

Kenda Rubber Ind. Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report June 30, 2026 and 2025

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To Kenda Rubber Ind. Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Kenda Rubber Ind. Co., Ltd. and its subsidiaries (collectively referred to as the "Group") as of June 30, 2026 and 2025, consolidated statements of comprehensive income for the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025, changes in equity and cash flows for the six months ended June 30, 2026 and 2025, and notes to consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our review work in accordance with TWSRE 2410, "Review of Financial Statements," except for those described in the Basis of Qualified Opinions paragraph. The procedures applied in reviewing the consolidated financial statements include making inquiries (primarily of persons responsible for financial and accounting matters), analytical procedures, and other review procedures. The scope of the review is significantly smaller than the scope of an audit and consequently we may not be able to identify all significant matters that might be identified by an audit and hence cannot express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of the nonsignificant subsidiaries for the same period included in the aforementioned consolidated financial statements have not been duly reviewed, and their total assets amounted to NT\$9,383,265 thousand and NT\$7,948,050 thousand as of June 30, 2026 and 2025, respectively, representing 20% and 18% of the total consolidated assets. Total liabilities amounted to NT\$5,791,150 thousand and NT\$5,082,345 thousand, accounting for 21% and 20% of the total consolidated liabilities, respectively. Total comprehensive income from April 1 to June 30, 2026 and 2025 and those from January 1 to June 30, 2026 and 2025 were NT\$103,821 thousand,

NT\$(210,897) thousand, NT\$218,057 thousand and NT\$(246,562) thousand, respectively, accounting for 41%, 9%, 24% and 12% of the total consolidated comprehensive income, respectively.

Qualified Conclusion

Based on our review, nothing has come to our attention which causes us to believe that the consolidated financial statements referred to above do not present fairly, in all material respects, the consolidated financial position of Kenda Rubber Ind. Co., Ltd. as of June 30, 2026 and 2025, as well as the consolidated financial performance and consolidated cash flows for the periods April 1 to June 30, 2026 and 2025, and January 1 to June 30, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting", as endorsed and issued by the Financial Supervisory Commission, except for the effect of possible adjustments to the consolidated financial statements that might have been made had the financial statements of non-significant subsidiaries been reviewed as described in the Basis for Qualified Conclusions paragraph.

Deloitte
Taipei, Taiwan
Republic of China

August 11, 2026

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

June 30, 2026, December 31, 2025 and June 30, 2025

(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2026		December 31, 2025		June 30, 2025	
	Amount	%	Amount	%	Amount	%
Current assets						
Cash and cash equivalents (Note 6)	\$ 8,923,675	19	\$ 9,331,556	21	\$ 8,126,711	19
Notes receivable (Note 8)	212,401	1	200,324	-	196,745	-
Trade receivable (Notes 8, 23 and 24)	4,723,816	10	3,650,047	8	3,767,632	9
Inventories (Notes 9 and 24)	10,191,213	21	10,117,992	22	9,283,732	21
Prepayments	512,405	1	310,618	1	213,237	1
Other financial assets - current (Notes 10 and 24)	1,036,976	2	444,783	1	944,207	2
Other current assets	438,477	1	354,791	1	337,722	1
Total current assets	<u>26,038,963</u>	<u>55</u>	<u>24,410,111</u>	<u>54</u>	<u>22,869,986</u>	<u>53</u>
Non-current assets						
Financial assets at fair value through other comprehensive income (Note 7)	457,384	1	455,440	1	367,075	1
Investments accounted for using the equity method	145,154	-	149,373	-	125,003	-
Property, plant and equipment (Notes 12 and 24)	15,919,159	33	15,933,793	35	15,206,280	35
Right-of-use assets (Note 13)	2,238,778	5	1,935,144	4	1,934,444	4
Investment properties (Note 14)	30,318	-	29,026	-	27,061	-
Deferred tax assets	408,292	1	393,837	1	781,073	2
Other financial assets - non-current (Note 10)	1,911,837	4	1,627,146	4	1,598,525	4
Other non-current assets (Notes 12 and 24)	579,565	1	559,253	1	569,329	1
Total non-current assets	<u>21,690,487</u>	<u>45</u>	<u>21,083,012</u>	<u>46</u>	<u>20,608,790</u>	<u>47</u>
Total assets	<u>\$ 47,729,450</u>	<u>100</u>	<u>\$ 45,493,123</u>	<u>100</u>	<u>\$ 43,478,776</u>	<u>100</u>
Liabilities and Equity						
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	\$ 2,892,898	6	\$ 2,857,465	6	\$ 3,268,586	8
Contract liabilities	217,510	-	228,741	1	218,321	1
Notes payable	-	-	720	-	55,579	-
Trade payable (Note 23)	2,409,451	5	2,473,637	5	2,057,452	5
Dividends payable	620,679	1	-	-	1,050,379	2
Other payables (Note 23)	1,557,421	3	1,471,111	3	1,339,913	3
Current tax liabilities	54,496	-	55,224	-	75,125	-
Lease liabilities - current (Note 13)	220,689	1	217,026	1	205,827	-
Current portion of long-term borrowings (Note 15)	2,188,412	5	1,347,252	3	1,692,331	4
Other current liabilities (Notes 14 and 17)	436,291	1	342,890	1	368,360	1
Total current liabilities	<u>10,597,847</u>	<u>22</u>	<u>8,994,066</u>	<u>20</u>	<u>10,331,873</u>	<u>24</u>
Non-current liabilities						
Long-term borrowings (Note 15)	14,280,060	30	14,595,056	32	12,755,225	29
Deferred tax liabilities	800,592	2	646,821	1	646,832	2
Lease liabilities - non-current (Note 13)	955,054	2	689,455	2	733,547	2
Net defined benefit liabilities	55,431	-	48,553	-	37,187	-
Other non-current liabilities (Note 14)	1,194,433	2	960,182	2	934,075	2
Total non-current liabilities	<u>17,285,570</u>	<u>36</u>	<u>16,940,067</u>	<u>37</u>	<u>15,106,866</u>	<u>35</u>
Total liabilities	<u>27,883,417</u>	<u>58</u>	<u>25,934,133</u>	<u>57</u>	<u>25,438,739</u>	<u>59</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Note 16)						
Share capital	<u>9,548,900</u>	<u>20</u>	<u>9,548,900</u>	<u>21</u>	<u>9,548,900</u>	<u>22</u>
Capital surplus	<u>41</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>41</u>	<u>-</u>
Retained earnings						
Legal reserve	3,672,269	8	3,658,774	8	3,658,774	8
Special reserve	694,586	2	694,586	1	694,586	2
Unappropriated earnings	5,849,193	12	6,172,010	14	6,020,213	14
Total retained earnings	<u>10,216,048</u>	<u>22</u>	<u>10,525,370</u>	<u>23</u>	<u>10,373,573</u>	<u>24</u>
Other equity	<u>81,044</u>	<u>-</u>	<u>(515,321)</u>	<u>(1)</u>	<u>(1,882,477)</u>	<u>(5)</u>
Total equity	<u>19,846,033</u>	<u>42</u>	<u>19,558,990</u>	<u>43</u>	<u>18,040,037</u>	<u>41</u>
Total liabilities and equity	<u>\$ 47,729,450</u>	<u>100</u>	<u>\$ 45,493,123</u>	<u>100</u>	<u>\$ 43,478,776</u>	<u>100</u>

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

(Please refer to Deloitte auditors' review report dated August 11, 2026)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025
(In Thousands of New Taiwan dollars, Except Earnings (Loss) Per Share)

	<u>April 1 to June 30, 2026</u>		<u>April 1 to June 30, 2025</u>		<u>January 1 to June 30, 2026</u>		<u>January 1 to June 30, 2025</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Net operating revenue (Notes 17 and 23)	\$ 9,546,701	100	\$ 8,955,092	100	\$ 18,245,318	100	\$ 17,763,006	100
Operating costs (Notes 9, 18 and 23)	<u>7,665,066</u>	<u>80</u>	<u>7,339,178</u>	<u>82</u>	<u>14,645,648</u>	<u>80</u>	<u>14,499,858</u>	<u>81</u>
Gross profit	<u>1,881,635</u>	<u>20</u>	<u>1,615,914</u>	<u>18</u>	<u>3,599,670</u>	<u>20</u>	<u>3,263,148</u>	<u>19</u>
Operating expenses (Notes 18 and 23)								
Selling and marketing expenses	737,946	8	637,377	7	1,384,632	8	1,329,588	7
General and administrative expenses	408,035	4	405,346	5	804,082	4	813,697	5
Research and development expenses	437,571	5	403,552	4	850,112	5	823,334	5
Expected credit losses or reversal of expected credit losses	<u>6,786</u>	<u>-</u>	<u>(91)</u>	<u>-</u>	<u>14,034</u>	<u>-</u>	<u>(610)</u>	<u>-</u>
Total operating expenses	<u>1,590,338</u>	<u>17</u>	<u>1,446,184</u>	<u>16</u>	<u>3,052,860</u>	<u>17</u>	<u>2,966,009</u>	<u>17</u>
Net operating income	<u>291,297</u>	<u>3</u>	<u>169,730</u>	<u>2</u>	<u>546,810</u>	<u>3</u>	<u>297,139</u>	<u>2</u>
Non-operating income and expenses (Notes 18 and 23)								
Interest income	56,259	1	68,695	1	101,001	1	122,047	1
Other income	136,313	1	84,377	1	159,928	1	115,241	1
Other gains and losses	(87,038)	(1)	(226,926)	(3)	(120,837)	(1)	(165,159)	(1)
Financial costs	(123,497)	(1)	(127,893)	(1)	(242,241)	(1)	(253,975)	(2)
Share of profit or loss of associates recognized under the equity method	<u>(1,986)</u>	<u>-</u>	<u>604</u>	<u>-</u>	<u>(1,490)</u>	<u>-</u>	<u>1,124</u>	<u>-</u>
Total non-operating income and expenses	<u>(19,949)</u>	<u>-</u>	<u>(201,143)</u>	<u>(2)</u>	<u>(103,639)</u>	<u>-</u>	<u>(180,722)</u>	<u>(1)</u>
Net income (loss) before income tax	271,348	3	(31,413)	-	443,171	3	116,417	1
Income tax expense (Note 19)	<u>(71,174)</u>	<u>(1)</u>	<u>(55,285)</u>	<u>(1)</u>	<u>(131,814)</u>	<u>(1)</u>	<u>(133,262)</u>	<u>(1)</u>
Net profit (loss) for the period	<u>200,174</u>	<u>2</u>	<u>(86,698)</u>	<u>(1)</u>	<u>311,357</u>	<u>2</u>	<u>(16,845)</u>	<u>-</u>
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	66,367	1	(2,831,114)	(31)	745,456	4	(2,470,378)	(14)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>(13,273)</u>	<u>-</u>	<u>566,223</u>	<u>6</u>	<u>(149,091)</u>	<u>(1)</u>	<u>494,076</u>	<u>3</u>
Other comprehensive income for the period, net of income tax	<u>53,094</u>	<u>1</u>	<u>(2,264,891)</u>	<u>(25)</u>	<u>596,365</u>	<u>3</u>	<u>(1,976,302)</u>	<u>(11)</u>
Total comprehensive income for the period	<u>\$ 253,268</u>	<u>3</u>	<u>(\$ 2,351,589)</u>	<u>(26)</u>	<u>\$ 907,722</u>	<u>5</u>	<u>(\$ 1,993,147)</u>	<u>(11)</u>
EARNINGS (LOSS) PER SHARE (Note 20)								
Basic	<u>\$ 0.21</u>		<u>(\$ 0.09)</u>		<u>\$ 0.33</u>		<u>(\$ 0.02)</u>	
Diluted	<u>\$ 0.21</u>		<u>(\$ 0.09)</u>		<u>\$ 0.33</u>		<u>(\$ 0.02)</u>	

