0	0 0	0 0	1. Ho Tze Yi Enterprise Co., Ltd. 2. Ru Yi Enterprise Co., Ltd. 3. Mei-Yu Ho 4. Felix Ho	1. Representatives are husband and wife 2. Mother and daughter with the representative 3. Related to the representative as relative-in-law within second degree of kinship 4. Director and representative as mother and son	N/A

Name	Shares held by the individual		Shares held by spouse and underage children		Total shares held in names of third parties		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree)		Notes
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relation	
Ru Yi Enterprise Co., Ltd. Representative: Yi-Jia Ho	44,618,000 10,950,000	2.69% 0.66%	0 0	0 0	0 0	0 0	1. Ho Tze Yi Enterprise Co., Ltd. 2. Hsin-Yi Foundation, Hsinex International Corp. 3. Hsin-Yi Foundation, Shin-Yi Enterprise Co., Ltd., Hsinex International Corp.and Chen Yu Co., Ltd. 4. Felix Ho	1.Representative as father and daughter 2. Representative as directo 3. Representatives are mother and daughter 4. Related to the representative as siblings	N/A
Mei-Yu Ho	44,053,664	2.65%	3,959,112	0.24%	0	0	1. Ho Tze Yi Enterprise Co., Ltd. 2. Hsin-Yi Foundation, Shin-Yi Enterprise Co., Ltd., Hsinex International Corp. and Chen Yu Co., Ltd.	1.The representative is a sibling 2.Related to the representative as relative-in-law within second degree of kinship	N/A
Felix Ho	35,529,953	2.14%	0	0	0	0	1. Ho Tze Yi Enterprise Co., Ltd. 2.Shin-Yi Enterprise Co., Ltd. and Chen Yu Co., Ltd. 3.Hsin-Yi Foundation, Shin-YiEnterprise Co., Ltd., and Hsinex International Corp. and Chen Yu Co., Ltd. 4. Ru Yi Enterprise Co., Ltd.	1.The representative is the father and son 2. Director 3.Mother and son with the representative 4.The representative is a sibling	N/A

IX. Numbers Of Shares Held In Invested Enterprises By The Company, The Company's Directors, Independent Directors, And Managers, And Enterprises Directly Or Indirectly Controlled By The Company And The Consolidated Shareholding Ratio

December 31, 2025 Unit: thousand shares; %

Equity method-accounted investments	Investment by the Company		Investments by directors, independent directors, the President and directly or indirectly controlled entities		Consolidated investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
YFY Packaging Inc.	467,260	100.0	0	0	467,260	100.0
YFY Consumer Products Co., Ltd.	158,005	59.1	22,328	8.4	180,333	67.5
Union Paper Corp.	19,584	18.9	17,773	17.2	37,357	36.1
Yuen Yan Paper Co., Ltd.	6,179	50.9	9	0.1	6,188	51.0
China Color Printing Co., Ltd.	32,896	49.7	888	1.3	33,784	51.0
YFY Development Corp.	299,000	100.0	0	0	299,000	100.0
Fidelis IT Solutions Co., Ltd.	2,857	100.0	0	0	2,857	100.0
Shin Foong Specialty and Applied Materials Co., Ltd.	50,968	48.0	0	0	50,968	48.0
YFY Paradigm Investment Co., Ltd.	192,358	100.0	0	0	192,358	100.0
San Ying Enterprise Co., Ltd.	2,500	100.0	0	0	2,500	100.0
YFY Global Investment B.V.	79,000	100.0	0	0	79,000	100.0
YFY International B.V.	363,690	100.0	0	0	363,690	100.0
YFY Japan Co., Ltd.	0.2	100.0	0	0	0.2	100.0
Effion Enertech Co., Ltd.	70,000	100.0	0	0	70,000	100.0
Chung Hwa Pulp Corp.	627,827	56.9	61,017	5.6	688,844	62.5
YFY Corporate Advisory & Services Co., Ltd.	3,000	100.0	0	0	3,000	100.0
Sustainable Carbohydrate Innovation Co., Ltd.	3,000	100.0	0	0	3,000	100.0
Ensilience Co., Ltd.	15,000	100.0	0	0	15,000	100.0

Chapter 3. Capital and Shares

I. The Company’s Capital And Shares, Corporate Bonds, Preferred Shares, Global Depositary Receipts, Employee Stock Options, Restricted Shares And Mergers (Including Mergers, Acquisitions, And Demergers)
II. Implementation Of Capital Allocation Plans

I. The Company’s Capital and Shares, Corporate Bonds, Preferred Shares, Global Depositary Receipts, Employee Stock Options, Restricted Shares and Mergers (including Mergers, Acquisitions, and Demergers)

(I) Source of Share Capital

Unit: NT$ thousand/thousand shares

Year/Month	**Issue Price**	**Authorized Capital**		**Paid-In Capital**		**Notes**		
		Number Of Shares	**Amount**	**Number Of Shares**	**Amount**	**Share Capital Source**	**Shares Acquired By Non-Cash Assets**	**Others**
2011.08	10	2,200,000	22,000,000	1,660,372	16,603,715	Undistributed earnings	-	Jing-Shou-Shang No. 10001196670 dated August 26, 2011

Unit: thousand shares

Shareholding Type	**Authorized Capital**			**Notes Outstanding Shares**
	Outstanding Shares	**Unissued Shares**	**Total**	
Ordinary shares	1,660,372	539,628	2,200,000	Publicly traded shares

(II) List of Major Shareholders

April 14, 2026

Shares **Name**	**Number of Shares**	**Shareholding Ratio**
Ho Tze Yi Enterprise Co., Ltd.	164,652,028	9.92%
Hsin-Yi Foundation	94,004,485	5.66%
Shin-Yi Enterprise Co., Ltd.	77,794,610	4.69%
Hsinex International Corp.	77,190,895	4.65%
Cheng-Ting Ho	48,419,959	2.92%
Supervisory Committee of Workers' Pension Reserve Funds of YFY Inc.	46,396,624	2.79%
Chen Yu Co., Ltd.	45,756,948	2.76%
Ru Yi Enterprise Co., Ltd.	44,618,000	2.69%
Mei-Yu Ho	44,053,664	2.65%
Felix Ho	35,529,953	2.14%

(III) Dividend policy and implementation:

1. Dividend policy:

In making its dividend policy, the Company takes into account future capital expenditures and working capital requirements for the upcoming years. Based on this policy, an appropriate percentage of the remaining surplus is retained as needed to support the ongoing business operations, and dividends are distributed in a way that at least 20% is distributed as cash dividends and the remainder as share dividends. However, for the purpose of meeting other capital expenditure requirements, the Company may distribute the aforementioned remaining surplus in the form of share dividends only.

2. Dividend distribution to be proposed to the shareholders' meeting:

With respect to the earnings distribution for 2026.03.13, the Company proposes to distribute NT$1,660,371,495 in cash dividends, the equivalent of NT$1 per share.

(IV) Impact Of Stock Dividends Proposed At This Shareholders' Meeting On Business Performance And Earnings Per Share: N/A.

(V) Remuneration Of Employees, Directors, And Independent Directors:

1. Percentages or ranges of remuneration of employees, directors, and independent directors under the Articles of Incorporation:

According to current policies, if the Company sustains profit every year, 0.1% or more of the income shall be set aside as employee remuneration (of which no less than 10% shall be distributed to junior employees), and 2% or less shall be distributed as director remuneration. However, an amount shall be set aside first to compensate cumulative losses, if any.

Directors' remuneration may be distributed by way of cash dividends, and employees' remuneration may be distributed by way of cash dividends or stock dividends. The Board of Director shall be authorized to define the qualification requirements of employees entitled to receive shares or cash, including the employees of subsidiaries of the Company that meet certain specific requirements. The distribution ratio of directors' remunerations, and the method of distribution and ratio of employees' remunerations shall be resolved by a majority vote at a Board meeting attended by more than two thirds of the directors, and shall be reported at the shareholders' meeting.

Employee and director remunerations are calculated deducting the cumulative losses from the profit for the year (i.e., the profit before employee and director remunerations is deducted from profit before tax).

2. Basis for estimating the amount of remuneration of employees, directors, and independent directors; basis for calculating the number of shares to be distributed as employee remuneration; and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

The estimated employee and director remunerations were recognized as expenses at the distributable amounts for the current year according to Articles of Incorporation. Any change in the amounts on the date of resolution by the Board of Directors shall be treated as accounting adjustments and recognized as adjustments for net profit and loss of the year approved by the Board of Directors. If it was decided by the Board of Directors to distribute employee remuneration in the form of shares, the number of shares shall be determined by dividing the approved remuneration by the fair price of the shares. The fair price of the shares will be calculated based on the closing price on the day before the date of the Board meeting.

3. Remuneration proposals approved by the Board of Directors:

(1) Distribution of NT$2,135,000 in cash as employee remuneration; no stock shares shall be distributed. Directors' remuneration shall be NT$18,000,000. The amounts listed above are not different from the expense estimates for 2025.

(2) Amount in stock distributed as employee remuneration as a percentage with respect to the after-tax profit in current period's individual financial statement and total employee remuneration: None.

4. Any difference between actual distribution (including number, amount, and price of shares) of employee remuneration and director and independent director remunerations from the previous year and recognized employee remuneration and director and supervisor remunerations, and the reasons as well as corresponding treatments:

In 2024, the actual remuneration distributed to employees was NT$1,796,000 in cash and no stock shares were distributed. Director remuneration was NT$20,000,000. The aforementioned amount did not differ from the amount approved by the Board of Directors.

(VI) Buyback of treasury stock: This event did not occur at the Company.

(VII) Issuance of corporate bonds: The Company does not issue corporate bonds.

(VIII) Issuance of preferred stocks: The Company does not issue preferred stocks.

(IX) Issuance of global depositary receipts (GDR): The Company does not issue global depositary receipts.

(X) Exercise of employee stock option plan (ESOP): The Company does not provide employee stock option plans.

(XI) Restricted stock awards: The Company does not issue restricted stock awards.

(XII) Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies:
The Company did not engage in mergers and acquisitions, or issue new share for acquisition of shares of other companies.

II. Implementation Of Capital Allocation Plan

(I) Plan content: The Company has no special plans for utilization of funds.

(II) Implementation status: N/A

Chapter 4. Business Overview

I. Business Scope

(I) Business Scope

1. Key scope of business:
   Industry investment holding.

2. Key operations and products of invested companies:
   Forest, pulp, and paper business group
   - Production, marketing, and distribution of pulp, paper, and paperboards.

   Containerboard and packaging business group
   - Paperboards for industrial use; production, processing, and marketing of cardboard boxes.

   Consumer products business group
   - Household paper products; production, marketing, and distribution of cleaning products.

   Carbontech & Management Group
   - Intelligent energy, circular economy and innovative energy businesses

   Other businesses
   - Production, marketing, and distribution of electronic related products.
   - Production and marketing of chemical products.

3. Revenue breakdown:
   - Manufacturing and trading of paper products account for the largest portion of revenue at approximately 85%.
   - Other items accounted for approximately 15%.

4. New products in development:
   - Special material.

(II) Industry Overview

Macroeconomic Environment

While the international economic environment has remained resilient in recent months, global growth momentum in 2026 is expected to moderate slightly or remain broadly stable compared with 2025. Key factors shaping the economic outlook include U.S. tariff policies and excess production capacity in China, both of which are expected to affect major economies to varying degrees. As a result, the global economy is likely to continue exhibiting a divergent growth pattern, while fluctuations and uncertainties in global trade and supply chains arising from U.S. trade policies will remain important areas to monitor.

Looking ahead, Taiwan's economic growth is expected to be supported by balanced contributions from both domestic and external demand. On the domestic front, steady corporate profitability, together with improving wage and bonus growth and a stable labor market, is expected to sustain healthy consumer spending. The service sector is also anticipated to benefit from robust demand in retail, dining, and tourism, while businesses continue to expand through strategic partnerships, promotional initiatives, and overseas market development, leading to a more optimistic business outlook. In terms of investment, in addition to continued spending by major technology companies, corporate investments in net-zero transformation and ongoing government infrastructure projects are expected to provide further support for economic momentum. On the trade front, easing uncertainty surrounding global trade policies, along with progress in Taiwan-U.S. tariff negotiations and China's measures to address excessive price competition, are expected to help alleviate cost and pricing pressures faced by traditional industries and improve disparities across sectors. According to the latest forecast by the Chung-Hua Institution for Economic Research (CIER), Taiwan's economy is projected to grow by 4.14% in 2026.

Against this backdrop, all business units under YFY Inc. will continue to leverage the expertise of our professional management teams, maintain close attention to operational fundamentals and supply chain risk management, and actively align with government policy measures. With agility and resilience, we remain committed to maintaining stable operations, advancing business development, and creating sustainable value for our shareholders.

Major Business Groups' Current Market Condition and Development:

1. Forest , Pulp and Paper Business Group

Current trends and outlook of the industry:

The pulp and paper market is highly sensitive to economic cycles and policy shifts. Traditional industries have been significantly impacted by China's economic stagnation and excess production capacity, resulting in a weaker-than-expected recovery momentum.

Product competition and development trends:

In recent years, due to zero-tariff policies, the domestic cultural paper market has seen a significant increase in imports, leading to intense price competition between importers and local manufacturers.

On the demand side, as the world continues to move toward a digital era, changes in reading habits have resulted in a global decline in demand for cultural paper. However, demand for packaging paper remains stable, supported by the rapid growth of e-commerce. In addition, the development of specialty papers is expected to grow steadily, driven by the advancement of Industry 4.0 and the Internet of Things (IoT).

To manage the impact of international pulp price fluctuations, Chung Hwa Pulp strategically supplies short-fiber pulp to its affiliated mills within the Group, helping to mitigate market volatility on overall profitability. In the cultural paper segment, the company will adopt flexible production and sales strategies and continue to expand its trade-based sales model to maintain reasonable profit margins and market share.

Beyond that, Chung Hwa Pulp remains committed to the development of high value-added specialty papers, fully circular products, and specialized materials, as part of its broader effort to diversify applications and strengthen its market position.

2. Containerboard and Packaging Business Group

Current trends and outlook of the industry:

The upstream raw materials for industrial paperboard and converted paper products primarily consist of imported long-fiber pulp and recycled paper (or recycled pulp). These materials undergo processes such as disintegration, screening, refining, papermaking, and drying to produce various paper types.

In response to the needs of carton manufacturers, craft linerboard and corrugated medium are further processed into corrugated boxes with different specifications and strength levels. These products are widely used in the packaging applications of downstream industries such as electronics, information technology, food, and textiles.

Product offerings include:

Kraft paperboard, white paperboard, corrugated board, corrugated boxes, food containers, color boxes packaging containers.

