

**Kenda Rubber Ind. Co., Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2024 and 2023 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

KENDA RUBBER IND. CO., LTD.

By

---

YANG CHI JEN

March 12, 2025

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Kenda Rubber Ind. Co., Ltd.

#### Opinion

We have audited the accompanying consolidated financial statements of Kenda Rubber Ind. Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2024 is stated as follows:

#### The Occurrence of Revenue Recognition

The Group is mainly engaged in the manufacturing and trading of rubber products such as inner tubes and tires of bicycles, automobiles, and industrial trucks. The Group has a worldwide sales network with a widely dispersed and diverse customer base, engaging in a high volume of transactions. The timing of revenue recognition varies depending on different commercial terms of customers, such as FOB, CIP, or DAP. In particular, for sales in China, revenue recognition is determined by the estimated arrival time of the goods shipped to customers based on historical experience. Therefore, the occurrence of revenue from dealers and assembly plants in China was considered a significant risk.

The main audit procedures that we performed in respect of the occurrence of revenue recognition included the following:

1. We inspected customers' sales orders and the related trading terms.
2. We obtained an understanding of internal controls over revenue recognition and tested the design and implementation of the related controls.
3. We examined the background information of major customers and performed a comparative analysis of sales amounts to assess the reasonableness of sales transactions.
4. We performed tests of details on revenue including examination of sales orders, shipping documents, invoices, and customer receipt signed by customers and related documents.
5. We reviewed subsequent sales ledgers to identify any material sales returns occurring after year-end period to evaluate the appropriateness of revenue recognition.

#### **Other Matter**

We have also audited the parent company only financial statements of Kenda Rubber Ind. Co., Ltd. as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yi-Wen Wang and Done-Yuin Tseng.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 12, 2025

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| ASSETS   | 2024                 |            | 2023                 |            |
|--|----------------------|------------|----------------------|------------|
|  | Amount               | %          | Amount               | %          |
| <b>CURRENT ASSETS</b>  |                      |            |                      |            |
| Cash and cash equivalents (Note 6)   | \$ 8,017,817         | 17         | \$ 7,537,100         | 17         |
| Financial assets at fair value through profit or loss - current                          | -                    | -          | 1,314                | -          |
| Notes receivable, net (Note 8)   | 89,508               | -          | 213,243              | -          |
| Trade receivable, net (Notes 8, 24 and 25)   | 3,631,532            | 8          | 3,324,917            | 8          |
| Inventories (Notes 9 and 25)   | 11,324,863           | 24         | 9,678,291            | 22         |
| Prepayments  | 288,872              | -          | 262,530              | 1          |
| Other financial assets - current (Notes 10 and 25)                                       | 1,236,355            | 3          | 2,442,407            | 6          |
| Other current assets   | 642,196              | 1          | 493,966              | 1          |
| Total current assets   | <u>25,231,143</u>    | <u>53</u>  | <u>23,953,768</u>    | <u>55</u>  |
| <b>NON-CURRENT ASSETS</b>  |                      |            |                      |            |
| Financial assets at fair value through other comprehensive income - non-current (Note 7) | 375,773              | 1          | 413,017              | 1          |
| Investments accounted for using the equity method  | 153,793              | -          | 138,912              | -          |
| Property, plant and equipment (Notes 12 and 25)  | 16,289,339           | 35         | 15,639,713           | 36         |
| Right-of-use assets (Note 13)  | 1,986,261            | 4          | 1,711,002            | 4          |
| Investment properties (Note 14)  | 29,678               | -          | 28,287               | -          |
| Deferred tax assets (Note 20)  | 429,428              | 1          | 553,643              | 1          |
| Other financial assets - non-current (Note 10)   | 1,969,974            | 4          | 693,860              | 2          |
| Other non-current assets (Notes 12 and 16)   | 715,772              | 2          | 594,025              | 1          |
| Total non-current assets   | <u>21,950,018</u>    | <u>47</u>  | <u>19,772,459</u>    | <u>45</u>  |
| <b>TOTAL</b>   | <u>\$ 47,181,161</u> | <u>100</u> | <u>\$ 43,726,227</u> | <u>100</u> |
| <b>LIABILITIES AND EQUITY</b>  |                      |            |                      |            |
| <b>CURRENT LIABILITIES</b>   |                      |            |                      |            |
| Short-term borrowings (Note 15)  | \$ 3,901,513         | 8          | \$ 3,358,741         | 8          |
| Contract liabilities - current   | 273,062              | 1          | 225,301              | -          |
| Notes payable  | 51,214               | -          | 40,749               | -          |
| Trade payable (Note 24)  | 2,719,669            | 6          | 2,318,996            | 5          |
| Lease liabilities - current (Note 13)  | 137,338              | -          | 168,684              | -          |
| Other payables (Note 24)   | 1,625,941            | 3          | 1,557,393            | 4          |
| Current tax liabilities  | 45,077               | -          | 104,337              | -          |
| Current portion of long-term borrowings (Note 15)  | 1,952,741            | 4          | 2,076,196            | 5          |
| Other current liabilities (Note 18)  | 371,462              | 1          | 335,266              | 1          |
| Total current liabilities  | <u>11,078,017</u>    | <u>23</u>  | <u>10,185,663</u>    | <u>23</u>  |
| <b>NON-CURRENT LIABILITIES</b>   |                      |            |                      |            |
| Long-term borrowings (Note 15)   | 12,404,672           | 26         | 11,850,709           | 27         |
| Deferred tax liabilities (Note 20)   | 814,495              | 2          | 644,909              | 2          |
| Lease liabilities - non-current (Note 13)  | 743,553              | 2          | 478,124              | 1          |
| Net defined benefit liabilities (Note 16)  | 35,479               | -          | 45,932               | -          |
| Other non-current liabilities (Note 14)  | 1,021,382            | 2          | 947,469              | 2          |
| Total non-current liabilities  | <u>15,019,581</u>    | <u>32</u>  | <u>13,967,143</u>    | <u>32</u>  |
| Total liabilities  | <u>26,097,598</u>    | <u>55</u>  | <u>24,152,806</u>    | <u>55</u>  |
| <b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Note 17)</b>                      |                      |            |                      |            |
| Share capital  | 9,548,900            | 20         | 9,548,900            | 22         |
| Capital surplus  | 41                   | -          | 41                   | -          |
| Retained earnings  |                      |            |                      |            |
| Legal reserve  | 3,531,010            | 8          | 3,440,228            | 8          |
| Special reserve  | 1,093,568            | 2          | 831,490              | 2          |
| Unappropriated earnings  | 6,816,219            | 15         | 6,846,330            | 15         |
| Total retained earnings  | <u>11,440,797</u>    | <u>25</u>  | <u>11,118,048</u>    | <u>25</u>  |
| Other equity   | 93,825               | -          | (1,093,568)          | (2)        |
| Equity attributable to shareholders of the Company                                       | 21,083,563           | 45         | 19,573,421           | 45         |
| Total equity   | <u>21,083,563</u>    | <u>45</u>  | <u>19,573,421</u>    | <u>45</u>  |
| <b>TOTAL</b>   | <u>\$ 47,181,161</u> | <u>100</u> | <u>\$ 43,726,227</u> | <u>100</u> |

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

## KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|  | 2024              |            | 2023              |            |
|--|-------------------|------------|-------------------|------------|
|  | Amount            | %          | Amount            | %          |
| NET REVENUE (Notes 18 and 24)  | \$ 34,202,669     | 100        | \$ 34,443,676     | 100        |
| COST OF REVENUE (Notes 9, 19 and 24)   | <u>26,662,976</u> | <u>78</u>  | <u>27,771,016</u> | <u>81</u>  |
| GROSS PROFIT   | <u>7,539,693</u>  | <u>22</u>  | <u>6,672,660</u>  | <u>19</u>  |
| OPERATING EXPENSES (Notes 19 and 24)   |                   |            |                   |            |
| Selling and marketing expenses   | 2,691,231         | 8          | 2,407,157         | 7          |
| General and administrative expenses  | 1,623,081         | 5          | 1,486,730         | 4          |
| Research and development expenses  | 1,654,619         | 5          | 1,489,427         | 4          |
| Expected credit loss (reversed) recognized (Note 8)  | <u>16,865</u>     | <u>-</u>   | <u>(5,632)</u>    | <u>-</u>   |
| Total operating expenses   | <u>5,985,796</u>  | <u>18</u>  | <u>5,377,682</u>  | <u>15</u>  |
| OTHER OPERATING INCOME AND EXPENSES<br>(Notes 14 and 19)   | <u>(83,933)</u>   | <u>-</u>   | <u>-</u>          | <u>-</u>   |
| INCOME FROM OPERATIONS   | <u>1,469,964</u>  | <u>4</u>   | <u>1,294,978</u>  | <u>4</u>   |
| NON-OPERATING INCOME AND EXPENSES<br>(Notes 19 and 24)   |                   |            |                   |            |
| Interest income  | 270,505           | 1          | 256,021           | 1          |
| Other income   | 193,791           | 1          | 204,266           | 1          |
| Other gains and losses   | 167,575           | -          | 94,945            | -          |
| Finance costs  | (454,993)         | (1)        | (557,760)         | (2)        |
| Share of profit of associates  | <u>3,583</u>      | <u>-</u>   | <u>12,739</u>     | <u>-</u>   |
| Total non-operating income and expenses  | <u>180,461</u>    | <u>1</u>   | <u>10,211</u>     | <u>-</u>   |
| PROFIT BEFORE INCOME TAX   | 1,650,425         | 5          | 1,305,189         | 4          |
| INCOME TAX EXPENSE (Note 20)   | <u>(409,472)</u>  | <u>(1)</u> | <u>(424,207)</u>  | <u>(1)</u> |
| NET PROFIT FOR THE YEAR  | <u>1,240,953</u>  | <u>4</u>   | <u>880,982</u>    | <u>3</u>   |
| OTHER COMPREHENSIVE INCOME (LOSS)<br>(Notes 16 and 20)   |                   |            |                   |            |
| Items that will not be reclassified subsequently to<br>profit or loss:   |                   |            |                   |            |
| Remeasurement of defined benefit plans   | 44,772            | -          | 39,242            | -          |
| Unrealized gain (loss) on investments in equity<br>instruments at fair value through other<br>comprehensive income | <u>(41,883)</u>   | <u>-</u>   | <u>(108,916)</u>  | <u>-</u>   |

(Continued)

# KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|  | 2024                |            | 2023              |            |
|--|---------------------|------------|-------------------|------------|
|  | Amount              | %          | Amount            | %          |
| Income tax related to items that will not be reclassified subsequently to profit or loss | \$ (8,086)          | -          | \$ (8,076)        | -          |
| Items that may be reclassified subsequently to profit or loss:                           |                     |            |                   |            |
| Exchange differences on translation of the financial statements of foreign operations    | 1,536,595           | 4          | (196,839)         | (1)        |
| Income tax related to items that may be reclassified subsequently to profit or loss      | <u>(307,319)</u>    | <u>(1)</u> | <u>39,368</u>     | <u>-</u>   |
| Other comprehensive loss for the year, net of income tax                                 | <u>1,224,079</u>    | <u>3</u>   | <u>(235,221)</u>  | <u>(1)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR  | <u>\$ 2,465,032</u> | <u>7</u>   | <u>\$ 645,761</u> | <u>2</u>   |
| NET INCOME ATTRIBUTABLE TO:  |                     |            |                   |            |
| Shareholders of the Company  | \$ 1,240,953        | 4          | \$ 880,982        | 3          |
| Non-controlling interests  | <u>-</u>            | <u>-</u>   | <u>-</u>          | <u>-</u>   |
|  | <u>\$ 1,240,953</u> | <u>4</u>   | <u>\$ 880,982</u> | <u>3</u>   |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:                                       |                     |            |                   |            |
| Shareholders of the Company  | \$ 2,465,032        | 7          | \$ 645,761        | 2          |
| Non-controlling interests  | <u>-</u>            | <u>-</u>   | <u>-</u>          | <u>-</u>   |
|  | <u>\$ 2,465,032</u> | <u>7</u>   | <u>\$ 645,761</u> | <u>2</u>   |
| EARNINGS PER SHARE (Note 21)   |                     |            |                   |            |
| Basic  | <u>\$ 1.30</u>      |            | <u>\$ 0.92</u>    |            |
| Diluted  | <u>\$ 1.30</u>      |            | <u>\$ 0.92</u>    |            |

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

(Concluded)

**KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

|   | Equity Attributable to Shareholders of the Parent |                 |                     |                     |                         | Other Equity  |   | Total                | Non-controlling Interests | Total Equity         |
|---|---|-----------------|---------------------|---------------------|-------------------------|---|---|----------------------|---------------------------|----------------------|
|   | Share Capital                                     | Capital Surplus | Retained Earnings   |                     | Unappropriated Earnings | Exchange Differences on Translation of the Financial Statements of Foreign Operations | Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income |                      |                           |                      |
|   |   |                 | Legal Reserve       | Special Reserve     |                         |   |   |                      |                           |                      |
| BALANCE AT JANUARY 1, 2023  | \$ 9,094,100                                      | \$ 41           | \$ 3,398,776        | \$ 1,970,995        | \$ 5,749,958            | \$ (1,213,319)  | \$ 381,829  | \$ 19,382,380        | \$ 16                     | \$ 19,382,396        |
| Appropriations of 2022 earnings   |   |                 |                     |                     |                         |   |   |                      |                           |                      |
| Legal reserve   | -   | -               | 41,452              | -                   | (41,452)                | -   | -   | -                    | -                         | -                    |
| Special reserve   | -   | -               | -                   | (1,139,505)         | 1,139,505               | -   | -   | -                    | -                         | -                    |
| Cash dividends to shareholders - NT\$0.50 per share   | -   | -               | -                   | -                   | (454,705)               | -   | -   | (454,705)            | -                         | (454,705)            |
| Share dividends distributed by the Company - NT\$0.50 per share   | 454,800   | -               | -                   | -                   | (454,800)               | -   | -   | -                    | -                         | -                    |
| Net profit for the year ended December 31, 2023   | -   | -               | -                   | -                   | 880,982                 | -   | -   | 880,982              | -                         | 880,982              |
| Other comprehensive income for the year ended December 31, 2023, net of income tax                        | -   | -               | -                   | -                   | 31,166                  | (157,471)   | (108,916)   | (235,221)            | -                         | (235,221)            |
| Total comprehensive income (loss) for the year ended December 31, 2023                                    | -   | -               | -                   | -                   | 912,148                 | (157,471)   | (108,916)   | 645,761              | -                         | 645,761              |
| Disposal of investments in equity instruments designated as fair value through other comprehensive income | -   | -               | -                   | -                   | (4,309)                 | -   | 4,309   | -                    | -                         | -                    |
| Changes in percentage of ownership interests in subsidiaries  | -   | -               | -                   | -                   | (15)                    | -   | -   | (15)                 | (16)                      | (31)                 |
| BALANCE AT DECEMBER 31, 2023  | 9,548,900   | 41              | 3,440,228           | 831,490             | 6,846,330               | (1,370,790)   | 277,222   | 19,573,421           | -                         | 19,573,421           |
| Appropriations of 2023 earnings   |   |                 |                     |                     |                         |   |   |                      |                           |                      |
| Legal reserve   | -   | -               | 90,782              | -                   | (90,782)                | -   | -   | -                    | -                         | -                    |
| Special reserve   | -   | -               | -                   | 262,078             | (262,078)               | -   | -   | -                    | -                         | -                    |
| Cash dividends to shareholders - NT\$1.00 per share   | -   | -               | -                   | -                   | (954,890)               | -   | -   | (954,890)            | -                         | (954,890)            |
| Net profit for the year ended December 31, 2024   | -   | -               | -                   | -                   | 1,240,953               | -   | -   | 1,240,953            | -                         | 1,240,953            |
| Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax                 | -   | -               | -                   | -                   | 36,686                  | 1,229,276   | (41,883)  | 1,224,079            | -                         | 1,224,079            |
| Total comprehensive income (loss) for the year ended December 31, 2024                                    | -   | -               | -                   | -                   | 1,277,639               | 1,229,276   | (41,883)  | 2,465,032            | -                         | 2,465,032            |
| BALANCE AT DECEMBER 31, 2024  | <u>\$ 9,548,900</u>                               | <u>\$ 41</u>    | <u>\$ 3,531,010</u> | <u>\$ 1,093,568</u> | <u>\$ 6,816,219</u>     | <u>\$ (141,514)</u>   | <u>\$ 235,339</u>   | <u>\$ 21,083,563</u> | <u>\$ -</u>               | <u>\$ 21,083,563</u> |

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

# KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

|  | 2024             | 2023             |
|--|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                  |                  |
| Profit before income tax   | \$ 1,650,425     | \$ 1,305,189     |
| Adjustments for  |                  |                  |
| Depreciation expense   | 1,748,597        | 1,797,187        |
| Amortization expense   | 17,757           | 15,490           |
| Expected credit loss recognized (reversed) on trade receivables  | 16,865           | (5,632)          |
| Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss | (502)            | 5                |
| Finance costs  | 454,993          | 557,760          |
| Interest income  | (270,505)        | (256,021)        |
| Dividend income  | (30,338)         | (46,832)         |
| Share of profit of associates  | (3,583)          | (12,739)         |
| Net loss (gain) on disposal of property, plant and equipment   | 2,133            | (2,814)          |
| Write-down (reversal) of inventories   | 9,762            | (45,341)         |
| Impairment loss on property, plant, equipment, and other non-current assets                                    | 15,886           | -                |
| Net loss (gain) on foreign currency exchange   | 48,068           | (99,199)         |
| Changes in operating assets and liabilities  |                  |                  |
| Notes receivable   | 123,735          | (14,978)         |
| Trade receivables  | (151,238)        | 390,226          |
| Other receivables  | (61,409)         | (9,451)          |
| Inventories  | (1,110,872)      | 2,737,440        |
| Prepayments  | (26,342)         | 17,699           |
| Other current assets   | (8,809)          | 21,122           |
| Contract liabilities   | 47,761           | (6,762)          |
| Notes payable  | 10,465           | (65,216)         |
| Trade payables   | 253,660          | (90,378)         |
| Other payables   | 52,372           | 146,588          |
| Other current liabilities  | 38,968           | 62,848           |
| Net defined benefit liabilities  | (21,754)         | (23,840)         |
| Other non-current liabilities  | 25,818           | (938)            |
| Cash generated from operations   | 2,831,913        | 6,371,413        |
| Interest received  | 287,256          | 202,632          |
| Dividends received   | 30,338           | 64,136           |
| Interest paid  | (471,911)        | (548,364)        |
| Income tax paid  | (578,466)        | (469,946)        |
| Net cash generated from operating activities   | <u>2,099,130</u> | <u>5,619,871</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                  |                  |
| Proceeds from disposal of financial assets at fair value though profit or loss                                 | 1,816            | -                |
| Payments for property, plant and equipment   | (1,174,096)      | (764,567)        |
| Proceeds from disposal of property, plant and equipment  | 40,950           | 20,033           |
| Increase in refundable deposits  | (21,763)         | (111,917)        |