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

(Please refer to Deloitte auditors' review report dated August 11, 2026)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the six months ended June 30, 2026 and 2025
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity attributable to owners of the Company						Other equity	Subtotal	Total equity
	Retained earnings					Exchange differences on translation of the financial statements of foreign operations	Unrealized valuation gain on financial assets at fair value through other comprehensive income		
	Ordinary Share Capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings				
Balance as of January 1, 2025	\$ 9,548,900	\$ 41	\$ 3,531,010	\$ 1,093,568	\$ 6,816,219	(\$ 141,514)	\$ 235,339	\$ 93,825	\$ 21,083,563
Appropriations of 2024 earnings									
Provision for legal reserve	-	-	127,764	-	(127,764)	-	-	-	-
Provision of special reserve	-	-	-	(398,982)	398,982	-	-	-	-
Cash dividends - NT\$1.1 per share	-	-	-	-	(1,050,379)	-	-	-	(1,050,379)
Net loss for the period from January 1 to June 30, 2025	-	-	-	-	(16,845)	-	-	-	(16,845)
Other comprehensive income after tax for the period from January 1 to June 30, 2025	-	-	-	-	-	(1,976,302)	-	(1,976,302)	(1,976,302)
Total comprehensive income for the period from January 1 to June 30, 2025	-	-	-	-	(16,845)	(1,976,302)	-	(1,976,302)	(1,993,147)
Balance as of June 30, 2025	<u>\$ 9,548,900</u>	<u>\$ 41</u>	<u>\$ 3,658,774</u>	<u>\$ 694,586</u>	<u>\$ 6,020,213</u>	<u>(\$ 2,117,816)</u>	<u>\$ 235,339</u>	<u>(\$ 1,882,477)</u>	<u>\$ 18,040,037</u>
Balance as of January 1, 2026	\$ 9,548,900	\$ 41	\$ 3,658,774	\$ 694,586	\$ 6,172,010	(\$ 833,879)	\$ 318,558	(\$ 515,321)	\$ 19,558,990
Appropriations of 2025 earnings									
Provision for legal reserve	-	-	13,495	-	(13,495)	-	-	-	-
Cash dividends to shareholders - NT\$0.65 per share	-	-	-	-	(620,679)	-	-	-	(620,679)
Net profit for the period from January 1 to June 30, 2026	-	-	-	-	311,357	-	-	-	311,357
Other comprehensive income after tax for the period from January 1 to June 30, 2026	-	-	-	-	-	596,365	-	596,365	596,365
Total comprehensive income for the period from January 1 to June 30, 2026	-	-	-	-	311,357	596,365	-	596,365	907,722
Balance as of June 30, 2026	<u>\$ 9,548,900</u>	<u>\$ 41</u>	<u>\$ 3,672,269</u>	<u>\$ 694,586</u>	<u>\$ 5,849,193</u>	<u>(\$ 237,514)</u>	<u>\$ 318,558</u>	<u>\$ 81,044</u>	<u>\$ 19,846,033</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Deloitte auditors' review report dated August 11, 2026)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2026 and 2025

(In Thousands of New Taiwan Dollars)

	January 1 to June 30, 2026	January 1 to June 30, 2025
Net cash flow from operating activities		
Net income before income tax	\$ 443,171	\$ 116,417
Income and expense items		
Depreciation	909,274	906,366
Amortization expense	13,552	13,594
Expected benefits from reversal of credit impairment losses	14,034	(610)
Financial costs	242,241	253,975
Interest income	(101,001)	(122,047)
Dividend income	(94,680)	(52,203)
Share of profits and losses of affiliates recognized under the equity method	1,490	(1,124)
Provision for decline in value of inventories and doubtful accounts	68,936	30,834
Net loss (gain) on disposal of property, plant and equipment	(4,861)	29
Net loss on foreign currency exchange	53,276	22,875
Changes in operating assets and liabilities		
Notes receivable	(12,077)	(107,237)
Accounts receivable	(1,015,761)	(395,262)
Other receivables	26,198	272,571
Inventories	2,388	1,282,130
Prepayments	34,903	(33,002)
Other current assets	(20,147)	18,005
Contract liabilities	(11,231)	(54,741)
Notes payable	(720)	4,365
Accounts payable	(64,186)	(662,217)
Other payables	174,624	(277,917)
Other current liabilities	34,508	(2,771)
Net defined benefit liabilities	7,132	(4,660)
Other non-current liabilities	1,145	(1,715)
Cash inflow from operating activities	702,208	1,205,655
Interest received	79,586	138,764
Dividends received	5,369	-

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	January 1 to June 30, 2026	January 1 to June 30, 2025
Interest paid	(\$ 237,220)	(\$ 259,358)
Income tax paid	(113,934)	(79,062)
Net cash inflow from operating activities	<u>436,009</u>	<u>1,005,999</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(301,887)	(373,907)
Disposal of property, plant and equipment	41,857	10,902
Increase in refundable deposits	(2,691)	(3,793)
Decrease in refundable deposits	3,456	16,112
Acquisition of intangible assets	(10,113)	(23,896)
Increase in other financial assets	(1,330,341)	(726,399)
Decrease in other financial assets	560,674	1,145,977
Increase in prepayments for equipment	(313,266)	(90,156)
Net cash (outflow) from investing activities	<u>(1,352,311)</u>	<u>(45,160)</u>
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	42,756	(555,680)
Proceeds from long-term borrowings	17,006,213	14,748,530
Repayment of long-term borrowings	(16,478,226)	(14,549,260)
Increase in deposits received	17,513	89
Decrease in deposits received	(2,711)	(744)
Repayment of lease principal	(123,730)	(103,173)
Net cash generated from (used in) financing activities	<u>461,815</u>	<u>(460,238)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>46,606</u>	<u>(391,707)</u>
Increase (decrease) in cash and cash equivalents for the period	(407,881)	108,894
Cash and cash equivalents at beginning of period	<u>9,331,556</u>	<u>8,017,817</u>
Cash and cash equivalents at the end of the period	<u>\$ 8,923,675</u>	<u>\$ 8,126,711</u>

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

(Please refer to Deloitte auditors' review report dated August 11, 2026)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the six months ended June 30, 2026 and 2025

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

1. COMPANY HISTORY

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 and traded on the Taiwan Stock Exchange (TWSE) 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. DATE AND PROCEDURE FOR APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on August 11, 2026.

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

- a. First-time application of International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), Interpretations (IFRICs) and Interpretations (SICs) (hereinafter referred to as IFRSs) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The application of IFRSs endorsed by the FSC and issued into effect will not result in significant changes to the accounting policies of the Group.

- b. The IFRS Accounting Standards endorsed by the Financial Supervisory Commission (FSC) for application starting from 2027

<u>New, amended and revised standards and interpretations</u>	<u>Effective Date Announced by IASB</u>
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 1)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 Amendments)	January 1, 2027
Amendments to IAS 21, "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027
Amendments to IAS 28 "Fair Value Option for Investments in Associates and Joint Ventures"	January 1, 2027 (Note 2)

Note 1: IFRS 18 shall be applied by domestic companies starting from January 1, 2028. Early adoption is permitted.

Note 2: These amendments shall be applied concurrently with the application of IFRS 18.

IFRS 18 "Presentation and Disclosure in Financial Statements" and the related consequential amendments, and amendments to IAS 28 "Fair Value Option for Investments in Associates and Joint Ventures"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements". The main changes in this standard include:

- The Group shall assess whether investing in a specified type of assets and providing financing to customers constitute specified main business activities. Based on such assessment, income and expense items in the statement of profit or loss shall be classified into the operating, investing, financing, income tax, and discontinued operations categories.
- The income statement should report operating income, financing and pre-tax income, as well as subtotals and totals of income.
- Proved guidelines for strengthening consolidation and subdivision provisions: The Group must identify assets, liabilities, equity, income, expenses, and cash flows from individual transactions or other matters, and classify and consolidate them based on common characteristics so that each line item reported in the main financial statements has at least one similar characteristic. Items with dissimilar characteristics should be further subdivided into the main financial statements and notes. The Group shall label such items as "other" only when a more informative description cannot be identified.
- Enhance disclosure of performance measures defining management levels: When the Group engages in public communication outside of financial statements and communicates the perspective of management levels on the overall financial performance of the Group, relevant information regarding the disclosure of performance measures defining management levels should be disclosed in a single note to the financial statements. This includes the description of the measures, how they are calculated, adjustments to subtotals or totals as defined by IFRS accounting standards, and the impact of income tax and non-controlling interests related to the adjustments.

Upon initial application of IFRS 18, a venture capital organization, or a mutual fund, unit trust, or similar entity (or an entity that holds an investment in an associate or joint venture indirectly through such an entity), may change its election to measure investments in associates or joint ventures from the equity method to fair value through profit or loss. The amendments to IAS 28 clarify that the aforementioned "similar entities" include entities that are assessed, in accordance with IFRS 18, as having investing in particular types of assets as a main business activity. If the Group meet the aforementioned conditions, they may elect to make this change at the date of initial application.

In addition, the following consequential amendments have been made to IAS 7, Statement of Cash Flows:

- When preparing cash flows from operating activities using the indirect method, the Group shall use operating profit or loss as the starting point for the reconciliation.
- Interest and dividends received by the Group shall be classified as cash flows from investing activities, while interest and dividends paid shall be classified as cash flows from financing activities. If, upon assessment, the Group is determined to have specified main business activities, the classification of dividend income, interest income and interest expense presented in the statement of profit or loss shall be considered in determining the classification of dividends received, interest received and interest paid in the statement of cash flows. However, each of the aforementioned cash flows shall be classified in only one category of the statement of cash flows.

The Group does not expect to early adopt IFRS 18 and the related consequential amendments.

In addition to the above impacts, as of the date these consolidated financial statements were authorized for issue, the Group is still assessing the impact of the amendments to the standards and interpretations on its financial position and financial performance. The related impacts will be disclosed upon completion of the assessment.

- c. IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC.

<u>New, amended and revised standards and interpretations</u>	<u>Effective date of IASB issuance (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Not yet determined
IFRS 20 "Regulatory Assets and Regulatory Liabilities"	January 1, 2029
Note 1: Unless otherwise stated, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.	

As of the date these consolidated financial statements were authorized for issuance, the Group is still assessing the impact of the amendments to the standards and interpretations on its financial position and financial performance. The related impacts will be disclosed upon completion of the assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting", as approved and issued into effect by the FSC. The consolidated financial statements do not contain all of the disclosures required by IFRSs for the entire annual financial statements.

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: Quoted prices (unadjusted) in active markets for identical assets or liabilities that are available as of the measurement date.
- 2) Level 2 inputs: Inputs other than those quoted in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- 3) Level 3 inputs: Unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (i.e., subsidiaries). The consolidated statements of comprehensive income incorporates the operating profit or loss of subsidiaries acquired or disposed of for the period from the date of acquisition or up to the date of disposal. 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, account balances, income and expenses are eliminated in full when preparing consolidated financial statements. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent 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 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 as equity and attributed to shareholders of the parent.

See Note 11 and Tables 7 and 8 for details of subsidiaries, shareholding ratios and operating items.

d. Other significant accounting policies

In addition to the descriptions below, please refer to the summary of significant accounting policies in the consolidated financial statements for 2025.

1) Defined benefit post-employment benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior year, adjusted for significant market fluctuations of the period, and for significant plan amendments, settlements or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income at the tax rate that would be applicable to expected total annual earnings.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION 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.

In developing significant accounting estimates, the Group has taken into consideration the potential impact of the U.S. reciprocal tariff measures on key assumptions underlying significant estimates, including projected cash flows, growth rates, discount rates, and profitability. Management will continue to review the estimates and underlying assumptions. Please refer to the main explanation of significant accounting judgments, estimates, and assumption uncertainty in the consolidated financial statements for the year 2025.

6. CASH AND CASH EQUIVALENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand and revolving funds	\$ 11,042	\$ 9,675	\$ 10,176
Bank checks and demand deposits	6,345,918	5,954,971	5,916,294
Cash equivalents (time deposits with original maturity of less than 3 months)	<u>2,566,715</u>	<u>3,366,910</u>	<u>2,200,241</u>
	<u>\$ 8,923,675</u>	<u>\$ 9,331,556</u>	<u>\$ 8,126,711</u>

The interest rate range for time deposits with original maturities of less than 3 months at the balance sheet date is as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Time deposits with original maturity of less than 3 months	0.30%~3.95%	0.30%~4.03%	0.30%~4.46%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Non-current</u>			
Investments in equity instruments			
Domestic unlisted shares	\$ 295,161	\$ 295,161	\$ 265,407
Foreign unlisted shares	<u>162,223</u>	<u>160,279</u>	<u>101,668</u>
	<u>\$ 457,384</u>	<u>\$ 455,440</u>	<u>\$ 367,075</u>

The Group invests in the ordinary shares of domestic and foreign unlisted companies for medium- to long-term strategic purposes and expects to earn profits from long-term investments. The management of the Group chooses to designate these investments as at fair value through other comprehensive income as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss will not be consistent with the aforementioned long-term investment plan.