Product Competition Status and Development Trends:

In Taiwan, major domestic paper manufacturers include YFY, Cheng Loong, and Long Chen, with these three companies—together with their affiliated plants—accounting for approximately 60% of total market sales. They primarily supply industrial paperboard to downstream board and carton processing plants.

To meet growing market demand for small-volume, diverse, and high-quality products, YFY continues to upgrade and replace aging production lines and invest in automated manufacturing equipment. The company is also focused on developing differentiated products, consistently improving quality and delivering premium services, earning the continued trust of its customers.

With the continued development of industrial and commercial economies, environmental issues such as global warming have become increasingly severe. Since the adoption of the Kyoto Protocol in 1997 and the Paris Agreement in 2015, the global community has continued to advance climate action.

At the UN COP26 Climate Summit in 2021, for the first time, agreements were made to reduce coal usage and cut methane emissions. At the UN COP30 Climate Summit in 2025, the “Global Mutirão” initiative was introduced. It urged countries to implement their Nationally Determined Contributions (NDCs) and promoted third-generation NDC (NDC 3.0) with concrete implementation plans. The summit also emphasized energy transition, just global transition, and climate finance, aiming for global net-zero emissions by 2050.

In 2022, Taiwan’s Ministry of Economic Affairs released the “Net-Zero Transformation Pathway for the Manufacturing Sector by 2030,” outlining three key strategic pillars: process improvement, energy transition, and circular economy, continuing Taiwan’s voluntary participation in international climate action. Following COP30, Taiwan’s Ministry of Environment announced the “2035 Nationally Determined Contribution (NDC 3.0),” establishing core emission reduction targets.

In 2025, the carbon fee system in Taiwan began trial reporting and is scheduled for official implementation in 2026. As carbon emission regulations become increasingly stringent, transitioning to net zero has become not only a necessity for maintaining industrial competitiveness, but also a strategic advantage for corporate development.

As a green industry centered on the recycling and reuse of natural resources, the papermaking sector is inherently aligned with circular economy principles. The Containerboard and Packaging Business Group is actively advancing energy-saving and carbon-reduction technologies, placing equal emphasis on production efficiency and resource recovery from production by-products. By raising its own environmental standards and adopting eco-friendly practices, the Group continues to explore all feasible options for energy reuse, working toward the full realization of a circular economy.

3. Consumer Products Business Group

Current trends and outlook of the industry:

The subsidiary specializing in consumer products focuses on manufacturing, promoting, and distributing an array of household paper and cleaning items. Its flagship offerings encompass toilet paper, hand towels, paper towels, and various other domestic cleaning essentials. The production supply chain for our toilet paper spans from upstream pulp suppliers to downstream entities like retailers, distributors, and ultimately, the end users. Similarly, the supply chain for our cleaning products connects upstream suppliers of key ingredients, including orange oil and natural fragrances, with an extensive network of retailers, distributors, and end consumers down the line.

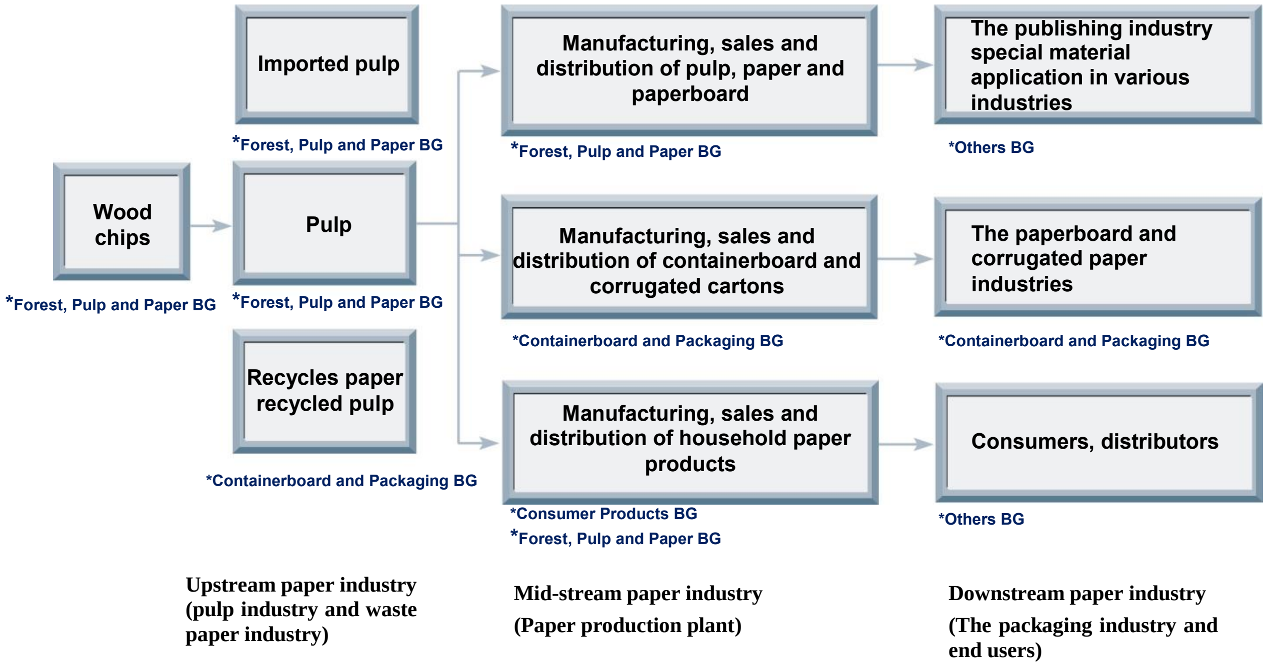
Product competition and development trends:

Taiwan's household paper market remains highly competitive. In the household paper segment, YFY's leading brands — "Mayflower", "Delight", and "Tender"— continue to strengthen their market leadership by introducing premium, innovative products that meet consumers' evolving and diverse needs. To address growing demand for environmentally sustainable products, the May Flower brand launched Taiwan's first fully paper-packaged tissue product, followed by the industry's first fully paper-box facial tissue product. These innovations replace plastic with 100% recyclable paper-based packaging, reinforcing the brand's commitment to sustainability. The products also feature advanced paper-opening technology designed to reduce tearing and prevent tissues from slipping back into the box, further enhancing consumer convenience and user experience. As demand for kitchen towels continues to increase alongside rising cooking and household cleaning needs, Deiyi introduced an innovative hanging-style pull-out kitchen towel product. The design offers consumers greater flexibility, allowing convenient hanging and easy one-handed use in various settings. Major suppliers in Taiwan's household paper market currently include Kimberly-Clark, Cheng Loong, and Golden Century Paper.

In the household and cleaning products segment, the Company continues to introduce high-quality products that provide consumers with safe, reliable, and worry-free daily living experiences. In response to growing consumer awareness of health and sustainability, Orange House upgraded and relaunched its full product line, continuing its long-standing commitment to being free from artificial fragrances, fluorescent agents, and harmful chemical residues, while addressing increasing consumer demand for healthier and more environmentally friendly cleaning solutions. Amid the ongoing threats posed by influenza, enteroviruses, and respiratory illnesses, Orange House has actively promoted hygiene education in schools through its "color-changing foaming hand wash mousse." Combining hygiene awareness campaigns with innovative "dynamic color-changing technology" and natural cold-pressed micro-encapsulated orange oil, the product enables children to visually see the foam change from light orange to white while washing their hands. This interactive feature encourages proper handwashing for approximately 20 seconds, making the cleaning process both educational and engaging while helping children develop healthy hygiene habits. In addition, the packaging bottles are made from recycled materials, extending the brand's commitment from protecting personal and family health to caring for the environment, and reinforcing its position as Taiwan's leading natural and health-focused cleaning products brand. Meanwhile, Deiyi Laundry Detergent has successfully established a strong presence in the mid-priced cleaning products market through broad-based marketing strategies and consistent product positioning.

Driven by consumer needs and committed to delivering genuinely satisfying user experiences, the Company continues to view innovation and product excellence as core growth drivers. Going forward, the Company will continue investing in new product development, capturing opportunities arising from aging demographics and the growing green economy. Building upon its established strengths in paper and cleaning products, the Company aims to further expand into household, personal care, and commercial product segments to address diverse market demands. At the same time, the Company will continue strengthening the development of high value-added products and expanding its presence in premium market segments, while deepening relationships with existing distribution channels and adapting to evolving next-generation consumer behaviors. In line with ESG trends and increasing consumer emphasis on environmental responsibility, the Company remains committed to embedding sustainability into product innovation and maintaining its leadership position as a trusted and influential consumer products brand.

Relationships with upstream, mid-stream, and downstream companies:



4. Carbontech & Management Business Group

Current trends and outlook of the industry:

With the growing impacts of global warming and extreme weather events, the goals of reducing greenhouse gas emissions and slowing the pace of climate change have become a shared focus of environmental policies around the world, and a central objective of the global energy transition.

In response to this trend, the international community has reached multiple agreements and formed a consensus on climate action, with countries setting their own carbon reduction targets. Since the 2015 Paris Agreement, the Conference of Parties (COP) has urged the world to limit global temperature rise to 1.5°C above pre-industrial levels. The 2023 COP28 summit marked the first "Global Stocktake" under the Paris Agreement, with countries agreeing on the need to gradually move beyond the fossil fuel era.

Under the European Green Deal, launched in 2019, the European Union has set a clear path toward carbon neutrality by 2050, including the implementation of the Carbon Border Adjustment Mechanism (CBAM), accelerating the integration of green and digital technologies, and streamlining regulatory frameworks to support green innovation.

In Taiwan, the Climate Change Response Act, amended in 2023, formally established the country's goal to achieve net-zero emissions by 2050. The government is preparing phased regulatory targets across key sectors such as energy, manufacturing, residential and commercial buildings, transportation, agriculture, and the environment.

Under the framework of this Act, the Ministry of Environment has begun issuing key regulations, including the Guidelines for Voluntary Greenhouse Gas Reduction Projects, the Draft Guidelines for Application and Review of Self-Regulated Reduction Plans, and mechanisms related to carbon fees, carbon offsets, and carbon trading.

Driven by these environmental factors, international brand companies have increasingly announced net-zero targets, incorporating supply chain carbon footprints and carbon reduction performance into their procurement evaluation criteria. Suppliers are now expected to participate in joint de-carbonization efforts. As a key part of the global supply chain, Taiwanese companies continue to face mounting pressure from clients to reduce emissions.

In addition, the implementation of policies such as the Climate Change Response Act and the Sustainability Development Roadmap for TWSE/TPEx-Listed Companies has prompted many Taiwanese businesses to invest in energy transition and carbon management initiatives.

In this context of global carbon regulation, a new business model has emerged—centered on three key pillars: Creating a positive cycle between business growth and environmental protection, enabling corporate de-carbonization and low-carbon supply chains, and making high-efficiency technologies the mainstream approach.

The Carbon Management Business Group was established based on YFY Group's "Sugar Economy" low-carbon strategy, integrating with digital technologies to form a new generation of businesses. Its mission is to accelerate the development of smart low-carbon energy solutions, and to create added value through sustainable net-zero action.

Product competition and development trends:

The Carbon Management Business Group operates under a carbon technology model centered on circular economy and smart energy.

The circular economy is increasingly recognized as a key solution that balances business development with environmental protection—particularly through biomass-based power generation, which has become one of Taiwan's renewable energy sources.

In Taiwan, biomass energy generation includes a range of sources such as: power generation from municipal and agricultural waste through waste-to-fuel processes, and biogas power generation from livestock manure and food waste.

This integrated approach highlights YFY's commitment to leveraging circular resource use and smart energy technologies to contribute to a low-carbon future.

Currently, solar and wind power are the primary sources of renewable energy in Taiwan. However, enhancing the role of biomass energy and increasing its generation capacity has become a critical development issue within the framework of a circular economy—with the goal of making it a reliable and scalable renewable energy source for Taiwan.

Key opportunities to unlock the potential of biomass energy include: Developing new biotechnologies to improve power generation efficiency, expanding access to biomass feedstock, and establishing biomass project sites to effectively collect and utilize a wide range of organic resources.

These efforts represent the future direction of biomass energy as a vital component of Taiwan's sustainable energy strategy.

In the area of smart energy, Taiwan implemented a major policy shift following the 2017 amendment of the Electricity Act, which introduced the "green energy first" policy. This reform opened the market to renewable electricity retailers, enabling a market mechanism where users can freely choose their electricity provider and pricing.

Further progress was made with the 2019 amendment to the Renewable Energy Development Act, which introduced green power obligations for large electricity consumers. These regulations have since been integrated into corporate energy systems, requiring companies to incorporate renewable energy, energy storage, and energy usage management into their operations.

With the continued rollout of related policies and measures, the importance of intelligent energy management systems has become increasingly evident.

Whether on the generation side or the user side, energy systems must incorporate advanced ICT technologies, equipment, and big data analytics. These systems should also integrate weather forecasting, load prediction models, and artificial intelligence algorithms to enable real-time and day-ahead forecasting of both power generation and consumption—achieving optimal demand response and energy usage efficiency.

As power systems become more decentralized, smart energy management systems must also evolve—capable of integrating renewable energy, energy storage, and various generation assets. This evolution leads to the development of smart micro grid management systems, which enhance dispatch coordination among different energy resources and improve overall energy efficiency.

Looking ahead, micro grids across different regions can be linked through virtual power plants (VPPs)—a new ICT-based smart system that connects distributed energy resources. VPPs not only allow companies to remotely manage loads and participate in electricity market trading, but also bring greater flexibility to power utilization.

As a result, corporate energy infrastructures must align with national power system trends, moving toward greater decentralization, digitization, and de-carbonization—laying the foundation for future-ready smart energy management systems.

As the world continues to face the challenges of climate change, circular economy and smart energy have emerged as key solutions for enabling corporate energy transition. However, to truly achieve net-zero transformation, companies must go a step further—through carbon management.

From international brands requiring their supply chains to reduce emissions, to the EU's implementation of carbon border adjustment mechanisms, to Taiwan's Financial Supervisory Commission releasing the Sustainability Roadmap for Listed Companies, and the government's upcoming introduction of carbon fees—a series of carbon-related regulations is giving rise to new business opportunities in carbon management. These include services related to carbon inventory, verification, reduction strategies, and carbon credit management.

Carbon management aims to establish a new business model that helps companies implement various reduction initiatives—ensuring compliance with regulations and enabling participation in emerging carbon market mechanisms.

(III). Overview of Technology and R&D

R&D investments during the latest year

In 2025, directly attributable research and development (R&D) expenses amounted to approximately NT$605.178 million, excluding other costs related to application development.

As of the publication date in 2026, directly attributable R&D expenses amounted to approximately NT$76.215 million.