(Continued)

## KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

|   | <b>2024</b>         | <b>2023</b>         |
|---|---------------------|---------------------|
| Decrease in refundable deposits   | \$ 60,940           | \$ 123,654          |
| Payments for intangible assets  | (31,485)            | (16,190)            |
| Increase in other financial assets  | (3,232,715)         | (1,714,880)         |
| Decrease in other financial assets  | 3,336,753           | 1,047,804           |
| Increase in prepayments for equipment   | <u>(460,360)</u>    | <u>(172,249)</u>    |
| Net cash used in financing activities   | <u>(1,479,960)</u>  | <u>(1,588,312)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                     |                     |
| Proceeds from (repayments of) short-term borrowings   | 439,605             | (1,291,396)         |
| Proceeds from long-term borrowings  | 23,165,516          | 20,372,214          |
| Repayments of long-term borrowings  | (22,810,740)        | (22,233,039)        |
| Proceeds from guarantee deposits received   | 1,314               | 232,204             |
| Refund of guarantee deposits received   | (7,869)             | (6,625)             |
| Repayments of the principal portion of lease liabilities                                      | (161,404)           | (174,078)           |
| Cash dividends  | (954,890)           | (454,705)           |
| Changes in percentage of ownership interests in subsidiaries                                  | <u>-</u>            | <u>(31)</u>         |
| Net cash used in financing activities   | <u>(328,468)</u>    | <u>(3,555,456)</u>  |
| <b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE<br/>OF CASH HELD IN FOREIGN CURRENCIES</b> |                     |                     |
|   | <u>190,015</u>      | <u>3,864</u>        |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>  | 480,717             | 479,967             |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE<br/>YEAR</b>                             | <u>7,537,100</u>    | <u>7,057,133</u>    |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                                       | <u>\$ 8,017,817</u> | <u>\$ 7,537,100</u> |

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

(Concluded)

# KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

---

### 1. GENERAL INFORMATION

Kenda Rubber Ind. Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in March 1962. The Company is mainly engaged in manufacturing and trading of rubber products such as inner tubes and tires of bicycles, scooters, industrial trucks and cars, and various products of carbon fiber.

The Company’s shares have been listed on the Taiwan Stock Exchange since December 20, 1990.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 11, 2025.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

| <b><u>New, Amended and Revised Standards and Interpretations</u></b>   | <b><u>Effective Date<br/>Announced by IASB</u></b> |
|--|--|
| Amendments to IAS 21 “Lack of Exchangeability”   | January 1, 2025 (Note 1)                           |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets | January 1, 2026 (Note 2)                           |

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

| <b>New, Amended and Revised Standards and Interpretations</b>  | <b>Effective Date<br/>Announced by IASB (Note)</b> |
|--|--|
| Annual Improvements to IFRS Accounting Standards - Volume 11   | January 1, 2026                                    |
| Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities | January 1, 2026                                    |
| Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"   | January 1, 2026                                    |
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"   | To be determined by IASB                           |
| IFRS 17 "Insurance Contracts"  | January 1, 2023                                    |
| Amendments to IFRS 17  | January 1, 2023                                    |
| Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"  | January 1, 2023                                    |
| IFRS 18 "Presentation and Disclosure in Financial Statements"  | January 1, 2027                                    |
| IFRS 19 "Subsidiaries without Public Accountability: Disclosures"  | January 1, 2027                                    |

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

#### IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

##### a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

##### b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

##### c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the balance sheet date; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the balance sheet date; and

- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

See Note 11, Table 7 and Table 8 for detailed information on subsidiaries, including percentages of ownership and main businesses.

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the balance sheet date; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income, attributed to the owners of the Company and non-controlling interests as appropriate.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence which is neither a subsidiary nor an interest in a joint ventures. The Group uses the equity method to account for its investments in associates. Under the equity method, investments an associates are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization or depreciation expense) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss or "FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (“FVTOCI”).

i. Financial assets at FVTPL

Financial asset is classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 23: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables, notes receivable, other receivables, other financial assets and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

## 3) Financial liabilities

### a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

## n. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

### Revenue from the sale of goods

Revenue from the sale of goods comes from sales of tires and tubes for vehicles, and other related products. The Group recognizes revenue and trade receivables when promised goods are delivered to the customer's specified location or loaded on vessels at which point the customer obtains control of the goods and performance obligation is satisfied.

## o. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

### 1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

## 2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease period.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in the lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

### p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Current service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

### 3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

## Key Sources of Estimation Uncertainty

### Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

## 6. CASH AND CASH EQUIVALENTS

|  | <u>December 31</u>  |                     |
|--|---------------------|---------------------|
|  | <u>2024</u>         | <u>2023</u>         |
| Cash on hand   | \$ 8,500            | \$ 7,658            |
| Checking accounts and demand deposits                      | 5,924,925           | 6,061,461           |
| Cash equivalents   |                     |                     |
| Time deposits with original maturities of 3 months or less | <u>2,084,392</u>    | <u>1,467,981</u>    |
|  | <u>\$ 8,017,817</u> | <u>\$ 7,537,100</u> |

The market rate of time deposits with original maturities of 3 months or less at the end of the year were as follows:

|  | <u>December 31</u> |             |
|--|--------------------|-------------|
|  | <u>2024</u>        | <u>2023</u> |
| Time deposits with original maturities of 3 months or less | 0.30%-4.72%        | 0.30%-5.38% |

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|   | <u>December 31</u> |                   |
|---|--------------------|-------------------|
|   | <u>2024</u>        | <u>2023</u>       |
| <u>Non-current</u>                          |                    |                   |
| Investments in equity instruments at FVTOCI |                    |                   |
| Domestic unlisted shares                    | \$ 265,407         | \$ 339,551        |
| Foreign unlisted shares                     | <u>110,366</u>     | <u>73,466</u>     |
|   | <u>\$ 375,773</u>  | <u>\$ 413,017</u> |

These investments in equity instruments are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 8. NOTES AND TRADE RECEIVABLES

|                                     | <u>December 31</u>  |                     |
|-------------------------------------|---------------------|---------------------|
|                                     | <u>2024</u>         | <u>2023</u>         |
| <u>Notes receivable</u>             |                     |                     |
| At amortized cost                   | \$ 89,508           | \$ 213,243          |
| <u>Trade receivables</u>            |                     |                     |
| At amortized cost                   |                     |                     |
| Gross carrying amount               | \$ 3,721,121        | \$ 3,394,679        |
| Less: Allowance for impairment loss | <u>(89,589)</u>     | <u>(69,762)</u>     |
|                                     | <u>\$ 3,631,532</u> | <u>\$ 3,324,917</u> |

The credit periods of sales of goods are between 30 days and 90 days from the date of the invoice. No interest is charged on trade receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated considering the past default experience of the customer, the customer's current financial position, as well as economic condition of the industry in which the customer operates. The Group uses different provision matrixes based on customer segments by geographical region and determines the expected credit loss rate.

The Group writes off trade receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

### December 31, 2024

|                                | <u>Not Past Due</u> | <u>1 to 30 Days</u> | <u>31 to 60 Days</u> | <u>61 to 90 Days</u> | <u>91 to 120 Days</u> | <u>121 to 180 Days</u> | <u>Over<br/>181 Days</u> | <u>Total</u>        |
|--------------------------------|---------------------|---------------------|----------------------|----------------------|-----------------------|------------------------|--------------------------|---------------------|
| Gross carrying amount          | \$ 3,361,041        | \$ 315,904          | \$ 41,425            | \$ 7,642             | \$ 3,042              | \$ 103                 | \$ 81,472                | \$ 3,810,629        |
| Loss allowance (Lifetime ECLs) | <u>(271)</u>        | <u>(3,014)</u>      | <u>(1,949)</u>       | <u>(2,765)</u>       | <u>(1,534)</u>        | <u>(14)</u>            | <u>(80,042)</u>          | <u>(89,589)</u>     |
| Amortized cost                 | <u>\$ 3,360,770</u> | <u>\$ 312,890</u>   | <u>\$ 39,476</u>     | <u>\$ 4,877</u>      | <u>\$ 1,508</u>       | <u>\$ 89</u>           | <u>\$ 1,430</u>          | <u>\$ 3,721,040</u> |

### December 31, 2023

|                                | <u>Not Past Due</u> | <u>1 to 30 Days</u> | <u>31 to 60 Days</u> | <u>61 to 90 Days</u> | <u>91 to 120 Days</u> | <u>121 to 180 Days</u> | <u>Over<br/>181 Days</u> | <u>Total</u>        |
|--------------------------------|---------------------|---------------------|----------------------|----------------------|-----------------------|------------------------|--------------------------|---------------------|
| Gross carrying amount          | \$ 3,187,097        | \$ 263,117          | \$ 42,688            | \$ 42,468            | \$ 13,303             | \$ 1,099               | \$ 58,150                | \$ 3,607,922        |
| Loss allowance (Lifetime ECLs) | <u>(651)</u>        | <u>(1,921)</u>      | <u>(1,576)</u>       | <u>(3,258)</u>       | <u>(4,149)</u>        | <u>(510)</u>           | <u>(57,697)</u>          | <u>(69,762)</u>     |
| Amortized cost                 | <u>\$ 3,186,446</u> | <u>\$ 261,196</u>   | <u>\$ 41,112</u>     | <u>\$ 39,210</u>     | <u>\$ 9,154</u>       | <u>\$ 589</u>          | <u>\$ 453</u>            | <u>\$ 3,538,160</u> |

The movements of the loss allowance of notes and trade receivables were as follows:

|   | <b>For the Year Ended December 31</b> |                  |
|---|---------------------------------------|------------------|
|   | <b>2024</b>                           | <b>2023</b>      |
| Balance at January 1                                    | \$ 69,762                             | \$ 80,296        |
| Add: Impairment loss recognized (reversed) for the year | 17,083                                | (5,850)          |
| Less: Amounts written off                               | (2,641)                               | (5,129)          |
| Foreign exchange gains and losses                       | <u>5,385</u>                          | <u>445</u>       |
| Balance at December 31                                  | <u>\$ 89,589</u>                      | <u>\$ 69,762</u> |

Refer to Note 25 for information relating to trade receivables pledged as security.

## 9. INVENTORIES

|                      | <b>December 31</b>   |                     |
|----------------------|----------------------|---------------------|
|                      | <b>2024</b>          | <b>2023</b>         |
| Finished goods       | \$ 4,147,895         | \$ 3,481,596        |
| Work in progress     | 800,339              | 695,817             |
| Raw materials        | 4,639,747            | 4,284,689           |
| Supplies             | 515,881              | 471,187             |
| Merchandise          | 116,040              | 82,064              |
| Inventory in transit | <u>1,104,961</u>     | <u>662,938</u>      |
|                      | <u>\$ 11,324,863</u> | <u>\$ 9,678,291</u> |

The cost of revenue associated with inventories was \$26,662,976 thousand and \$27,771,016 thousand for the years ended December 31, 2024 and 2023, respectively. The cost of revenue included the provision of inventory write-downs of \$9,762 thousand for the year ended December 31, 2024, and the reversal of inventory write-downs of \$45,341 thousand for the year ended December 31 2023, which was mainly attributed to inventory sold.

Refer to Note 25 for information relating to inventories pledged as security.

## 10. OTHER FINANCIAL ASSETS

|   | <b>December 31</b>  |                     |
|---|---------------------|---------------------|
|   | <b>2024</b>         | <b>2023</b>         |
| <u>Current</u>  |                     |                     |
| Time deposits with original maturities more than 3 months | \$ 1,234,073        | \$ 2,440,230        |
| Others  | <u>2,282</u>        | <u>2,177</u>        |
|   | <u>\$ 1,236,355</u> | <u>\$ 2,442,407</u> |
| <u>Non-current</u>  |                     |                     |
| Time deposits with original maturities more than 1 year   | <u>\$ 1,969,974</u> | <u>\$ 693,860</u>   |

The market rate of time deposits at the end of the year were as follows:

|               | <b>December 31</b> |             |
|---------------|--------------------|-------------|
|               | <b>2024</b>        | <b>2023</b> |
| Time deposits | 1.70%-4.79%        | 2.00%-5.75% |

Refer to Note 23 for information relating to credit risk management and valuation. Refer to Note 25 for information relating to other financial assets pledged as security.

## 11. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

| Investor         | Investee   | Nature of Activities  | Proportion of Ownership (%) |        | Remark |
|------------------|--|---|-----------------------------|--------|--------|
|                  |  |   | December 31                 |        |        |
|                  |  |   | 2024                        | 2023   |        |
| The Company      | American Kenda Rubber Ind. Co., Ltd. (KA)                          | Trading and investing activities                                      | 100.00                      | 100.00 | -      |
|                  | Kenda Rubber Ind. Co., (Hong Kong) Ltd. (KHK)                      | Trading and investing activities                                      | 100.00                      | 100.00 | -      |
|                  | Kenda Rubber (Vietnam) Co., Ltd. (KV)                              | Manufacturing and selling of various types of tires                   | 100.00                      | 100.00 | -      |
|                  | Kenda Rubber Industrial Co. (Europe GmbH) (KE)                     | Marketing planning and R&D  | 100.00                      | 100.00 | -      |
|                  | Kenda International Corporation Co., Ltd. (KIC)                    | Investing activities  | 100.00                      | 100.00 | -      |
|                  | Kenfong Industrial Co., Ltd. (KF)                                  | Manufacturing and selling of various types of tires                   | 100.00                      | 100.00 | -      |
|                  | Pt. Kenda Rubber Indonesia (KI)                                    | Manufacturing and selling of various types of tires                   | 99.99                       | 99.99  | -      |
| KF               | KI   | Manufacturing and selling of various types of tires                   | 0.01                        | 0.01   | -      |
| KA               | Americana Development, Inc. (ADI)                                  | Manufacturing of rims and distribution and selling of wheels and rims | 100.00                      | 100.00 | -      |
| KHK              | Kenda Rubber (Shenzhen) Ltd. (KS)                                  | Manufacturing and selling of various types of tires                   | 60.00                       | 60.00  | -      |
|                  | Kenda Rubber (Tianjin) Co., Ltd. (KT)                              | Manufacturing and selling of various types of tires                   | 13.64                       | 13.64  | -      |
| KIC              | Kenda Global Holding Co., Ltd. (KGH)                               | Investing activities  | 100.00                      | 100.00 | -      |
|                  | Kenda Global Investment Corporation (KGI)                          | Investing activities  | 100.00                      | 100.00 | -      |
| KGI              | KENDA Europe A/S (formerly known as STARCO Europe A/S)             | Investing activities  | 100.00                      | 100.00 | -      |
| KGH              | Kenda Global (China) Investment Corporation (KGCI)                 | Investing activities  | 100.00                      | 100.00 | -      |
|                  | Kenda Rubber (Shenzhen) Ltd. (KS)                                  | Manufacturing and selling of various types of tires                   | 40.00                       | 40.00  | -      |
| KGCI             | Kenda Rubber (Tianjin) Co., Ltd. (KT)                              | Manufacturing and selling of various types of tires                   | 86.36                       | 86.36  | -      |
|                  | Kenda Rubber (China) Ltd. (KC)                                     | Manufacturing and selling of various types of tires                   | 100.00                      | 100.00 | -      |
| KENDA Europe A/S | KENDA GB Rugeley Ltd (formerly known as STARCO GB Ltd.)            | Distribution and selling of various types of tires and rims           | 100.00                      | 100.00 | -      |
|                  | KENDA Deutschland GmbH (formerly known as STARCO GmbH)             | Distribution and selling of various types of tires and rims           | 100.00                      | 100.00 | -      |
|                  | KENDA Polska Sp.z.o.o. (formerly known as STARCO Polska Sp.z.o.o.) | Distribution and selling of various types of tires and rims           | 100.00                      | 100.00 | -      |

(Continued)

| Investor | Investee  | Nature of Activities   | Proportion of Ownership<br>(%) |        | Remark |
|----------|---|--|--------------------------------|--------|--------|
|          |   |  | December 31                    |        |        |
|          |   |  | 2024                           | 2023   |        |
|          | KENDA Belgjė NV (formerly known as STARCO NV)                                 | Distribution and selling of various types of tires and rims  | 100.00                         | 100.00 | -      |
|          | KENDA Schweiz AG (formerly known as STARCO GS AG)                             | Distribution and selling of various types of tires and rims  | 100.00                         | 100.00 | -      |
|          | KENDA Baltic OÜ (formerly known as STARCO Baltic OÜ)                          | Distribution and selling of various types of tires and rims  | 100.00                         | 100.00 | -      |
|          | KENDA France SAS (formerly known as STARCO SAS)                               | Distribution and selling of various types of tires and rims  | 100.00                         | 100.00 | -      |
|          | KENDA Manufacturing HR d.o.o. (formerly known as STARCO Beli Manastir d.o.o.) | Manufacturing of various types of rims                       | 100.00                         | 100.00 | -      |
|          | KENDA Manufacturing GB Ltd (formerly known as STARCO DML)                     | Manufacturing and distribution and selling of tires and rims | 100.00                         | 100.00 | -      |
|          | Jelshøj Imovina d.o.o. (Jelshøj Imovina)                                      | Investing activities   | 100.00                         | 100.00 | -      |

(Concluded)

b. Subsidiaries excluded from the consolidated financial statements: None.