8. NOTES AND ACCOUNTS RECEIVABLE

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Notes receivable</u>			
Measured at amortized cost	<u>\$ 212,401</u>	<u>\$ 200,324</u>	<u>\$ 196,745</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 4,813,597	\$ 3,725,843	\$ 3,842,351
Less: Allowance for losses	(<u>89,781</u>)	(<u>75,796</u>)	(<u>74,719</u>)
	<u>\$ 4,723,816</u>	<u>\$ 3,650,047</u>	<u>\$ 3,767,632</u>

The Group's primary credit period for merchandise sales is from 30 to 90 days after the invoice date, and the accounts receivable do not bear interest.

The Group recognizes the loss allowance for trade receivable at an amount equal to lifetime ECLs. The Group takes into account the customer's past default history, current financial condition and the economic situation of the industry. The Group uses different provision matrixes based on segments by geographical region, and determines the expected credit loss rate.

If there is sufficient evidence that the counter-party is in serious financial difficulty and the Group cannot reasonably expect to recover the amount due, the Group may directly write off the related accounts receivable, but will continue the recovery activities, and the amount recovered from the recovery is recognized in profit or loss.

The allowance for losses on notes and accounts receivable of the Group is as follows:

June 30, 2026

	Not past due	Past due 1 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due 91 to 120 days	Past due 121 to 180 days	Past due over 181 days	Total
Total carrying amount	\$ 4,597,698	\$ 319,461	\$ 13,147	\$ 4,193	\$ 880	\$ 14,862	\$ 75,757	\$ 5,025,998
Allowance for losses (lifetime expected credit losses)	(468)	(2,872)	(1,367)	(822)	(265)	(8,230)	(75,757)	(89,781)
Amortized cost	<u>\$ 4,597,230</u>	<u>\$ 316,589</u>	<u>\$ 11,780</u>	<u>\$ 3,371</u>	<u>\$ 615</u>	<u>\$ 6,632</u>	<u>\$ -</u>	<u>\$ 4,936,217</u>

December 31, 2025

	Not past due	Past due 1 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due 91 to 120 days	Past due 121 to 180 days	Past due over 181 days	Total
Total carrying amount	\$ 3,515,524	\$ 244,873	\$ 65,485	\$ 19,610	\$ 4,669	\$ 13,146	\$ 62,860	\$ 3,926,167
Allowance for losses (lifetime expected credit losses)	(176)	(4,397)	(3,282)	(1,168)	(416)	(3,497)	(62,860)	(75,796)
Amortized cost	<u>\$ 3,515,348</u>	<u>\$ 240,476</u>	<u>\$ 62,203</u>	<u>\$ 18,442</u>	<u>\$ 4,253</u>	<u>\$ 9,649</u>	<u>\$ -</u>	<u>\$ 3,850,371</u>

June 30, 2025

	Not past due	Past due 1 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due 91 to 120 days	Past due 121 to 180 days	Past due over 181 days	Total
Total carrying amount	\$ 3,551,134	\$ 307,176	\$ 91,974	\$ 11,439	\$ 8,824	\$ 2,231	\$ 66,318	\$ 4,039,096
Allowance for losses (lifetime expected credit losses)	(262)	(4,645)	(1,249)	(474)	(632)	(1,730)	(65,727)	(74,719)
Amortized cost	<u>\$ 3,550,872</u>	<u>\$ 302,531</u>	<u>\$ 90,725</u>	<u>\$ 10,965</u>	<u>\$ 8,192</u>	<u>\$ 501</u>	<u>\$ 591</u>	<u>\$ 3,964,377</u>

The movements of the loss allowance of notes and trade receivable are as follows:

	January 1 to June 30, 2026	January 1 to June 30, 2025
Opening balance	\$ 75,796	\$ 89,589
Add: Reversal of impairment loss for the period	14,034	(610)
Less: Actual write-off for the period	(1,003)	(8,211)
Foreign currency translation differences	954	(6,049)
Ending balance	<u>\$ 89,781</u>	<u>\$ 74,719</u>

Please refer to Note 24 for the amount of trade receivable pledged as collateral for loans by the Group.

9. INVENTORIES

	June 30, 2026	December 31, 2025	June 30, 2025
Finished goods	\$ 3,436,133	\$ 3,517,660	\$ 3,186,372
Work in progress	849,120	744,205	1,013,906
Raw materials	4,200,226	4,348,440	3,310,607
Supplies	447,872	459,116	860,202
Merchandise	207,182	164,303	109,302
Inventory in transit	<u>1,050,680</u>	<u>884,268</u>	<u>803,343</u>
	<u>\$ 10,191,213</u>	<u>\$ 10,117,992</u>	<u>\$ 9,283,732</u>

For the three-month and the six-month periods ended June 30, 2026 and 2025, the cost of goods sold related to inventories amounted to NT\$7,665,066 thousand, NT\$7,339,178 thousand, NT\$14,645,648 thousand, and NT\$14,499,858 thousand, respectively. These include cost of goods sold included inventory write-downs and losses on obsolete inventories of NT\$45,341 thousand, NT\$5,517 thousand, NT\$68,936 thousand, and NT\$30,834 thousand, respectively.

Please refer to Note 24 for the amount of inventory pledged as collateral for loans.

10. OTHER FINANCIAL ASSETS

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Current</u>			
Time deposits with an original maturity of more than 3 months	\$ 1,034,638	\$ 442,547	\$ 942,124
Others	<u>2,338</u>	<u>2,236</u>	<u>2,083</u>
	<u>\$ 1,036,976</u>	<u>\$ 444,783</u>	<u>\$ 944,207</u>
<u>Non-current</u>			
Time deposits with an original maturity of more than 1 year	<u>\$ 1,911,837</u>	<u>\$ 1,627,146</u>	<u>\$ 1,598,525</u>

The interest rate range for time deposits at the balance sheet date is as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Time deposits	1.20%~3.95%	1.20%~3.10%	1.20%~4.19%

Please refer to Note 22 for related credit risk management and evaluation methods. Please refer to Note 24 for information related to other financial assets pledged as collateral for loans.

11. SUBSIDIARY

a. Subsidiaries included in the consolidated financial statements

The main body of the consolidated financial statements is as follows:

Investor	Name of subsidiary	Nature of business	Percentage of shareholding			Remark
			June 30, 2026	December 31, 2025	June 30, 2025	
The Company	American Kenda Rubber Ind. Co., Ltd. (KA)	Trading, investment	100%	100%	100%	-
The Company	Kenda Rubber Ind. Co., (Hong Kong) Ltd. (KHK)	Trading, investment	100%	100%	100%	-
The Company	Kenda Rubber (Vietnam) Co., Ltd. (KV)	Manufacturing and selling of tubes and tires for vehicles	100%	100%	100%	-

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Investor	Name of subsidiary	Nature of business	Percentage of shareholding			Remark
			June 30, 2026	December 31, 2025	June 30, 2025	
The Company	Kenda Rubber Industrial Co. (Europe GmbH) (KE)	Marketing planning and R&D	100%	100%	100%	Note 1
The Company	Kenda International Corporation Co., Ltd. (KIC)	Investment	100%	100%	100%	-
The Company	Kenfong Industrial Co., Ltd. (KF)	Manufacturing and selling of tubes and tires for vehicles	100%	100%	100%	Note 1
The Company	Pt. Kenda Rubber Indonesia (KI)	Manufacturing and selling of tubes and tires for vehicles	99.99%	99.99%	99.99%	Note 1
KF	KI	Manufacturing and selling of tubes and tires for vehicles	0.01%	0.01%	0.01%	Note 1
KA	Americana Development, Inc. (ADI)	Manufacturing of rims and distribution and selling of tires and rims	100%	100%	100%	-
KHK	Kenda Rubber (Shenzhen) Ltd. (KS)	Manufacturing and selling of tubes and tires for vehicles	60%	60%	60%	Note 1
KHK	Kenda Rubber (Tianjin) Co., Ltd. (KT)	Manufacturing and selling of tubes and tires for vehicles	13.64%	13.64%	13.64%	-
KIC	Kenda Global Holding Co., Ltd. (KGH)	Investment	100%	100%	100%	-
KIC	Kenda Global Investment Corporation (KGI)	Investment	100%	100%	100%	Note 1
KGI	KENDA Europe A/S	Investment	-	100%	100%	Notes 1 and 2
KE	KENDA Europe A/S	Investment	100%	-	-	Notes 1 and 2
KGH	Kenda Global (China) Investment Corporation (KGCI)	Investment	100%	100%	100%	-
KGH	KS	Manufacturing and selling of tubes and tires for vehicles	40%	40%	40%	Note 1
KGCI	KT	Manufacturing and selling of tubes and tires for vehicles	86.36%	86.36%	86.36%	-
KGCI	Kenda Rubber (China) Ltd. (KC)	Manufacturing and selling of tubes and tires for vehicles	100%	100%	100%	-
KC	Kunshan Taiyuan New Energy Co., Ltd. (Kunshan Taiyuan)	Research and Development and Services in Emerging Energy Technologies	100%	100%	-	Note 3
KENDA Europe A/S	KENDA GB Rugeley Ltd	Distribution and selling of tires and rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA Deutschland GmbH	Distribution and selling of tires and rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA Polska Sp.z.o.o.	Distribution and selling of tires and rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA België NV	Distribution and selling of tires and rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA Schweiz AG	Distribution and selling of tires and rims	100%	100%	100%	Note 1

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Investor	Name of subsidiary	Nature of business	Percentage of shareholding			Remark
			June 30, 2026	December 31, 2025	June 30, 2025	
KENDA Europe A/S	KENDA Baltic OÜ	Distribution and selling of tires and rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA France SAS	Distribution and selling of tires and rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA Manufacturing HR d.o.o.	Manufacturing of rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA Manufacturing GB Ltd	Manufacturing of rims and distribution and selling of tires and rims	100%	100%	100%	Note 1
KENDA Europe A/S	Jelshøj Imovina d.o.o. (Jelshøj Imovina)	Investment	100%	100%	100%	Note 1

Note 1: It is a non-significant subsidiary, and its financial statements have not been reviewed by auditors.

Note 2: To integrate the resources of its European subsidiaries and enhance overall operational and management efficiency, the Board of Directors of the Group resolved on February 3, 2026 that Kenda Global Investment Co. would transfer its entire equity interest in KENDA Europe A/S to KE Subsidiary. As this organizational restructuring did not result in any change in the Group's control over KENDA Europe A/S, the transaction was accounted for as an equity transaction.

Note 3: On July 8, 2025, the Board of Directors of KC, a subsidiary of the Group, approved the acquisition of all shares of Kunshan Taiyuan New Energy Co., Ltd. The consideration paid was zero, and the purpose of the acquisition was to obtain autonomy over green energy and other new energy sources, as well as to integrate related industry resources to enhance operational efficiency and flexibility.

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

12. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2026	December 31, 2025	June 30, 2025
Land	\$ 2,777,132	\$ 2,593,683	\$ 2,577,862
Buildings	4,976,308	5,164,487	4,838,655
Machinery and equipment	6,770,202	6,816,322	6,684,138
Other equipment	513,322	512,768	509,194
Equipment under acceptance and unfinished construction	882,195	846,533	596,431
	<u>\$ 15,919,159</u>	<u>\$ 15,933,793</u>	<u>\$ 15,206,280</u>

The Group added NT\$329,877 thousand and NT\$375,760 thousand of new equipment from January 1 to June 30, 2026 and 2025, respectively.

Other than the above-mentioned changes and recognized depreciation expenses, no significant changes occurred in the properties, plants and equipment of the Group.

Depreciation expense is provided on a straight-line basis over the following useful lifetime:

Buildings	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 pastoral 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 the land and the agreement stipulates that the nominal holder or trustee is prohibited from transferring the ownership to a third party.

As of June 30, 2026 and December 31 and June 30, 2025, the prepayments for equipment amounted to NT\$365,645 thousand, NT\$341,646 thousand and NT\$374,705 thousand, respectively, and were recorded as other non-current assets.