New launching and application of new technology products

YFY continues to center its innovation strategy on carbohydrate resources derived from plant photosynthesis, advancing the replacement of fossil-based carbon with bio-based carbon solutions. In alignment with the Group's low-carbon transformation and circular economy strategies, the Company has continued to deepen its technological capabilities across manufacturing processes, materials development, and energy applications. In 2025, the Company achieved meaningful progress in several key technologies and new product development initiatives. These accomplishments spanned a broad range of areas, including innovations in pulping processes, improvements in green energy efficiency, development of high-value sugar-based materials, barrier materials designed to replace plastics, and the application of AI-driven smart manufacturing technologies.

1. Pulping Process and Energy-Related Technologies

The Company has integrated black liquor lignin concentration technology with bipolar membrane electrodialysis to develop an innovative membrane separation and electrochemical pulping process known as Electro-Kraft. This next-generation pulping technology is designed to reduce the energy consumption and carbon emissions associated with conventional pulping processes. The relevant technologies have completed preliminary validation, and the Company continues to advance process optimization and scale-up evaluation.

- **Black Liquor Lignin Concentration Technology:**

By incorporating ultrafiltration (UF) and nanofiltration (NF) membrane systems, the Company has enhanced the concentration of lignin in black liquor, thereby reducing evaporation load requirements and improving the efficiency of downstream combustion and steam power generation.

- **Bipolar Membrane Electrodialysis (BPMED) Technology:**

The Company is developing an electrochemical process for regenerating pulping chemicals as a potential alternative to traditional lime causticizing systems. This technology is expected to reduce energy consumption while improving chemical recycling efficiency within the pulping process.

2. Breakthrough Developed Technologies or Products

The Company continues to leverage cellulose and sugar-derived materials as the foundation of its research and development efforts, advancing both higher-value applications and diversified material solutions.

- **Regenerated Cellulose Fiber Technology:**
  The Company has completed research validation for wood pulp dissolution and fiber spinning processes, successfully producing renewable and biodegradable fiber materials. Ongoing efforts are focused on evaluating material properties and application potential, including feasibility studies for use in textile and nonwoven material applications.
- **Green Barrier Coating Technology:**
  The Company continues to develop water-based barrier coating technologies designed for paper-based materials as a partial replacement for plastic lamination. These solutions are intended to balance barrier performance with recyclability and circular economy requirements. Multiple application tests have been completed, and commercialization efforts are progressing in response to market demand.

3. AI and Smart Manufacturing Applications

The Company continues to integrate data analytics and artificial intelligence technologies into its manufacturing operations to enhance process stability and improve resource utilization efficiency.

- **Automatic Virtual Metrology (AVM):**

  Real-time predictive models have been established on selected paper machine production lines to monitor and forecast key parameters such as basis weight, moisture content, and product quality indicators. These systems help reduce the frequency of physical measurements while improving the ability to make immediate process adjustments and maintain production stability.

- **AI-Driven Specialty Latex Smart Manufacturing Technology:**

  AI models have been introduced into specialty materials manufacturing processes, particularly for SBR latex polymerization reactions. Applications include feed control, reaction condition management, and quality stabilization, helping to enhance product consistency and support nano-scale material advancement.

(IV). Long and short-term business plans:

1. Forest, Pulp and Paper Business Group

Short-term development plans

(1) Actively improve processes and management to strengthen momentum for transformation.
(2) Enhance R&D of niche products, focusing on the development of plastic alternatives to establish a firm position in the eco-friendly product market.

(3) Vertically integrate the supply chain and strengthen collaboration with downstream converters to enhance overall industry competitiveness.

(4) Improve information integration by leveraging big data analytics to increase efficiency in procurement, production, and sales processes.

(5) Offer innovative financial and logistics services to customers, reinforcing market responsiveness and control.

Long-term development plans

(1) Develop eco-friendly, sustainable, and high value-added plant-based fiber materials, and continue to drive transformation in product structure.

(2) Commit to circular sustainability by adopting the R^3 approach (Recycle, Rebuild, and Revalue) to improve material utilization and promote diversified product evolution.

(3) Implement talent development programs and build a strong succession team, aiming to position the company as a world-class materials enterprise.

2. Containerboard and Packaging Business Group

Short-term development plans

Containerboard Taiwan operations

In Taiwan, the industrial paper segment continues to focus on improving production efficiency and reducing costs, while expanding the scale of biogas power generation and promoting resource recovery from production by-products. The introduction of coal alternatives is helping to reduce coal consumption, reinforcing YFY's commitment to the circular economy model.

(1) Continue developing new products and optimize the industrial paper product mix to enhance profitability and strengthen the sales team.

(2) Integrate the production and sales supply chain of industrial paper and corrugated packaging to leverage the advantages of vertical integration and expand market share.

(3) Adapt to market changes and improve raw material sourcing, while continuing to develop a green supply chain.

(4) Ensure stable quality in recovered paper sourcing and increase the level of reuse.

(5) Optimize process digitalization and smart management, enhancing product competitiveness in the market.

(6) Continue advancing energy-saving and carbon-reduction technologies, replacing outdated equipment and automating processes to improve production capacity, energy efficiency, and product quality.

(7) Maximize the performance of biogas renewable energy systems, while ensuring smooth operation of the zero-coal combined heat and power system. This enhances the efficiency of zero-coal boilers and reduces coal use. The Group continues to implement five key circular applications—water, paper, renewable energy, agriculture, and carbon sinks—to realize a circular economy built on the principle of turning waste into energy.

(8) Continue conducting carbon inventories and systematically implement carbon reduction measures, with rigorous execution of the greenhouse gas reduction plan.

Corrugated Packaging

In addition to leveraging integrated supply chain planning to maximize synergies between industrial paperboard and converted paper packaging businesses, the Company continues to strengthen its competitive advantages through ongoing investments in equipment automation, process standardization, flexible production scheduling, and talent development.

The Company is also committed to providing comprehensive packaging solutions that enhance both service efficiency and product quality for customers. At the same time, it is actively capitalizing on the rapid economic growth across Southeast Asia by expanding its investments in Vietnam, positioning the Company to capture emerging business opportunities and support long-term profitability growth.

(1) Continue expanding the operational capacity of Vietnam's packaging plants in line with the country's economic growth.

(2) Upgrade and replace equipment to enhance automation and smart manufacturing, with the goal of improving service quality.

(3) Expand customer development efforts, focusing on niche markets, enhancing design and service capabilities, and fostering growth with customers through an optimized packaging supply chain.

(4) Advance green packaging R&D and applications to achieve plastic reduction and carbon mitigation, fulfilling corporate social responsibility in support of environmental sustainability.

Long-term development plans

(1) Persistently worked towards lowering and managing the per-unit cost, aiming for mutually beneficial outcomes for both clients and investors.

(2) Embraced smart management and innovation, enhancing and modernizing equipment for better energy efficiency.

(3) Steadily advocated for minimizing production waste, committed to reducing coal usage, and adopted practices for sustainable circular economy operations and achieving zero carbon emissions.

(4) Persistently focused on enlarging the production capabilities of Vietnam Corrugated Packaging to stimulate growth.

(5) Advanced automation in production, refined production methodologies, and embraced a digital overhaul.

(6) Focused on attracting and developing expertise in technical, operational, and business areas, invested in staff development, and fostered the growth of the leadership team.

3. Consumer Products Business Group

Short-term development plans

(1) Expand growth in hygiene products, maintaining the commitment to natural, green, and healthy branding, while developing premium product lines.
(2) Strengthen brand differentiation in tissue products to enhance the consumer experience, grow the high-end market segment, and cultivate long-term customer loyalty.
(3) Diversify across product categories, offering safe and healthy products under the vision of caring for families and the planet, and delivering a better quality of life.
(4) Drive core product growth in e-commerce, integrating emerging micro e-commerce models with traditional platforms to develop a comprehensive OMO (Online-Merge-Offline) strategy.
(5) Embed green and circular concepts into the entire product lifecycle, from eco-friendly raw materials and packaging to reduced usage and the adoption of renewable energy.
(6) Enhance automation in production through upgraded processing equipment and AOI (Automated Optical Inspection) systems, to improve both manufacturing efficiency and product quality.

Long-term development plans

(1) Continuously optimize organizational efficiency and management practices, with a strategic focus on developing next-generation talent.
(2) Strengthen brand management by investing in innovative product development, enhancing brand value and product competitiveness, and deepening engagement in premium market segments.
(3) Expand export markets and develop strategic partnerships to create synergistic growth opportunities.
(4) Advance product R&D toward low-carbon solutions, continuously reducing greenhouse gas emissions during production. By working collaboratively with suppliers, the company aims to minimize environmental impact, fulfill social responsibility, and position itself as a sustainable global consumer goods enterprise.

4. Carbontech & Management Business Group

Short-term development plans

(1) With a focus on waste-to-resource and waste-to-fuel transformation, the company is fully committed to developing green energy and actively supporting the government's net-zero emissions policy. Key initiatives include SRF (Solid Recovered Fuel) as a coal alternative, waste-to-energy solutions, and biogas-to-green power projects—all aimed at helping customers achieve the goals of coal phase-out, zero waste, low carbon, and renewable energy adoption.
(2) Targeting energy management and digitalization, the company leverages Taiwan's strength in ICT industries to position itself as a comprehensive integrator of innovative smart green energy systems. It offers customers intelligent energy solutions and green electricity procurement and sales services. Through the ongoing accumulation of smart energy system applications, the company is progressively building the foundational framework for a virtual power plant through power aggregation.

Long-term development plans

(1) Simultaneously develop the "Virtual Power Plant" platform and the "Energy Management Center" platform, and further establish the "Carbon Management Center" to actively engage in the market deployment of the carbon management business.

II. Market Outlook

(I) Market analysis

Analysis of each business unit's product market is as follows:

1. Forest, Pulp and Paper Business Group

Market overview:

In the pulp market, prices were supported during the first half of 2025 by factors such as cost pressures and production curtailments at pulp mills. However, the subsequent introduction of new reciprocal tariff policies by the United States significantly increased market uncertainty, leading to a notable correction in pulp prices. Market demand remained relatively weak throughout the year, although signs of stabilization and a modest recovery began to emerge toward year-end. Against the backdrop of increasingly stringent international environmental regulations and growing customer emphasis on sustainable products, pulp and paper products — as materials derived from sustainable fiber resources — are becoming more clearly positioned as essential components of the green economy.

In terms of paper sales, the Company has proactively accelerated its transformation in response to global plastic reduction initiatives and carbon reduction trends. In recent years, Chung Hwa Pulp has actively invested in the development of innovative fiber-based material products and has successfully evolved into a provider of fully recyclable circular materials. Leveraging its pulping expertise, the Company now manufactures fully circular end products, with circular economy principles serving as a core pillar of its long-term development strategy.

Business overview:

In 2025, the Forestry, Pulp & Paper Business Group produced a total of 363,710 metric tons of pulp, of which 241,607 metric tons were utilized internally, while 64,749 metric tons were sold externally. In the paper segment, annual paper production totaled 371,726 metric tons. Domestic sales reached 189,088 metric tons, while export sales amounted to 231,379 metric tons, bringing total paper sales to 420,467 metric tons. In the paperboard segment, annual production totaled 110,758 metric tons. Domestic sales reached 111,810 metric tons and export sales totaled 28,062 metric tons, resulting in total paperboard sales of 139,872 metric tons.

The Forestry, Pulp & Paper Business Group will continue to enhance product quality while strengthening the stability of raw material sourcing, pricing, and supply. At the same time, the Group will continue expanding product application markets and enhancing customer service capabilities to further improve market competitiveness.

Competitive niche and countermeasures:

The Forestry, Pulp & Paper Business Group continues to actively optimize its portfolio of green products. In 2025, the Company further reinforced its environmental commitment by investing NT$3 billion in the construction of high-efficiency recycled biomass energy generation facilities, significantly improving green power generation efficiency and advancing toward the long-term goals of self-sufficient renewable energy operations and zero emissions across its manufacturing sites.

At the same time, Chung Hwa Pulp has leveraged the advantages of its pulp-and-paper circular economy model by collaborating with domestic educational publishing partners to promote book recycling and regeneration initiatives. Used textbooks and reference books are recycled and transformed into recycled paperboard materials, which are then incorporated into elementary school educational materials as learning supplements. Through this initiative, students are able to directly experience resource recycling and sustainability practices as part of their educational journey, integrating circular economy concepts with environmental education.

By simultaneously advancing green energy infrastructure and circular product applications, Chung Hwa Pulp is progressively building a low-carbon circular ecosystem spanning energy, manufacturing, and educational applications. These efforts not only strengthen the Company’s position in green manufacturing and recycled material applications, but also demonstrate its dual commitment to environmental responsibility and social education.

2. Containerboard and Packaging Business Group

Market overview:

According to data from the Taiwan Paper Industry Association, total containerboard paper production in Taiwan reached 2.944 million metric tons in 2025, representing a 6.5% decrease compared to 2024. Domestic sales totaled 2.361 million metric tons, marking a 5.5% decrease year-over-year. Export volume was 1.072 million metric tons, a 7.5% decline compared to 2024. Based on data from the Taiwan Carton Industry Association, sales volume of converted paper products decreased by 3.76% in 2025 compared to the previous year. Beginning in April 2025, the United States adjusted its tariff policies on certain imported goods from multiple countries, including Taiwan, resulting in heightened volatility in global trade. Given Taiwan’s close trade ties with the U.S., rising international economic uncertainty, and global risk-hedging demand, the New Taiwan Dollar appreciated with greater exchange rate fluctuations. These factors placed pressure on traditional manufacturing industries, while private consumption became more cautious. Consequently, demand in Taiwan’s containerboard paper market declined in 2025 compared with the previous year.

Business overview:

Global inflation continued to moderate in 2025; however, geopolitical tensions persisted, and trade frictions between the U.S. and China remained elevated, leading to a clear divergence in domestic industrial conditions. Benefiting from the ongoing expansion of information and communications technology (ICT) applications, Taiwan’s overall economy maintained growth momentum. Nevertheless, traditional manufacturing sectors, including metal, electrical machinery and machine tools, were affected by reciprocal tariffs and New Taiwan Dollar appreciation, resulting in more cautious order placements and continued weak demand.

Due to a downturn in the industrial packaging market, intense competition in the domestic market, and the appreciation of the New Taiwan Dollar which increased the competitive advantage of imported paper, domestic sales volumes of containerboard paper in Taiwan declined compared with the previous year. In response to softer domestic demand, the Group prudently adjusted production and sales strategies, raising export shipments to improve capacity utilization, while continuing to leverage the advantages of vertical integration and enhance product quality and service capabilities. Despite more cautious private consumption and the impact of extreme weather on agricultural harvests and related packaging demand, sales volumes of downstream converted paper products in 2025 remained comparable to the previous year, while overall containerboard paper production in Taiwan recorded a slight year-on-year increase.