## 12. PROPERTY, PLANT AND EQUIPMENT

|  | Land                | Buildings           | Machinery and Equipment | Other Equipment     | Equipment Under Installation and Construction in Progress | Total                |
|--|---------------------|---------------------|-------------------------|---------------------|---|----------------------|
| <u>Cost</u>                                      |                     |                     |                         |                     |   |                      |
| Balance at January 1, 2024                       | \$ 2,574,150        | \$ 7,418,653        | \$ 20,644,948           | \$ 2,421,747        | \$ 1,010,338  | \$ 34,069,836        |
| Additions  | -                   | 59,133              | 338,759                 | 41,901              | 771,953   | 1,211,746            |
| Disposals  | -                   | (3,614)             | (182,145)               | (43,150)            | -   | (228,909)            |
| Reclassification                                 | -                   | 964,819             | 651,339                 | 96,706              | (1,360,230)   | 352,634              |
| Effects of foreign currency exchange differences | 10,315              | 366,750             | 1,004,564               | 90,101              | 42,028  | 1,513,758            |
| Balance at December 31, 2024                     | <u>\$ 2,584,465</u> | <u>\$ 8,805,741</u> | <u>\$ 22,457,465</u>    | <u>\$ 2,607,305</u> | <u>\$ 464,089</u>   | <u>\$ 36,919,065</u> |
| <u>Accumulated depreciation and impairment</u>   |                     |                     |                         |                     |   |                      |
| Balance at January 1, 2024                       | \$ -                | \$ 3,134,250        | \$ 13,430,757           | \$ 1,865,116        | \$ -  | \$ 18,430,123        |
| Depreciation expense                             | -                   | 236,273             | 1,159,544               | 154,133             | -   | 1,549,950            |
| Disposals  | -                   | (3,580)             | (142,861)               | (39,385)            | -   | (185,826)            |
| Reclassification                                 | -                   | -                   | 8,465                   | 1,490               | -   | 9,955                |
| Impairment losses                                | -                   | (16,153)            | 1,796                   | (1,796)             | -   | (16,153)             |
| Effects of foreign currency exchange differences | -                   | 154,387             | 617,414                 | 69,876              | -   | 841,677              |
| Balance at December 31, 2024                     | <u>\$ -</u>         | <u>\$ 3,505,177</u> | <u>\$ 15,075,115</u>    | <u>\$ 2,049,434</u> | <u>\$ -</u>   | <u>\$ 20,629,726</u> |
| Carrying amount at January 1, 2024               | <u>\$ 2,574,150</u> | <u>\$ 4,284,403</u> | <u>\$ 7,214,191</u>     | <u>\$ 556,631</u>   | <u>\$ 1,010,338</u>                                       | <u>\$ 15,639,713</u> |
| Carrying amount at December 31, 2024             | <u>\$ 2,584,465</u> | <u>\$ 5,300,564</u> | <u>\$ 7,382,350</u>     | <u>\$ 557,871</u>   | <u>\$ 464,089</u>   | <u>\$ 16,289,339</u> |

(Continued)

|  | Land                | Buildings           | Machinery and Equipment | Other Equipment     | Equipment Under Installation and Construction in Progress | Total                |
|--|---------------------|---------------------|-------------------------|---------------------|---|----------------------|
| <u>Cost</u>                                      |                     |                     |                         |                     |   |                      |
| Balance at January 1, 2023                       | \$ 2,570,600        | \$ 7,421,310        | \$ 20,368,208           | \$ 2,366,580        | \$ 674,235  | \$ 33,400,933        |
| Additions  | -                   | 16,370              | 189,492                 | 49,044              | 470,531   | 725,437              |
| Disposals  | -                   | (11,852)            | (94,712)                | (21,587)            | -   | (128,151)            |
| Reclassification                                 | -                   | 22,988              | 286,039                 | 34,958              | (123,728)   | 220,257              |
| Effects of foreign currency exchange differences | 3,550               | (30,163)            | (104,079)               | (7,248)             | (10,700)  | (148,640)            |
| Balance at December 31, 2023                     | <u>\$ 2,574,150</u> | <u>\$ 7,418,653</u> | <u>\$ 20,644,948</u>    | <u>\$ 2,421,747</u> | <u>\$ 1,010,338</u>                                       | <u>\$ 34,069,836</u> |
| <u>Accumulated depreciation and impairment</u>   |                     |                     |                         |                     |   |                      |
| Balance at January 1, 2023                       | \$ -                | \$ 2,956,557        | \$ 12,362,602           | \$ 1,747,447        | \$ -  | \$ 17,066,606        |
| Depreciation expense                             | -                   | 215,244             | 1,253,684               | 147,737             | -   | 1,616,665            |
| Disposals  | -                   | (10,737)            | (79,224)                | (20,626)            | -   | (110,587)            |
| Reclassification                                 | -                   | -                   | 1,193                   | (1,193)             | -   | -                    |
| Effects of foreign currency exchange differences | -                   | (26,814)            | (107,498)               | (8,249)             | -   | (142,561)            |
| Balance at December 31, 2023                     | <u>\$ -</u>         | <u>\$ 3,134,250</u> | <u>\$ 13,430,757</u>    | <u>\$ 1,865,116</u> | <u>\$ -</u>   | <u>\$ 18,430,123</u> |
| Carrying amount at January 1, 2023               | <u>\$ 2,570,600</u> | <u>\$ 4,464,753</u> | <u>\$ 8,005,606</u>     | <u>\$ 619,133</u>   | <u>\$ 674,235</u>   | <u>\$ 16,334,327</u> |
| Carrying amount at December 31, 2023             | <u>\$ 2,574,150</u> | <u>\$ 4,284,403</u> | <u>\$ 7,214,191</u>     | <u>\$ 556,631</u>   | <u>\$ 1,010,338</u>                                       | <u>\$ 15,639,713</u> |

(Concluded)

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

|                         |             |
|-------------------------|-------------|
| Building                | 10-55 years |
| Machinery and equipment | 3-30 years  |
| Other equipment         | 2-20 years  |

A portion of the land for operational use in Chongyang section of Yuanlin City and Citong Township of Yunlin County is categorized as agricultural and pasture land. The title of the land is currently registered under a related party, Mr. Chen, who is the trustee in a land trust agreement with the Company. The Company retains the certificate of title for land and the agreement stipulates that the nominal holder or trustee is prohibited from transferring the ownership to another party. The land will be registered under the Company once the category for land use has been changed.

The prepayments for machinery and equipment of \$517,629 thousand and \$423,181 thousand as of December 31, 2024 and 2023 were presented in other non-current assets.

Property, plant and equipment pledged as collateral for borrowings are set out in Note 25.

### 13. LEASE ARRANGEMENTS

a. Right-of-use assets

|   | <b>December 31</b>                    |                     |
|---|---------------------------------------|---------------------|
|   | <b>2024</b>                           | <b>2023</b>         |
| <u>Carrying amount</u>                      |                                       |                     |
| Land  | \$ 1,608,929                          | \$ 1,386,673        |
| Buildings                                   | 346,751                               | 298,919             |
| Machinery and equipment                     | 12,137                                | 11,670              |
| Other equipment                             | <u>18,444</u>                         | <u>13,740</u>       |
|   | <u>\$ 1,986,261</u>                   | <u>\$ 1,711,002</u> |
|   | <b>For the Year Ended December 31</b> |                     |
|   | <b>2024</b>                           | <b>2023</b>         |
| Additions to right-of-use assets            | <u>\$ 355,003</u>                     | <u>\$ 128,708</u>   |
| Depreciation charge for right-of-use assets |                                       |                     |
| Land  | \$ 36,004                             | \$ 30,467           |
| Buildings                                   | 144,663                               | 125,464             |
| Machinery and equipment                     | 7,867                                 | 16,905              |
| Other equipment                             | <u>10,046</u>                         | <u>7,686</u>        |
|   | <u>\$ 198,580</u>                     | <u>\$ 180,522</u>   |

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2024 and 2023.

b. Lease liabilities

|                        | <b>December 31</b> |                   |
|------------------------|--------------------|-------------------|
|                        | <b>2024</b>        | <b>2023</b>       |
| <u>Carrying amount</u> |                    |                   |
| Current                | <u>\$ 137,338</u>  | <u>\$ 168,684</u> |
| Non-current            | <u>\$ 743,553</u>  | <u>\$ 478,124</u> |

Range of discount rates for lease liabilities was as follows:

|                         | <b>December 31</b> |             |
|-------------------------|--------------------|-------------|
|                         | <b>2024</b>        | <b>2023</b> |
| Land                    | 3.00%              | 3.00%       |
| Buildings               | 2.75%-3.20%        | 2.75%-3.20% |
| Machinery and equipment | 2.75%-3.20%        | 2.75%-3.20% |
| Other equipment         | 2.75%-3.20%        | 2.75%-3.20% |

c. Material leasing activities and terms

KS, KC, and KT signed land use right contracts with Longhua, Penglang, Kunshan, and Tianjin government in mainland China, respectively; the periods of the land use right contracts are between 40 and 50 years. KV signed a land use right contract with Jiangtian Industrial Zone, Dong Nai Province in Vietnam; the period of the land use right contract is between 33 and 43 years.

The land use right contracts stipulated that the above companies have the rights to use, to make profit from, to transfer, to sublet and have other rights to dispose, and should pay taxes associated with using the land. The land use right contracts permit lessee to construct factories, office buildings and employees' dormitories on the land.

KI signed a land use right contract with the government of Serang, Banten Province in Indonesia. The land use right contract permits KI to construct factories, office buildings and employees' dormitories on the land.

d. Other lease information

|   | <b>For the Year Ended December 31</b> |                   |
|---|---------------------------------------|-------------------|
|   | <b>2024</b>                           | <b>2023</b>       |
| Expenses relating to short-term leases      | <u>\$ 123,921</u>                     | <u>\$ 121,279</u> |
| Expenses relating to low-value asset leases | <u>\$ 607</u>                         | <u>\$ 79</u>      |
| Total cash outflow for leases               | <u>\$ 301,548</u>                     | <u>\$ 312,339</u> |

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

|                   | <b>December 31</b>  |                   |
|-------------------|---------------------|-------------------|
|                   | <b>2024</b>         | <b>2023</b>       |
| Lease commitments | <u>\$ 1,166,641</u> | <u>\$ 805,901</u> |

#### 14. INVESTMENT PROPERTIES

|  | <b>Right-of-use<br/>Assets</b> |
|--|--------------------------------|
| <u>Cost</u>                                      |                                |
| Balance at January 1, 2024                       | \$ 34,807                      |
| Transferred from right-of-use assets             | 16,153                         |
| Effects of foreign currency exchange differences | <u>1,975</u>                   |
| Balance at December 31, 2024                     | <u>\$ 52,935</u>               |

(Continued)

|  | <b>Right-of-use<br/>Assets</b>  |
|--|---------------------------------|
| <u>Accumulated depreciation and impairment</u>   |                                 |
| Balance at January 1, 2024                       | \$ 6,520                        |
| Depreciation expense                             | 67                              |
| Transferred from right-of-use assets             | 16,153                          |
| Effects of foreign currency exchange differences | <u>517</u>                      |
| Balance at December 31, 2024                     | <u>\$ 23,257</u>                |
| Carrying amount at December 31, 2024             | <u>\$ 29,678</u>                |
| <u>Cost</u>                                      |                                 |
| Balance at January 1, 2023                       | \$ 32,917                       |
| Transferred from right-of-use assets             | 2,477                           |
| Effects of foreign currency exchange differences | <u>(587)</u>                    |
| Balance at December 31, 2023                     | <u>\$ 34,807</u>                |
| <u>Accumulated depreciation and impairment</u>   |                                 |
| Balance at January 1, 2023                       | \$ 6,307                        |
| Transferred from right-of-use assets             | 321                             |
| Effects of foreign currency exchange differences | <u>(108)</u>                    |
| Balance at December 31, 2023                     | <u>\$ 6,520</u>                 |
| Carrying amount at December 31, 2023             | <u>\$ 28,287</u><br>(Concluded) |

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

|                     |             |
|---------------------|-------------|
| Right-of-use assets | 40-50 years |
|---------------------|-------------|

Due to the urbanization policy of future city development in Shenzhen, KS entered into a collaboration agreement with Kaisa Urban Renewal Group (“Kaisa”) in October 2014 for the development of KS’s land use rights. According to the agreement, KS’s industrial land will be transformed into new types of industrial, commercial, residential, and government subsidized buildings. The percentage of joint development and allocation of housing units is based on the agreement and subject to government approval. KS is responsible for relocating the original factories, terminating employees, etc. Whereas Kaisa is responsible for demolishing the buildings, measuring, assessing, verifying rights, planning, signing of compensation agreements, preparing and acquiring land, construction and development of the project.

However, KS reached a tripartite consensus with Kaisa and Shenzhen Heju Real Estate Co., Ltd. (hereinafter referred to as Heju) in June 2022. On the premise of protecting the original rights and interests of KS without increasing KS’s responsibilities, Heju undertook the first phase of the land development project based on the original property allocation ratio. Therefore, KS canceled part of the original agreement entered into with Kaisa in July 2022 to cancel the first phase of the land development project. Meanwhile, KS signed a collaboration agreement with Heju for the first phase of land development.

In accordance with the relevant regulations for land development projects in China, KS signed a land purchase agreement with the Heju and Shenzhen Urban Planning and Resources Bureau (hereinafter referred to as the Bureau) in September 2022. The Bureau first took back the land use rights, and then the Longhua District Government handed them over to Heju for urban development and construction in accordance with the relevant procedures. Currently, Heju Company is in the process of urban development and construction. And it is agreed to completed the construction, obtain the completion acceptance record, and handle property delivery procedures by the end of 2026.

The Group received the guarantee deposits of CNY200,000 thousand (approximately NT\$912,025 thousand presented in other non-current liabilities) for the urban renewal project from Heju according to the aforementioned agreement. The guaranteed amount will be refunded to Heju after the project is completed and delivered to KS.

In order to align with the overall planning of the KS urban development project and effectively integrate operational resources in the China region, the Group began terminating employee contracts with KS's production line employees since May 2024, offering severance packages totaling \$68,047 thousand. Additionally, KS was carrying out the disposal of related property, plant, equipment and other non-current assets, and has recognized an impairment loss of NT\$15,886 thousand based on the recoverable amounts of these assets.

The determination of fair value was performed by independent qualified professional valuers, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to the Residual Land Value Method. The fair value as appraised was \$5,771,366 thousand and \$5,831,910 thousand for the years ended December 31, 2024 and 2023, respectively.

## 15. BORROWINGS

### a. Short-term borrowings

|                                  | <b>December 31</b>  |                     |
|----------------------------------|---------------------|---------------------|
|                                  | <b>2024</b>         | <b>2023</b>         |
| Unsecured borrowings             | \$ 3,781,901        | \$ 2,952,442        |
| Secured borrowings (Note 25) (1) | <u>119,612</u>      | <u>406,299</u>      |
|                                  | <u>\$ 3,901,513</u> | <u>\$ 3,358,741</u> |
| Range of interest rates          | 1.82%-5.60%         | 1.45%-6.19%         |

### b. Long-term borrowings

|                                  | <b>December 31</b>   |                      |
|----------------------------------|----------------------|----------------------|
|                                  | <b>2024</b>          | <b>2023</b>          |
| Unsecured borrowings             | \$ 12,848,298        | \$ 12,730,623        |
| Secured borrowings (Note 25) (1) | 1,474,115            | 1,054,518            |
| Project borrowing (2)            | <u>35,000</u>        | <u>141,764</u>       |
|                                  | 14,357,413           | 13,926,905           |
| Less: Current portion            | <u>1,952,741</u>     | <u>2,076,196</u>     |
| Long-term borrowings             | <u>\$ 12,404,672</u> | <u>\$ 11,850,709</u> |
| Range of interest rates          | 1.50%-6.38%          | 1.00%-6.88%          |
| Maturity date                    | 2025-2035 Years      | 2024-2027 Years      |

- 1) As stipulated in the loan agreements, the Company, KA, ADI and some of the subsidiaries of KENDA Europe A/S (formerly known as STARCO Europe A/S) should pledge assets as collateral and, additionally, maintain certain covenants related to financial ratios reviewed on a semi-annual or annual basis periodically. As of December 31, 2024 and 2023, there was no breaches of loan agreements related to these financial covenants.
- 2) The Group participated in a project of the Ministry of Economic Affairs that encouraged Taiwanese enterprises to invest locally in September 2019. The Group expects to construct or expand factories and acquire machinery and equipment in Taiwan from 2019 to 2026. Any shortage of funds would be financed via bank borrowings.

## 16. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Company and its subsidiaries in Taiwan adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in the United States, Vietnam, Indonesia, Europe and mainland China are members of state-managed retirement benefit plans operated by the governments. The subsidiaries are required to contribute specified percentages of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

### b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The subsidiary in Indonesia adopted a defined benefit plan and the remeasurement of the plan is carried out by qualified actuaries in compliant with the local labor standards law.