Please refer to Note 24 for the amount of property, plant and equipment pledged as collateral for loans by the Group.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amount of right-of-use assets			
Land	\$ 1,713,028	\$ 1,511,175	\$ 1,446,728
Buildings	489,627	389,901	456,398
Machinery and equipment	16,087	14,751	10,399
Other equipment	<u>20,036</u>	<u>19,317</u>	<u>20,919</u>
	<u>\$ 2,238,778</u>	<u>\$ 1,935,144</u>	<u>\$ 1,934,444</u>
	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026
Additions to right-of-use assets	<u>\$ 65,567</u>	<u>\$ 231,206</u>	<u>\$ 397,240</u>
	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2025
Depreciation expense of right-of-use assets			
Land	\$ 11,018	\$ 8,634	\$ 21,262
Buildings	47,235	57,709	94,063
Machinery and equipment	1,328	1,297	2,574
Other equipment	<u>2,816</u>	<u>2,837</u>	<u>5,406</u>
	<u>\$ 62,397</u>	<u>\$ 70,477</u>	<u>\$ 123,305</u>
			January 1 to June 30, 2025
			<u>\$ 115,550</u>

Except for the aforementioned additions and recognized depreciation expense, the Group did not have significant subleases or impairment of right-of-use assets for the period from January 1 to June 30, 2026 and 2025.

b. Lease liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amount of lease liabilities			
Current	<u>\$ 220,689</u>	<u>\$ 217,026</u>	<u>\$ 205,827</u>
Non-current	<u>\$ 955,054</u>	<u>\$ 689,455</u>	<u>\$ 733,547</u>

The discount rate range for lease liabilities is as follows

	June 30, 2026	December 31, 2025	June 30, 2025
Land	2.50%~3.00%	3.00%	3.00%
Buildings	2.75%~3.20%	2.75%~3.20%	2.75%~3.20%
Machinery and equipment	2.75%~3.20%	2.75%~3.20%	2.75%~3.20%
Other equipment	2.75%~3.20%	2.75%~3.20%	2.75%~3.20%

c. Material leasing activities and terms

KS, KC, and KT signed land use right contracts with the People's Government of Longhua Town, Penglang Town, Kunshan City, and Tianjin City, respectively; the periods of the land use right contracts are between 40 and 50 years. KV signed a land use right contract with Ho Nai and Giang Dien Industrial Zone in Dong Nai Province; the period of the land use right contract is between 33 and 43 years.

The above companies have the rights to use, make profit from, transfer, and lease the land during the land use period, and are responsible for all taxes and fees payable for the use of the land. The land is used for constructing factories, office buildings and employees' dormitories.

KI acquired the land use right of Kabupaten Serang, Banten Province, which is used for constructing factories, office buildings and employees' dormitories.

d. Other lease information

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Short-term lease expense	<u>\$ 44,298</u>	<u>\$ 38,631</u>	<u>\$ 89,939</u>	<u>\$ 90,566</u>
Lease expense of low-value assets	<u>\$ 312</u>	<u>\$ 3,026</u>	<u>\$ 2,587</u>	<u>\$ 6,002</u>
Total cash outflow from leases	<u>\$ 105,124</u>	<u>\$ 98,409</u>	<u>\$ 229,132</u>	<u>\$ 212,023</u>

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

	June 30, 2026	December 31, 2025	June 30, 2025
Lease commitments	<u>\$ 1,450,228</u>	<u>\$ 1,168,969</u>	<u>\$ 1,279,146</u>

14. INVESTMENT PROPERTIES

	June 30, 2026	December 31, 2025	June 30, 2025
Right-of-use assets	\$ <u>30,318</u>	\$ <u>29,026</u>	\$ <u>27,061</u>

Except for the recognition of depreciation expense, there were no significant additions, disposals or impairments of the Group's investment properties from January 1 to June 30, 2026. Investment property is depreciated on a straight-line basis over the following useful lives:

Right-of-use assets	40~50 years
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In response to the urbanization policy of future city development in Shenzhen, KS entered into a urban renewal collaboration agreement with Kaisa Urban Renewal Group (Shenzhen) Co., Ltd. ("Kaisa") in October 2014 for the development of land use rights. According to the agreement, KS and Kaisa will jointly transform industrial land in Shenzhen into new types of industrial buildings (office buildings), new types of industrial supporting commercial buildings, new types of industrial supporting residential buildings and government supporting indemnificatory housing. Joint construction and allocation of housing units is carried out in accordance with the ratio stipulated in the contract and the approval documents of the future competent authorities. KS is responsible for the relocation of original factories and termination of employees, while Kaisa is responsible for the demolition of buildings, measurement, assessment, verification of rights, preparation of special plans, signing of compensation agreement, land formation, land acquisition, construction, and project development within the renewal unit of the renovation project.

However, KS reached a tripartite consensus with Kaisa and Shenzhen Heju Real Estate Co., Ltd. ("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 signed a partial cancellation agreement of the original urban renewal collaboration agreement with Kaisa in July 2022 to cancel the collaboration of the first phase of the land development project. Meanwhile, KS signed an urban renewal collaboration agreement with Heju for the first phase of the land development project.

In accordance with the relevant regulations of land development projects in China, KS signed a land resumption agreement with Heju and Shenzhen Planning and Natural Resources Bureau ("Shenzhen Planning Bureau") in September 2022. Shenzhen Planning Bureau first takes back the land use rights of the land, and the construction land will be granted by the Longhua District Government to Heju for urban development and construction in accordance with the relevant procedures. The parties further agreed that the construction of the Phase I land development project, the obtaining of the completion acceptance filing documents, and the delivery of the properties would be completed by the end of 2026.

Pursuant to the aforementioned agreement, the Group received urban redevelopment project allocation proceeds of CNY 200,000 thousand from Heju (NT\$934,884 thousand). Such amounts shall be repaid in accordance with the agreed repayment schedule after the properties have been completed and delivered to Kenda Shenzhen. On May 15, 2026, the Group entered into a supplementary agreement with Heju, under which the aforementioned proceeds are to be refunded in installments in accordance with the progress of the property's resettlement. As of June 30, 2026, the amount expected to be refunded within one year was CNY 18,000 thousand (NT\$84,140 thousand), which was recognized as other non-current liabilities.

The fair values of investment properties as of December 31, 2025 and 2024 were NT\$5,657,530 thousand and NT\$5,771,366 thousand, respectively. Based on management's assessment, the fair values as of June 30, 2026 and 2025 had not changed significantly.

15. BORROWINGS

a. Short-term borrowings

	June 30, 2026	December 31, 2025	June 30, 2025
Credit borrowings	\$ 2,816,789	\$ 2,820,577	\$ 3,233,538
Secured borrowings (Note 24)			
(1)	<u>76,109</u>	<u>36,888</u>	<u>35,048</u>
	<u>\$ 2,892,898</u>	<u>\$ 2,857,465</u>	<u>\$ 3,268,586</u>
Range of interest rates	1.77%~4.98%	1.82%~5.16%	1.82%~5.35%

b. Long-term borrowings

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured borrowings	\$ 15,186,922	\$ 14,520,729	\$ 12,969,153
Secured borrowings (Note 24)			
(1)	1,276,550	1,406,579	1,453,403
Project borrowing (2)	<u>5,000</u>	<u>15,000</u>	<u>25,000</u>
Subtotal	16,468,472	15,942,308	14,447,556
Less: Amount due within one year	<u>2,188,412</u>	<u>1,347,252</u>	<u>1,692,331</u>
Long-term borrowings	<u>\$ 14,280,060</u>	<u>\$ 14,595,056</u>	<u>\$ 12,755,225</u>
Range of interest rates	0.25%~5.00%	0.25%~5.00%	0.25%~6.38%
Maturity date	2026 ~ 2035	2026 ~ 2035	2025 ~ 2035

(1) As stipulated in the agreements, the Company, KA, ADI and some of the subsidiaries of KENDA Europe A/S (formerly known as STARCO Europe A/S) shall pledge assets as collaterals and, additionally, maintain certain financial ratios. We periodically review their potential defaults on a semi-annual or annual basis. As of June 30, 2026, there were no defaults due to the above financial ratios.

- (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. EQUITY

a. Ordinary shares

	June 30, 2026	December 31, 2025	June 30, 2025
Authorized shares (in thousands of shares)	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>
Authorized share capital	<u>\$ 11,000,000</u>	<u>\$ 11,000,000</u>	<u>\$ 11,000,000</u>
Issued and fully paid shares (in thousands of shares)	<u>954,890</u>	<u>954,890</u>	<u>954,890</u>
Issued share capital	<u>\$ 9,548,900</u>	<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 earnings and undistributed earnings from the 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 dividends. The Board of Directors is authorized, with the presence of at least two-thirds of the Directors and a resolution of a majority of the Directors present, to distribute dividends, bonuses, legal reserve and all or a portion of the capital surplus in cash and report such distribution to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors, please refer to Note 18(e).

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.

In accordance with the provisions of Jin-Guan-Zheng-Fa No. 1090150022 and the "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs," the Company sets aside special reserve and the reversal of special reserve in other equity items, if any, may be included in distributable retained earnings when the debit balance of other equity items is reversed.

The appropriations of the Company's earnings for 2025 and 2024 were as follows:

	Appropriations of earnings		Dividends per share (NT\$)	
	2025	2024	2025	2024
Provision for legal reserve	\$ 13,495	\$ 127,764		
Provision (reversal) of special reserve	-	(398,982)		
Cash dividends	620,679	1,050,379	\$ 0.65	\$ 1.1

The above cash dividends have been approved through board resolution. The rest of the earnings distribution items were also resolved at the shareholders' meetings on June 3, 2026 and May 29, 2025, respectively.

17. REVENUE

a. Breakdown of contracts with customers

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
<u>Major product/service lines</u>				
Motorcycle and other bias tires	\$ 4,951,624	\$ 3,781,557	\$ 9,265,487	\$ 7,332,890
Radial tires	2,015,520	2,418,557	4,064,701	5,137,180
Bicycle tires	894,925	758,007	1,624,461	1,470,372
Tubes	458,139	403,393	859,484	769,044
Others	<u>1,226,493</u>	<u>1,593,578</u>	<u>2,431,185</u>	<u>3,053,520</u>
Total	<u>\$ 9,546,701</u>	<u>\$ 8,955,092</u>	<u>\$ 18,245,318</u>	<u>\$ 17,763,006</u>

b. Contract balances

	June 30, 2026	December 31, 2025	June 30, 2025
Refundable liabilities - current	<u>\$ 223,760</u>	<u>\$ 221,930</u>	<u>\$ 254,065</u>

The Group sells tires and related 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).

18. NET PROFIT (LOSS) FOR THE PERIOD

Net profit (loss) for the period consists of the following items:

a. Other gains and losses

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Net foreign currency exchange (loss) gain	(\$ 89,183)	(\$ 225,202)	(\$ 120,343)	(\$ 166,548)
Gain (loss) on disposal of property, plant and equipment	2,461	140	4,861	(29)
Others	(316)	(1,864)	(5,355)	1,418
	<u>(\$ 87,038)</u>	<u>(\$ 226,926)</u>	<u>(\$ 120,837)</u>	<u>(\$ 165,159)</u>

b. Financial costs

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Interest expense on bank loans	\$ 116,767	\$ 121,336	\$ 229,365	\$ 241,693
Interest on lease liabilities	<u>6,730</u>	<u>6,557</u>	<u>12,876</u>	<u>12,282</u>
	<u>\$ 123,497</u>	<u>\$ 127,893</u>	<u>\$ 242,241</u>	<u>\$ 253,975</u>

c. Depreciation and amortization

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Property, plant and equipment	\$ 394,218	\$ 387,835	\$ 785,935	\$ 790,783
Right-of-use assets	62,397	70,477	123,305	115,550
Investment properties	17	16	34	33
Intangible assets	<u>6,669</u>	<u>7,081</u>	<u>13,552</u>	<u>13,594</u>
	<u>\$ 463,301</u>	<u>\$ 465,409</u>	<u>\$ 922,826</u>	<u>\$ 919,960</u>
Depreciation expense is aggregated by function				
Operating costs	\$ 347,581	\$ 357,334	\$ 694,374	\$ 702,025
Operating expense	109,034	100,978	214,866	204,308
Other gains and losses	<u>17</u>	<u>16</u>	<u>34</u>	<u>33</u>
	<u>\$ 456,632</u>	<u>\$ 458,328</u>	<u>\$ 909,274</u>	<u>\$ 906,366</u>
Amortization expense is aggregated by function				
Operating costs	\$ 1,193	\$ 1,265	\$ 2,416	\$ 2,582
Operating expense	<u>5,476</u>	<u>5,816</u>	<u>11,136</u>	<u>11,012</u>
	<u>\$ 6,669</u>	<u>\$ 7,081</u>	<u>\$ 13,552</u>	<u>\$ 13,594</u>