Owing to oversupply in the packaging market, product prices remained under pressure. The Business Group continued implementing internal cost improvement measures and benefited from the decline in international recovered paper prices since the fourth quarter of 2024. As a result, the Taiwan operations achieved breakeven in 2025 following a significant improvement in operating performance compared to the prior year.

The Containerboard and Packaging Business Group continues to focus on growth through rigorous cost control, enhancement of production equipment efficiency, and optimization of product mix and sales channels. With strong emphasis on quality and service, the Group is introducing smart machinery across its packaging plants to deepen its presence in the Taiwan market and better respond to evolving downstream customer needs.

By strengthening upstream and downstream integration of containerboard paper and converted packaging products in Taiwan, the Group aims to improve profitability. The successful operation of zero-coal boilers has achieved solid fuel reuse and carbon reduction targets, while biogas power generation has enabled the recycling of process wastewater, furthering the Group's circular economy initiatives.

As carbon emission regulations continue to be implemented, the Group is actively promoting energy-saving and carbon emission reduction technologies, expanding the use of renewable energy, and rigorously executing greenhouse gas reduction plans. It is also integrating energy generation and storage systems to improve overall energy efficiency.

Through smart manufacturing and process optimization, the Group continues to enhance cost competitiveness, seize market opportunities, and develop niche products—all while fulfilling its commitment to environmental responsibility.

The Business Group continues to focus on containerboard paper manufacturing in Yangzhou, China. In 2025, renewed China-U.S. trade frictions placed additional pressure on China's export-oriented industries. Domestically, the Chinese market continued to face challenges from ongoing real estate adjustments, weak consumption, and subdued investment, with economic growth showing no clear signs of recovery.

In the second half of 2025, adverse rainy season conditions led to a tight supply of recovered paper in China, driving raw material prices upward. Furthermore, beginning in the fourth quarter, the Chinese government tightened inspection requirements for imported pulps of fibres derived from recovered paper or paperboard. Affected by constraints on raw material supply, finished goods inventory control measures, and China's environmental production restriction policies, production and sales volumes of containerboard paper in China declined comparable to the previous year. The converted paper products segment in China was also impacted by shrinking export orders and a domestic market recovery that fell short of expectations, resulting in decreased production and sales volumes.

In response to rising raw material costs, the Business Group gradually implemented product price adjustments in the second half of 2025. However, persistent overcapacity in China's containerboard market and insufficient improvement in end-market demand continued to place pressure on pricing. As a result, the China operations continued to incur losses in 2025.

As the Chinese government introduces anti-involution and consumption stimulus policies, the Group expects gradual improvement in the industry's supply-demand structure. Internally, the Business

Group will continue to focus on production efficiency and cost reduction, while on the sales side, it will provide differentiated and value-added services, strengthen customer engagement, integrate packaging solutions, and expand niche markets to improve profitability. Given the relatively high degree of policy fluctuation in China, the Group is also focused on improving equipment reliability, and maintaining strict control over inventory, credit management, and cash flow in order to reduce operational risks.

Benefiting from multiple international trade agreements and ongoing China-U.S. trade frictions, foreign Investment in Vietnam increased in 2025, sustaining the trend of supply chain migration. Following the finalization of tariff policies, market conditions gradually improved, and demand from industrial manufacturing, agricultural exports, retail, and tourism continued to drive relatively strong economic growth throughout the year.

The converted paper products business in Vietnam remained focused on meeting the packaging needs of high-growth industries, actively expanding its market presence. Continuous efforts to optimize the product and customer mix, enhance product quality, and improve customer satisfaction resulted in steady year-on-year growth in production and sales volumes in 2025, contributing to a significant increase in profitability compared with the previous year.

In response to rising costs caused by tariff adjustments and supply chain relocation, the Group implemented price adjustments for products starting in August 2025 following the finalization of tariff policies. Nevertheless, the Southeast Asian packaging market continued to face overcapacity, and Vietnam’s highly export-dependent economy remained susceptible to fluctuations in the global trade environment. To mitigate risks, the Vietnam operation maintained strict control over inventory, credit, and cash flow, while promoting local talent development to ensure stable and sustainable operations. Leveraging Vietnam’s demographic advantages, the Group actively targets growth industries emerging from supply chain realignment and seizes opportunities created by trade agreements. At the same time, it continues to expand its international brand customer base, scale up operational capacity in Vietnam, and improve production efficiency through internal cost-saving measures—working steadily toward profitability improvement.

Competitive niche and countermeasures:

The global economy is expected to remain challenging in 2026, with significant uncertainties arising from U.S. tariff policies impacting global supply chains, divergent monetary and financial policies among major economies, the potential resurgence of inflation, and developments in China’s economic performance and industrial adjustments.

Major international institutions forecast that global economic growth will slow in 2026, with a particularly noticeable deceleration in trade. For Taiwan, downside pressures are expected due to global economic and exchange rate uncertainties, as well as a high base effect from 2025.

However, with a consensus reached on reciprocal tariff arrangements between Taiwan and U.S. in January 2026, together with supportive policies such as wage increases and tax reductions in place, private consumption confidence and growth are expected to improve.

The Containerboard and Packaging Business Group continues to offer comprehensive packaging solutions, with a strong focus on quality and customer satisfaction. The Group is actively expanding into niche industry packaging segments, and in response to the global drive for plastic reduction and carbon mitigation, the Group is advancing the development and application of green packaging, creating product differentiation and value, and enhancing overall operational efficiency.

Looking to the long term, packaging demand for industrial sectors and logistics distribution is expected to remain robust. Notably, international regulations such as the European Union’s Packaging and Packaging Waste Regulation (PPWR), which officially came into effect in February 2025, are reinforcing the global shift toward eco-friendly and plastic-reducing packaging, which is anticipated to drive further growth in containerboard paper demand.

The outlook for the containerboard and carton market remains optimistic, with an expected improvement in demand. At the same time, the Group remains vigilant in managing potential risks from geopolitical tensions, extreme weather events, and labor shortages, which may impact supply stability and cost structures.

The Containerboard and Packaging Business Group responds prudently to market fluctuations by leveraging group-wide resources and strengthening vertical integration across the value chain. This approach allows the Group to seize opportunities arising from market changes and enhance its overall operational competitiveness. The Group continues to make strategic investments in production equipment, as appropriate, while actively promoting the development of renewable energy, energy conservation, coal reduction and carbon mitigation, and environmental protection systems. Through these efforts, the Group is committed to positioning itself as a model industry for the circular economy in Taiwan.

3. Consumer Products Business Group

Market overview:

According to statistics from the Taiwan Paper Industry Association, domestic production of household paper products reached 298,000 tons in 2025, representing a year-on-year increase of 4.7%. Imports totaled 130,000 tons, up 7.3% from 2024.

On the demand side, domestic market consumption rose to 414,000 tons, reflecting solid growth of 5.7% compared with the previous year, while export volume totaled 14,000 tons, a slight decrease of 0.1% year-on-year.

Business overview:

In 2025, the Company was 150 thousand tons, decreased by 5.6% compared to 2024. In 2025, the household product domestic sales were 93 thousand tons which was a 0.9% increase from 2024. Based on the operating foundation and performance of the previous year, our overall performance remained stable. Exports were 74 thousand tons, decreased by 9.6% from the previous year. The main reason is that China's production capacity still faces oversupply, an imbalance between supply and demand, and continued price competition affecting market performance.

Responding to green and sustainable business opportunities, "Mayflower" not only launched the first 100% paper packed toilet pull-up tissue last year but also releases facial tissue box with paper opening to provide easily pulling-up feeling continuously to optimize the user experience. With the growing demand for kitchen paper towels in the situation of cooking and cleaning, "Delight" launches a new type of inverted pull-out kitchen paper towel, responding to consumers' needs for convenient hanging anywhere and one-handed use.

Facing with the raging flu, enterovirus, and respiratory diseases, we go into schools to promote epidemic prevention concepts. We educate children on the correct hand-washing steps by using "color-changing foam hand-washing mousse," which employs "kinetic color-changing technology" and natural cold-pressed micro-cell orange oil technology. Children can see the foam change from light orange to white as they rub it. This guides children to rub their hands correctly for about 20 seconds, making the cleaning process visible and fostering good habits. Meanwhile, the packaging bottles are made from recycled materials, extending from protecting your own and your family's health to caring for the planet, continuing to be Taiwan's leading brand of healthy and natural cleaning products.

Competitive niche and countermeasures:

Looking ahead to 2026, artificial intelligence applications, energy transition, and climate change-related policies are expected to provide support for industrial development and economic restructuring. However, geopolitical risks, rising trade protectionism, and changing competitive relationships among major economies will continue to pose uncertainties to global economic growth and the supply and demand balance of energy and raw materials. Domestically, adjustments in price levels and public service rates will continue to impact consumer confidence and spending behavior, putting pressure on consumption growth. Faced with multiple external uncertainties, the management team will continue to adopt a prudent and flexible operating strategy, strengthen cost control and resource allocation efficiency, and leverage a flexible and resilient organizational structure and intelligent operational capabilities to improve overall decision-making quality and responsiveness, actively seizing growth opportunities in products, channels, and markets. Under the principle of sound management, the team will effectively respond to the rapidly changing market environment, continuously enhance corporate value, and create long-term and reasonable returns for shareholders.

4. Carbon Management Business Group

Market overview:

In the energy market, Taiwan Power Company (Taipower) has planned for 1,000 MW of energy storage capacity by 2025, with a total estimated investment of NT$3 billion. The development of virtual power plants (VPPs)—which aggregate distributed energy resources for use in factories and commercial buildings—presents significant long-term potential.

Between 2023 and 2024, the front-of-the-meter energy storage market experienced a slight slowdown, while behind-the-meter storage systems for industrial and commercial users have shown accelerated growth. These systems allow end-users to adjust electricity usage based on their specific needs and have broad applications, including peak shaving, backup power, and integrated solar-plus-storage solutions. These use cases represent the key development directions for the behind-the-meter energy storage industry.

In terms of renewable electricity trading, the total volume in 2024 reached approximately 2 billion kWh, with the market continuing to expand. It is projected that annual green power transactions could reach 10 billion kWh in the coming years.

Business overview:

The Carbon Management Business Group completed the construction of Taiwan’s first behind-the-meter energy storage system integrated with a cogeneration facility in 2023, with a total installed capacity exceeding 5MWh. Through real-time monitoring capabilities, the system can automatically discharge stored electricity when factory power consumption rises unexpectedly, helping customers avoid exceeding contracted electricity capacity and the associated penalty charges. By further integrating factory production scheduling with electricity usage patterns, the system also enables optimization of contracted power capacity with Taiwan Power Company, reducing electricity costs while lowering overall grid demand.

In 2024, the Company assisted customers in completing a 5MW front-of-the-meter energy storage system project, which became one of the few energy storage sites in Taiwan to obtain Voluntary Product Certification (VPC) from the Bureau of Standards, Metrology and Inspection (BSMI). Earlier in the same year, the Company also obtained a renewable energy retail electricity license, enabling it to provide green electricity solutions to private enterprises seeking renewable energy procurement.

In 2025, YFY Smart Technologies assisted Feng Chuan Green Energy in completing the application process for Taiwan's first biomass power generation business license at the Taoyuan Guishan Water Resources Recycling Center, marking an important milestone in the development of Taiwan's biomass energy industry. During the same year, YFY Smart Technologies also supported YFY Industrial Paper in establishing a cogeneration system integrated with a behind-the-meter energy storage system within its manufacturing facilities, significantly enhancing energy efficiency and operational flexibility in electricity usage.

Competitive niche and countermeasures:

In response to global energy trends characterized by decentralization, decarbonization, and digitalization, energy storage has become an indispensable component in achieving the 2050 net-zero emissions target. Under Taiwan's newly implemented regulations for major electricity users, behind-the-meter energy storage systems can further enhance electricity cost reduction benefits while enabling stored power capacity to participate in the electricity trading market. Looking ahead, the Carbon Management Business Group plans to replicate the successful experience of its behind-the-meter energy storage systems to further expand its business operations. At the same time, the Group will continue developing regional smart energy systems, building Taiwan's distributed smart green power network, and actively participating in Taiwan's evolving electricity trading market.

(II). Application and production of key products

Forest, pulp and paper business group

- Pulp: Based on the specific needs of paper mills, suitable tree species are selected and processed through chipping, cooking, washing, bleaching, pulping, and drying to produce various types of pulp.
- Paper products: The primary raw material is pulp, which undergoes processes such as disintegration, refining, cleaning, forming, dewatering, drying, winding, and conversion to produce various types of paper. If the surface is treated with coating and calendering, the paper gains excellent printability, making it suitable for cultural printing papers such as coated and wood free papers, commonly used for text and color printing. Other outputs include specialty papers for industrial and commercial applications—such as label papers and tape base papers—as well as food packaging papers.
- Adhesive Tapes: In response to growing market demand for plastic reduction and environmental sustainability, specific base materials are selected according to different product applications. These materials are then processed through coating with specialized adhesives, followed by winding and slitting into suitable widths for end use. Product offerings include masking tapes, primarily used in the automotive and construction industries, as well as green packaging tapes suitable for a wide range of industrial applications.

Containerboard and Packaging business group

Containerboard Paper: The primary raw material is recovered paper, which is processed through stages including disintegration, contaminant and debris removal, screening and cleaning, deinking, refining, pulp blending, sheet forming, and drying. The recycled pulp is then used to produce various types of paper, serving as the raw material for manufacturing corrugated board and corrugated boxes.

Corrugated Cardboard Boxes: Kraft linerboard and corrugated medium are processed through corrugators—which perform fluting, lamination, creasing, and cutting—and then further processed by printing and die-cutting machines for printing, slotting, and gluing, to produce corrugated boxes used for packaging a wide variety of products.

Consumer products business group

- Household Paper Products**:** Made primarily from virgin wood pulp**,** the production process includes disintegration, refining, cleaning, forming, dewatering, drying, winding**,** and converting to produce a range of essential consumer goods, such as toilet paper, facial tissues, paper towels, and kitchen rolls.