The amounts in respect of the Company's defined benefit plans are as follows:

|   | <b>December 31</b> |                  |
|---|--------------------|------------------|
|   | <b>2024</b>        | <b>2023</b>      |
| Present value of defined benefit obligation | \$ 462,521         | \$ 501,311       |
| Fair value of plan assets                   | <u>(510,507)</u>   | <u>(484,348)</u> |
| Net defined benefit liabilities (assets)    | <u>\$ (47,986)</u> | <u>\$ 16,963</u> |

Movements in net defined benefit liabilities were as follows:

|  | <b>Present Value<br/>of Defined<br/>Benefit<br/>Obligation</b> | <b>Fair Value of<br/>the Plan Assets</b> | <b>Net Defined<br/>Benefit<br/>Liabilities</b> |
|--|--|--|--|
| Balance at January 1, 2023   | <u>\$ 551,838</u>  | <u>\$ (469,188)</u>                      | <u>\$ 82,650</u>                               |
| Service cost   |  |  |  |
| Current service cost   | 3,836  | -  | 3,836  |
| Net interest expense (income)                                      | <u>6,681</u>   | <u>(5,839)</u>                           | <u>842</u>                                     |
| Recognized in profit or loss                                       | <u>10,517</u>  | <u>(5,839)</u>                           | <u>4,678</u>                                   |
| Remeasurement  |  |  |  |
| Return on plan assets (excluding amounts included in net interest) | -  | (4,164)                                  | (4,164)  |
| Actuarial (gain) loss  |  |  |  |
| Changes in demographic assumptions                                 | (4)  | -  | (4)  |
| Changes in financial assumptions                                   | 1,887  | -  | 1,887  |
| Experience adjustments   | <u>(38,098)</u>  | <u>-</u>                                 | <u>(38,098)</u>                                |
| Recognized in other comprehensive income                           | <u>(36,215)</u>  | <u>(4,164)</u>                           | <u>(40,379)</u>                                |
| Contributions from the employer                                    | -  | (29,986)                                 | (29,986)                                       |
| Benefits paid  | <u>(24,829)</u>  | <u>24,829</u>                            | <u>-</u>                                       |
| Balance at December 31, 2023                                       | <u>501,311</u>   | <u>(484,348)</u>                         | <u>16,963</u>                                  |
| Service cost   |  |  |  |
| Current service cost   | 2,491  | -  | 2,491  |
| Loss on settlements  | 1,441  | -  | 1,441  |
| Net interest expense (income)                                      | <u>5,802</u>   | <u>(5,780)</u>                           | <u>22</u>                                      |
| Recognized in profit or loss                                       | <u>9,734</u>   | <u>(5,780)</u>                           | <u>3,954</u>                                   |
| Remeasurement  |  |  |  |
| Return on plan assets (excluding amounts included in net interest) | -  | (42,678)                                 | (42,678)                                       |
| Actuarial (gain) loss  |  |  |  |
| Changes in demographic assumptions                                 | 2  | -  | 2  |
| Changes in financial assumptions                                   | (13,548)   | -  | (13,548)                                       |
| Experience adjustments   | <u>15,795</u>  | <u>-</u>                                 | <u>15,795</u>                                  |
| Recognized in other comprehensive income                           | <u>2,249</u>   | <u>(42,678)</u>                          | <u>(40,429)</u>                                |
| Contributions from the employer                                    | -  | (28,475)                                 | (28,475)                                       |
| Benefits paid  | (46,171)   | 46,171                                   | -  |
| Settlements  | <u>(4,602)</u>   | <u>4,602</u>                             | <u>-</u>                                       |
| Balance at December 31, 2024                                       | <u>\$ 462,521</u>  | <u>\$ (510,508)</u>                      | <u>\$ (47,987)</u>                             |

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

|                                  | <b>December 31</b> |             |
|----------------------------------|--------------------|-------------|
|                                  | <b>2024</b>        | <b>2023</b> |
| Discount rate                    | 1.60%              | 1.20%       |
| Expected rate of salary increase | 2.00%              | 2.00%       |

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

|                                   | <b>December 31</b> |                   |
|-----------------------------------|--------------------|-------------------|
|                                   | <b>2024</b>        | <b>2023</b>       |
| Discount rates                    |                    |                   |
| 0.25% increase                    | <u>\$ (8,100)</u>  | <u>\$ (9,321)</u> |
| 0.25% decrease                    | <u>\$ 8,341</u>    | <u>\$ 9,612</u>   |
| Expected rates of salary increase |                    |                   |
| 0.25% increase                    | <u>\$ 8,287</u>    | <u>\$ 9,511</u>   |
| 0.25% decrease                    | <u>\$ (8,088)</u>  | <u>\$ (9,271)</u> |

The above sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

|   | <b>December 31</b> |                  |
|---|--------------------|------------------|
|   | <b>2024</b>        | <b>2023</b>      |
| Expected contributions to the plans for the next year | <u>\$ 26,806</u>   | <u>\$ 30,258</u> |
| Average duration of the defined benefit obligation    | 7 years            | 7 years          |

## 17. EQUITY

- a. Ordinary shares

|   | <b>December 31</b>   |                      |
|---|----------------------|----------------------|
|   | <b>2024</b>          | <b>2023</b>          |
| Shares authorized (in thousands of shares)                  | <u>1,100,000</u>     | <u>1,100,000</u>     |
| Shares authorized, par value \$10 (in thousands of dollars) | <u>\$ 11,000,000</u> | <u>\$ 11,000,000</u> |
| Shares issued and fully paid (in thousands of shares)       | <u>954,890</u>       | <u>954,890</u>       |
| Shares issued and fully paid (in thousands of dollars)      | <u>\$ 9,548,900</u>  | <u>\$ 9,548,900</u>  |

b. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit until the legal reserve equals the Company's paid-in capital, then setting aside or reversing a special reserve according to the laws or regulations. The Company takes into consideration the Company's operating environment, growth stage, future capital needs, long-term financial plans, and the shareholders' demand for cash inflows before resolving the amount of dividends. The Company's board of directors could propose dividends between 10% and 80% of distributable earnings which comprise of the current remaining earning and undistributed earnings from previous year. When distributing dividends via issuing shares, the motion should be submitted to shareholders' meeting for approval. The shareholders may adjust the ratio of share dividends to reflect the profit and the adequacy of capital of the year. The cash dividends shall not be less than 10% of the total dividend declared. The board of directors is authorized to adopt a resolution to distribute dividends, bonuses, legal reserve and all or a portion of the capital surplus in cash and a report of such distribution should be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 19(g).

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

The appropriations of earnings for 2023 and 2022 were as follows:

|  | <b>Appropriations of Earnings</b> |             | <b>Dividends Per Share (NT\$)</b> |             |
|--|-----------------------------------|-------------|-----------------------------------|-------------|
|  | <b>2023</b>                       | <b>2022</b> | <b>2023</b>                       | <b>2022</b> |
| Legal reserve                                  | \$ 90,782                         | \$ 41,452   |                                   |             |
| Provision for (reversal of)<br>special reserve | 262,078                           | (1,139,505) |                                   |             |
| Cash dividends                                 | 954,890                           | 454,705     | \$ 1.0                            | \$ 0.5      |
| Share dividends                                | -                                 | 454,800     | -                                 | 0.500104    |

The above cash dividends have been approved through resolution of the board of directors. The rest of the distribution items were also resolved by shareholders in their meeting to be held on May 31, 2024 and May 31, 2023, respectively.

The appropriation of earnings for 2024 proposed by the Company's board of directors on March 11, 2025 is as follows:

|                             | <b>For the Year<br/>Ended<br/>December 31,<br/>2024</b> | <b>Dividends Per<br/>Share (NT\$)</b> |
|-----------------------------|---|---------------------------------------|
| Legal reserve               | \$ 127,764  |                                       |
| Reversal of special reserve | (398,982)   |                                       |
| Cash dividends              | 1,050,379   | \$ 1.1                                |

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed earning appropriations will be resolved by shareholders in their meeting to be held on May 29, 2025.

## 18. REVENUE

### a. Revenue from contracts with customers

|                                  | <b>For the Year Ended December 31</b> |                      |
|----------------------------------|---------------------------------------|----------------------|
|                                  | <b>2024</b>                           | <b>2023</b>          |
| <u>Major goods/service lines</u> |                                       |                      |
| Motorcycle and bias tires        | \$ 14,152,716                         | \$ 14,932,060        |
| Radial tires                     | 10,692,818                            | 10,780,756           |
| Bicycle tires                    | 2,654,908                             | 2,180,136            |
| Tubes                            | 1,446,513                             | 1,275,487            |
| Others                           | <u>5,255,714</u>                      | <u>5,275,237</u>     |
|                                  | <u>\$ 34,202,669</u>                  | <u>\$ 34,443,676</u> |

### b. Contract balances

|                              | <b>December 31</b> |                   |
|------------------------------|--------------------|-------------------|
|                              | <b>2024</b>        | <b>2023</b>       |
| Refund liabilities - current | <u>\$ 256,988</u>  | <u>\$ 245,110</u> |

The Group sells tires and other rubber products predominantly via dealers. It is stipulated in the contracts that volume discount is offered if a specific threshold of purchase is achieved. The Group provides agreed-upon percentages of refund or discount to dealers in accordance with the contracts. Based on historical experience, the Group estimates a reasonable amount of refund and recognizes it as refund liability (presented in other current liabilities).

## 19. NET PROFIT

### a. Other income

|                 | <b>For the Year Ended December 31</b> |                   |
|-----------------|---------------------------------------|-------------------|
|                 | <b>2024</b>                           | <b>2023</b>       |
| Dividend income | \$ 30,338                             | \$ 46,832         |
| Others          | <u>163,453</u>                        | <u>157,434</u>    |
|                 | <u>\$ 193,791</u>                     | <u>\$ 204,266</u> |

b. Other gains and losses

|  | <b>For the Year Ended December 31</b> |                  |
|--|---------------------------------------|------------------|
|  | <b>2024</b>                           | <b>2023</b>      |
| Net foreign currency exchange gains                                    | \$ 177,104                            | \$ 112,429       |
| Net (loss) gain on disposal of property, plant and equipment           | (2,133)                               | 2,814            |
| Net gain (loss) on financial assets and financial liabilities at FVTPL | 502                                   | (5)              |
| Others   | <u>(7,898)</u>                        | <u>(20,293)</u>  |
|  | <u>\$ 167,575</u>                     | <u>\$ 94,945</u> |

c. Financial costs

|   | <b>For the Year Ended December 31</b> |                   |
|---|---------------------------------------|-------------------|
|   | <b>2024</b>                           | <b>2023</b>       |
| Interest on bank loans                                  | \$ 492,666                            | \$ 541,529        |
| Interest on lease liabilities                           | 15,616                                | 16,903            |
| Others (Note 26)  | (53,289)                              | -                 |
| Less: Amounts included in the cost of qualifying assets | <u>-</u>                              | <u>(672)</u>      |
|   | <u>\$ 454,993</u>                     | <u>\$ 557,760</u> |

d. Depreciation and amortization

|   | <b>For the Year Ended December 31</b> |                     |
|---|---------------------------------------|---------------------|
|   | <b>2024</b>                           | <b>2023</b>         |
| Property, plant and equipment               | \$ 1,549,950                          | \$ 1,616,665        |
| Right-of-use assets                         | 198,580                               | 180,522             |
| Investment properties                       | 67                                    | -                   |
| Intangible assets                           | <u>17,757</u>                         | <u>15,490</u>       |
|   | <u>\$ 1,766,354</u>                   | <u>\$ 1,812,677</u> |
| <br>An analysis of depreciation by function |                                       |                     |
| Operating costs                             | \$ 1,322,377                          | \$ 1,375,026        |
| Operating expenses                          | 426,153                               | 422,161             |
| Other gains and losses                      | <u>67</u>                             | <u>-</u>            |
|   | <u>\$ 1,748,597</u>                   | <u>\$ 1,797,187</u> |
| <br>An analysis of amortization by function |                                       |                     |
| Operating costs                             | \$ 3,999                              | \$ 5,176            |
| Operating expenses                          | <u>13,758</u>                         | <u>10,314</u>       |
|   | <u>\$ 17,757</u>                      | <u>\$ 15,490</u>    |

e. Employee benefits expense

|  | <b>For the Year Ended December 31</b> |                     |
|--|---------------------------------------|---------------------|
|  | <b>2024</b>                           | <b>2023</b>         |
| Short-term benefits                                  |                                       |                     |
| Salary expense                                       | \$ 5,896,518                          | \$ 5,416,048        |
| Labor/health insurance expense                       | <u>586,602</u>                        | <u>544,158</u>      |
|  | <u>6,483,120</u>                      | <u>5,960,206</u>    |
| Post-employment benefits                             |                                       |                     |
| Defined contribution plans                           | 310,606                               | 309,828             |
| Defined benefit plans                                | <u>3,954</u>                          | <u>4,678</u>        |
|  | <u>314,560</u>                        | <u>314,506</u>      |
| Termination benefits                                 | 68,047                                | -                   |
| Other employee benefits                              | <u>270,859</u>                        | <u>233,117</u>      |
| Total employee benefits expense                      | <u>\$ 7,136,586</u>                   | <u>\$ 6,507,829</u> |
| An analysis of employee benefits expense by function |                                       |                     |
| Operating costs                                      | \$ 3,975,606                          | \$ 3,725,155        |
| Operating expenses                                   | 3,092,933                             | 2,782,674           |
| Other operating income and expenses                  | <u>68,047</u>                         | <u>-</u>            |
|  | <u>\$ 7,136,586</u>                   | <u>\$ 6,507,829</u> |

f. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 0.5% and no higher than 3%, respectively, of net profit before income tax. The compensation of employees and the remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on March 11, 2025 and March 11, 2024, respectively, are as follows:

|                           | <b>For the Year Ended December 31</b> |                     |                  |                     |
|---------------------------|---------------------------------------|---------------------|------------------|---------------------|
|                           | <b>2024</b>                           |                     | <b>2023</b>      |                     |
|                           | <b>Amount</b>                         | <b>Accrual rate</b> | <b>Amount</b>    | <b>Accrual rate</b> |
| Compensation of employees | <u>\$ 11,128</u>                      | 0.85%               | <u>\$ 9,262</u>  | 0.98%               |
| Remuneration of directors | <u>\$ 16,703</u>                      | 1.27%               | <u>\$ 10,895</u> | 1.15%               |

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 20. INCOME TAXES RELATING TO CONTINUING OPERATIONS.

### a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

|   | <b>For the Year Ended December 31</b> |                   |
|---|---------------------------------------|-------------------|
|   | <b>2024</b>                           | <b>2023</b>       |
| Current tax                                     |                                       |                   |
| In respect of the current year                  | \$ 435,695                            | \$ 437,736        |
| Income tax on unappropriated earnings           | -                                     | 30,153            |
| Adjustments for prior years                     | <u>(10,811)</u>                       | <u>(11,197)</u>   |
|   | <u>424,884</u>                        | <u>456,692</u>    |
| Deferred tax                                    |                                       |                   |
| In respect of the current year                  | <u>(15,412)</u>                       | <u>(32,485)</u>   |
| Income tax expense recognized in profit or loss | <u>\$ 409,472</u>                     | <u>\$ 424,207</u> |

A reconciliation of accounting profit and income tax expense is as follows:

|  | <b>For the Year Ended December 31</b> |                     |
|--|---------------------------------------|---------------------|
|  | <b>2024</b>                           | <b>2023</b>         |
| Profit before tax from continuing operations         | <u>\$ 1,650,425</u>                   | <u>\$ 1,305,189</u> |
| Income tax expense calculated at the statutory rate  | \$ 594,650                            | \$ 571,528          |
| Nondeductible expenses in determining taxable income | (185,290)                             | (182,551)           |
| Tax-exempt income                                    | (6,068)                               | (9,366)             |
| Investment tax credits                               | (14,515)                              | (16,176)            |
| Income tax on unappropriated earnings                | -                                     | 30,153              |
| Adjustments for prior years' tax                     | (10,811)                              | (11,197)            |
| Non-deductible withholding tax on overseas income    | 1,038                                 | 43,581              |
| Temporary differences                                | 6,022                                 | 3,652               |
| Pillar Two income tax                                | 7,177                                 | -                   |
| Others   | <u>17,269</u>                         | <u>(5,417)</u>      |
| Income tax expense recognized in profit or loss      | <u>\$ 409,472</u>                     | <u>\$ 424,207</u>   |

The governments of Vietnam, Germany, Denmark, France, the United Kingdom, Switzerland, Croatia and Belgium, where the subsidiaries of KV, KE and KENDA Europe A/S (formerly known as STARCO Europe A/S) are registered, have enacted the Pillar Two income tax legislation. Under this legislation, if any subsidiary has profits taxed at an effective tax rate of less than 15%, it will be required to pay top-up tax in accordance with the Qualified Domestic Minimum Top-up Tax regulations in the respective jurisdiction. The Group estimated the current income tax expense under the Pillar Two income tax for KV to be NT\$7,177 thousand, which is required to pay a top-up tax in Vietnam.

In addition, KENDA Europe A/S will be required to pay a top-up tax in Denmark on the profits of its subsidiaries that are taxed at an effective tax rate of less than 15% in the jurisdictions where the Pillar Two income tax legislation has not yet been implemented. The main jurisdictions in which exposure to this tax may exist include Poland and Estonia.

b. Income tax recognized in other comprehensive income

|   | <b><u>For the Year Ended December 31</u></b> |                    |
|---|--|--------------------|
|   | <b>2024</b>                                  | <b>2023</b>        |
| <u>Deferred tax</u>   |  |                    |
| Remeasurement of defined benefit plans                        | \$ 8,086                                     | \$ 8,076           |
| Translation of the financial statements of foreign operations | <u>307,319</u>                               | <u>(39,368)</u>    |
| Total income tax recognized in other comprehensive income     | <u>\$ 315,405</u>                            | <u>\$ (31,292)</u> |

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2024

|   | <b>Opening<br/>Balance</b> | <b>Recognized<br/>in Profit or<br/>Loss</b> | <b>Recognized<br/>in Other<br/>Compre-<br/>hensive<br/>Income</b> | <b>Exchange<br/>Differences</b> | <b>Closing<br/>Balance</b> |
|---|----------------------------|---|---|---------------------------------|----------------------------|
| <u>Deferred tax assets</u>  |                            |   |   |                                 |                            |
| Exchange differences on translation of the financial statements of foreign operations | \$ 161,290                 | \$ -  | \$ (161,290)  | \$ -                            | \$ -                       |
| Property, plant and equipment   | 61,334                     | 421   | -   | 3,166                           | 64,921                     |
| Unrealized loss on inventories  | 28,164                     | 6,723                                       | -   | 1,495                           | 36,382                     |
| Unrealized gains on intercompany sales  | 19,303                     | (2,627)                                     | -   | -                               | 16,676                     |
| Defined benefit obligations   | 5,942                      | -   | (5,942)   | -                               | -                          |
| Loss carryforwards  | 24,559                     | 534   | -   | 776                             | 25,869                     |
| Others  | <u>253,051</u>             | <u>16,279</u>                               | <u>-</u>  | <u>16,250</u>                   | <u>285,580</u>             |
|   | <u>\$ 553,643</u>          | <u>\$ 21,330</u>                            | <u>\$ (167,232)</u>   | <u>\$ 21,687</u>                | <u>\$ 429,428</u>          |
| <u>Deferred tax liabilities</u>   |                            |   |   |                                 |                            |
| Reserve for land value increment tax  | \$ 208,226                 | \$ -  | \$ -  | \$ -                            | \$ 208,226                 |
| Share of profit of associates   | 171,441                    | (51,959)                                    | -   | -                               | 119,482                    |
| Deferred depreciation expense   | 161,805                    | 10,011                                      | -   | 10,191                          | 182,007                    |
| Exchange differences on translation of the financial statements of foreign operations | -                          | -   | 146,029   | -                               | 146,029                    |
| Others  | <u>103,437</u>             | <u>47,866</u>                               | <u>2,144</u>  | <u>5,304</u>                    | <u>158,751</u>             |
|   | <u>\$ 644,909</u>          | <u>\$ 5,918</u>                             | <u>\$ 148,173</u>   | <u>\$ 15,495</u>                | <u>\$ 814,495</u>          |