d. Employee benefits expense

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Short-term employee benefits				
Salary expense	\$ 1,563,911	\$ 1,382,409	\$ 3,019,491	\$ 2,807,166
Labor/health insurance expense	<u>165,502</u>	<u>153,927</u>	<u>330,216</u>	<u>307,989</u>
	<u>1,729,413</u>	<u>1,536,336</u>	<u>3,349,707</u>	<u>3,115,155</u>
Post-employment benefits				
Defined contribution plan	84,483	81,041	170,421	164,222
Defined benefit plans	<u>127</u>	<u>191</u>	<u>254</u>	<u>381</u>
	<u>84,610</u>	<u>81,232</u>	<u>170,675</u>	<u>164,603</u>
Other employee benefits	<u>68,856</u>	<u>64,965</u>	<u>133,882</u>	<u>123,636</u>
Total employee benefit expenses	<u>\$ 1,882,879</u>	<u>\$ 1,682,533</u>	<u>\$ 3,654,264</u>	<u>\$ 3,403,394</u>
An analysis by function				
Operating costs	\$ 1,082,470	\$ 952,537	\$ 2,079,660	\$ 1,921,410
Operating expense	<u>800,409</u>	<u>729,996</u>	<u>1,574,604</u>	<u>1,481,984</u>
	<u>\$ 1,882,879</u>	<u>\$ 1,682,533</u>	<u>\$ 3,654,264</u>	<u>\$ 3,403,394</u>

e. Remuneration of employees and directors

According to the Company's Articles of Association, the Company shall accrue compensation of employees at rates of no less than 0.5% of its profits for the fiscal year, of which no less than 0.5% of that amount is designated for grassroots employees. Remuneration of directors shall be no more than 3% of its profits for the fiscal year. As the Company recorded a loss before tax for the period from January 1 to June 30, 2025, remuneration for both employees and directors was not accrued. The estimated employee compensation (including compensation to grassroots employees) and directors' remuneration for the six-month period ended June 30, 2026 is as follows:

Accrual rate

	January 1 to June 30, 2026	January 1 to June 30, 2025
Employees' remuneration	1.03%	-
Directors' remuneration	1.55%	-

Amount

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Employees' remuneration	<u>\$ 2,374</u>	<u>(\$ 456)</u>	<u>\$ 3,486</u>	<u>\$ -</u>
Directors' remuneration	<u>\$ 3,563</u>	<u>(\$ 685)</u>	<u>\$ 5,232</u>	<u>\$ -</u>

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 and will be adjusted in the following year.

The remuneration to employees and directors for 2025 and 2024, as resolved by the Board of Directors, are as follows:

	2025	2024
	Cash	Cash
Employees' remuneration	\$ <u>1,483</u>	\$ <u>11,128</u>
Directors' remuneration	\$ <u>2,225</u>	\$ <u>16,703</u>

The actual amounts of employee and director's remuneration for 2025 and 2024 were not different from the amounts recognized in the consolidated financial statements for each of the respective fiscal years.

Please refer to the Market Observation Post System of the TWSE for information on the remuneration provided to employees and directors as resolved by the Board of Directors.

19. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Income tax for the period				
In respect of the current period	\$ 83,093	\$ 68,926	\$ 146,326	\$ 139,601
Additional levy on unappropriated earnings	-	24,924	-	24,924
Adjustments for prior year	(<u>8,040</u>)	(<u>4,342</u>)	(<u>8,040</u>)	(<u>4,342</u>)
	<u>75,053</u>	<u>98,192</u>	<u>138,286</u>	<u>168,867</u>
Deferred tax				
In respect of the current period	(<u>3,879</u>)	(<u>42,907</u>)	(<u>6,472</u>)	(<u>35,605</u>)
Income tax expense recognized in profit or loss	<u>\$ 71,174</u>	<u>\$ 55,285</u>	<u>\$ 131,814</u>	<u>\$ 133,262</u>

The Pillar Two income tax legislation has become effective in the jurisdictions in which Kenda Vietnam, Kenda Hong Kong, Kenda Indonesia, Kenda Europe and KENDA Europe A/S (formerly STARCO Europe A/S), as well as their respective subsidiaries, are incorporated, including Vietnam, Germany, Denmark, France, the United Kingdom, Switzerland, Croatia, Poland and Belgium. Under such legislation, subsidiaries earning profits subject to an effective tax rate below 15% are required to pay a top-up tax locally in accordance with the Qualified Domestic Minimum Top-up Tax ("QDMTT") rules. In addition, KENDA Europe A/S is required to pay top-up tax in Denmark in respect of the profits of its subsidiaries located in jurisdictions where Pillar Two income tax legislation has not yet been implemented, to the extent that such profits are subject to an effective tax rate below 15%. The principal jurisdiction in which the Group has exposure to such income taxes is Estonia.

b. Income tax recognized in other comprehensive income

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
<u>Deferred tax</u>				
Translation of foreign operations entities	\$ 13,273	(\$ 566,223)	\$ 149,091	(\$ 494,076)

c. Income tax assessments

The income tax returns of the Company and its subsidiaries were approved by the competent tax authorities up to 2023 and 2024.

20. EARNINGS PER SHARE (LOSS)

	Unit: NT\$ per share			
	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Basic and diluted earnings per share (loss)	\$ 0.21	(\$ 0.09)	\$ 0.33	(\$ 0.02)

The net (loss) income and the weighted average number of ordinary shares used to calculate earnings (loss) per share are as follows:

Net profit (loss) for the period

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Net profit attributable to shareholders of the parent (loss)	\$ 200,174	(\$ 86,698)	\$ 311,357	(\$ 16,845)

Number of shares

	Unit: Thousands of shares			
	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Weighted-average ordinary shares used in calculating basic earnings per share	954,890	954,890	954,890	954,890
Effect of potentially dilutive ordinary shares Employees' remuneration	207	-	270	-
Weighted average ordinary shares used in calculating diluted earnings per share	955,097	954,890	955,160	954,890

The Group may settle the compensation of employees in shares or cash; 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 will continue to be considered in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The Group reported a net loss for the period from January 1 to June 30, 2025; therefore, the dilutive effect of potential common shares was not calculated.

21. CAPITAL RISK 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 plans are sufficient to meet the next 12 months' requirements for working capital, capital expenditures, research and development expenses, debt repayment and other needs.

22. FINANCIAL INSTRUMENTS

a. Fair value information - 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 financial liabilities not measured at fair value to approximate the fair value, and therefore the carrying amounts on the consolidated balance sheet are a reasonable basis for estimating fair values.

b. Fair value information - financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2026

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
Domestic and foreign unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 457,384</u>	<u>\$ 457,384</u>

December 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
Domestic and foreign unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 455,440</u>	<u>\$ 455,440</u>

June 30, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
Domestic and foreign unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,075</u>	<u>\$ 367,075</u>

2) Reconciliation of financial instruments measured at Level 3 fair value

Financial assets at FVTOCI - equity instruments	January 1 to June 30, 2026	January 1 to June 30, 2025
Opening balance	\$ 455,440	\$ 375,773
Effects of exchange rate	<u>1,944</u>	(<u>8,698</u>)
Ending balance	<u>\$ 457,384</u>	<u>\$ 367,075</u>

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

Domestic and foreign unlisted equity investments are valued using the market approach and asset-based approach. The market approach refers to the transaction prices of the shares of identical or comparable listed companies on an active market, the valuation multiples implied by these prices, and related transactions and information to determine the value of the target subject. The asset-based approach separately evaluates a target subject's assets and liabilities based on fair market value, replacement cost, liquidation value or related approaches to reflect the overall value of the enterprise or business. The fair value of these investments will increase accordingly when the significant unobservable inputs (discount for lack of control and discount for lack of marketability) decrease.

c. Types of financial instruments

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 17,170,854	\$ 15,524,448	\$ 14,901,119
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	457,384	455,440	367,075
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	24,212,080	23,661,276	23,111,803

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

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

d. Objectives and policies of financial risk management

The Group's major financial instruments include investments in equity instruments, accounts receivable, accounts payable and borrowings. The Group's financial management department provides services to each business unit, 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 risks (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

1) Market risk

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

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

a) Exchange rate risk

Several subsidiaries of the Company engage in sales and purchases denominated in foreign currency, which expose the Group to the exchange rate 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 27.

Sensitivity analysis

The Group is mainly affected by fluctuations in the USD exchange rate.

The sensitivity analysis measures the effect of a 1% increase and decrease of in the exchange rates of TWD and CNY (both functional currencies) against USD. The sensitivity rate of 1% is used when reporting exchange rate risk internally to the key management personnel and also represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only the outstanding foreign currency monetary items, with their translation at end of the year adjusted for the exchange rate change of 1%. When the TWD and CNY strengthen/weaken by 1% against the USD, the effect on the Group's net profit (loss) before tax from January 1 to June 30, 2026 and 2025 will increase by NT\$56,624 thousand and NT\$47,434 thousand, respectively.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating rates. Interest rate risk is managed by the Group by maintaining an appropriate mix of fixed and floating rates. The Group's interest rate risk is resulted from cash and cash equivalents. Cash and cash equivalents held at a floating rate expose the Group to cash flow interest rate risk, partially offset by borrowings issued at floating rates. Cash and cash equivalents held and borrowings issued at a fixed rate expose the Group to fair value interest rate risk. The Group's policy is to dynamically adjust the ratio of fixed rate and floating rate instruments depending on the overall interest rate trends.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the balance sheet date are as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Fair value interest rate risk			
— Financial assets	\$ 3,601,353	\$ 3,809,458	\$ 3,142,365
— Financial liabilities	5,090,104	4,787,723	4,166,583
Cash flow interest rate risk			
— Financial assets	8,857,252	7,554,244	7,516,839
— Financial liabilities	15,447,009	14,918,531	14,488,933

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to interest rates for derivative and non-derivative instruments as of the balance sheet date. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the balance sheet date was outstanding for the reporting period.

If interest rates increase/decrease by 10 basis points and all other variables are held constant, the Group's net profit before tax from January 1 to June 30, 2026 and 2025 will decrease/increase by NT\$3,295 thousand and decrease/increase by NT\$3,486 thousand, respectively.

c) Other price risk

The Group is exposed to equity price risk due to investments in equity instruments. Equity investments are not held for trading but as strategic investments; the Group does not actively trade these investments. The Group adopts sensitivity analysis to measure the price risk of equity securities.

Sensitivity analysis

This sensitivity analysis was based on the exposure to equity price risk at the balance sheet date.

If equity prices had increased/decreased by 5%, other comprehensive income for the six-month periods ended June 30, 2026 and 2025 would have increased/decreased by NT\$22,869 thousand and NT\$18,354 thousand, respectively, as a result of changes in the fair value of financial assets at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk of financial loss to the Group due to default on its contractual obligations by a counterparty. As of the balance sheet date, the Group's maximum exposure to credit risk of financial loss due to non-performance of counterparties' obligations is mainly resulted from the carrying amount of financial assets recognized in the consolidated balance sheets.

To maintain the quality of trade receivable, the Group has established operating-related credit risk management procedures. The risk assessments of individual customers include a customer's financial condition, the Group's internal credit rating, transaction history, current macroeconomic environment and other items that may affect a customer's ability to pay.

In order to mitigate credit risk, the management of the Group has delegated a team responsible for determining and approving credit limits and other monitoring procedures to ensure that appropriate action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amounts of receivables at the balance sheet date to ensure that adequate allowance for impairment losses is made for irrecoverable receivables. In this regard, the management of the Group believes that the credit risk of accounts receivable has been significantly reduced. The Group writes off trade receivable when there is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that has 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 and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilization of bank financing facilities and ensures compliance with the terms of loan covenants.

The Group continuously monitors forecasted and actual cash flows by maintaining adequate bank financing facilities and borrowing commitments. The Group's unutilized financing facilities are described in (b) Financing facilities below.

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

The analysis of the remaining contractual maturities of non-derivative financial liabilities is prepared on the basis of the undiscounted cash flows (including principal and estimated interest) of financial liabilities based on the earliest date on which the Group can be required to make a repayment. Accordingly, bank loans that the Group may be required to repay immediately are listed in the earliest period in the table below, without regard to the probability that the bank will exercise such rights immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the agreed upon repayment dates.