Carbon Management business group

- Circular Economy: Business development related to coal alternatives such as SRF (Solid Recovered Fuel) and TDF (Tire-Derived Fuel**)**, as well as biogas, along with the operation of waste-to-energy facilities**.**
- Smart Energy: Focused on integrated energy technology services, providing microgrid systems, energy storage systems, smart energy management, and operation outsourcing as comprehensive energy transition solutions**.**

(III). Supply Status Of Primary Raw Materials

Departments	Product (Service)			Key Raw Material(S)		
	Name	Primary Market(S)	Distribution Method	Name	Main Source(S)	Supply
Paper making	Paper and Pulp Products	Taiwan and Asia	Distributors and direct marketing	Diverse types of paper making fibers	Imported from foreign countries	1. Weak end-market demand in the paper industry has led to supply-demand imbalances. In response, suppliers have attempted to support pricing through production controls, including annual maintenance shutdowns, machine downtime, and regional coordinated production curtailments aimed at reducing market supply and stabilizing pulp prices. 2. Wood chip supply has been constrained by government policies (such as logging restrictions) and geopolitical developments, including the Russia-Ukraine war and international sanctions affecting Russian wood chip exports. At the same time, inflation and surging energy prices have significantly increased overall production costs. As a result, pulp mills have faced mounting operational losses, with some producers forced to suspend operations or permanently close facilities. 3. Periodic labor strikes across major supplying regions, including Europe and North America, have further tightened supply conditions. These disruptions have increased both shipping and logistics risks across sea and land transportation networks, while also leading to additional surcharges and higher transportation-related costs. 4. Extreme weather events and natural disasters — including wildfires, heavy rainfall, and droughts — have created additional operational challenges. Beyond damaging production facilities, severe climate events may also disrupt raw material and product supply for extended periods, potentially affecting market supply continuity for several months.

(IV). List Of Clients Who Accounted For At Least 10% Of Total Sales And Procurement In Any Of The Last Two Years And Corresponding Amounts And Percentages

1. Major suppliers in last two years

   No supplier has accounted more than 10% of the total procurement in the last two years.

2. Major sales clients in last two years:

   No client has accounted for more than 10% of the total sales in the last two years.

III. Employee Information In The Last Two Years And Up To The Printed Date Of This Annual Report

(I) Employee information in the last two years and up to the printed date of this annual report:

Year		2024	2025	Current Year Up To The Printed Date Of This Annual Report
Number Of Employees	General Personnel	5536	5412	5370
	Technicians	6558	6267	6252
	Total	12094	11679	11622
Average Age		40.21	40.29	40.80
Average Of Service Years		9.75	9.98	10.02
Academic Qualifications	Master's Degree Or Higher	4.89%	5.02%	5.02%
	Bachelor/College Degree	41.31%	41.60%	41.74%
	Senior High School And Below	53.80%	53.38%	53.24%

(II) Authority-designated certification by employees whose jobs are related to transparency and disclosure of financial information:

Certifications	Finance And Accounting	Auditing
CPA of ROC	8	0
CPA of USA	3	0
Certified internal auditor (CIA) organized by Institute of Internal Auditors	0	6

IV. Environmental Protection Expenditures

Losses arising as a result of environmental pollution in the recent year up until the publishing date of this annual report; quantify the estimated losses and state any response actions, or state any reasons why losses cannot be reasonably estimated.

In response to deficiencies identified by the competent authorities, YFY has promptly implemented corrective measures. To mitigate and prevent environmental impacts, the Company and its subsidiaries strictly require that all by-products generated during the production process be handled in full compliance with relevant local environmental regulations. In addition, we continue to enhance the professional knowledge of relevant personnel through targeted training and regulatory awareness programs. As of the publication date of this annual report, the losses incurred by the Company due to deficiencies identified by the competent authorities, along with the corresponding response measures, are summarized in the table below:

Contents of violation	Contents of penalties	Penalty date	Penalty number	Response measures
Article: Article 23, Paragraph 1 of the Air Pollution Control Act. Content: Public and private premises shall effectively collect all types of air pollutants and maintain the normal operation of air pollution control or monitoring facilities. The maximum operating capacity of stationary pollution sources shall not exceed the maximum treatment capacity of the air pollution control facilities.	A fine of NT$120,000	20250211	20-114-020008	Improvements have been completed, and subsequent monitoring hours will comply with regulatory requirements.
Article: Article 20, Paragraph 1 of the Air Pollution Control Act. Content: Where equipment of stationary pollution sources at public or private premises malfunctions and results in regulatory violations, immediate corrective measures shall be taken. Emissions of air pollutants from stationary sources shall comply with emission standards.	A fine of NT$360,000	20250326	20-114-030010	The relevant improvement report has been approved and filed by the competent authority.
Article: Article 7, Paragraph 1 of the Water Pollution Control Act. Content: Enterprises, sewage sewer systems, or building wastewater treatment facilities that discharge wastewater into surface water bodies shall comply with effluent discharge standards.	Total fines amounted to NT$1,843,200	20250421 20250711 20260107 20260204	30-114-040001 30-114-070001 30-115-010002 30-115-010013	The relevant improvement report has been approved and filed by the competent authority.
Article: Article 14, Paragraph 1 and Article 45, Paragraph 2 of the Water Pollution Control Act. Content: The volume of discharged wastewater exceeded the permitted approved limit.	A fine of NT$90,000	20251027	30-114-100023	The application to amend the wastewater discharge permit has been completed, and the wastewater regulation and recycling mechanisms have been optimized to strengthen discharge management and regulatory compliance.
Article: Violation of Article 7, Paragraph 1 of the Water Pollution Control Act. Content: Effluent discharge standards were not met.	A fine of NT$429,000	20250718	30-114-070034	A monitoring and reporting mechanism has been established.
Article: Article 24, Paragraph 2 of the Air Pollution Control Act. Content: Operations were not conducted in accordance with the permit conditions for stationary pollution sources under the "Boiler Power Generation Process (including industrial waste reuse or treatment) – Boiler Cogeneration Process (M01).	A fine of NT$100,000	20251016	20-114-100014	The issue was resolved during the boiler shutdown, and operations have resumed.

Contents of violation	Contents of penalties	Penalty date	Penalty number	Response measures
Article: Article 22, Paragraph 3 of the Air Pollution Control Act. Content: Violation of Article 22, Paragraph 3 of the Air Pollution Control Act and Article 9, Paragraph 2 of the Regulations Governing Continuous Automatic Monitoring Facilities for Air Pollutants from Stationary Sources.	A fine of NT$100,000	20251223	20-114-120022	The correct documentation was subsequently submitted and properly reported.
Article: Article 18 of the Water Pollution Control Act and Article 108, Paragraph 1 of the Regulations Governing Water Pollution Control Measures and Test Reporting. Content: Enterprises or sewage sewer systems that install automatic monitoring (or surveillance) facilities in accordance with these regulations shall upload calibration results within the prescribed time limit.	A fine of NT$27,000	20260107	30-115-010001	Improvements have been completed, and the required data will be uploaded within the prescribed timeframe in accordance with regulations.

* Data Scope: YFY Inc. and the Taiwan production sites of the three business groups.

V. Human Capital

(I) Present Status of Employee Relations
YFY Taiwan offers comprehensive coverage for its full-time employees, including labor insurance, group health insurance, accident insurance, and labor pension benefits. For employees in our China locations are entitle to encompass endowment insurance, medical insurance, occupational injury insurance, unemployment insurance, and maternity insurance. The "YFY Joint Employee Welfare Committee" administers our welfare programs, ensuring extensive support and care for our employees.

1. Employee benefits

- Special prizes for holidays, Labor Day, and birthday
- Subsidies for weddings, funerals, child birth, hospitalization, and disability
- Scholarships for employees’ children, and on-the-job training allowance
- Free monthly subscription of preschool publications and magazines
- Retirement allowance besides pensions
- Employee of the year and senior awards
- Group insurance for employees and their dependents
- Medical staff on site to promote occupational safety and employees’ health awareness
- Reimburse employee physical check-ups and exam frequency better than the Labor Health
- Protection Regulation standards
- Provide massage services to employees in the Taipei office
- Provide better than regulation standard annual leave allowances to promote work-life balance. Employees who are pregnant, suffering from illness or need to work remotely due to family care and other reasons can work from home or work flexible hours on a case-by-case basis.
- Wages pay on the 20th of each month includes 10 days’ pay advance.

Employee Engagement and Recreation Programs

- Club activities for employees
- Celebrations for employee birthdays, sporting events, and group travel opportunities
- On-site recreational amenities and entertainment systems
- 2. Retirement plan
- YFY Inc. has implemented the Labor Retirement Regulations and created the Supervisory Committee for Workers' Pension Reserve Funds to support our employees' post-retirement needs. Annually, we dedicate funds for the legacy pension scheme to a designated account at the Bank of Taiwan, determined by actuarial assessments, ensuring the protection of employees' rights.
- Additionally, our company embraced the Labor Pension Act (new labor pension system) on July 1, 2005, committing to deposit an amount equal to 6% of each employee's salary into their individual pension accounts. For employees opting to contribute extra to their pension, YFY facilitates the deduction of these additional contributions, based on the chosen rate, directly from their salaries into their dedicated personal pension accounts at the Bureau of Labor Insurance.
- The contents of the YFY's Labor Retirement Regulations are as follows:
- ・Eligibility for voluntary retirement includes:
- (1) Employees aged 55 or above with over 15 years of service, encompassing time spent at both this
- company and its affiliate enterprises.
- (2) Individuals who have dedicated more than 25 years to the company, including periods employed
- at our affiliated enterprises.
- (3) Staff members aged 60 or above who have contributed more than 10 years of service, considering
- roles held within this organization and its affiliated entities.
- ・Guidelines for mandatory retirement include:
- The company will only mandate retirement in the following circumstances:
- (1) When an employee reaches the age of 65.
- (2) In cases where an employee is deemed mentally unfit or physically incapable of continuing their
- duties.

- The assessment of mental or physical incapacity must align with disabilities levels 1 through 6 as
- classified by Labor Insurance. Furthermore, employees required to retire due to disabilities acquired in
- the line of duty will receive an additional 20% atop the calculation based on Article 55, Paragraph 1,
- Subparagraph 2 of the Labor Standards Act.
- ‧Service Duration and Pension Calculation:
- (1) The calculation of an employee's service duration commences from their start date, including periods both prior to and following the enactment of the Labor Standards Act, as well as after the introduction of the Labor Pension Act. This calculation will consider the actual continuous service time at this company.
- (2) Service years for employees who are either deployed to affiliated enterprises or transferred from such enterprises to our company for work purposes will be aggregated for the purpose of calculation.
- (3) For employees who have worked both for our company and an affiliated enterprise and choose to retire in compliance with set regulations, the total pension amount will be determined based on the proportional duration of service in each entity and disbursed accordingly by the respective companies.
- ‧2025 Summary of YFY's Contributions to the Labor Pension Reserve
- (1) Contributions for the Year: NT$60,000,000.
- (2) Asset Balance as of Year-End: NT$412,441,000.

3. Labor-management communications

YFY regularly convenes Labor-management meetings to communicate and coordinate with employees, and subsequently adjusts measures according to the consensus of both parties.

(II) Losses due to labor disputes in last year and up to the printed date for this annual report

Unit: NT$

Contents Of Violation	**Amount Of Penalties**	**Event Date**	**Case Number**	**Response Measures**
Article: Article 36, Paragraph 1 of the Labor Standards Law A worker shall have two regular days off every seven days. One day is a regular leave and the other one is a rest day.	The total fine was NT$ 20,000	2025/10/01	1140223011	We will ask subsidiaries to review its shift scheduling system and improve the standard procedures for shift adjustments to ensure compliance with applicable regulations.
Article: Article 24, Paragraph 1 of the Labor Standards Law Failure to pay overtime wages in accordance with statutory requirements.	The total fine was NT$50,000	2026/01/13	1150007874A	We will ask subsidiaries to optimize its overtime application system and strengthen communication to ensure that foreign workers submit their overtime records in a timely manner, in order to comply with regulatory requirements.
Article: Article 36, Paragraph 2 of the Labor Standards Law Under the adoption of a flexible working hours system, the employer failed to arrange workers' regular leave or rest days in accordance with the applicable statutory requirements.	The total fine was NT$ 50,000	2026/01/13	1150007874B	We will ask subsidiaries to review its shift scheduling system and refine the standard procedures for shift changes to ensure compliance with applicable legal requirements.
Article: Article 70 of the Labor Standards Law Failure to revise the working rules and to file them with the competent authority for approval and record.	The total fine was NT$50,000	2026/01/13	1150007874C	We will ask subsidiaries to continue submitting its working rules to the local labor authority for approval and recordation.
Article: Article 23, Paragraph 1 of the Labor Standards Law Failure to provide a detailed breakdown of the calculation for each wage component.	The total fine was NT$40,000	2026/01/13	1150007874D	We will ask subsidiaries to enhance the content of payroll slips by clearly disclosing the calculation details of each wage component and to strengthen communication and guidance for foreign workers.
Article: Article 32, Paragraph 2 of the Labor Standards Law Working hours extended beyond the limits prescribed by law.	The total fine was NT$ 50,000	2025/12/24	1140523050	We will ask subsidiaries to ensure strict compliance with the statutory limits on overtime work by strengthening management of employees' working hours to meet regulatory requirements.

Article: Article 38, Paragraph 4 of the Labor Standards Law Failure to pay wages for unused annual leave days at the end of the year or upon termination of the employment contract in accordance with the applicable regulations.	The total fine was NT$ 20,000	2025.07.18	1140277009	We will ask subsidiaries to establish an automated settlement mechanism and implement a compliant deferral negotiation system in accordance with applicable legal requirements.

(III) Continuing education and training for employees

YFY engages in strategic talent development discussions with executive leadership, updates training and development policies, and evaluates the competencies of employees across all tiers to ensure the company's growth and navigate market and industry obstacles. We offer structured and ongoing talent development

initiatives to inspire our employees to reach their fullest potential and enhance their performance. Additionally, we provide a variety of learning opportunities, including orientation sessions, management development programs, specialized skill training, and broad-based educational courses, to foster self-improvement among our workforce.

Development of high-level potential talents:

To continuously ensure organizational competitiveness, we have persistently implemented senior talent training projects. The project contents include:

1. Define talent profile: define high-level success models based on organizational development strategies.

2. Identify high potential talents: Use international professional evaluation tools to select potential talents and analyze potential abilities.

3. Focus on the development path: set up development plans for potential talents

4. Sustainable development of talents: The Mentor Program, led by both internal and external senior managers and consultants, offers consistent mentorship and monitors the progression of participants. It includes structured functional training and hands-on experience tailored to each stage of development.

Diverse learning environment:

1. Orientation training: The objective is to help new hires navigate the workplace efficiently and gain a comprehensive understanding of the company's vision, organizational hierarchy, policies, and the operational dynamics of various functional and business units.
2. Management training: The objective is to enhance management efficiency, develop leadership skills, and elevate strategic thinking capabilities.
3. Professional training: The aim is to enhance the professional technical skills required for the work of specialists in various functional departments.
4. General training: Aims to foster employees’ knowledge and skills required for independent operations, workplace communication, and job management to support the Company’s future business development requirements and achieve long-term business goals.