For the year ended December 31, 2023

|   | Opening<br>Balance | Recognized<br>in Profit or<br>Loss | Recognized<br>in Other<br>Compre-<br>hensive<br>Income | Exchange<br>Differences | Closing<br>Balance |
|---|--------------------|------------------------------------|--|-------------------------|--------------------|
| <u>Deferred tax assets</u>  |                    |                                    |  |                         |                    |
| Exchange differences on translation of the financial statements of foreign operations | \$ 121,922         | \$ -                               | \$ 39,368  | \$ -                    | \$ 161,290         |
| Property, plant and equipment   | 57,947             | 4,422                              | -  | (1,035)                 | 61,334             |
| Unrealized loss on inventories  | 36,562             | (8,341)                            | -  | (57)                    | 28,164             |
| Unrealized gains on intercompany sales  | 14,714             | 4,589                              | -  | -                       | 19,303             |
| Defined benefit obligations   | 14,018             | -                                  | (8,076)  | -                       | 5,942              |
| Loss carryforwards  | 21,656             | 2,752                              | -  | 151                     | 24,559             |
| Others  | <u>182,861</u>     | <u>70,374</u>                      | <u>-</u>   | <u>(184)</u>            | <u>253,051</u>     |
|   | <u>\$ 449,680</u>  | <u>\$ 73,796</u>                   | <u>\$ 31,292</u>                                       | <u>\$ (1,125)</u>       | <u>\$ 553,643</u>  |
| <u>Deferred tax liabilities</u>   |                    |                                    |  |                         |                    |
| Reserve for land value increment tax  | \$ 208,226         | \$ -                               | \$ -   | \$ -                    | \$ 208,226         |
| Share of profit of associates   | 171,441            | -                                  | -  | -                       | 171,441            |
| Deferred depreciation expense   | 167,306            | (5,887)                            | -  | 386                     | 161,805            |
| Others  | <u>55,801</u>      | <u>47,198</u>                      | <u>-</u>   | <u>438</u>              | <u>103,437</u>     |
|   | <u>\$ 602,774</u>  | <u>\$ 41,311</u>                   | <u>\$ -</u>  | <u>\$ 824</u>           | <u>\$ 644,909</u>  |

- d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets are as follows

|                                  | <u>December 31</u> |                   |
|----------------------------------|--------------------|-------------------|
|                                  | <u>2024</u>        | <u>2023</u>       |
| <u>Unused loss carryforwards</u> |                    |                   |
| KT                               |                    |                   |
| Expire in 2024                   | \$ -               | \$ 236,671        |
| Expire in 2025                   | 120,866            | 114,942           |
| Expire in 2026                   | 206,679            | 196,549           |
| Expire in 2027                   | 191,630            | 182,238           |
| Expire in 2028                   | 166,431            | 159,449           |
| Expire in 2029                   | <u>173,426</u>     | <u>-</u>          |
|                                  | <u>\$ 859,032</u>  | <u>\$ 889,849</u> |

(Continued)

|                | <b>December 31</b> |                     |
|----------------|--------------------|---------------------|
|                | <b>2024</b>        | <b>2023</b>         |
| KS             |                    |                     |
| Expire in 2025 | \$ 118,098         | \$ 863,521          |
| Expire in 2026 | 178,360            | 163,634             |
| Expire in 2027 | 121,860            | 115,185             |
| Expire in 2028 | 100,564            | 97,770              |
| Expire in 2029 | <u>217,440</u>     | <u>-</u>            |
|                | <u>\$ 736,322</u>  | <u>\$ 1,240,040</u> |
|                |                    |                     |
| KI             |                    |                     |
| Expire in 2024 | \$ -               | \$ 153,145          |
| Expire in 2025 | 39,500             | 37,012              |
| Expire in 2026 | 10,719             | 10,044              |
| Expire in 2027 | 5,081              | 4,761               |
| Expire in 2028 | 204,449            | 139,108             |
| Expire in 2029 | <u>119,778</u>     | <u>-</u>            |
|                | <u>\$ 379,527</u>  | <u>\$ 344,070</u>   |

(Concluded)

e. Income tax assessments

The Company's and KF's income tax returns through 2022 have been assessed by the tax authorities.

## 21. EARNINGS PER SHARE

**Unit: NT\$ Per Share**

|                                      | <b>For the Year Ended December 31</b> |             |
|--------------------------------------|---------------------------------------|-------------|
|                                      | <b>2024</b>                           | <b>2023</b> |
| Basic and diluted earnings per share | <u>\$ 1.30</u>                        | \$ 0.92     |

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the year

|   | <b>For the Year Ended December 31</b> |                   |
|---|---------------------------------------|-------------------|
|   | <b>2024</b>                           | <b>2023</b>       |
| Earnings used from continuing operations in the computation of basic and diluted earnings per share | <u>\$ 1,240,953</u>                   | <u>\$ 880,982</u> |

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

|  | <b><u>For the Year Ended December 31</u></b> |                |
|--|--|----------------|
|  | <b>2024</b>                                  | <b>2023</b>    |
| Weighted average number of ordinary shares used in the computation of basic earnings per share   | 954,890                                      | 954,890        |
| Effect of potentially dilutive ordinary shares   |  |                |
| Compensation of employees  | <u>459</u>                                   | <u>287</u>     |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>955,349</u>                               | <u>955,177</u> |

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 22. CAPITAL MANAGEMENT

The Group requires to maintain an adequate level of capital to expand and optimize facilities and equipment. The Group's capital management strategy aims to ensure that the necessary financial resources and operating plan are sufficient to meet the next 12 months' requirements for working capital, capital expenditures, research and development expenses, debt repayment and other needs.

## 23. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

Please refer to the information on the consolidated balance sheet. The management of the Group considered the carrying amounts of financial assets and liabilities not measured at fair value on the consolidated balance sheet approximate the fair value.

### b. Fair value of financial instruments measured at fair value on a recurring basis

#### 1) Fair value hierarchy

December 31, 2024

|                                      | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|--------------------------------------|----------------|----------------|----------------|--------------|
| <u>Financial assets at FVTOCI</u>    |                |                |                |              |
| Investments in equity instruments    |                |                |                |              |
| Domestic and foreign unlisted shares | \$ -           | \$ -           | \$ 375,773     | \$ 375,773   |

December 31, 2023

|                                      | <b>Level 1</b>  | <b>Level 2</b> | <b>Level 3</b>    | <b>Total</b>      |
|--------------------------------------|-----------------|----------------|-------------------|-------------------|
| <u>Financial assets at FVTPL</u>     |                 |                |                   |                   |
| Domestic listed shares               | \$ <u>1,314</u> | \$ <u>-</u>    | \$ <u>-</u>       | \$ <u>1,314</u>   |
| <u>Financial assets at FVTOCI</u>    |                 |                |                   |                   |
| Investments in equity instruments    |                 |                |                   |                   |
| Domestic and foreign unlisted shares | \$ <u>-</u>     | \$ <u>-</u>    | \$ <u>413,017</u> | \$ <u>413,017</u> |

2) Reconciliation of Level 3 fair value measurements of financial instruments

|  | <b>For the Year Ended December 31</b> |                   |
|--|---------------------------------------|-------------------|
|  | <b>2024</b>                           | <b>2023</b>       |
| <u>Financial assets at FVTOCI - equity instruments</u> |                                       |                   |
| Balance at January 1                                   | \$ 413,017                            | \$ 521,443        |
| Recognized in other comprehensive income               | (41,883)                              | (108,916)         |
| Settlements  | -                                     | (4,309)           |
| Effects of exchange rate difference                    | <u>4,639</u>                          | <u>4,799</u>      |
| Balance at December 31                                 | <u>\$ 375,773</u>                     | <u>\$ 413,017</u> |

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic and foreign unlisted equity securities were determined using the market approach and asset-based pricing approach. Market approach derives fair value by reference to identical or comparable publicly-traded companies. It takes into consideration observable transaction prices on an active stock market, implied valuation multiples, related transactions and statistics. Asset-based pricing approach separately evaluates a target's assets and liabilities. It utilizes fair market value, replacement cost, liquidation value or related approaches to reflect the value of an enterprise or operating unit as a whole. A decrease in significant unobservable inputs, such as discount for lack of control and marketability, would result in an increase in fair value of the investments.

c. Categories of financial instruments

|   | <b>December 31</b> |             |
|---|--------------------|-------------|
|   | <b>2024</b>        | <b>2023</b> |
| <u>Financial assets</u>                     |                    |             |
| FVTPL                                       |                    |             |
| Listed shares                               | \$ -               | \$ 1,314    |
| Financial assets at amortized cost (Note 1) | 15,465,600         | 14,722,958  |
| <u>Financial assets at FVTOCI</u>           |                    |             |
| Equity instruments                          | 375,773            | 413,017     |
| <u>Financial liabilities</u>                |                    |             |
| Amortized cost (Note 2)                     | 23,607,312         | 22,116,697  |

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, other financial assets and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term borrowings (including the current portion), notes payable, trade and other payables, and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 28.

Sensitivity analysis

The Group is mainly exposed to the USD.

The sensitivity analysis measures the effect of a 1% increase and decrease in the New Taiwan dollar and CNY (the functional currency) against the USD. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. The pre-tax profit in 2024 and 2023 would have increased/decreased by \$54,333 thousand and \$43,699 thousand had the New Taiwan dollar and CNY strengthened/weakened by 1% against the USD.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. The Group's interest rate risk is resulted from cash and cash equivalents. Specifically, the Group is exposed to cash flow interest rate risk by holding cash and cash equivalents at floating rate. The risk is partially mitigated by borrowings at floating rates. Holding cash and cash equivalents and borrowings at fixed rate

exposes the Group to fair value interest risk. The Group considers the overall interest rate trends and adjusts the portfolio of fixed and floating rate instruments accordingly.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

|                               | <u>December 31</u> |              |
|-------------------------------|--------------------|--------------|
|                               | 2024               | 2023         |
| Fair value interest rate risk |                    |              |
| Financial assets              | \$ 3,318,465       | \$ 3,908,211 |
| Financial liabilities         | 4,479,944          | 3,194,542    |
| Cash flow interest rate risk  |                    |              |
| Financial assets              | 7,897,119          | 6,757,436    |
| Financial liabilities         | 14,659,873         | 14,737,912   |

#### Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2024 and 2023 would have decreased/increased by \$6,763 thousand and \$7,980 thousand, respectively.

#### c) Other price risk

The Group was exposed to equity price risk through its investments in equity instruments. Equity investments are held for strategic rather than for trading purposes; the Group does not actively trade these investments. The Group measures the price risk of equity securities via sensitivity analysis.

#### Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2024 and 2023 would have increased by \$66 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2024 and 2023 would have increased by \$18,789 thousand and \$20,651 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk is mainly resulted from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To maintain the quality of trade receivables, the Group established operating procedures related to credit risk management to manage credit risks. Risk factors associated with individual customers include a customer's financial condition, internal credit rating, transaction history, current macroeconomic environment and other items that might affect a customer's ability to pay.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced. The Group writes off trade receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. The Group had available unutilized short-term bank loan facilities set out in b) below.

#### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2024

|   | <b>On Demand or<br/>Less than 1<br/>Year</b> | <b>1-5 Years</b>     | <b>More than 5<br/>Years</b> |
|---|--|----------------------|------------------------------|
| <u>Non-derivative financial liabilities</u> |  |                      |                              |
| Non-interest bearing                        | \$ 4,368,993                                 | \$ -                 | \$ -                         |
| Lease liabilities                           | 137,338                                      | 340,771              | 402,782                      |
| Variable interest rate liabilities          | 4,341,616                                    | 10,983,929           | -                            |
| Fixed interest rate liabilities             | <u>1,896,419</u>                             | <u>1,802,603</u>     | <u>-</u>                     |
|   | <u>\$ 10,744,366</u>                         | <u>\$ 13,127,303</u> | <u>\$ 402,782</u>            |

December 31, 2023

|   | <b>On Demand or<br/>Less than 1<br/>Year</b> | <b>1-5 Years</b>     | <b>More than 5<br/>Years</b> |
|---|--|----------------------|------------------------------|
| <u>Non-derivative financial liabilities</u> |  |                      |                              |
| Non-interest bearing                        | \$ 3,896,981                                 | \$ -                 | \$ -                         |
| Lease liabilities                           | 168,684                                      | 255,769              | 222,355                      |
| Variable interest rate liabilities          | 4,825,509                                    | 10,653,681           | -                            |
| Fixed interest rate liabilities             | <u>1,215,615</u>                             | <u>1,377,581</u>     | <u>-</u>                     |
|   | <u>\$ 10,106,789</u>                         | <u>\$ 12,287,031</u> | <u>\$ 222,355</u>            |

b) Financing facilities

|   | <u>December 31</u>   |                      |
|---|----------------------|----------------------|
|   | <b>2024</b>          | <b>2023</b>          |
| Unsecured bank overdraft limit (reviewed annually)                  |                      |                      |
| Amount used   | \$ 26,143            | \$ -                 |
| Amount unused   | <u>-</u>             | <u>-</u>             |
|   | <u>\$ 26,143</u>     | <u>\$ -</u>          |
| Secured bank overdraft limit  |                      |                      |
| Amount used   | \$ 17,342            | \$ 5,827             |
| Amount unused   | <u>89,612</u>        | <u>-</u>             |
|   | <u>\$ 106,954</u>    | <u>\$ 5,827</u>      |
| Unsecured bank loan limit   |                      |                      |
| Amount used   | \$ 16,960,383        | \$ 16,224,471        |
| Amount unused   | <u>24,428,044</u>    | <u>17,890,772</u>    |
|   | <u>\$ 41,388,427</u> | <u>\$ 34,115,243</u> |
| Secured bank loan limit which may be extended by mutual agreements: |                      |                      |
| Amount used   | \$ 1,255,058         | \$ 1,055,348         |
| Amount unused   | <u>3,308,593</u>     | <u>2,896,548</u>     |
|   | <u>\$ 4,563,651</u>  | <u>\$ 3,951,896</u>  |

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of December 31, 2024 and 2023, the face amounts of these unsettled bills receivable were \$711,051 thousand and \$583,897 thousand, respectively. The unsettled bills receivable will be due in 6 months after the balance sheet date. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the years ended December 31, 2024 and 2023, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the current year or cumulatively.

## 24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

### a. Related party name and category

| <u>Related Party Name</u>                      | <u>Related Party Category</u> |
|--|-------------------------------|
| Kenlight Trading Corp.                         | Other related party           |
| KenJou Industrial Co., Ltd.                    | Other related party           |
| TotalEnergies Marketing Taiwan Ltd             | Other related party           |
| Honko Technical Lubricants (Kunshan) Co., Ltd. | Other related party           |
| Kenstone Metal (K.S.) Co., Ltd.                | Other related party           |
| GronBla CO., LTD.                              | Other related party           |
| Americana Development Holding (ADH)            | Other related party           |
| Yang & Company, LLC (Y&C)                      | Other related party           |
| Haro Bikes Corp. (HBC)                         | Other related party           |
| Greentech Holding Corp. (GHC)                  | Other related party           |
| STARCO Huanmei                                 | Associate                     |
| Yang, Ying-Ming                                | Director of the Company       |
| Yang Hsiu-Ya                                   | Other related party           |

Other related parties refer to companies having a chairman that is within second-degree relative, the same as the Company's chairman, or are determined as related parties in substance.

### b. Revenue

| <b>Line Item</b> | <b>Related Party Category</b> | <b>For the Year Ended December 31</b> |                 |
|------------------|-------------------------------|---------------------------------------|-----------------|
|                  |                               | <b>2024</b>                           | <b>2023</b>     |
| Sales of goods   | Other related parties         | \$ 2,185                              | \$ 1,479        |
| Sales of goods   | Associate                     | <u>57,182</u>                         | <u>-</u>        |
|                  |                               | <u>\$ 59,367</u>                      | <u>\$ 1,479</u> |

c. Purchases

| <b>Related Party Category</b> | <b>For the Year Ended December 31</b> |                   |
|-------------------------------|---------------------------------------|-------------------|
|                               | <b>2024</b>                           | <b>2023</b>       |
| Other related parties         | \$ 158,048                            | \$ 141,492        |
| Associate                     | <u>261,484</u>                        | <u>151,319</u>    |
|                               | <u>\$ 419,532</u>                     | <u>\$ 292,811</u> |

d. Receivables from related parties

| <b>Line Item</b>  | <b>Related Party Category</b> | <b>December 31</b> |                 |
|-------------------|-------------------------------|--------------------|-----------------|
|                   |                               | <b>2024</b>        | <b>2023</b>     |
| Trade receivables | Associate                     | \$ 22,058          | \$ -            |
| Trade receivables | Other related parties         | 82                 | 623             |
| Other receivables | Other related parties         | <u>-</u>           | <u>588</u>      |
|                   |                               | <u>\$ 22,140</u>   | <u>\$ 1,211</u> |

e. Payables to related parties

| <b>Line Item</b> | <b>Related Party Category</b> | <b>December 31</b> |                   |
|------------------|-------------------------------|--------------------|-------------------|
|                  |                               | <b>2024</b>        | <b>2023</b>       |
| Trade payables   | Associate                     | \$ 73,676          | \$ 38,668         |
| Trade payables   | Other related parties         | 65,803             | 58,592            |
| Other payables   | Other related parties         | <u>7,971</u>       | <u>8,753</u>      |
|                  |                               | <u>\$ 147,450</u>  | <u>\$ 106,013</u> |

f. Others

| <b>Line Item</b>      | <b>Related Party Category</b> | <b>For the Year Ended December 31</b> |                  |
|-----------------------|-------------------------------|---------------------------------------|------------------|
|                       |                               | <b>2024</b>                           | <b>2023</b>      |
| Manufacturing expense | Other related parties         | \$ 19,220                             | \$ 17,277        |
| Operating expense     | Other related parties         | 2,369                                 | 2,240            |
| Operating expense     | Associate                     | <u>603</u>                            | <u>1,097</u>     |
|                       |                               | <u>\$ 22,192</u>                      | <u>\$ 20,614</u> |

g. Lease arrangements - the Group is lessee

The Group leased offices and warehouses from other related parties and paid rent based on local rent levels on a monthly basis.

| <b>Related Party Category/Name</b> | <b>For the Year Ended December 31</b> |                  |
|------------------------------------|---------------------------------------|------------------|
|                                    | <b>2024</b>                           | <b>2023</b>      |
| <u>Lease expense</u>               |                                       |                  |
| Other related parties              |                                       |                  |
| ADH                                | \$ 17,069                             | \$ 16,564        |
| Y&C                                | 10,331                                | 10,026           |
| Others                             | <u>3,078</u>                          | <u>3,281</u>     |
|                                    | <u>\$ 30,478</u>                      | <u>\$ 29,871</u> |

h. Lease arrangements - Group is lessor

The Group leased warehouses to other related parties and received rent based on local rent levels on a monthly basis.

| <b>Related Party Category/Name</b> | <b>For the Year Ended December 31</b> |                 |
|------------------------------------|---------------------------------------|-----------------|
|                                    | <b>2024</b>                           | <b>2023</b>     |
| <u>Lease income</u>                |                                       |                 |
| Other related parties              |                                       |                 |
| HBC                                | <u>\$ 5,136</u>                       | <u>\$ 3,600</u> |

i. Acquisition of financial assets

For the year ended December 31, 2023

| <b>Related Party Category/Name</b>                      | <b>Line Item</b>                                     | <b>Number of Shares</b> | <b>Underlying Assets</b> | <b>Purchase Price</b> |
|---|--|-------------------------|--------------------------|-----------------------|
| Director of the Company<br>Yang, Ying-Ming <sup>^</sup> | Investments accounted for<br>using the equity method | 1,000                   | Shares of KI             | <u>\$ 31</u>          |

j. Remuneration of key management personnel

|                              | <b>For the Year Ended December 31</b> |                  |
|------------------------------|---------------------------------------|------------------|
|                              | <b>2024</b>                           | <b>2023</b>      |
| Short-term employee benefits | \$ 36,976                             | \$ 33,899        |
| Post-employment benefits     | <u>61</u>                             | <u>107</u>       |
|                              | <u>\$ 37,037</u>                      | <u>\$ 34,006</u> |

## 25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

KA's operating assets, including but not limited to cash and cash equivalents, trade receivables, inventories, property, plant and equipment and intangible assets, were pledged as collateral for bank borrowings, and lien was placed by the banks correspondingly. The above assets were \$8,155,246 thousand and \$7,518,638 thousand as of December 31, 2024 and 2023, respectively.