June 30, 2026

	<u>Within 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 3,958,154	\$ -	\$ -
Lease liabilities	220,689	338,111	616,943
Floating rate instruments	4,955,017	11,011,879	-
Fixed rate instruments	<u>594,209</u>	<u>3,446,400</u>	<u>-</u>
	<u>\$ 9,728,069</u>	<u>\$ 14,796,390</u>	<u>\$ 616,943</u>

December 31, 2025

	<u>Within 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 3,941,761	\$ -	\$ -
Lease liabilities	217,026	314,455	375,000
Floating rate instruments	3,874,587	11,609,046	-
Fixed rate instruments	<u>710,797</u>	<u>3,337,666</u>	<u>-</u>
	<u>\$ 8,744,171</u>	<u>\$ 15,261,167</u>	<u>\$ 375,000</u>

June 30, 2025

	<u>Within 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	\$ 4,502,191	\$ -	\$ -
Lease liabilities	205,827	379,505	354,042
Floating rate instruments	4,468,743	10,623,375	-
Fixed rate instruments	<u>839,036</u>	<u>2,502,452</u>	<u>4,805</u>
	<u>\$ 10,015,797</u>	<u>\$ 13,505,332</u>	<u>\$ 358,847</u>

b) Financing limit

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured bank overdraft limit (reviewed annually)			
— Amount utilized	\$ 29,816	\$ 30,265	\$ 67,683
— Amount unutilized	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 29,816</u>	<u>\$ 30,265</u>	<u>\$ 67,683</u>
Secured bank overdraft limit			
— Amount utilized	\$ 69,154	\$ 27,981	\$ 35,048
— Amount unutilized	<u>45,383</u>	<u>88,283</u>	<u>75,512</u>
	<u>\$ 114,537</u>	<u>\$ 116,264</u>	<u>\$ 110,560</u>
Unsecured bank loan limit			
— Amount utilized	\$ 17,978,895	\$ 17,680,091	\$ 16,511,387
— Amount unutilized	<u>28,932,024</u>	<u>27,196,639</u>	<u>24,794,503</u>
	<u>\$ 46,910,919</u>	<u>\$ 44,876,730</u>	<u>\$ 41,305,890</u>
Secured bank loan limit (extendable by mutual agreement)			
— Amount utilized	\$ 1,283,505	\$ 1,061,436	\$ 1,102,024
— Amount unutilized	<u>3,042,901</u>	<u>3,224,666</u>	<u>1,924,312</u>
	<u>\$ 4,326,406</u>	<u>\$ 4,286,102</u>	<u>\$ 3,026,336</u>

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance receivables in Mainland China to suppliers in order to settle the accounts payable. As the Group has transferred substantially all risks and rewards relating to these notes, it derecognized the transferred banker's acceptance receivables and the corresponding trade payable. However, if these derecognized banker's acceptances are not paid at maturity, the suppliers have the right to request settlement from the Group; therefore, the Group still has continuing involvement in these notes.

The maximum exposure to loss from the Group's continuing involvement in the derecognized banker's acceptances is the face amounts of banker's acceptances transferred but not yet matured, and as of June 30, 2026, and December 31, 2025, and June 30, 2025, the face amounts of these transferred but not yet matured banker's acceptances were NT\$304,764 thousand, NT\$356,801 thousand and NT\$553,358 thousand, respectively. These notes will mature within 6 months after the balance sheet date. Taking into consideration the credit risk of these derecognized banker's acceptances, the Group evaluated that the fair values for its continuing involvement were not significant.

From January 1 to June 30, 2026 and 2025, the Group did not recognize any profit or loss upon the transfer of the banker's acceptances. No profit or loss was recognized from the continuing involvement in these bills, both during the period or cumulatively.

23. TRANSACTIONS WITH RELATED PARTIES

All intra-group transactions, account balances, income and expenses were eliminated in full upon consolidation and therefore are not disclosed in this note. Details of transactions between the Group and other related parties are as follows.

a. Names of related parties and their relationships

<u>Name of related party</u>	<u>Relationship with the Group</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
Kunshan Thrive ECO-Materials 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
Kenjou Investment Co., Ltd.	Other related party
STARCO Huanmei	Affiliate
Yang Hsiu-Ya	Other related party

Other related party indicates that the chairman of the entity is the same as the chairman of the Company, or is a relative within the second degree of kinship, or is identified as a related party in substance.

b. Operating income

<u>Type of related party</u>	<u>April 1 to June 30, 2026</u>	<u>April 1 to June 30, 2025</u>	<u>January 1 to June 30, 2026</u>	<u>January 1 to June 30, 2025</u>
Other related party	\$ 3,767	\$ 629	\$ 6,369	\$ 1,141
Affiliate	40,210	4,907	74,139	16,026
	<u>\$ 43,977</u>	<u>\$ 5,536</u>	<u>\$ 80,508</u>	<u>\$ 17,167</u>

c. Purchases

<u>Type of related party</u>	<u>April 1 to June 30, 2026</u>	<u>April 1 to June 30, 2025</u>	<u>January 1 to June 30, 2026</u>	<u>January 1 to June 30, 2025</u>
Other related party	\$ 55,243	\$ 38,263	\$ 89,348	\$ 76,696
Affiliate	89,728	58,432	176,853	120,319
	<u>\$ 144,971</u>	<u>\$ 96,695</u>	<u>\$ 266,201</u>	<u>\$ 197,015</u>

d. Receivables from related parties

<u>Account items</u>	<u>Type of related party</u>	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Accounts receivable	Other related party	\$ 3,828	\$ 76,463	\$ 661
Accounts receivable	Affiliate	46,043	985	5,575
Other receivables	Other related party	39,079	-	-
		<u>\$ 88,950</u>	<u>\$ 77,448</u>	<u>\$ 6,236</u>

e. Payables to related parties

Account items	Type of related party	June 30, 2026	December 31, 2025	June 30, 2025
Accounts payable	Affiliate	\$ 90,563	\$ 132,332	\$ 96,128
Accounts payable	Other related party	41,259	64,879	52,696
Other payables	Other related party	8,598	7,783	7,101
		<u>\$ 140,420</u>	<u>\$ 204,994</u>	<u>\$ 155,925</u>

f. Others

Account items	Type of related party	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Manufacturing expense	Other related party	\$ 7,529	\$ 6,043	\$ 12,387	\$ 9,931
Operating expense	Other related party	18	112	25	121
Operating expense	Affiliate	421	-	421	268
Dividend income	Other related party	94,670	52,193	94,670	52,193
		<u>\$ 102,638</u>	<u>\$ 58,348</u>	<u>\$ 107,503</u>	<u>\$ 62,513</u>

g. Lessee's lease agreement

The Group leases offices and warehouses from other related parties based on local rent levels and the rents are paid on a monthly basis.

Category/Name of Related Party	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
<u>Lease expense</u>				
Other related party				
ADH	\$ 4,200	\$ 4,104	\$ 8,403	\$ 8,473
Y&C	2,542	2,484	5,086	5,128
Others	762	751	1,524	1,532
	<u>\$ 7,504</u>	<u>\$ 7,339</u>	<u>\$ 15,013</u>	<u>\$ 15,133</u>

h. Remuneration of key management personnel

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Short-term employee benefits	<u>\$ 7,742</u>	<u>\$ 3,828</u>	<u>\$ 15,450</u>	<u>\$ 10,817</u>

24. PLEDGED ASSETS

All of the operating assets of KA, including cash and cash equivalents, accounts receivable, inventories, property, plant and equipment, and intangible assets, are pledged as collateral for bank borrowings, and are subject to the bank's priority in settlement. The values of the above assets were NT\$8,346,675 thousand, NT\$7,928,136 thousand and NT\$7,159,145 thousand as of June 30, 2026, December 31, 2025, and June 30, 2025, respectively.

Certain subsidiaries of KENDA Europe A/S have pledged their operating assets, including accounts receivable, inventories, property, plant, and equipment, as collateral for bank financing, granting the banks a priority right of repayment. The carrying amounts of these assets were NT\$1,384,827 thousand, NT\$1,424,551 thousand, and NT\$985,858 thousand as of June 30, 2026, December 31, 2025, and June 30, 2025, respectively.

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

	June 30, 2026	December 31, 2025	June 30, 2025
Pledged time deposits	<u>\$ 11,795</u>	<u>\$ 11,884</u>	<u>\$ 11,673</u>

25. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group at the balance sheet date are as follows:

- a. Material capital expenditures contracted for but not yet incurred

Item	June 30, 2026	December 31, 2025	June 30, 2025
Property, plant and equipment	<u>\$ 279,801</u>	<u>\$ 164,829</u>	<u>\$ 219,715</u>

- b. As of December 31, 2025 and June 30, 2025, the Group's performance guarantee amounts, issued by banks for the low-carbon upgrade and transformation project, were both NT\$24,000 thousand.

- c. Contingencies

Product liability insurance

The Group has entered into product liability insurance for tires and other products manufactured by the Group and sold globally. The contract period of the insurance policy is from August 6, 2026 to August 6, 2027. The coverage of insurance policy is from August 6, 2004 to August 6, 2027. The maximum reparation of one single event is US\$10,000 thousand.

26. OTHER MATTER

Beginning in 2025, the Group has recognized a provision for carbon fee liabilities in accordance with the Carbon Fee Collection Regulations and other relevant laws and regulations in Taiwan. The provision for carbon fee liabilities is measured based on the applicable standard carbon fee rate.

The Group's subsidiaries located in China are required to report annual carbon emission data in accordance with the relevant policies promulgated by the PRC government. Carbon emission allowances are allocated free of charge under the applicable allocation schemes. If the allocated allowances are insufficient to cover actual emissions, additional allowances may be purchased through the carbon emissions trading market to settle the shortfall.

27. INFORMATION ON FOREIGN-CURRENCY-DENOMINATED ASSETS AND LIABILITIES WITH SIGNIFICANT INFLUENCE

The following information is expressed in aggregate in foreign currencies other than the functional currencies of the entities in the Group, and the exchange rates disclosed refer to the exchange rates at which these foreign currencies were translated into functional currencies. The foreign-currency-denominated assets and liabilities with significant influence are as follows:

June 30, 2026

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 101,595	31.84 (USD: TWD)	\$ 3,234,481
USD	114,766	6.81 (USD: CNY)	3,653,798
IDR (in million)	165,820	0.06 (IDR: USD)	295,159
VND (in million)	138,529	0.04 (VND: USD)	168,036
			<u>\$ 7,351,474</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	32,425	31.84 (USD: TWD)	\$ 1,032,324
USD	6,079	6.81 (USD: CNY)	193,525
EUR	3,243	36.36 (EUR: TWD)	117,930
IDR (in million)	33,651	0.06 (IDR: USD)	59,899
VND (in million)	185,322	0.04 (VND: USD)	224,796
			<u>\$ 1,628,474</u>

December 31, 2025

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 108,170	31.42 (USD: TWD)	\$ 3,398,703
USD	109,608	7.03 (USD: CNY)	3,443,868
IDR (in million)	109,485	0.06 (IDR: USD)	205,832
			<u>\$ 7,048,403</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	45,922	31.42 (USD: TWD)	\$ 1,442,859
USD	2,444	7.03 (USD: CNY)	76,782
IDR (in million)	22,509	0.06 (IDR: USD)	42,318
VND (in million)	241,079	0.04 (VND: USD)	288,089
			<u>\$ 1,850,048</u>

June 30, 2025

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 100,336	29.80 (USD: TWD)	\$ 2,990,010
USD	103,222	7.16 (USD: CNY)	3,076,024
EUR	6,752	8.40 (EUR: CNY)	236,971
IDR (in million)	221,058	0.06 (IDR: USD)	406,083
			<u>\$ 6,709,088</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	40,675	29.80 (USD: TWD)	\$ 1,212,128
USD	3,708	7.16 (USD: CNY)	110,497
EUR	1,398	35.10 (EUR: TWD)	49,070
IDR (in million)	19,305	0.06 (IDR: USD)	35,462
VND (in million)	137,854	0.04 (VND: USD)	157,291
			<u>\$ 1,564,448</u>

The Group's (losses) gains on foreign currency exchange (realized and unrealized) from April 1 to June 30, 2026 and 2025 and from January 1 to June 30, 2026 and 2025 were NT\$(89,183) thousand, NT\$(225,202) thousand, NT\$(120,343) thousand, and NT\$(166,548) thousand, respectively. Due to the wide variety of foreign currency transactions and the individual functional currencies of the Group's operating Entities, it is not possible to disclose the exchange gains or losses by each material currency.