Summary of participation of education and training in 2025:

Course Type	No. of Classes	Total Number of People	Total Hours	Total Costs (thousand NT$)
Professional Skills	3,510	47,240	115,914	8,052,565
Management And General Knowledge	2,560	27,435	66,785	4,347,009
Orientation For New Recruits	380	1,649	9,000	105,870
On-The-Job Training	75	3	723	242,000

(IV) Employee code of conduct or ethics

The Company's Work Rules provide a service guideline and clear work principles for employee compliance. To more effectively protect the Company's trade secrets, operating profits, and competitive edge in response to the amendment made to the Trade Secrets Act in 2013, the Company has prescribed Integrity and Confidentiality of Intellectual Property Agreement as a mandatory document for registration of new recruits.

YFY promulgated the YFY Employee Code of Conduct in May 2016. Employees' behavior must comply this Code of Conduct when performing daily tasks and operations: Employees must take the initiative to avoid improper benefits, perform their duties properly, and effectively utilize Company resources and public properties during work. The Employee Code of Conduct prescribes reporting channels and investigation procedures. Regular education and training programs are provided to raise employees' awareness towards ethical conduct.

The Ethical Corporate Management Operating Procedures and Code of Conduct were promulgated in December 2018 in accordance with the Company's Ethical Corporate Management Guidelines and TWSE's Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies. The Company performs business activities based on the principles of fairness, integrity, accountability, and transparency.

The Ethical Corporate Management Operating Procedures and Code of Conduct were established to implement the ethical corporate management policy, actively prevent unethical conduct and conflict of interests, establish whistleblowing channels, and regulate the conduct of relevant personnel.

In December 2021, the YFY Employee Code of Conduct underwent a thorough review and update to further underscore the importance of safeguarding company assets against potential harm to the organization's interests. It also highlights the need for caution during transactions with external suppliers and responsible conduct on public forums to protect the company's reputation. Subsequently, in January 2022, it was mandated that the "YFY Employee Code of Conduct" become a part of the essential training for new hires, to be completed within their probationary review period. Through continuous education and training initiatives, we aim to ensure that all employees embody the company's core values and uphold the highest standards of professional ethics in their daily tasks and interactions. This commitment helps maintain the company's esteemed reputation and fosters respect and trust from clients, suppliers, and professionals across various sectors.

(V) Employee safety and health

The Company is committed to safeguarding the health and safety of our employees. Beyond achieving ISO45001 certification, which underscores our dedication to occupational safety and health, YFY has proclaimed its commitment to enhancing employee safety and fostering a culture of safety within the organization.

The following active measures were adopted to ensure employee health and safety:

1. Classified responsibility by units: Each operation group has established a dedicated Occupational Safety and Health (OSH) Manager responsible for the creation of safety and health regulations within all plants of the business group, as well as for providing guidance, oversight, and audits of OSH measures. The occupational safety team at each plant is directly accountable for the promotion, implementation, and on-site management of safety-related projects.

2. Promotion of Safe operations: Through safety education, we aim to enhance the safety management capabilities of supervisors at all levels, gradually establishing a uniform safety value system and standards across the organization. This initiative fosters a collective agreement to drive the implementation of safe operational practices.

3. Standardization of operations: Develop standard operating procedures and work safety analysis for various tasks.

4. Employee health management: Regularly conduct employee physical check-ups, with exam items exceeding the standards set by labor health protection regulations. Plan health promotion programs for employees based on the results of the health examinations.

5. Employee safety training: Employees and contractors must undergo safety training when they are newly hired or change job positions. Additionally, departments periodically organize occupational safety training and awareness courses for current staff to enhance safety consciousness among all members.

6. Accident reporting and investigation: In the event of a workplace accident at any plants, it must be reported to the responsible Occupational Safety and Health Manager of the business group within twenty-four hours, followed by an investigation into the cause. An improvement plan should be proposed within a week of accident. The findings should be informed for related employees to prevent the recurrence of similar incidents.

7. Work safety reviews and disaster drills: In addition to regular disaster drills and monthly occupational safety and health management meetings of plants, equipment safety inspections are reinforced to actively improve the workplace and safety measures.

VI. Information Security Risk Management

(I) Information security

Amidst rapid technological advancements and increasing internet popularity, both businesses and individuals are encountering significant information security risks and challenges. For YFY, managing information security effectively requires a holistic approach that combines both hardware and software: this includes the deployment of equipment and technology (hardware) as well as fostering a culture of security awareness among personnel (software). A specialized information security management team has been formed to ensure the optimal utilization of resources for management purposes, while also focusing on the timely and centralized upgrading of information security network equipment and mechanisms. This approach is critical for maintaining up-to-date information security protections. Moving forward, we are committed to continuously increasing our employees' awareness of information security risks, thereby reinforcing our information security defenses across all levels.

Information Security Framework and Policies are as follows:

1. Information Security Risk Management Framework

The Company's approach to information security risk involves a strategic emphasis on technology utilization and governance. Management of these risks is executed via a specialized management and technology service platform, ensuring clear delineation of authority, responsibilities, technical support, and control mechanisms across the Company and its subsidiaries. In alignment with regulatory requirements, the Company has established an Information Security Committee dedicated to overseeing information and communications security. A Chief Information Officer (CIO) was appointed to oversee the allocation of necessary personnel and resources. Designating CIO along with a team of information security experts are dedicated for the duties. These individuals are charged with the promotion, coordination, supervision, and evaluation of information and communications security management. The committee conducts monthly reviews of the company's information security policies and goals, devises specific management action plans, and regularly reports outcomes to the Board of Directors. Additionally, it assesses potential risks, and develops corresponding strategies.

2. Information Security Policy and Management Program

The Company's approach to information security emphasized technological integration and governance, leveraging the dynamic interplay and balance between users and machines, as well as software and hardware, to construct a comprehensive information security management framework. This framework was utilized to execute the policies established by the company, as detailed in the following sections:

(1) Firewall Configuration: Utilizing the capabilities of next-generation firewalls, we conducted close security management by monitoring and controlling data access based on "who" accesses the data, the "events" prompting access, the "timing" of access, the methods of "execution", the "origin and destination" of the data, and the "objects" being accessed. This included comprehensive threat

detection across all network traffic, ensuring the effective identification and mitigation of intrusions, viruses, worms, and other cybersecurity threats. Additionally, we implemented "trace logging" to document all network traffic, detailing who accessed what data and from where.

(2) Management of Information Server Rooms: Utilizing state-of-the-art server room infrastructure, we've set high benchmarks. To mitigate the risks of equipment damage, data loss, and operational interruptions from power failures, we've implemented a UPS (Uninterruptible Power Supply) system. Additionally, to meet the cooling needs of densely arranged server racks, a sophisticated air-conditioning system has been installed. Our server environments are further protected by fire detection and automated fire suppression systems, which are compliant with relevant fire safety standards and receive regular checks to ensure the protection of vital IT hardware and equipment. Enhancing these measures, we've established strict physical access controls and deployed 24/7 video surveillance to deter unauthorized access and secure our data assets effectively.

(3) Management of User Information Security: We have strengthened user information security through various policies and mechanisms, including setting privileges on personal computers, regularly updating computer system security, implementing email protection, deploying enterprise endpoint antivirus solutions, enhancing endpoint security, controlling admin access, enforcing VPN multi-factor authentication, regulating external network access, controlling internal systems, and adopting the "Group Electronic Document Online Control Operation" method. These measures establish crucial information security checkpoints along both internal and external network paths used by users, ensuring comprehensive information security. Furthermore, the company has formulated information security management regulations. The information security management team periodically conducts disaster recovery drills for critical systems each year, aiming to verify the operability of recovery plans and to improve the information security's emergency response and recovery capabilities.

(4) Industrial Information Security Management: Every year the information management department engages in discussions with information management staff across all factories, addressing current issues, trends, and strategies for improving information security. Through these discussions, alongside targeted education and training programs, the aims are enhancing the information security maintenance practices and risk awareness among employees at each operation site.

(5) Training and Development: The information management team distributes informational letters on security and conducts in-person and no less than 3 hours training sessions per year on information security, detailing current cybercrime techniques and precautionary measures. These initiatives are aimed at enhancing employees' knowledge of information security, thereby elevating their awareness of cybersecurity issues. Every employee undergoes at least three hours of training related to cybersecurity annually.

Given the escalating intensity of cybercrime, future threats and challenges to business operations necessitated an increased focus on bolstering cyber and information security governance frameworks. While individuals played a crucial role in cybersecurity, in the digital age, neither individuals nor corporations were exempt from cybersecurity risks. Consequently, beyond adhering to government-imposed information security policies and the company's own internal guidelines, YFY was dedicated to conducting its day-to-day information security management activities with utmost caution, aiming to significantly reduce the company's operational IT risks.

(II) Losses, potential impacts and countermeasures for significant information security incidents in the most recent year and as of the printed date of the annual report: N/A

VII. Material Contracts

Contract Type	Parties Involved	Commencement Date/ Expiration Date	Content	Restrictive Clauses
1. YFY Inc.				
Long term loan contract	Made jointly by 3 banks including First Bank, Bank of Taiwan and Hua Nan Bank .	2022/12/23-2027/12/23	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 3 banks including First Bank, Bank of Taiwan and Hua Nan Bank .	2023/11/02-2028/11/02	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 3 banks including Mega International Commercial Bank, Taipei Fubon Bank and Taiwan Cooperative Bank, and 3 participating banks.	2024/12/19-2029/12/19	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 2 banks including First Bank and Bank of Taiwan, and 7 participating banks.	2025/12/08-2030/12/08	5-year syndicated loan repaid at maturity	N/A
2. Chung Hwa Pulp Corp.				
Long term loan contract	Made jointly by 3 banks including Bank of Taiwan, Taipei Fubon Bank and Agriculture Bank of Taiwan with 5 participating banks	2022/9/30-2027/9/30	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 3 banks including First Bank, Bank of Taiwan and Hua Nan Bank .	2023/08/07-2028/08/07	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 2 banks including Bank of Taiwan and First Bank, and 7 participating banks.	2025/09/26-2030/09/26	5-year syndicated loan repaid at maturity	N/A
3. YFY Packaging Inc.				
Long term loan contract	Made jointly by 3 banks including First Bank, Bank of Taiwan, and Hua Nan Bank.	2022/12/29-2027/12/29	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 3 major banks including Mega International Commercial Bank, Taipei Fubon Bank, Taiwan Cooperative Bank, and 3 other participating banks.	2024/12/20-2029/12/20	5-year syndicated loan repaid at maturity	N/A
4. YFY Consumer Products				
Long term loan contract	Made jointly by 3 banks including First Bank, Bank of Taiwan, and Hua Nan Bank.	2023/5/19-2028/5/19	5-year syndicated loan repaid at maturity	N/A

Chapter 5. Financial Position, Financial Performance and Risk Analysis

I. Financial Comparison Analysis

Unit: NT$ thousand

Year / Item	2025	2024	Difference	
			Amount	%
Current Assets	66,203,247	65,154,219	1,049,028	2
Property, Plant And Equipment	48,402,935	49,271,094	(868,159)	(2)
Intangible Assets	530,397	554,027	(23,630)	(4)
Other Assets	57,121,443	46,421,643	10,699,800	23
Total Assets	172,258,022	161,400,983	10,857,039	7
Current Liabilities	44,107,917	43,309,885	798,032	2
Non-Current Liabilities	36,199,796	35,493,469	706,327	2
Total Liabilities	80,307,713	78,803,354	1,504,359	2
Share Capital	16,603,715	16,603,715	0	0
Capital Surplus	3,977,862	3,865,070	112,792	3
Retained Earnings	24,372,050	23,511,661	860,389	4
Other Equity Interest	30,130,426	22,020,012	8,110,414	37
Non-Controlling Interest	16,866,256	16,597,171	269,085	2
Total Equity	91,950,309	82,597,629	9,352,680	11

Notes on changes in increase or decrease percentage：

1. The increase in other assets was mainly due to the increase in financial assets at fair value through other comprehensive income, financial assets at amortized cost, and investments accounted for using the equity method.
2. The increase in other equity was mainly due to the increase in unrealized gains or losses on financial assets at fair value through other comprehensive income.

II. Financial Performance Review and Analysis

Unit: NT$ thousand

Year Item	2025	2024	Increase/ Decrease	Change (%)
Operating Revenue	73,642,772	78,413,139	(4,770,367)	(6)
Operating Costs	64,096,086	67,985,465	(3,889,379)	(6)
Losses On Changes In Fair Value Less Costs To Sell Of Biological Assets	(2,442)	817	(3,259)	(399)
Gross Profit	9,544,244	10,428,491	(884,247)	(8)
Operating Expenses	10,375,563	10,581,982	(206,419)	(2)
Operating Profit	(831,319)	(153,491)	(677,828)	(442)
Non-Operating Income And Expenditure	3,516,739	2,888,806	627,933	22
Pre-Tax Profit	2,685,420	2,735,315	(49,895)	(2)
Tax Expense	(520,433)	(477,441)	(42,922)	(9)
Net Profit For The Current Year	2,164,987	2,257,874	(92,887)	(4)

Notes on changes in increase or decrease percentage :

1. The increase in operating loss was mainly due to the decrease in gross profit.
2. The increase in non-operating income and expenses was mainly due to the gain on disposal of investment property.

III. Cash Flow Analysis

Unit: NT$ thousand

Cash Balance, Beginning Of Year	Net Cash Flow From Operating Activities	Inflow (Outflow) Of Net Cash From Other Activities	Cash Balance	Liquidity Contingency Plan	
				Investment Plan	Financial Plan
$11,919,493	$4,453,187	($4,692,732)	$11,679,948	-	-

(I) Analysis on the cash flow changes of the current year:

1. Cash flow from operating activities: Operating activities generated cash flow mainly from operational profit.

2. Cash flow from other activities: Investment activities mainly consisted of the annual expenditure on the upgrading and maintenance of relevant equipment. Financing activities increased mainly from increase of short term bank loans.

(II) Liquidity contingency plan and liquidity analysis: N/A

(III) Cash flow analysis for the coming year:

1. Cash flow from operating activities: The industry development is anticipated to be stable and YFY can maintain a steady operating cash inflow.

2. Cash flow from investing activities: Mainly consisted of the annual capital expenditure on the upgrading and maintenance of relevant equipment.
3. Cash flow from financing activities: Bank loans and repayments are arranged based on the cash flows from overall operating and investing activities.

IV. Major Capital Expenditures And Impact On Financial Operations In Last Year:

Forest, Pulp and Paper Business Group:

Major capital expenditures in 2025 focused not only on the replacement and upgrade of production-related process equipment across various plants, but also on enhancing energy self-sufficiency, improving energy efficiency, and reducing carbon emissions. At the same time, the Company continued to invest in initiatives aimed at increasing production efficiency and expanding capacity.