Except as stated above, the following assets of the Group were pledged as collaterals for acceptance bills and short-term and long-term borrowings.

|                               | <u>December 31</u> |                   |
|-------------------------------|--------------------|-------------------|
|                               | <u>2024</u>        | <u>2023</u>       |
| Trade receivables             | \$ 29,300          | \$ 15,009         |
| Inventories                   | 30,914             | -                 |
| Property, plant and equipment | 282,787            | 162,800           |
| Restricted deposits, etc.     | <u>11,782</u>      | <u>51,658</u>     |
|                               | <u>\$ 354,783</u>  | <u>\$ 229,467</u> |

## 26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group were as follows:

- a. Capital expenditures contracted but yet incurred are as follows:

| <b>Item</b>                   | <u>December 31</u> |                   |
|-------------------------------|--------------------|-------------------|
|                               | <u>2024</u>        | <u>2023</u>       |
| Property, plant and equipment | <u>\$ 256,681</u>  | <u>\$ 190,741</u> |

- b. As of December 31, 2024 and 2023, the amount of performance guarantee letters issued by banks for the Group's low-carbon upgrade and transformation plan was NT\$24,000 thousand.

- c. Contingencies

- 1) Products liability insurance

The Group has entered into a product liability insurance for the products manufactured by the Group and sold globally. The period of insurance agreement is from August 6, 2024 to August 6, 2025. The coverage of insurance policy is from August 6, 2004 to August 6, 2025. The maximum reparation of one single event is US\$10,000 thousand.

- 2) The Company had entered into an exclusive agency contract with Gabjohn for the product distributed in Nigeria. Due to circumstances related to local sales, the Company switched to other agencies to distribute products in Nigeria. Consequently, Gabjohn filed a lawsuit against the Company for breach of exclusive agency contract and demanded \$90,000 thousand (NGN500,000 thousand) as compensation. The Company signed an attorney agreement with Tommy & Jason International Intellectual Property Rights Co., Ltd. (collectively as Tommy & Jason), which then engaged a lawyer in the local intellectual Property Office, Adeniji Kazeem & Co., to handle the litigation and regularly reported the related proceedings. The lawsuit is currently awaiting in the High Court of Nigeria. Upon the date of issuance of the financial statements for the year ended December 31, 2024, the outcome of the dispute cannot be predicted with sufficient reliability.

- 3) The U.S. Department of Commerce notified Kenda in June 2019 of the review results of the U.S. anti-dumping duties on the total import price of car tires imported from China from August 2016 to July 2017. The review results are not applicable to all car tires imported from China. As a result of the anti-dumping tax re-examination, the anti-dumping tax rate was already raised from 8.72% to 64.57%. Kenda USA believes that this tax rate is unreasonable based on past experience, so it has appealed to the U.S. Federal Circuit Court. In November 2024, the U.S. Federal Circuit Court issued a ruling, determining that the applicable anti-dumping duty rate for Kenda USA is 18.15%. Based on this final determination, the Group has adjusted and reduced the tax amount by approximately NT\$54,602 thousand (US\$1,701 thousand), along with related interest expenses of NT\$53,289 thousand (US\$1,612 thousand) and interest income of NT\$9,566 thousand (US\$298 thousand).

## 27. OTHER MATTER

On February 15, 2023, the President announced an amendment to the “Climate Change Response Act”, which includes provisions for the collection of carbon fees. Subsequently, on August 29, 2024, the Ministry of the Environment announced the “Regulations Governing the Collection of Carbon Fees,” the “Regulations Governing Self-determined Reduction Plans,” and the “Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees.” On October 21, 2024, the carbon fee collection rates were announced, which will take effect on January 1, 2025. Based on the emissions assessment for the year 2022, the Group will be subject to carbon fee collection. Therefore, it will recognize related liability provisions based on actual emissions in 2025 and will remit the carbon fee in May 2026.

The subsidiaries of the Group located in China report their annual carbon emissions in accordance with the relevant policies set by the People’s Republic of China. The local governments allocate carbon allowances to each company based on the annual emission quotas and allocation plan. If company’s emission exceeds its allowances, additional carbon allowances can be purchased through the carbon market to offset the shortfall.

## 28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2024

|                         | <b>Foreign<br/>Currency</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|-------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> |                             |                      |                            |
| Monetary items          |                             |                      |                            |
| USD                     | \$ 118,283                  | 32.78 (USD:NTD)      | \$ 3,877,306               |
| USD                     | 97,539                      | 7.19 (USD:CNY)       | 3,197,315                  |
| EUR                     | 9,572                       | 7.53 (EUR:CNY)       | 324,992                    |
| IDR (in million)        | 200,266                     | 0.06 (IDR:USD)       | <u>407,942</u>             |
|                         |                             |                      | <u>\$ 7,807,555</u>        |
|                         |                             |                      | (Continued)                |

|                              | <b>Foreign<br/>Currency</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|------------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial liabilities</u> |                             |                      |                            |
| Monetary items               |                             |                      |                            |
| USD                          | \$ 45,356                   | 32.78 (USD:NTD)      | \$ 1,486,757               |
| USD                          | 4,716                       | 7.19 (USD:CNY)       | 154,604                    |
| IDR (in million)             | 19,305                      | 0.06 (IDR:USD)       | 39,323                     |
| VND (in million)             | 175,985                     | 0.04 (VND:USD)       | <u>226,317</u>             |
|                              |                             |                      | <u>\$ 1,907,001</u>        |
|                              |                             |                      | (Concluded)                |

December 31, 2023

|                         | <b>Foreign<br/>Currency</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|-------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> |                             |                      |                            |
| Monetary items          |                             |                      |                            |
| USD                     | \$ 59,135                   | 30.72 (USD:NTD)      | \$ 1,816,333               |
| USD                     | 96,415                      | 7.08 (USD:CNY)       | 2,961,399                  |
| CNY                     | 88,000                      | 0.14 (CNY:USD)       | 381,623                    |
| GBP                     | 3,239                       | 1.15 (GBP:EUR)       | 126,788                    |
| EUR                     | 7,739                       | 7.86 (EUR:CNY)       | 262,335                    |
| JPY                     | 599,242                     | 0.05 (JPY:CNY)       | <u>130,515</u>             |
|                         |                             |                      | <u>\$ 5,678,993</u>        |

Financial liabilities

|                  |         |                 |                   |
|------------------|---------|-----------------|-------------------|
| Monetary items   |         |                 |                   |
| USD              | 5,139   | 30.72 (USD:NTD) | \$ 157,858        |
| USD              | 8,138   | 7.08 (USD:CNY)  | 249,967           |
| EUR              | 484     | 33.90 (EUR:NTD) | 16,422            |
| EUR              | 654     | 7.86 (EUR:CNY)  | 22,173            |
| IDR (in million) | 19,305  | 0.06 (IDR:USD)  | 38,513            |
| VND (in million) | 172,611 | 0.04 (VND:USD)  | 218,525           |
| GBP              | 743     | 1.15 (GBP:EUR)  | <u>29,098</u>     |
|                  |         |                 | <u>\$ 732,556</u> |

For the years ended December 31, 2024 and 2023, net foreign exchange gain were \$177,104 thousand and \$112,429 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

## 29. SEPARATELY DISCLOSED ITEMS

### a. Information on significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 6)
- 11) Information on investees (Table 7)

### b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (Table 6)
  - b) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (Table 6)
  - c) The amount of property transactions and the amount of the resultant gains or losses (None)
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (Table 2)
  - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (Table 1)

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

### 30. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

#### a. Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

#### For the year ended December 31, 2024

|   | Asia                 | Regions<br>Excluding Asia | Others           | Adjustment and<br>Elimination | Total                |
|---|----------------------|---------------------------|------------------|-------------------------------|----------------------|
| <u>Revenue</u>  |                      |                           |                  |                               |                      |
| Revenue from external customers                                     | \$ 17,165,555        | \$ 17,037,114             | \$ -             | \$ -                          | \$ 34,202,669        |
| Segment revenue   | <u>10,349,549</u>    | <u>167,341</u>            | <u>-</u>         | <u>(10,516,890)</u>           | <u>-</u>             |
|   | <u>\$ 27,515,104</u> | <u>\$ 17,204,455</u>      | <u>\$ -</u>      | <u>\$ (10,516,890)</u>        | <u>\$ 34,202,669</u> |
| Interest income   | <u>\$ 279,760</u>    | <u>\$ (5,149)</u>         | <u>\$ 22,185</u> | <u>\$ (26,291)</u>            | <u>\$ 270,505</u>    |
| Finance costs   | <u>\$ 333,261</u>    | <u>\$ 154,042</u>         | <u>\$ -</u>      | <u>\$ (32,310)</u>            | <u>\$ 454,993</u>    |
| Depreciation and amortization                                       | <u>\$ 1,371,620</u>  | <u>\$ 394,725</u>         | <u>\$ 9</u>      | <u>\$ -</u>                   | <u>\$ 1,766,354</u>  |
| Segment income (excluding share of profit of associates)            | <u>\$ 934,799</u>    | <u>\$ 635,264</u>         | <u>\$ 19,739</u> | <u>\$ 140,973</u>             | \$ 1,730,775         |
| Other operating income and expenses                                 |                      |                           |                  |                               | (83,933)             |
| Share of profit of associates accounted for using the equity method |                      |                           |                  |                               | <u>3,583</u>         |
| Profit before tax   |                      |                           |                  |                               | <u>\$ 1,650,425</u>  |
| Total assets  |                      |                           |                  |                               | <u>\$ 47,181,161</u> |

#### For the year ended December 31, 2023

|                                 | Asia                 | Regions<br>Excluding Asia | Others           | Adjustment and<br>Elimination | Total                |
|---------------------------------|----------------------|---------------------------|------------------|-------------------------------|----------------------|
| <u>Revenue</u>                  |                      |                           |                  |                               |                      |
| Revenue from external customers | \$ 15,613,509        | \$ 18,830,167             | \$ -             | \$ -                          | \$ 34,443,676        |
| Segment revenue                 | <u>9,481,968</u>     | <u>138,289</u>            | <u>-</u>         | <u>(9,620,257)</u>            | <u>-</u>             |
|                                 | <u>\$ 25,095,477</u> | <u>\$ 18,968,456</u>      | <u>\$ -</u>      | <u>\$ (9,620,257)</u>         | <u>\$ 34,443,676</u> |
| Interest income                 | <u>\$ 258,598</u>    | <u>\$ 6,547</u>           | <u>\$ 12,972</u> | <u>\$ (22,096)</u>            | <u>\$ 256,021</u>    |
| Finance costs                   | <u>\$ 367,265</u>    | <u>\$ 218,908</u>         | <u>\$ -</u>      | <u>\$ (28,413)</u>            | <u>\$ 557,760</u>    |

(Continued)

|  | Asia         | Regions<br>Excluding Asia | Others    | Adjustment and<br>Elimination | Total         |
|--|--------------|---------------------------|-----------|-------------------------------|---------------|
| Depreciation and amortization  | \$ 1,463,780 | \$ 359,845                | \$ 17     | \$ (10,965)                   | \$ 1,812,677  |
| Segment income (excluding share of profit of associates and other operating income and expenses) | \$ 736,293   | \$ 805,147                | \$ 17,921 | \$ (266,912)                  | \$ 1,292,449  |
| Share of profit of associates accounted for using the equity method                              |              |                           |           |                               | 12,739        |
| Profit before tax  |              |                           |           |                               | \$ 1,305,188  |
| Total assets   |              |                           |           |                               | \$ 43,726,227 |

(Concluded)

Inter-segment revenue was accounted for according to market prices.

Segment profit represents the profit before tax earned by each segment without share of profit of associates, other operating income and expenses and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Refer to Note 18 for information relating to revenue from contracts with customers.

b. Geographical information

The Group operates in four principal geographical areas - China, the United States, Taiwan and Vietnam.

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

|         | <b>Revenue from External Customers</b>    |                      |   |                      |
|---------|---|----------------------|---|----------------------|
|         | <b>For the Year Ended<br/>December 31</b> |                      | <b>Non-current Assets<br/>December 31</b> |                      |
|         | <b>2024</b>                               | <b>2023</b>          | <b>2024</b>                               | <b>2023</b>          |
| USA     | \$ 13,616,362                             | \$ 15,148,801        | \$ 1,917,720                              | \$ 1,478,319         |
| China   | 10,351,361                                | 8,841,508            | 6,298,131                                 | 4,844,880            |
| Taiwan  | 2,954,614                                 | 2,679,981            | 4,400,263                                 | 4,328,042            |
| Vietnam | 2,769,426                                 | 3,187,163            | 6,139,740                                 | 5,980,866            |
| Others  | 4,510,906                                 | 4,586,223            | 2,118,738                                 | 1,980,136            |
|         | <u>\$ 34,202,669</u>                      | <u>\$ 34,443,676</u> | <u>\$ 20,874,592</u>                      | <u>\$ 18,612,243</u> |

Non-current assets include property, plant and equipment, right-of-use assets, investment properties and other non-current assets.

c. Information on major customers

There is no single customers contributing 10% or more to the Group's revenue for the years ended December 31, 2024 and 2023.

**KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES**

**FINANCING PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

| No. | Financing Company            | Counterparty               | Financial Statement Account | Related Party | Maximum Balance for the Period | Ending Balance | Amount Actually Drawn | Interest Rate   | Nature for Financing              | Transaction Amounts | Reason for Financing | Allowance for Bad Debt | Collateral |       | Financing Limits for Each Borrowing Company          | Financing Company's Total Financing Amount Limits    |
|-----|------------------------------|----------------------------|-----------------------------|---------------|--------------------------------|----------------|-----------------------|-----------------|-----------------------------------|---------------------|----------------------|------------------------|------------|-------|--|--|
|     |                              |                            |                             |               |                                |                |                       |                 |                                   |                     |                      |                        | Item       | Value |  |  |
| 1   | KENDA EUROPE A/S             | KENDA Manufacturing GB Ltd | Finance receivables         | Yes           | \$ 35,641                      | \$ 35,346      | \$ 34,938             | 7.00%           | The need for short-term financing | -                   | Operating capital    | -                      | -          | -     | 80% of the financing company's net worth \$166,323   | 90% of the financing company's net worth \$187,113   |
|     |                              | KENDA Schweiz AG           | Finance receivables         | Yes           | 73,656                         | 71,540         | 71,540                | 6.00%-7.00%     | The need for short-term financing | -                   | Operating capital    | -                      | -          | -     | 80% of the financing company's net worth \$166,323   | 90% of the financing company's net worth \$187,113   |
|     |                              | KENDA Polska Sp. z.o.o.    | Finance receivables         | Yes           | 123,462                        | 76,395         | 76,395                | 7.00%           | The need for short-term financing | -                   | Operating capital    | -                      | -          | -     | 80% of the financing company's net worth \$166,323   | 90% of the financing company's net worth \$187,113   |
|     |                              | KENDA Deutschland GmbH     | Finance receivables         | Yes           | 94,102                         | 84,273         | 84,273                | 7.00%           | The need for short-term financing | -                   | Operating capital    | -                      | -          | -     | 80% of the financing company's net worth \$166,323   | 90% of the financing company's net worth \$187,113   |
| 2   | KENDA Manufacturing HR d.o.o | Jelshøj Imovina            | Finance receivables         | Yes           | 7,074                          | 6,757          | -                     | 2.68%           | The need for short-term financing | -                   | Operating capital    | -                      | -          | -     | 80% of the financing company's net worth \$281,204   | 90% of the financing company's net worth \$316,355   |
| 3   | KENDA GB Rugeley Ltd         | KENDA Manufacturing GB Ltd | Finance receivables         | Yes           | 46,547                         | 45,124         | 45,124                | 7.00%           | The need for short-term financing | -                   | Operating capital    | -                      | -          | -     | 80% of the financing company's net worth \$225,591   | 90% of the financing company's net worth \$253,790   |
| 4   | KENDA Deutschland GmbH       | KENDA Schweiz AG           | Finance receivables         | Yes           | 3,555                          | 3,395          | 3,395                 | 7.00%           | The need for short-term financing | -                   | Operating capital    | -                      | -          | -     | 80% of the financing company's net worth \$108,796   | 90% of the financing company's net worth \$122,396   |
|     |                              | KENDA Polska Sp. z.o.o.    | Finance receivables         | Yes           | 95,267                         | 91,675         | 91,675                | 7.00%           | The need for short-term financing | -                   | Operating capital    | -                      | -          | -     | 80% of the financing company's net worth \$108,796   | 90% of the financing company's net worth \$122,396   |
| 5   | KC                           | KT                         | Finance receivables         | Yes           | 930,265                        | 930,265        | 930,265               | 2.9565%-3.3065% | The need for short-term financing | -                   | Operating capital    | -                      | -          | -     | 40% of the financing company's net worth \$2,952,165 | 60% of the financing company's net worth \$4,428,248 |

Note: All intra-group transactions are eliminated upon consolidation.

## KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2024

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

| No. | Endorsement/<br>Guarantee Provider | Guaranteed Party                              |                          | Limits on<br>Endorsements/<br>Guarantees<br>Given on<br>Behalf of Each<br>Party (Note 2) | Maximum<br>Amount<br>Endorsed/Gua<br>ranteed<br>During the<br>Year | Outstanding<br>Endorsements/<br>Guarantees at<br>the End of the<br>Year<br>(Note 5) | Actual<br>Amount<br>Borrowed | Amount<br>Endorsed/<br>Guaranteed by<br>Collateral | Ratio of<br>Accumulated<br>Endorsements/<br>Guarantees to<br>Net Equity in<br>Latest<br>Financial<br>Statements<br>(%) | Aggregate<br>Endorsements/<br>Guarantee<br>Limit (Note 3) | Endorsements/<br>Guarantees<br>Given by<br>Parent on<br>Behalf of<br>Subsidiaries | Endorsements/<br>Guarantees<br>Given by<br>Subsidiaries/<br>Parent | Endorsement/<br>Guarantee<br>Given on<br>Behalf of<br>Companies in<br>Mainland<br>China | Note   |   |
|-----|------------------------------------|---|--------------------------|--|--|---|------------------------------|--|--|---|---|--|---|--------|---|
|     |                                    | Name  | Relationship<br>(Note 1) |  |  |   |                              |  |  |   |   |  |   |        |   |
| 0   | The Company                        | KENDA EUROPE A/S                              | a                        | \$ 8,433,425   | \$ 2,823,314   | \$ 2,625,828  | \$ 1,447,536                 | \$ -   | 12.45  | \$ 16,866,850   | Yes   | No   | No  | -      |   |
|     |                                    | KENDA Deutschland GmbH                        | a                        | 8,433,425  | 650,840  | 196,680   | 170,128                      | -  | 0.93   | 16,866,850  | Yes   | No   | No  | -      |   |
|     |                                    | KENDA Manufacturing GB Ltd                    | a                        | 8,433,425  | 650,840  | -   | -                            | -  | -  | -   | 16,866,850  | Yes  | No  | No     | - |
|     |                                    | KENDA Polska Sp. z.o.o.                       | a                        | 8,433,425  | 650,840  | -   | -                            | -  | -  | -   | 16,866,850  | Yes  | No  | No     | - |
|     |                                    | KENDA France SAS                              | a                        | 8,433,425  | 650,840  | -   | -                            | -  | -  | -   | 16,866,850  | Yes  | No  | No     | - |
|     |                                    | KENDA Schweiz AG                              | a                        | 8,433,425  | 650,840  | -   | -                            | -  | -  | -   | 16,866,850  | Yes  | No  | No     | - |
|     |                                    | KENDA België NV                               | a                        | 8,433,425  | 650,840  | -   | -                            | -  | -  | -   | 16,866,850  | Yes  | No  | No     | - |
|     |                                    | KENDA GB Rugeley Ltd                          | a                        | 8,433,425  | 650,840  | -   | -                            | -  | -  | -   | 16,866,850  | Yes  | No  | No     | - |
|     |                                    | KENDA BALTIC OÜ                               | a                        | 8,433,425  | 650,840  | -   | -                            | -  | -  | -   | 16,866,850  | Yes  | No  | No     | - |
|     |                                    | ADI   | a                        | 8,433,425  | 197,016  | 196,680   | 131,120                      | -  | 0.93   | 16,866,850  | Yes   | No   | No  | -      |   |
|     |                                    | KA  | a                        | 8,433,425  | 492,540  | 491,700   | 229,460                      | -  | 2.33   | 16,866,850  | Yes   | No   | No  | -      |   |
|     |                                    | KV  | a                        | 8,433,425  | 3,262,980  | -   | -                            | -  | -  | -   | 16,866,850  | Yes  | No  | No     | - |
|     |                                    | KI  | a                        | 8,433,425  | 2,655,180  | 2,655,180   | 1,216,138                    | -  | 12.59  | 16,866,850  | Yes   | No   | No  | -      |   |
|     |                                    | KT  | a                        | 8,433,425  | 361,196  | 360,580   | -                            | -  | 1.71   | 16,866,850  | Yes   | No   | Yes   | -      |   |
|     |                                    | KENDA RUBBER<br>INDUSTRIAL CO. EUROPE<br>GMBH | a                        | 8,433,425  | 171,681  | 169,768   | -                            | -  | 15.43  | 16,866,850  | Yes   | No   | No  | -      |   |
| 1   | KHK                                | KS  | a                        | 880,189  | 920,472  | 912,025   | -                            | -  | 82.89  | 990,213   | No  | No   | Yes   | Note 4 |   |
| 2   | KGCI                               | KS  | a                        | 4,272,834  | 1,840,944  | 1,824,050   | -                            | -  | 17.08  | 8,545,669   | No  | No   | Yes   | Note 4 |   |
| 3   | KENDA EUROPE A/S                   | KENDA GB Rugeley Ltd                          | a                        | 207,903  | 105,790  | 102,577   | 9,974                        | -  | 49.34  | 415,806   | No  | No   | No  | -      |   |
|     |                                    | KENDA België NV                               | a                        | 207,903  | 159,967  | 152,791   | 29,301                       | -  | 73.49  | 415,806   | No  | No   | No  | -      |   |
|     |                                    | KENDA Schweiz AG                              | a                        | 207,903  | 15,036   | 14,453  | 1,001                        | -  | 6.95   | 415,806   | No  | No   | No  | -      |   |
|     |                                    | KENDA Deutschland GmbH                        | a                        | 207,903  | 36,531   | 9,221   | -                            | -  | 4.44   | 415,806   | No  | No   | No  | -      |   |
|     |                                    | KENDA Manufacturing HR<br>d.o.o               | a                        | 207,903  | 196,033  | 74,818  | 68,707                       | -  | 35.99  | 415,806   | No  | No   | No  | -      |   |

Note 1: Relationships between the guarantee provider and guaranteed party:

a. A subsidiary in which the Company holds directly and indirectly over 90% of an equity interest.

Note 2: Limit on endorsements to a single company is 40% of the Company's net worth.

Limit on endorsements to a single company is 40% of KHK's net worth. However, the limit on endorsements to a single company, in which KHK and the Company holds directly and indirectly 100% of an equity interest, is 80% of KHK's net worth.

Limit on endorsements to a single company is 40% of KGCI's net worth.

Limit on endorsements to a single company is 100% of KENDA Europe A/S's (formerly known as STARCO Europe A/S) net worth.

(Continued)

Note 3: Limit on aggregate endorsements is 80% of the Company's net worth.  
Limit on aggregate endorsements is 90% of KHK's net worth.  
Limit on aggregate endorsements is 80% of KGCI's net worth.  
Limit on aggregate endorsements is 200% of KENDA Europe A/S's net worth.

Note 4: KGCI and KHK jointly provided endorsement/guarantee for KS of CNY 400 million, but the limit for KHK is CNY200 million.

Note 5: Endorsement guarantee balance at the end of the period excludes the guarantee amount that is redundantly listed due to joint guarantees. The endorsement guarantee balance at the end of the period does not exceed the limit prescribed for endorsement guarantee.

(Concluded)

**KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD  
DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

| Holding Company Name | Type and Name of Marketable Securities                  | Relationship with the Holding Company  | Financial Statement Account                | December 31, 2024 |                 |                           |            | Note |
|----------------------|---|--|--|-------------------|-----------------|---------------------------|------------|------|
|                      |   |  |  | Shares/Units      | Carrying Amount | Percentage of Ownership % | Fair Value |      |
| The Company          | <u>Shares and equity</u><br>Kenjou Ind. Co., Ltd.       | The chairman of Kenjou Ind. Co., Ltd. and the chairman of the Company are second-degree relatives        | Equity instruments at FVTOCI - non-current | 7,382             | \$ 252,830      | 10.86                     | \$ 252,830 | -    |
|                      | Chang Hwa Golf Co., Ltd.                                | -  | Equity instruments at FVTOCI - non-current | 30                | 416             | 0.08                      | 416        | -    |
|                      | TotalEnergies Marketing Taiwan Ltd.                     | The chairman of Total Lubricants Taiwan Ltd. and the chairman of the Company are second-degree relatives | Equity instruments at FVTOCI - non-current | 81                | 12,161          | 6.80                      | 12,161     | -    |
|                      | BOMY (BVI) CO., LTD.                                    | -  | Equity instruments at FVTOCI - non-current | 2,000             | 14,686          | 9.73                      | 14,686     | -    |
| KGI                  | <u>Shares and equity</u><br>Kenjou Investment Co., Ltd. | The chairman of Kenjou Investment Co., Ltd. and the chairman of the Company are second-degree relatives  | Equity instruments at FVTOCI - non-current | 1,703             | 95,680          | 13.00                     | 95,680     | -    |

## KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2024

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

| Company Name                  | Related Party           | Relationship                          | Transaction Details |            |            |                                      | Abnormal Transaction   |               | Notes/Trade Receivable (Payable) |            | Note |
|-------------------------------|-------------------------|---------------------------------------|---------------------|------------|------------|--------------------------------------|------------------------|---------------|----------------------------------|------------|------|
|                               |                         |                                       | Purchases/<br>Sales | Amount     | % to Total | Payment Terms                        | Unit Price             | Payment Terms | Amount                           | % to Total |      |
| The Company                   | KA                      | Subsidiary                            | Sales               | \$ 622,395 | 14.57      | In accordance with mutual agreements | Agreed by both parties | -             | \$ 1,130,385                     | 58.84      | -    |
|                               | KF                      | Subsidiary                            | Sales               | 738,442    | 17.29      | In accordance with mutual agreements | Agreed by both parties | -             | 69,729                           | 3.63       | -    |
|                               | KV                      | Subsidiary                            | Sales               | 120,610    | 2.82       | In accordance with mutual agreements | Agreed by both parties | -             | 45,869                           | 2.39       | -    |
|                               | ADI                     | Indirectly owned subsidiary           | Sales               | 640,108    | 14.99      | In accordance with mutual agreements | Agreed by both parties | -             | 296,050                          | 15.41      | -    |
| KC                            | KA                      | Subsidiary of ultimate parent company | Sales               | 281,258    | 3.75       | In accordance with mutual agreements | Agreed by both parties | -             | 117,234                          | 9.32       | -    |
|                               | ADI                     | Subsidiary of ultimate parent company | Sales               | 205,038    | 2.73       | In accordance with mutual agreements | Agreed by both parties | -             | 76,928                           | 6.11       | -    |
|                               | KENDA België NV         | Subsidiary of ultimate parent company | Sales               | 217,300    | 2.89       | In accordance with mutual agreements | Agreed by both parties | -             | 45,804                           | 3.64       | -    |
|                               | KENDA Polska Sp. z.o.o. | Subsidiary of ultimate parent company | Sales               | 121,841    | 1.62       | In accordance with mutual agreements | Agreed by both parties | -             | 41,430                           | 3.29       | -    |
|                               | KS                      | Subsidiary of ultimate parent company | Sales               | 601,506    | 8.01       | In accordance with mutual agreements | Agreed by both parties | -             | 186,322                          | 14.81      | -    |
| KV                            | KA                      | Subsidiary of ultimate parent company | Sales               | 579,916    | 7.70       | In accordance with mutual agreements | Agreed by both parties | -             | 12,917                           | 0.66       | -    |
|                               | ADI                     | Subsidiary of ultimate parent company | Sales               | 982,327    | 13.04      | In accordance with mutual agreements | Agreed by both parties | -             | 413,953                          | 21.07      | -    |
|                               | The Company             | parent company                        | Sales               | 3,104,195  | 41.19      | In accordance with mutual agreements | Agreed by both parties | -             | 1,279,791                        | 65.13      | -    |
| KT                            | KS                      | Subsidiary of ultimate parent company | Sales               | 823,647    | 21.03      | In accordance with mutual agreements | Agreed by both parties | -             | 183,194                          | 21.58      | -    |
|                               | ADI                     | Subsidiary of ultimate parent company | Sales               | 109,366    | 2.79       | In accordance with mutual agreements | Agreed by both parties | -             | 42,982                           | 5.06       | -    |
|                               | KC                      | Subsidiary of ultimate parent company | Sales               | 106,045    | 2.71       | In accordance with mutual agreements | Agreed by both parties | -             | 65,346                           | 7.70       | -    |
| KENDA Manufacturing HR d.o.o. | KENDA Deutschland GmbH  | Subsidiary of ultimate parent company | Sales               | 126,162    | 3.68       | In accordance with mutual agreements | Agreed by both parties | -             | 16,933                           | 4.88       | -    |
| KENDA Europe A/S              | STARCO Huanmei          | Associate                             | Purchases           | (261,484)  | (10.35)    | In accordance with mutual agreements | Agreed by both parties | -             | (73,676)                         | (13.97)    | -    |

Note: All intra-group transactions are eliminated upon consolidation.

**KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**DECEMBER 31, 2024**

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

| Company Name | Related Party | Relationship                          | Ending Balance | Turnover Rate | Overdue    |               | Amounts Received in Subsequent Period (Note 3) | Allowance for Impairment Loss |
|--------------|---------------|---------------------------------------|----------------|---------------|------------|---------------|--|-------------------------------|
|              |               |                                       |                |               | Amount     | Actions Taken |  |                               |
| The Company  | ADI           | Indirectly owned subsidiary           | \$ 296,050     | 1.89          | \$ 107,256 | -             | \$ 2,353                                       | \$ -                          |
|              | KA            | Subsidiary                            | 1,130,385      | 1.04          | 266,395    | -             | 16,308   | -                             |
| KC           | KA            | Subsidiary of ultimate parent company | 117,234        | 3.16          | 643        | -             | 80,735   | -                             |
|              | KS            | Subsidiary of ultimate parent company | 186,322        | 6.46          | -          | -             | 135,753  | -                             |
|              | KT            | Subsidiary of ultimate parent company | 930,265        | Note 2        | -          | -             | -  | -                             |
| KV           | ADI           | Subsidiary of ultimate parent company | 413,953        | 2.65          | 133,664    | -             | 165,056  | -                             |
|              | The Company   | parent company                        | 1,279,791      | 4.85          | 189,837    | -             | 469,912  | -                             |
| KT           | KS            | Subsidiary of ultimate parent company | 183,194        | 4.48          | -          | -             | 115,088  | -                             |

Note 1: All intra-group transactions are eliminated upon consolidation.

Note 2: The ending balance primarily consists of other receivables, which is not applicable for the calculation of turnover days.

Note 3: Amounts received as of February 29, 2025.

## KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2024

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

| No.<br>(Note 1) | Investee Company | Counterparty            | Relationship<br>(Note 2) | Intercompany Details (Note 3) |            |               |                               |
|-----------------|------------------|-------------------------|--------------------------|-------------------------------|------------|---------------|-------------------------------|
|                 |                  |                         |                          | Financial Statement Account   | Amount     | Payment Terms | % of Total<br>Sales or Assets |
| 0               | The Company      | ADI                     | a                        | Sales revenue                 | \$ 640,108 | (Note 4)      | 1.87                          |
|                 |                  | KA                      | a                        | Sales revenue                 | 622,395    | (Note 4)      | 1.82                          |
|                 |                  | KC                      | a                        | Sales revenue                 | 15,627     | (Note 4)      | 0.05                          |
|                 |                  | KF                      | a                        | Sales revenue                 | 738,442    | (Note 4)      | 2.16                          |
|                 |                  | KI                      | a                        | Sales revenue                 | 41,778     | (Note 4)      | 0.12                          |
|                 |                  | KV                      | a                        | Sales revenue                 | 120,610    | (Note 4)      | 0.35                          |
|                 |                  | KENDA GB Rugeley Ltd    | a                        | Sales revenue                 | 28,895     | (Note 4)      | 0.08                          |
|                 |                  | KT                      | a                        | Sales revenue                 | 15,895     | (Note 4)      | 0.05                          |
|                 |                  | KC                      | a                        | Sales revenue                 | 147,716    | (Note 4)      | 0.43                          |
|                 |                  | KF                      | a                        | Sales revenue                 | 29,988     | (Note 4)      | 0.09                          |
|                 |                  | KI                      | a                        | Sales revenue                 | 52,347     | (Note 4)      | 0.15                          |
|                 |                  | KT                      | a                        | Sales revenue                 | 71,313     | (Note 4)      | 0.21                          |
|                 |                  | KV                      | a                        | Sales revenue                 | 206,118    | (Note 4)      | 0.60                          |
| 1               | KC               | ADI                     | c                        | Sales revenue                 | 205,038    | (Note 4)      | 0.60                          |
|                 |                  | KA                      | c                        | Sales revenue                 | 281,258    | (Note 4)      | 0.82                          |
|                 |                  | KS                      | c                        | Sales revenue                 | 601,506    | (Note 4)      | 1.76                          |
|                 |                  | KT                      | c                        | Sales revenue                 | 12,047     | (Note 4)      | 0.04                          |
|                 |                  | KF                      | c                        | Sales revenue                 | 25,938     | (Note 4)      | 0.08                          |
|                 |                  | KENDA GB Rugeley Ltd    | c                        | Sales revenue                 | 83,660     | (Note 4)      | 0.24                          |
|                 |                  | KENDA België NV         | c                        | Sales revenue                 | 217,300    | (Note 4)      | 0.64                          |
|                 |                  | KENDA Polska Sp. z.o.o. | c                        | Sales revenue                 | 121,841    | (Note 4)      | 0.36                          |
|                 |                  | KT                      | c                        | Sales revenue                 | 26,292     | (Note 4)      | 0.08                          |
| 2               | KT               | ADI                     | c                        | Sales revenue                 | 109,366    | (Note 4)      | 0.32                          |
|                 |                  | KS                      | c                        | Sales revenue                 | 823,647    | (Note 4)      | 2.41                          |
|                 |                  | KF                      | c                        | Sales revenue                 | 16,652     | (Note 4)      | 0.05                          |
|                 |                  | KC                      | c                        | Sales revenue                 | 106,045    | (Note 4)      | 0.31                          |
|                 |                  | KENDA België NV         | c                        | Sales revenue                 | 37,019     | (Note 4)      | 0.11                          |
|                 |                  | KENDA Polska Sp. z.o.o. | c                        | Sales revenue                 | 21,888     | (Note 4)      | 0.06                          |
|                 |                  | KENDA Schweiz AG        | c                        | Sales revenue                 | 24,250     | (Note 4)      | 0.07                          |
| 3               | KI               | KV                      | c                        | Sales revenue                 | 28,468     | (Note 4)      | 0.08                          |
| 4               | KV               | The Company             | b                        | Sales revenue                 | 3,104,195  | (Note 4)      | 9.08                          |
|                 |                  | ADI                     | c                        | Sales revenue                 | 982,327    | (Note 4)      | 2.87                          |
|                 |                  | KA                      | c                        | Sales revenue                 | 579,916    | (Note 4)      | 1.70                          |
|                 |                  | KENDA GB Rugeley Ltd    | c                        | Sales revenue                 | 19,227     | (Note 4)      | 0.06                          |
|                 |                  | KI                      | c                        | Sales revenue                 | 33,850     | (Note 4)      | 0.10                          |