28. SUPPLEMENTARY DISCLOSURES

a. Information on Significant Transactions:

- 1) Loans of funds to others: Table 1.
- 2) Endorsements/guarantees provided: Table 2.
- 3) Status of significant securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures): Table 3.
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
- 6) Business relationships and material transactions and amounts between the parent and subsidiaries and between subsidiaries: Table 6.

b. Information on reinvestment: Table 7.

c. Information on investments in Mainland China:

- 1) Information on investee companies in Mainland China, including the company names, principal business activities, paid-in capital, investment methods, remittance and repatriation of funds, ownership percentage, investment income or loss, carrying amounts of investments at the end of the period, repatriations of investment income or loss, and investment limit in Mainland China: Table 8.
- 2) Significant transactions with investees in Mainland China, either directly or indirectly through a third region, along with their prices, payment terms, and unrealized gains or losses, are as follows:
 - a) The amount and percentage of purchases and the balance and percentage of related payables at the end of the period: Table 6.
 - b) The amount and percentage of sales and the balance and percentage of related receivables at the end of the period: Table 6.
 - c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - d) The ending balance of negotiable instrument endorsements or guarantees or pledges of collateral and the purposes: Table 2.
 - e) The highest balance, ending balance, interest rate range, and total current period interest with respect to the financing of funds: Table 1.
 - f) Other transactions that have a material impact on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.

29. 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.

Segment revenue and operating results

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

January 1 to June 30, 2026

	Asia	Non-Asia regions	Others	Adjustment and write-off	Total
<u>Revenue</u>					
Revenue from external customers	\$ 8,981,200	\$ 9,264,118	\$ -	\$ -	\$ 18,245,318
Intersegment revenue	<u>4,276,928</u>	<u>109,628</u>	<u>-</u>	<u>(4,386,556)</u>	<u>-</u>
Total	<u>\$ 13,258,128</u>	<u>\$ 9,373,746</u>	<u>\$ -</u>	<u>(\$ 4,386,556)</u>	<u>\$ 18,245,318</u>
Interest income	<u>\$ 104,832</u>	<u>\$ 9,550</u>	<u>\$ 7,072</u>	<u>(\$ 20,453)</u>	<u>\$ 101,001</u>
Financial costs	<u>\$ 173,976</u>	<u>\$ 93,651</u>	<u>\$ 1,396</u>	<u>(\$ 26,782)</u>	<u>\$ 242,241</u>
Depreciation and amortization	<u>\$ 691,729</u>	<u>\$ 230,366</u>	<u>\$ 731</u>	<u>\$ -</u>	<u>\$ 922,826</u>
Segment profit or loss (excluding investment income and other operating income and expenses)	<u>(\$ 33,205)</u>	<u>\$ 307,771</u>	<u>\$ 54,742</u>	<u>\$ 115,353</u>	\$ 444,661
Investment income or loss accounted for using the equity method					<u>(1,490)</u>
Net profit before tax					<u>\$ 443,171</u>
Total assets					<u>\$ 47,729,450</u>

January 1 to June 30, 2025

	Asia	Non-Asia regions	Others	Adjustment and write-off	Total
<u>Revenue</u>					
Revenue from external customers	\$ 8,702,128	\$ 9,060,878	\$ -	\$ -	\$ 17,763,006
Intersegment revenue	<u>4,603,670</u>	<u>105,716</u>	<u>-</u>	<u>(4,709,386)</u>	<u>-</u>
Total	<u>\$ 13,305,798</u>	<u>\$ 9,166,594</u>	<u>\$ -</u>	<u>(\$ 4,709,386)</u>	<u>\$ 17,763,006</u>
Interest income	<u>\$ 120,014</u>	<u>\$ 10,691</u>	<u>\$ 7,750</u>	<u>(\$ 16,408)</u>	<u>\$ 122,047</u>
Financial costs	<u>\$ 176,426</u>	<u>\$ 99,359</u>	<u>\$ -</u>	<u>(\$ 21,810)</u>	<u>\$ 253,975</u>
Depreciation and amortization	<u>\$ 698,557</u>	<u>\$ 221,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 919,960</u>
Segment profit or loss (excluding investment income and other operating income and expenses)	<u>(\$ 169,699)</u>	<u>\$ 187,551</u>	<u>\$ 27,310</u>	<u>\$ 70,131</u>	\$ 115,293
Other operating income and expenses					-
Investment income or loss accounted for using the equity method					<u>1,124</u>
Net profit before tax					<u>\$ 116,417</u>
Total assets					<u>\$ 43,478,776</u>

Intersegment sales are valued at market prices.

Segment profit represents the profit earned by each segment, excluding share of profit or loss of associates accounted for using the equity method and income tax expense. This measure is provided to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

TABLE 1

Kenda Rubber Ind. Co., Ltd. and Subsidiaries

Loans of Funds to Others
January 1 to June 30, 2026
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Account item	Related party	Maximum balance for the period	Ending balance	Actual amount utilized	Range of interest rates	Nature of loan to others	Amount of transactions	Reason for short-term financing	Allowance for losses	Collateral		Lending of funds to individual parties and limits	Aggregate financing limit
													Name	Value		
1	KENDA Deutschland GmbH	KENDA Schweiz AG	Financing receivables	Yes	\$ 3,728	\$ 3,636	\$ 3,636	4.00%	Short-term financing	\$ -	Business operations	\$ -	—	-	80% of the subsidiary's net worth, \$ 122,092	90% of the subsidiary's net worth, \$ 137,354
1	KENDA Deutschland GmbH	KENDA Polska Sp. z.o.o.	Financing receivables	Yes	99,655	-	-	4.00%	Short-term financing	-	Business operations	-	—	-	80% of the subsidiary's net worth, 122,092	90% of the subsidiary's net worth, 137,354
1	KENDA Deutschland GmbH	KENDA EUROPE A/S	Financing receivables	Yes	54,687	54,687	54,687	3.00%	Short-term financing	-	Business operations	-	—	-	80% of the subsidiary's net worth, 122,092	90% of the subsidiary's net worth, 137,354
2	KE	KENDA Deutschland GmbH	Financing receivables	Yes	82,023	79,994	79,994	4.00%	Short-term financing	-	Business operations	-	—	-	200% of the subsidiary's net worth, 521,973	200% of the subsidiary's net worth, 521,973
2	KE	KENDA Polska Sp. z.o.o.	Financing receivables	Yes	53,629	-	-	4.00%	Short-term financing	-	Business operations	-	—	-	200% of the subsidiary's net worth, 521,973	200% of the subsidiary's net worth, 521,973
2	KE	KENDA Schweiz AG	Financing receivables	Yes	57,864	56,432	56,432	4.00%	Short-term financing	-	Business operations	-	—	-	200% of the subsidiary's net worth, 521,973	200% of the subsidiary's net worth, 521,973
2	KE	KENDA Manufacturing HR d.o.o	Financing receivables	Yes	134,220	130,900	130,900	4.38%	Short-term financing	-	Business operations	-	—	-	200% of the subsidiary's net worth, 521,973	200% of the subsidiary's net worth, 521,973
3	KC	Kunshan Taiyuan	Financing receivables	Yes	140,233	140,233	103,122	3.00%	Short-term financing	-	Business operations	-	—	-	50% of the subsidiary's net worth, being 3,875,753	60% of the subsidiary's net worth, 4,650,904
3	KC	KT	Financing receivables	Yes	990,977	990,977	990,977	2.8565%	Short-term financing	-	Business operations	-	—	-	50% of the subsidiary's net worth, being 3,875,753	60% of the subsidiary's net worth, 4,650,904
4	KENDA België NV	KENDA EUROPE A/S	Financing receivables	Yes	20,071	20,071	20,071	3.00%	Short-term financing	-	Business operations	-	—	-	80% of the subsidiary's net worth, 151,998	90% of the subsidiary's net worth, 170,998
5	KENDA Manufacturing GB Ltd	KENDA EUROPE A/S	Financing receivables	Yes	23,307	23,307	23,307	3.00%	Short-term financing	-	Business operations	-	—	-	80% of the subsidiary's net worth, 23,554	90% of the subsidiary's net worth, 26,498
6	KENDA Schweiz AG	KENDA EUROPE A/S	Financing receivables	Yes	15,744	15,744	15,744	3.00%	Short-term financing	-	Business operations	-	—	-	80% of the subsidiary's net worth, 54,231	90% of the subsidiary's net worth, 61,010
7	KENDA Manufacturing HR d.o.o	KENDA EUROPE A/S	Financing receivables	Yes	75,449	75,449	75,449	2.65%	Short-term financing	-	Business operations	-	—	-	80% of the subsidiary's net worth, 308,894	90% of the subsidiary's net worth, 347,506

Note 1: All related transactions were written off when preparing the consolidated financial statements.

TABLE 2

Kenda Rubber Ind. Co., Ltd. and Subsidiaries

Endorsements/Guarantees Provided

January 1 to June 30, 2026

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

No.	Name of endorsing company	Subject of endorsement/guarantee		Endorsement guarantee limit for a single enterprise (Note 2)	Maximum endorsement guarantee balance for the period	Endorsement guarantee balance at the end of the period	Actual amount utilized	Amount of endorsement guarantee secured by property	Ratio of Accumulated Endorsements/Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/Guarantee Limit (Note 3)	Endorsement/guarantee made by parent for subsidiaries	Endorsement/guarantee made by subsidiaries for parent	Endorsement/guarantee made for entities in Mainland China	Remark
		Name of company	Relationship (Note 1)											
0	The Company	KENDA EUROPE A/S	1	\$ 7,938,413	\$ 2,189,355	\$ 2,189,355	\$ 1,522,797	\$ -	11.03%	\$ 15,876,826	Yes	No	No	Note 5
0	The Company	KENDA Deutschland GmbH	1	7,938,413	600,457	595,686	113,085	-	3.00%	15,876,826	Yes	No	No	—
0	The Company	ADI.	1	7,938,413	191,880	191,022	127,348	-	0.96%	15,876,826	Yes	No	No	—
0	The Company	KA	1	7,938,413	479,700	477,555	222,859	-	2.41%	15,876,826	Yes	No	No	—
0	The Company	KI	1	7,938,413	2,590,380	2,355,938	1,076,091	-	11.87%	15,876,826	Yes	No	No	—
0	The Company	KT	1	7,938,413	351,780	350,207	-	-	1.76%	15,876,826	Yes	No	Yes	—
0	The Company	KE	1	7,938,413	1,250,015	1,250,015	250,891	-	6.30%	15,876,826	Yes	No	No	Note 5
0	The Company	KENDA Schweiz AG	1	7,938,413	159,900	159,185	-	-	0.80%	15,876,826	Yes	No	No	—
0	The Company	KENDA België NV	1	7,938,413	318,370	318,370	-	-	1.60%	15,876,826	Yes	No	No	—
0	The Company	KENDA GB Rugeley Ltd	1	7,938,413	270,730	268,268	-	-	1.35%	15,876,826	Yes	No	No	—
0	The Company	KENDA Manufacturing GB Ltd	1	7,938,413	255,876	254,527	69,086	-	1.28%	15,876,826	Yes	No	No	—
0	The Company	KENDA Polska Sp. z.o.o.	1	7,938,413	111,850	109,083	109,083	-	0.55%	15,876,826	Yes	No	No	—
1	KHK	KS	1	1,155,029	934,884	934,884	-	-	80.94%	1,155,029	No	No	Yes	Note 4
2	KGCI	KS	1	4,265,179	1,869,768	1,869,768	-	-	17.54%	8,530,358	No	No	Yes	Note 4
3	KENDA EUROPE A/S	KENDA GB Rugeley Ltd	1	504,316	107,603	105,460	-	-	209.11%	504,316	No	No	No	—
3	KENDA EUROPE A/S	KENDA België NV	1	504,316	167,774	163,625	6,956	-	324.45%	504,316	No	No	No	—
3	KENDA EUROPE A/S	KENDA Schweiz AG	1	504,316	16,277	15,769	8,129	-	31.27%	504,316	No	No	No	—
3	KENDA EUROPE A/S	KENDA Deutschland GmbH	1	504,316	38,185	18,963	-	-	37.60%	504,316	No	No	No	—
3	KENDA EUROPE A/S	KENDA Manufacturing HR d.o.o	1	504,316	75,444	69,899	69,899	-	138.60%	504,316	No	No	No	—

Note 1: Relationships between the endorser/guarantor and endorsee/guarantee:

1. A company in which the Company directly and indirectly holds more than 90% of the voting shares.

Note 2: The Company's endorsement/guarantee made for each party is limited to 40% of the Company's net worth.