1. Hualien mill, construction of new high-efficiency biomass energy recovery and power generation facilities, and installation of additional digestion equipment to increase daily pulp production capacity.
2. Taitung mill, generator units were upgraded to significantly enhance power generation efficiency.
3. Jiutang mill undertook paper machine modifications to further improve production efficiency.
4. Dingfeng mill completed an expansion of its household paper machine facilities, further strengthening production capacity and supporting future business growth.

Containerboard and Packaging Subsidiary:

1. In 2025, major capital expenditures at the Xinwu Industrial Paper Mill were primarily focused on upgrading and replacing production equipment, as well as investing in energy-saving and carbon-reduction facilities to enhance green energy benefits. The mill also introduced energy storage systems to optimize energy utilization efficiency and implemented smart manufacturing management systems to improve production processes and strengthen overall cost competitiveness.
2. In Vietnam, the Henan Plant of the Paper Packaging business expanded corrugator production capacity and added downstream paper packaging processing facilities in 2025, further enhancing manufacturing capabilities and supporting continued growth in market share.

Consumer Products Business Group:

1. The Company invested NT$220 million to optimize energy-saving equipment, enhance production efficiency and energy performance, and support the development of new functional products in response to evolving consumer demand. These initiatives further strengthened overall operational competitiveness and long-term growth capabilities.
2. The Company also continued to enhance equipment automation, improve workplace conditions and safety standards, and increase operational efficiency and employee well-being. Through these ongoing efforts, the Company further reinforced its leadership position in Taiwan’s consumer goods market.

Working capitals for capital expenditures were funded by self-funding and bank loans. 2025 interest expenses were at similar level with previous year. Therefore, and there was no significant financial impact.

V. Investment Policy, Reasons For Profit Or Loss, Improvement Plans, And Investment Plans For Coming Year:

(1) Reinvestment policy, reasons for profit or loss and improvement plans

The major investments of our company and its subsidiaries align with our long-term development strategy, primarily focusing on the fields of paper and printing, advanced energy-saving technology, biotechnology and medical care, financial services, and startup incubation. In recent years, the company has also continued to streamline non-core investments, concentrating resources on strategic investments consistent with the company's long-term development philosophy. This approach aims to deepen vertical integration benefits and maximize overall investment synergy.

Investment evaluation aspects include sales growth, enhancement of research and development capabilities, improvement in production efficiency and quality, and potential for future profit growth. After considering the financial investment benefits and downside risks, the investment method and amount are determined. In terms of post-investment management, the company regularly reviews the performance of each investment. If there is a significant decline or deviation from industry standards, the invested company is required to formulate an improvement plan to achieve the company's original investment objectives.

- **Forest, Pulp and Paper Business Group:**

  Affected by global policy uncertainty, supply chain pressures, and slowing market demand, together with economic stagnation in China and ongoing global overcapacity, the overall business environment remained relatively weak in 2025, creating operational challenges for the Forestry, Pulp & Paper Business Group. During the year, pulp market prices were initially supported by cost pressures and production curtailments at pulp mills. However, subsequent tariff policy developments further increased market uncertainty, leading to a notable correction in pulp prices while overall market demand remained subdued. In response to these challenging conditions, the Business Group has continued to strengthen its core competitiveness around “sustainable fiber” solutions, while accelerating the transition toward higher-efficiency and lower-carbon production models. Going forward, the Group will continue advancing process optimization, enhancing energy efficiency, and deepening environmental management initiatives to steadily promote green manufacturing systems while improving operational profitability and long-term competitiveness.

- **Containerboard and Packaging Business Group:**

  In 2025, the Containerboard and Packaging Business Group benefited from the decline in international recovered paper prices and continued internal cost improvement initiatives. As a result, operations in Taiwan significantly narrowed losses and approached breakeven performance. However, the pace of economic recovery in China remained below expectations. Tight regional waste paper supply and rising raw material prices, together with environmentally driven production restrictions imposed by the Chinese government, affected capacity utilization and profitability. Consequently, the Business Group as a whole continued to record a loss during the year. In response, the Business Group has continued to strengthen cost control measures, improve production efficiency, optimize raw material procurement strategies, and further integrate demand across its containerboard and packaging operations. At the same time, the Group is actively promoting environmentally friendly and higher value-added product strategies to enhance operational flexibility and market responsiveness. Looking ahead to 2026, the Business Group expects to further realize the benefits of vertical integration synergies, supporting continued improvement in operating performance and strengthening its long-term competitiveness.

- **Consumer Products Business Group:**

  Profitability in 2025 primarily benefited from continued optimization of the product portfolio. Going forward, the Company will continue advancing product premiumization and enhancing production process automation to further improve operational efficiency and profitability.

- **Carbon Management Business Group:**

  The Company continues to invest in, develop, and operate energy transition projects both within the Group and for external partners, while steadily building a strong portfolio of project execution experience and operational capabilities. At the same time, the Company has begun investing in the development of a “Virtual Power Plant (VPP)” platform for aggregated power management, as well as an “Energy Management Center” platform dedicated to green electricity trading. In addition, a “Carbon Management Center” platform has been established to further strengthen integrated carbon management capabilities. Together, these initiatives reflect a clear and well-defined strategic roadmap for the Company’s long-term development in smart energy, green electricity, and carbon management solutions.

(2) Investment Plans for the Coming Year

1. The Company’s investment strategy focuses primarily on expanding into industries adjacent to its core businesses, deepening vertical integration, and developing new business opportunities. A key guiding principle of these investments is their ability to support the development of the Company’s business groups while generating complementary strengths and operational synergies.
2. The Company will continue to strengthen resource integration and cross-business collaboration among its investee companies, enhancing resource complementarity and reinforcing core competitiveness in order to further improve overall operational performance and long-term value creation.

VI. Risk Analysis And Assessment In The Last Fiscal Year And Up To The Printed Date Of This Annual Report:

(I) Impact of changes in interest rates, exchange rates, and inflation on the Company’s profitability and response measures

1. Interest Rate

   In 2025, major central banks have adopted divergent monetary policy stances. The US Federal Reserve (Fed), facing uncertainty about the impact of tariffs on the inflation outlook, only resumed interest rate cuts in September. The Bank of Japan (BoJ) resumed rate hikes in December, while the European Central Bank (ECB) continued to cut rates until June, maintaining them unchanged. The People's Bank of China (PBOC) have continued its accommodative monetary policy. Market expectations regarding the pace of monetary policy adjustments by major economies increased volatility in international financial markets.

The US Federal Reserve have cut rates by a total of 75 basis points in 2025, leading to a moderate decline in US dollar market interest rates. In Taiwan, however, inflation expected to fall below 2% due to moderate inflationary pressures. Coupled with strong demand for emerging technologies such as artificial intelligence (AI) and significant export growth, although some manufacturing sectors have impacted by US tariffs, the overall economy maintained steady growth. The Central Bank of Taiwan kept its policy rate unchanged throughout 2025.

Countermeasures: The market anticipates that major central banks will maintain inconsistent monetary policy stances in 2026. Although Taiwan's inflation rate has fallen below 2%, the probability of a further decline in the New Taiwan Dollar interest rate in the short term remains relatively limited due to the central bank's continued control over the housing market. Our company will regularly and flexibly assess its various liabilities and financing policies to maintain sufficient liquidity and effectively reduce interest expenses.

2. Exchange Rate:
In 2025, the high degree of uncertainty surrounding the policies implemented by Trump after taking office have impacted global investor confidence in dollar assets. Coupled with market expectations that the Federal Reserve (Fed) will enter a rate-cutting cycle, the international dollar continued to weaken. While China's economic growth momentum continued to slow in 2025, the RMB appreciated gradually while maintaining relative stability due to the weakening international dollar. The New Taiwan Dollar (NTD) appreciated sharply in April and May due to market expectations that the US would demand appreciation during reciprocal tariff negotiations. Although it subsequently depreciated, it still showed an appreciation trend throughout the year. Our company's main exchange rate risk positions are offshore borrowings in mainland China and export proceeds from Taiwan. In 2025, we continued to dynamically adjust the hedging ratios of various currencies and control hedging costs to reduce overall exchange rate volatility.

Countermeasures: Looking ahead to 2026, although countries have reached preliminary trade agreements with the US, Trump's various fiscal, economic, and international trade policies will continue to bring uncertainty to the global economy and inflation trends. Therefore, the exchange rate fluctuations of related foreign currencies will remain highly volatile. The company will simultaneously consider exchange rate risks and hedging costs, and adopt appropriate financial and hedging strategies to reduce the negative impact of exchange rate fluctuations on the company's overall operations.

3. Inflation:
In 2025, major economies have saw continued cooling of inflation, albeit at a slower pace. Taiwan's Consumer Price Index (CPI) declined due to falling international crude oil prices, tax reductions and exemptions on some goods, and stabilizing food prices, particularly for fruits and vegetables. The overall CPI is projected to decrease to 1.66% in 2025, down from 2.18% in 2024, while the core CPI (excluding energy and fruits/vegetables) will decrease to 1.65% from 1.88% in 2024.

Looking ahead to 2026, international institutions anticipate lower oil prices than in 2025. The effects of tax reductions and exemptions on some goods will continue, and service inflation is expected to maintain a gradual decline. The Central Bank of Taiwan forecasts a 1.63% annual increase for both Taiwan's CPI and core CPI in 2026. However, international commodity and domestic service price trends, as well as weather factors, may still influence future domestic inflation. As of the date of publication of the annual report, inflation should not be a significant factor affecting the Company. However, it is still necessary to closely monitor the risks brought about by the fragmentation of the global economy and the restructuring of supply chains, as well as geopolitical conflicts, climate change and other factors.

(II) Policies on high risk or high leverage investments, lending to others, making endorsements or guarantees, and trading derivatives, reasons for profit or loss, and response measures:

The Company has not invested in high risk and high leverage instruments. For example, the utilization of short-term idle funds focuses on trading of notes or bonds under repurchase agreements and subscriptions of money market funds.

The Company adheres to its Procedure for Lending Funds to Other Parties and Procedures of Making of Endorsement and Guarantees when lending funds to others and providing endorsements and guarantees. Principally, funds or endorsement/guarantees are extended between affiliated parent companies and subsidiaries for financial and business purposes.

The Company engages in derivative transactions in accordance with its Procedure for Processing Derivative Transactions so as to clearly define the purposes of each transaction, which must be primarily hedging. The derivatives operated are primarily aimed at avoiding exchange rate risks. The hedging ratio is adjusted with due consideration given to the hedge cost and exchange rate risk of derivatives to mitigate the effects of exchange rate fluctuations.

(III) Future research and development projects, and expenditures expected in connection therewith:

The Company continues to build upon its core saccharide-based technologies, focusing on the development of renewable materials and low-carbon manufacturing processes to drive new product and technology innovation in response to industrial transformation trends and growing market demand for sustainable materials. The principal areas of research and development are outlined below:

1. Electro-Kraft Pulping Technologies

The Company continues to invest in the development of Electro-Kraft pulping technologies, which utilize electrochemical methods to recover and regenerate pulping chemicals. This approach is expected to reduce energy consumption in traditional pulping processes while improving overall process circularity and operational efficiency.

2. Renewable Energy and Low-carbon Process Technologies

The Company continues to advance research related to process energy efficiency and renewable energy applications, strengthening the foundation for biomass energy utilization and low-carbon manufacturing processes in support of the Company’s broader carbon reduction strategy.

3. Regenerated Cellulose and Saccharide-based Material Applications

The Company is actively developing regenerated cellulose textile materials and high-value saccharide-based materials to expand the application potential of renewable materials across textile, packaging, and other industrial sectors, while enhancing overall material value and sustainability performance.

4. Research and Development of Green Sustainable Materials

The Company continues to develop environmentally friendly materials designed to replace conventional plastics, including paper-based barrier materials and related application technologies, in response to growing market demand for plastic reduction and circular economy solutions.

5. AI and Smart Manufacturing Applications

By integrating artificial intelligence models and data science into production processes, the Company is strengthening process monitoring, quality prediction, and resource utilization efficiency. These initiatives support the gradual establishment of intelligent manufacturing systems characterized by low carbon emissions and high operational efficiency.

In response to rapidly evolving industry dynamics and increasing market demand for low-carbon products, the Company will continue to invest in research and development resources, strengthen innovation capabilities, and recruit professionals with specialized expertise and innovative talent. At the same time, the Company will accelerate the commercialization of innovative products to further enhance overall competitiveness and support sustainable long-term growth.

(IV) Impact of important policy and legislative changes in Taiwan and overseas on financial operations and response measures:

For the purpose of managing legal risks as a whole, the Company has established the Legal Department to be responsible for preventing legal risks due to regulation changes. When important policy and legislative changes in Taiwan and overseas have a potential impact on the Company’s financial or sales performance, the responsible departments will cooperate with the Legal Department to devise the Company’s response measures. In case of any noncompliance with newly promulgated laws in the Company’s internal guidelines and operating procedures, the responsible departments will make the necessary changes and corrections to effectively manage and reduce the Company’s legal risks.

(V) The impact of technological changes (including information and communications security risks) and industry changes on the company's financial operations and the measures to address them

The industries in which the Company invests are all committed to innovation and research and development. Throughout the development of each business, the Company actively leverages advanced technologies to enhance product quality, production capacity, and operational efficiency, thereby strengthening existing competitive advantages and supporting sustainable long-term growth.

Information Security Risk Management

As information technology continues to evolve rapidly and digital connectivity becomes increasingly widespread, both enterprises and individuals face growing cybersecurity risks and challenges. At YFY, we believe that effective information security management requires a balanced approach that integrates both “hardware” and “software” capabilities. In addition to continuously upgrading equipment and cybersecurity technologies, cultivating strong employee awareness and cybersecurity practices is equally critical.

Through the establishment of a dedicated information security management unit, the Group is able to optimize resource allocation, implement appropriate centralized management, and continuously upgrade and enhance existing cybersecurity infrastructure and protection mechanisms across affiliated companies. These efforts ensure that the Group’s information security capabilities remain aligned with evolving cybersecurity threats and industry standards.

At the same time, the Company continues to strengthen employees’ awareness of cybersecurity risks through ongoing education and training initiatives, further reinforcing multiple layers of information security defense and enhancing the overall resilience of the Group’s digital operations.

Information Security Policies and Specific Management Plans

The Company’s information security policy focuses on both technology application and cybersecurity governance. Through the integration and mutual reinforcement of people and technology, as well as software and hardware controls, the Company has established a comprehensive cybersecurity management framework designed to strengthen overall information security resilience.