(Continued)

| No.<br>(Note 1) | Investee Company              | Counterparty               | Relationship<br>(Note 2) | Intercompany Details (Note 3) |            |               |                            |
|-----------------|-------------------------------|----------------------------|--------------------------|-------------------------------|------------|---------------|----------------------------|
|                 |                               |                            |                          | Financial Statement Account   | Amount     | Payment Terms | % of Total Sales or Assets |
| 6               | KE                            | The Company                | b                        | Service revenue               | \$ 161,593 | (Note 4)      | 0.47                       |
| 9               | KA                            | The Company                | b                        | Commission income             | 10,861     | (Note 4)      | 0.03                       |
| 10              | KENDA Manufacturing HR d.o.o. | KENDA Deutschland GmbH     | c                        | Sales revenue                 | 126,162    | (Note 4)      | 0.37                       |
| 0               | The Company                   | ADI                        | a                        | Trade receivables             | 296,050    | (Note 4)      | 0.63                       |
|                 |                               | KI                         | a                        | Trade receivables             | 24,368     | (Note 4)      | 0.05                       |
|                 |                               | KA                         | a                        | Trade receivables             | 1,130,385  | (Note 4)      | 2.40                       |
|                 |                               | KV                         | a                        | Trade receivables             | 45,869     | (Note 4)      | 0.10                       |
|                 |                               | KF                         | a                        | Trade receivables             | 69,729     | (Note 4)      | 0.15                       |
|                 |                               | KC                         | a                        | Other receivables             | 15,761     | (Note 4)      | 0.03                       |
|                 |                               | KT                         | a                        | Other receivables             | 12,554     | (Note 4)      | 0.03                       |
|                 |                               | KI                         | a                        | Other receivables             | 11,839     | (Note 4)      | 0.03                       |
|                 |                               | KV                         | a                        | Other receivables             | 18,513     | (Note 4)      | 0.04                       |
| 1               | KC                            | ADI                        | c                        | Trade receivables             | 76,928     | (Note 4)      | 0.16                       |
|                 |                               | KA                         | c                        | Trade receivables             | 117,234    | (Note 4)      | 0.25                       |
|                 |                               | KS                         | c                        | Trade receivables             | 186,322    | (Note 4)      | 0.39                       |
|                 |                               | KENDA België NV            | c                        | Trade receivables             | 45,804     | (Note 4)      | 0.10                       |
|                 |                               | KENDA GB Rugeley Ltd       | c                        | Trade receivables             | 21,020     | (Note 4)      | 0.04                       |
|                 |                               | KENDA Polska Sp. z.o.o.    | c                        | Trade receivables             | 41,430     | (Note 4)      | 0.09                       |
|                 |                               | KT                         | c                        | Other receivables             | 930,265    | (Note 4)      | 1.97                       |
|                 |                               | KT                         | c                        | Other receivables             | 13,160     | (Note 4)      | 0.03                       |
| 2               | KT                            | ADI                        | c                        | Trade receivables             | 42,982     | (Note 4)      | 0.09                       |
|                 |                               | KS                         | c                        | Trade receivables             | 183,194    | (Note 4)      | 0.39                       |
|                 |                               | KA                         | c                        | Trade receivables             | 65,346     | (Note 4)      | 0.14                       |
| 4               | KV                            | The Company                | b                        | Trade receivables             | 1,279,791  | (Note 4)      | 2.71                       |
|                 |                               | ADI                        | c                        | Trade receivables             | 413,953    | (Note 4)      | 0.88                       |
|                 |                               | KA                         | c                        | Trade receivables             | 12,917     | (Note 4)      | 0.03                       |
|                 |                               | KI                         | c                        | Trade receivables             | 34,420     | (Note 4)      | 0.07                       |
| 5               | KENDA EUROPE A/S              | KENDA Manufacturing GB Ltd | a                        | Other receivables             | 34,938     | (Note 4)      | 0.07                       |
|                 |                               | KENDA Schweiz AG           | a                        | Other receivables             | 71,540     | (Note 4)      | 0.15                       |
|                 |                               | KENDA Deutschland GmbH     | a                        | Other receivables             | 84,273     | (Note 4)      | 0.18                       |
|                 |                               | KENDA Polska Sp. z.o.o.    | a                        | Other receivables             | 76,395     | (Note 4)      | 0.16                       |
|                 |                               | KENDA Baltic OÜ            | a                        | Other receivables             | 23,140     | (Note 4)      | 0.05                       |
| 7               | KENDA Deutschland GmbH        | KENDA Polska Sp. z.o.o.    | c                        | Other receivables             | 91,675     | (Note 4)      | 0.19                       |
| 8               | KENDA GB Rugeley Ltd          | KENDA Manufacturing GB Ltd | c                        | Other receivables             | 45,124     | (Note 4)      | 0.10                       |
| 9               | KA                            | The Company                | b                        | Trade receivables             | 18,214     | (Note 4)      | 0.04                       |

(Continued)

Note 1: The parent company and its subsidiaries are coded as follows:

- a. The parent company is coded as "0".
- b. Subsidiaries are coded sequentially, beginning from "1" and in the order presented in the table above.

Note 2: Nature of relationship is as follows:

- a. From the parent company to its subsidiary.
- b. From a subsidiary to the parent company.
- c. Between subsidiaries.

Note 3: For calculation of account balance ratio to total assets, the numerator is the balance sheet account balance and the denominator is the total assets. For calculation of account balance ratio to total sales, the numerator is the income statement account balance and the denominator is the total sales.

Note 4: Terms are in accordance with mutual agreements.

(Concluded)

## KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars; In Thousands of Foreign Currency; In Thousands of Shares)

| Investor         | Investee                     | Location       | Main Business Activities                                    | Original Investment Amount |                            | As of December 31, 2024 |                |                         | Net Income (Losses) of the Investee (Note 1) | Share of Profits (Losses) of Investee (Note 1) | Note          |
|------------------|------------------------------|----------------|---|----------------------------|----------------------------|-------------------------|----------------|-------------------------|--|--|---------------|
|                  |                              |                |   | December 31, 2024 (Note 1) | December 31, 2023 (Note 1) | Shares (In Thousands)   | % of Ownership | Carrying Value (Note 1) |  |  |               |
| The Company      | KA                           | United States  | Trade and investment  | US\$ 9,000                 | US\$ 9,000                 | -                       | 100.00         | NT\$ 3,635,224          | NT\$ 635,541                                 | NT\$ 635,541                                   | Note 3        |
|                  | KHK                          | Hong Kong      | Trade and investment  | HK\$ 100                   | HK\$ 100                   | -                       | 100.00         | NT\$ 1,099,743          | NT\$ (141,110)                               | NT\$ (141,110)                                 | Note 3        |
|                  | KV                           | Vietnam        | Manufacturing various types of tires                        | US\$ 30,600                | US\$ 30,600                | -                       | 100.00         | NT\$ 10,348,017         | NT\$ 677,267                                 | NT\$ 790,952                                   | Notes 2 and 3 |
|                  | KIC                          | Cayman Islands | Investment  | US\$ 67,680                | US\$ 67,680                | -                       | 100.00         | NT\$ 11,388,701         | NT\$ (131,004)                               | NT\$ (131,004)                                 | Note 3        |
|                  | KE                           | Germany        | Marketing planning and R&D                                  | EUR 81,753                 | EUR 81,753                 | -                       | 100.00         | NT\$ 216,288            | NT\$ 722                                     | NT\$ 722                                       | Note 3        |
|                  | KF                           | Taiwan         | Selling various types of tires                              | EUR 5,608                  | EUR 405                    | -                       | 100.00         | NT\$ 286,038            | NT\$ 51,513                                  | NT\$ 51,513                                    | Note 3        |
|                  | KI                           | Indonesia      | Manufacturing various types of tires                        | NT\$ 199,000               | NT\$ 199,000               | 19,900                  | 100.00         | NT\$ 598,538            | NT\$ (175,968)                               | NT\$ (175,964)                                 | Note 3        |
|                  |                              |                |   | US\$ 52,999                | US\$ 52,999                | -                       | 99.99          |                         |  |  |               |
| KF               | KI                           | Indonesia      | Manufacturing various types of tires                        | US\$ 1                     | US\$ 1                     | -                       | 0.01           | NT\$ 9                  | NT\$ (175,968)                               | NT\$ (4)                                       | Note 3        |
| KA               | ADI                          | United States  | Manufacturing, distribution and selling of wheels and rims  | US\$ 20,000                | US\$ 20,000                | 1                       | 100.00         | US\$ 78,322             | US\$ 6,538                                   | Note 1   | Note 3        |
| KIC              | KGH                          | Cayman Islands | Investment  | US\$ 112,050               | US\$ 112,050               | -                       | 100.00         | US\$ 338,784            | US\$ 1,592                                   | Note 1   | Note 3        |
|                  | KGI                          | Mauritius      | Investment  | US\$ 1,703                 | US\$ 1,703                 | -                       | 100.00         | US\$ 8,263              | US\$ (5,684)                                 | Note 1   | Note 3        |
| KGI              | KENDA Europe A/S             | Denmark        | Investment  | EUR 6,936                  | EUR 6,936                  | -                       | 100.00         | US\$ 3,241              | US\$ (5,900)                                 | Note 1   | Note 3        |
| KENDA Europe A/S | KENDA GB Rugeley Ltd         | United Kingdom | Distribution and selling of various types of tires and rims | EUR 552                    | EUR 552                    | -                       | 100.00         | EUR 8,305               | EUR 454                                      | Note 1   | Note 3        |
|                  | KENDA Deutschland GmbH       | Germany        | Distribution and selling of various types of tires and rims | EUR 511                    | EUR 511                    | -                       | 100.00         | EUR 4,005               | EUR 292                                      | Note 1   | Note 3        |
|                  | KENDA Polska Sp.z.o.o.       | Poland         | Distribution and selling of various types of tires and rims | EUR 30                     | EUR 30                     | -                       | 100.00         | EUR 3,644               | EUR 152                                      | Note 1   | Note 3        |
|                  | KENDA België NV              | Belgium        | Distribution and selling of various types of tires and rims | EUR 2,810                  | EUR 2,810                  | -                       | 100.00         | EUR 4,670               | EUR 288                                      | Note 1   | Note 3        |
|                  | KENDA Schweiz AG             | Switzerland    | Distribution and selling of various types of tires and rims | EUR 355                    | EUR 355                    | -                       | 100.00         | EUR 1,638               | EUR (5)                                      | Note 1   | Note 3        |
|                  | KENDA Baltic OÜ              | Estonia        | Distribution and selling of various types of tires and rims | EUR 3                      | EUR 3                      | -                       | 100.00         | EUR 1,260               | EUR 107                                      | Note 1   | Note 3        |
|                  | KENDA France SAS             | France         | Distribution and selling of various types of tires and rims | EUR 183                    | EUR 183                    | -                       | 100.00         | EUR 1,363               | EUR 124                                      | Note 1   | Note 3        |
|                  | KENDA Manufacturing HR d.o.o | Croatia        | Manufacturing of various types of rims                      | EUR 9,614                  | EUR 9,614                  | -                       | 100.00         | EUR 10,353              | EUR 165                                      | Note 1   | Note 3        |
|                  | KENDA Manufacturing GB Ltd   | United Kingdom | Manufacturing, distribution and selling of wheels and rims  | EUR 1,031                  | EUR 1,031                  | -                       | 100.00         | EUR 794                 | EUR (30)                                     | Note 1   | Note 3        |
|                  | Jelshøj Imovina              | Croatia        | Investment  | EUR 3                      | EUR 3                      | -                       | 100.00         | EUR 1,934               | EUR 36                                       | Note 1   | Note 3        |

Note 1: The share of profits (losses) of the investee is not disclosed herein as such amount was already included in the share of profits/losses of the investor.

Note 2: The differences between net income and share of profits or losses are profits or losses on transactions with investees.

Note 3: All intra-group transactions are eliminated upon consolidation.

## KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, In Thousands of Foreign Currency)

| Investee Company                               | Main Businesses and Products                                   | Paid-in Capital             | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 | Remittance of Funds |        | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 3) | Carrying Amount as of December 31, 2024 | Accumulated Repatriation of Investment Income as of December 31, 2024 | Note    |
|--|--|-----------------------------|----------------------|---|---------------------|--------|---|-----------------------------------|--|---------------------------------|---|---|---------|
|  |  |                             |                      |   | Outward             | Inward |   |                                   |  |                                 |   |   |         |
| KS   | Manufacturing and selling of various types of tires            | \$ 819,500<br>(US\$ 25,000) | Note 1               | \$ 819,500<br>(US\$ 25,000)   | \$ -                | \$ -   | \$ 819,500<br>(US\$ 25,000)   | \$ (195,436)                      | 100.00                                       | \$ (195,436)                    | \$ 1,040,697                            | \$ 8,807,330  | -       |
| KC   | Manufacturing and selling of various types of tires            | 2,294,600<br>(US\$ 70,000)  | Notes 1 and 7        | 2,294,600<br>(US\$ 70,000)  | -                   | -      | 2,294,600<br>(US\$ 70,000)  | 262,198                           | 100.00                                       | Note 4                          | Note 4                                  | Note 4  | -       |
| KT   | Manufacturing and selling of various types of tires            | 7,211,600<br>(US\$ 220,000) | Notes 1, 2 and 7     | 511,368<br>(US\$ 15,600)  | -                   | -      | 511,368<br>(US\$ 15,600)  | (193,832)                         | 100.00                                       | (187,216)                       | 3,249,652                               | -   | Note 10 |
| KGCI   | Investment   | 5,277,580<br>(US\$ 161,000) | Notes 1 and 2        | -   | -                   | -      | -   | 129,240                           | 100.00                                       | 129,240                         | 10,682,084                              | -   | -       |
| Shanghai Bomy Foodstuff Co., Ltd.              | Manufacturing and selling of various types of foods and drinks | 678,675<br>(US\$ 20,704)    | Note 1               | 65,560<br>(US\$ 2,000)  | -                   | -      | 65,560<br>(US\$ 2,000)  | -                                 | 9.66   | -                               | 14,686                                  | -   | -       |
| Ningbo Jingshang Huaxiang Auto Parts Co., Ltd. | Internal and external parts for automobiles                    | 856,640<br>(US\$ 26,133)    | Note 1               | 55,824<br>(US\$ 1,703)  | -                   | -      | 55,824<br>(US\$ 1,703)  | -                                 | 2.60   | -                               | 95,680                                  | 146,986   | -       |
| STARCO Huanmei                                 | Manufacturing of rims  | 169,768<br>(EUR 5,000)      | Note 1               | Note 9  | -                   | -      | Note 9  | 10,791                            | 33.00  | 3,583                           | 153,793                                 | -   | Note 9  |

| Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024 | Investment Amount Authorized by the Investment Commission, MOEA | Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 5) |
|--|---|---|
| \$ 3,746,852<br>(US\$ 114,303)<br>(Note 5)   | \$ 10,536,227<br>(US\$ 319,703)<br>(EUR 1,660)<br>(Note 5)      | Note 6  |

Note 1: Indirect investment in mainland China through a subsidiary in a third place.

Note 2: Differences between the paid-in capital and accumulated outward investment from Taiwan are resulted from dividend reinvestment and cash injection.

Note 3: The share of profits (losses) is recognized based on the financial statements audited by an international accounting firm that collaborated with accounting firms in Taiwan.

Note 4: The share of profits (losses) and the carrying amount of KC were not disclosed herein as such amounts were already included in those of KGCI.

Note 5: The difference of US\$319,703 thousand between the investment amount of US\$114,303 thousand authorized by the Department of Investment Review, MOEA and the accumulated outward remittance of US\$205,400 thousand for investment from Taiwan was due to direct reinvestment of dividends received and the inward remittance of cash capital increase by offshore subsidiaries.

Note 6: Per the certificate of operational headquarters issued by Industrial Development Bureau of MOEA, the Company has no limitation on the accumulated remittance for investments in mainland China.

Note 7: The paid-in capital of KC and part of paid-in capital of KT were included in that of its investors and, therefore, they were not included when calculating the investment authorized and the investment remittance from Taiwan to mainland China.

Note 8: Foreign currencies were translated into NTD using spot rates as of December 31, 2024 or average exchange rates for the year.

Note 9: STARCO Huanmei was indirectly acquired via business combination.

Note 10: The difference between net income (loss) of the investee and investment gain (loss) are unrealized profits or losses on intra-group transactions.

**TABLE 9****KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2024**

| Name of Major Shareholder | Shares           |                             |
|---------------------------|------------------|-----------------------------|
|                           | Number of Shares | Percentage of Ownership (%) |
| Yang Chi Jen              | 93,761,725       | 9.81                        |
| Yang Ying Ming            | 65,033,772       | 6.81                        |