This framework is implemented through a range of measures, including firewall protection, information server room management, user cybersecurity behavior controls, plant-level cybersecurity management, and the rigorous execution of established information security policies and procedures.

Externally, the Company actively participates in cybersecurity intelligence-sharing organizations, including ISAC and TWCERT, enabling timely access to cybersecurity alerts, threat intelligence, and vulnerability information. In addition, the Company has established cybersecurity joint defense mechanisms with relevant government agencies to further strengthen incident response and risk management capabilities.

Internally, the Group conducts regular cross-functional discussions with affiliated companies each year to review cybersecurity strategies and implementation plans, share the latest cybersecurity intelligence and industry trends, and strengthen related protective measures. Furthermore, the Company provides annual professional cybersecurity education and training programs to enhance employees’ awareness of cybersecurity risks and reinforce best practices for maintaining a secure information environment.

In today’s highly interconnected digital era, no individual or enterprise can remain isolated from the cybersecurity threats that exist across the internet landscape. Accordingly, YFY remains fully committed not only to complying with government cybersecurity regulations and the Company’s internal policies, but also to diligently implementing comprehensive day-to-day cybersecurity management practices. Through these ongoing efforts, the Company seeks to minimize IT operational risks across all YFY affiliated companies while safeguarding the stability and security of its operations.

(VI) The Impact of Changes in The Company's Image Upon Its Crisis Management, and The Measures The Company Plans to Adopt In Response

YFY upholds “Sustainability, Environmental Protection, Altruism, Integrity, Discipline, Pragmatism, Focus, and Innovation” as its core values. These principles are reflected not only in the Company’s corporate image and external communications, but also in its corporate governance practices and commitment to sustainable social responsibility. At YFY, corporate reputation and crisis management are viewed as closely interconnected and equally important. We believe that only when all employees fully understand and embrace YFY’s transformation toward a climate technology enterprise — grounded in a saccharide-based sustainability philosophy — can the Company consistently advance a comprehensive circular economy model and fulfill its ESG responsibilities in a meaningful and lasting way. Through continuous engagement and transparent communication with local communities, the public, investors, and other stakeholders, YFY strives to build long-term trust and strengthen mutual understanding. By reinforcing these relationships and maintaining responsible corporate practices, the Company is better positioned to effectively mitigate both tangible and intangible risks while supporting sustainable long-term development.

To address potential risks that may affect the Company’s reputation — including online public sentiment, media coverage, and major emergency incidents such as typhoons, earthquakes, fires, cybersecurity attacks, and environmental protests — YFY has implemented a comprehensive range of preventive and response measures. The Corporate Communications Office has established crisis management procedures and an emergency response command system tailored to different types of crisis events. These mechanisms are designed to ensure efficient coordination and clear communication channels with stakeholders in the event of an incident. In addition, the Company has designated official spokespersons to serve as the sole representatives for external communications, ensuring consistency, transparency, and timely information disclosure. YFY also recognizes climate change as a significant corporate risk that must be proactively managed in order to strengthen long-term competitiveness and operational resilience. For further information regarding the Company’s climate-related risk assessments and management strategies, please refer to YFY’s Sustainability Report and the “Climate-related Information for TWSE/TPEx Listed Companies” section of this Annual Report.

In response to the global transition toward net-zero carbon emissions by 2050, YFY places strong emphasis on both autonomous carbon reduction and balanced business growth. Accordingly, in the Environmental (E) dimension, the Company remains committed to advancing production while actively promoting low-carbon transformation initiatives. In addition to replacing coal with lower-carbon fuel sources, YFY has also identified new forms of renewable energy derived from process water, production residuals, and pulp and paper manufacturing processes to reduce reliance on fossil fuel-based power generation. Through these efforts, YFY has become the world’s first paper company to achieve the BS 8001 Circular Economy Business Model Maturity Level 4 – “Optimizing” certification. This recognition demonstrates YFY’s ability to successfully implement a comprehensive circular economy model that optimizes resource utilization, fosters innovative business models, and delivers balanced economic, environmental, and social benefits. It also highlights the Company’s benchmark role and leadership position in sustainable industrial transformation and circular economy development.

In the Social (S) dimension, YFY focuses on three key areas. First, the Company centers its community engagement efforts around its operating sites, actively supporting underprivileged neighboring communities and promoting local well-being. Second, with “paper” serving as a medium for connection and care, YFY launched the “YFY Taitung Learning Companion Program” in 2015. Through virtual volunteer tutoring sessions, employees accompany and support children from the Taiwan Fund for Children and Families in Guanshan, Taitung, helping foster their learning and personal development. As of 2025, more than 100 volunteers have participated in the program, contributing over 5,300 cumulative service hours in support of children’s education and growth. Third, YFY actively assists the government in addressing food waste and biomass residue disposal challenges by converting waste resources into renewable energy. Through these efforts, the Company promotes waste-to-energy solutions, reduces carbon emissions, and contributes to the development of a more sustainable circular economy.

In the Governance (G) dimension, YFY places great importance on protecting shareholder rights and maintaining transparent operations through the regular disclosure of corporate information. On November 13, 2018, the Board of Directors formally approved the Company’s “Corporate Governance Best Practice Principles,” and the Company has since established dedicated corporate governance personnel responsible for overseeing governance-related affairs. To strengthen stakeholder communication and engagement, YFY has also established a dedicated stakeholder section on its corporate website, providing clearly identified contact channels for employees, customers, suppliers and contractors, shareholders and investors, consumers, media representatives, and other stakeholders. These channels enable the Company to respond appropriately and effectively to key concerns related to corporate social responsibility and sustainable development. In 2021, YFY further established its Sustainability Development Committee, which includes dedicated working groups focused on corporate governance, environmental sustainability, employee relations, supply chain management, stakeholder engagement, and social participation. Through this framework, the Company continues to strengthen ESG management and promote sustainable corporate development. In addition, YFY regularly hosts investor conferences and periodically issues press releases to provide stakeholders with diverse and transparent communication channels, enabling broader understanding of the Company’s operations, strategies, and sustainability initiatives

(VII) The Expected Benefits And Potential Risks Of Any Merger Or Acquisition, And Measures To Be Adopted In Response: N/A.

(VIII) The Expected Benefits And Potential Risks Of Any Plant Expansion, And Measures To Be Adopted In Response:

YFY did not undertake any plant expansion projects in 2025. In line with the Company’s ESG commitments and net-zero transformation objectives, subsidiaries across the Group continued to focus on energy conservation and carbon reduction through a range of equipment upgrade and modernization projects, including the replacement of aging printing equipment. These initiatives support YFY’s ongoing transition toward green energy, green manufacturing, and environmentally sustainable products, while further strengthening operational efficiency and long-term sustainability competitiveness.

(IX) The Risks Associated With Any Consolidation Of Sales Or Purchasing Operations, And Measures To Be Adopted In Response:

The Company's sources of procurement and sales channels remain stable; there are no concentration risks.

(X) Impact Of Mass Transfer Of Equity By Or Change Of Directors, Supervisors, Or Shareholders Holding More Than 10% Equity Of The Company, Associated Risks And Response Measures:

The composition of directors, supervisors, or shareholders holding more than 10% of the Company's shares and the shareholding ratio are stable. Equity transfer or conversion is considered a normal financial transaction for shareholders, which does not have a significant impact on the Company. The Company's directors and major shareholders always maintain open channels of communication.

(XI) Effect Upon And Risk To The Company Associated With Any Change In Governance Personnel Or Top Management, And Measures To Be Adopted In Response:

The Company is not subject to any risk of changes in managerial control.

(XII) Litigation Or Non-Litigation Events:

YFY Inc.

(1) On June 20, 2011, YFY Global, a subsidiary of the Company, purchased the shares of Giant Crystal (a subsidiary of Sanbao Group) at US$8.5 million exchangeable bond and used the equity of the company Star City as exchangeable target. On August 11, 2017, YFY Global received US$12.39 million in payment for the redemption of exchangeable bonds, including principal and interest, equivalent to roughly 45% in return on investment. However, the Taipei District Prosecutor's Office believed that the Company's directors S. C. Ho, Melody Chiu, and several employees committed a special breach of trust in accordance with Subparagraph 3, Paragraph 1, Article 171 & Paragraph 2, of the Securities and Exchange Act. The involved parties were prosecuted in August 2017. Although the Company did not sustain any loss or damages to shareholder equity, after the first and second trials, the Taiwan High Court sentenced the defendants on August 27, 2024 for special breach of trust and other crimes, the former Director S. C. Ho, the former Director Melody Chiu, and 2 employees to fixed-term imprisonment for 8 years and 8 months, 4 years and 10 months, 4 years and 6 months, and 4 years. Dissatisfied with the judgment, the parties all appealed to the Supreme Court. On May 28, 2025, the Supreme Court ruled that the original judgment contained many errors and therefore overturned the guilty verdicts of all parties and remanded the case to the Taiwan High Court for retrial.

(2) The Securities and Futures Investors Protection Center took legal actions against the Company &

former director S. C. Ho and Shin Foong Specialty and Applied Materials Co., Ltd. & former director Melody Chiu in accordance with Subparagraph 2, Paragraph 1, Article 10-1 of the Securities Investor and Futures Trader Protection Act, and proposed to dismiss from their position as a director. The court cost arising from this matter totaled NT$1.65 million. On December 27, 2024, the Taipei District Court ruled that former director S. C. Ho should be dismissed from his position as a director of the Company, and the former Director Melody Chiu should be dismissed from her position as a director of Shin Foong Specialty and Applied Materials Co., Ltd. The parties involved disagreed with the judgment and have filed appeals, which are currently being heard by the Taiwan High Court.

(XIII) Other Important Risks And Measures To Be Adopted In Response:

1. Other important risks:

Since 2023, the Company has established a Risk Management Task Force under the Sustainability Development Committee at the Board level to oversee risk management matters. In addition to formulating the “Risk Management Policy and Procedures” as a guiding framework, the Company conducted a comprehensive identification of 56 risk factors in 2025 and evaluated the potential impact of emerging risks. Based on this assessment, key risk items were identified and prioritized for focused management in the following year. The Company will continue to propose, implement, and refine risk management measures while regularly monitoring and reviewing management status and effectiveness. In addition, the Company has established relevant management regulations in accordance with applicable laws and regulations, as well as internal operational rules to meet management needs and provide clear guidance for all business units. Operational risks are managed separately by each business group according to their respective functions and areas of responsibility, while corporate functional units coordinate and oversee matters requiring Group-wide consistency and governance.

2. Organizational structure of response measures and risk management:

Operational risks across the Company are managed by each business division according to its respective functions and responsibilities. In the event of a crisis or significant risk event, relevant information is consolidated and reported to the Risk Management Task Force under the Sustainability Development Committee. This mechanism enables the Committee to make timely decisions regarding risk coordination, resource allocation, and management responses, while further strengthening the Company’s top-down risk management awareness and governance framework.

Department responsibilities are as follows:

Business Group/Department	Business (Responsibilities)	Corresponding Risks
Forest, Pulp and Paper BG	Operations in forests, pulp, paper, paper-related supplies, special raw materials and chemical products and organic fertilizers.	Risks related to operation and market change & Risks related to energy and environmental policy changes
Containerboard and packaging BG	Operations in industrial paper, cardboard boxes, color boxes, and food containers	Risks related to operation and market change & Risks related to energy and environmental policy

Business Group/Department	Business (Responsibilities)	Corresponding Risks
		changes
Consumer products BG	Operations in household paper and cleaning products	Risks related to operation and market change & Risks related to energy and environmental policy changes & Risks related to responding to government policies for stabilizing people's livelihoods
Carbontech & Management BG	Digital energy systems for digital energy and circular economy and market operations for carbon management.	Risks related to operation and market change & Risks related to energy and environmental policy changes
Auditing Office	Responsible for the optimization and management of internal audits and operating procedures, inspecting the implementation of relevant regulations from time to time and reporting to the board of directors.	Guidelines and process
Information Security Team	Implement enterprise information security management, risk prevention and event management, regularly evaluate and verify and report to the board of directors.	Regularly review risks to ensure their stability and effectiveness
ESG's office	Identify major ESG issues and formulate management policies, short, medium and long-term goals and implementation plans. Strengthen the supervision and management of the board of directors and ESG performance and build trust among stakeholders.	Risks and opportunities related to environmental, social, cooperate governance management, and cooperate images.
Carbon Management Office	Identify issues such as greenhouse gas emissions and energy structure transformation, and formulate annual emissions management plans in response to the impact of carbon fee collection and cap control laws.	Managing carbon emissions, opportunities and risks in energy management
Chief Operating Officer's Office	Analyze and improve supply chain management and business unit operating performance, and lead digital transformation and smart manufacturing projects to enhance operational competitiveness.	Business unit operating costs and efficiency, material supply timeliness and costs, and digital transformation results.
Procurement Department	Procurement, logistics, import and export and fixed asset management	Diversified supply for risk hedging, contract-standardized price adjustment mechanism, warehouse management, and localized procurement.
Corporate Affairs	Communicate internally and externally within the company to enhance public understanding of the company and achieve its goals.	Corporate image
Financial Control Center	Investment evaluation and management, financial management and capital operation.	Economic environment and capital market fluctuations.
Research & Development Center	Material and product development related to saccharide economy and low carbon, as well as testing services entrusted by the business groups.	Market and regulatory changes
Human Resources Department	Human resources management and organization development	Risks related to management and regulation change
Corporate resources	Administrative general affairs	Risks related to management and regulation change
Legal Department	Legal affairs, contracts, patents and other intellectual property matters, as well as deliberations convened by the board of directors and shareholder meetings.	Laws and policies, litigious and no litigious matters
Accounting Department	Accounting administration	Laws and policies

VII. Other Material Disclosures: None.

Chapter 6. Special Disclosure

I. Information Of Affiliates
II. Progress Of Private Placement Of Securities During The Last Year And Up To The Print Date Of The Annual Report
III. Other Supplemental Information
IV. Any Incidents With Material Impact On Shareholder Equity Or Security Price As Described Under Subparagraph 2, Paragraph 3, Article 36 Of The Securities And Exchange Act In The Last Year And Up To The Print Date For The Annual Report

I. Information of Affiliates

Detail information is available on the MOPS website

https://doc.twse.com.tw/server-java/t57sb01?step=1&colorchg=1&co_id=1907&year=&mtype=K&isnew=true

II. Progress of Private Placement of Securities during the Last Year and Up to the PrintDate of the Annual Report: N/A

III. Other Supplemental Information: N/A

IV. Any Incidents with Material Impact on Shareholder Equity or Security Price as Described Under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Last Year and Up to the Print Date for the Annual Report: N/A

董事長

永豐餘投資控股股份有限公司

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