The limit on endorsements/guarantees made by KHK for a single enterprise is 40% of KHK's net worth, whereas the limit on endorsements/guarantees made by KHK for an enterprise whose voting shares are 100% held by KHK or the Company, either directly or indirectly, is 100% of KHK's net worth.

The limit on endorsements/guarantees made by KGCI for a single enterprise is 40% of KGCI's net worth.

The limit on endorsements/guarantees made by KENDA Europe A/S (formerly STARCO Europe A/S) for a single enterprise is 10 times the share capital of KENDA Europe A/S.

Note 3: The Company's aggregate endorsement/guarantee is limited to 80% of the Company's net worth.

KHK's aggregate endorsement/guarantee limit is 100% of its net worth.

KGCI's aggregate endorsement/guarantee limit is 80% of its net worth.

KENDA Europe A/S's aggregate endorsement/guarantee limit is 10 times its share capital.

Note 4: KGCI and KHK jointly provided a guarantee of CNY 400 million for KS, but KHK's guarantee is limited to CNY 200 million.

Note 5: The Company provided endorsement/guarantee for the subsidiaries KENDA Europe A/S and KE, with a shared limit of EUR 28 million, of which the available limits are EUR 20 million for KENDA Europe A/S and EUR 20 million for KE.

Note 6: 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.

TABLE 3

Kenda Rubber Ind. Co., Ltd. and Subsidiaries

Material Marketable Securities Held at the End of the Period
June 30, 2026
(In Thousands of New Taiwan Dollars)

Held by	Type and name of marketable securities	Relationship with the issuer of marketable securities	Account item	End of the Period				Remark
				Shares/Units	Carrying amount	Shareholding (%)	Fair value	
The Company	<u>Shares and equity</u> Kenjou Industrial Co., Ltd.	Its chairman and the chairman of the Company are second-degree relatives	Equity instruments at fair value through other comprehensive income	7,382	\$ 257,372	10.86%	\$ 257,372	
	Chang Hwa Golf Co., Ltd.	—	Equity instruments at fair value through other comprehensive income	30	471	0.08%	471	
	TotalEnergies Marketing Taiwan Ltd.	Its chairman and the chairman of the Company are second-degree relatives	Equity instruments at fair value through other comprehensive income	81	37,318	6.80%	37,318	
	BOMY(BVI) CO., LTD.	—	Equity instruments at fair value through other comprehensive income	2,000	13,766	9.73%	13,766	
KGI	<u>Shares and equity</u> Kenjou Investment Co., Ltd.	Its chairman and the chairman of the Company are second-degree relatives	Equity instruments at fair value through other comprehensive income	1,703	148,457	13.00%	148,457	

TABLE 4

Kenda Rubber Ind. Co., Ltd. and Subsidiaries

Purchase or Sale of Goods with Related Parties Amounting to at Least NT\$100 million or 20% of the Company's Paid-in Capital

January 1 to June 30, 2026

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

Purchase/sales company	Counterparty	Relationship	Transaction				Justification of unusual transaction terms		Notes and accounts receivable (payable)		Remark
			Purchases (sales)	Amount	Share of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	KA	Subsidiary	Sales	\$ 304,650	13.08%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	\$ 786,090	41.03%	—
	KF	Subsidiary	Sales	375,212	16.11%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	68,103	3.55%	—
	ADI	Indirectly invested subsidiary	Sales	384,973	16.53%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	373,613	19.50%	—
KC	KA	Subsidiary of the ultimate parent company	Sales	113,655	3.11%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	67,679	5.43%	—
	ADI	Subsidiary of the ultimate parent company	Sales	103,801	2.84%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	104,553	8.38%	—
	KS	Subsidiary of the ultimate parent company	Sales	423,525	11.59%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	219,019	17.56%	—
	The Company	Parent Company	Sales	378,720	11.29%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	221,672	12.94%	—
KV	ADI	Subsidiary of the ultimate parent company	Sales	478,025	14.25%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	473,346	27.63%	—
	The Company	Parent Company	Sales	1,098,294	32.74%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	781,439	45.61%	—
KT	KS	Subsidiary of the ultimate parent company	Sales	376,540	23.88%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	134,974	24.99%	—
KENDA Europe A/S	STARCO Huanmei	Affiliate	Purchases	(176,853)	(11.95%)	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	(90,563)	(15.83%)	—

Note: Except for STARCO Huanmei, all intra-group transactions are eliminated upon consolidation.

TABLE 5**Kenda Rubber Ind. Co., Ltd. and Subsidiaries****Amounts Receivable from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital****June 30, 2026****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Companies included in accounts receivable	Counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue amounts receivable from related parties		Recovery amount of receivables from related parties in subsequent period (Note 2)	Allowance for losses
					Amount	Handling method		
The Company	KA	Subsidiary	\$ 786,090	0.74	\$ 178,973	—	\$ 178,831	\$ -
	ADI	Indirectly invested subsidiary	373,613	2.10	190,243	—	72,489	-
KC	KS	Subsidiary of the ultimate parent company	219,019	3.87	-	—	74,945	-
	KT	Subsidiary of the ultimate parent company	990,977	Note 2	-	—	114,231	-
	The Company	Parent Company	221,672	3.31	-	—	81,639	-
	ADI	Subsidiary of the ultimate parent company	104,553	2.61	38	—	21,274	-
	Kunshan Taiyuan	Subsidiary	103,122	Note 2	-	—	2	-
KV	ADI	Subsidiary of the ultimate parent company	473,346	1.96	153,375	—	99,788	-
	The Company	Parent Company	781,439	2.41	122,580	—	20,348	-
KT	KS	Subsidiary of the ultimate parent company	134,974	5.32	-	—	76,011	-
KE	KENDA Manufacturing HR d.o.o.	Subsidiary of the ultimate parent company	130,900	Note 2	-	—	-	-

Note 1: All related transactions were written off when preparing the consolidated financial statements.

Note 2: Mainly other receivables, therefore, not applicable.

Note 3: Represents the amount recovered as of July 31, 2026.

TABLE 6**Kenda Rubber Ind. Co., Ltd. and Subsidiaries****Business Relationships and Material Intercompany Transactions between the Parent and Subsidiaries and between Subsidiaries and their Amounts****January 1 to June 30, 2026****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

No. (Note 1)	Transaction party	Counterparty	Relationship with transaction party (Note 2)	Status of transactions (Note 3)			
				Accounting item	Amount	Transaction terms	Percentage of total consolidated revenue or total assets
0	The Company	ADI	1	Sales revenue	\$ 384,973	(Note 4)	2.11%
		KA	1	Sales revenue	304,650	(Note 4)	1.67%
		KC	1	Sales revenue	7,972	(Note 4)	0.04%
		KF	1	Sales revenue	375,212	(Note 4)	2.06%
		KI	1	Sales revenue	13,134	(Note 4)	0.07%
		KV	1	Sales revenue	47,772	(Note 4)	0.26%
		KENDA GB Rugeley Ltd	1	Sales revenue	18,645	(Note 4)	0.10%
		KT	1	Sales revenue	6,173	(Note 4)	0.03%
		KENDA Deutschland GmbH	1	Sales revenue	20,313	(Note 4)	0.11%
		KENDA Polska Sp. z.o.o.	1	Sales revenue	7,980	(Note 4)	0.04%
		KC	1	Service (labor) revenue	58,849	(Note 4)	0.32%
		KF	1	Service (labor) revenue	14,458	(Note 4)	0.08%
		KI	1	Service (labor) revenue	33,863	(Note 4)	0.19%
		KT	1	Service (labor) revenue	26,102	(Note 4)	0.14%
		KV	1	Service (labor) revenue	97,995	(Note 4)	0.54%
1	KC	ADI	3	Sales revenue	103,801	(Note 4)	0.57%
		KA	3	Sales revenue	113,655	(Note 4)	0.62%
		KS	3	Sales revenue	423,525	(Note 4)	2.32%
		KT	3	Sales revenue	17,365	(Note 4)	0.10%
		KF	3	Sales revenue	14,680	(Note 4)	0.08%
		KENDA GB Rugeley Ltd	3	Sales revenue	83,887	(Note 4)	0.46%
		KENDA België NV	3	Sales revenue	25,834	(Note 4)	0.14%
		KENDA Polska Sp. z.o.o.	3	Sales revenue	10,567	(Note 4)	0.06%
		The Company	2	Sales revenue	378,720	(Note 4)	2.08%
		KENDA Schweiz AG	3	Sales revenue	5,773	(Note 4)	0.03%
		KENDA Deutschland GmbH	3	Sales revenue	7,710	(Note 4)	0.04%
		KT	3	Interest income	14,016	(Note 4)	0.08%

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No. (Note 1)	Transaction party	Counterparty	Relationship with transaction party (Note 2)	Status of transactions (Note 3)			
				Accounting item	Amount	Transaction terms	Percentage of total consolidated revenue or total assets
2	KT	ADI	3	Sales revenue	\$ 38,305	(Note 4)	0.21%
		KS	3	Sales revenue	376,540	(Note 4)	2.06%
		KF	3	Sales revenue	18,708	(Note 4)	0.10%
		KC	3	Sales revenue	57,962	(Note 4)	0.32%
		KENDA België NV	3	Sales revenue	6,616	(Note 4)	0.04%
3	KI	KV	3	Sales revenue	9,653	(Note 4)	0.05%
4	KV	The Company	2	Sales revenue	1,098,294	(Note 4)	6.02%
		ADI	3	Sales revenue	478,025	(Note 4)	2.62%
		KA	3	Sales revenue	22,191	(Note 4)	0.12%
		KENDA GB Rugeley Ltd	3	Sales revenue	26,413	(Note 4)	0.14%
		KI	3	Sales revenue	21,848	(Note 4)	0.12%
		KENDA Deutschland GmbH	3	Sales revenue	8,284	(Note 4)	0.05%
		KENDA België NV	3	Sales revenue	26,843	(Note 4)	0.15%
		KS	3	Sales revenue	20,888	(Note 4)	0.11%
		KENDA Polska Sp. z.o.o.	3	Sales revenue	11,975	(Note 4)	0.07%
		KENDA Schweiz AG	3	Sales revenue	6,350	(Note 4)	0.03%
5	KENDA EUROPE A/S	KENDA GB Rugeley Ltd	3	Sales revenue	21,531	(Note 4)	0.12%
		KENDA België NV	3	Sales revenue	49,771	(Note 4)	0.27%
		KENDA Polska Sp. z.o.o.	3	Sales revenue	49,410	(Note 4)	0.27%
		KENDA Baltic OÜ	3	Sales revenue	54,704	(Note 4)	0.30%
		KENDA Deutschland GmbH	3	Sales revenue	9,517	(Note 4)	0.05%
		KE	3	Other income	12,227	(Note 4)	0.07%
6	KENDA Manufacturing HR d.o.o.	KENDA GB Rugeley Ltd	3	Sales revenue	40,753	(Note 4)	0.22%
		KENDA België NV	3	Sales revenue	13,232	(Note 4)	0.07%
		KENDA Deutschland GmbH	3	Sales revenue	93,060	(Note 4)	0.51%
		KENDA Polska Sp. z.o.o.	3	Sales revenue	57,466	(Note 4)	0.31%
		KENDA Schweiz AG	3	Sales revenue	19,044	(Note 4)	0.10%
7	KENDA Deutschland GmbH	KENDA France SAS	3	Sales revenue	22,047	(Note 4)	0.12%
8	KENDA België NV	KENDA France SAS	3	Sales revenue	30,862	(Note 4)	0.17%
9	KENDA Polska Sp. z.o.o.	KENDA Baltic OÜ	3	Sales revenue	8,385	(Note 4)	0.05%
11	KENDA Manufacturing GB Ltd	KENDA Deutschland GmbH	3	Sales revenue	13,082	(Note 4)	0.07%
13	KE	The Company	2	Service (labor) revenue	108,639	(Note 4)	0.60%
15	KA	The Company	2	Commission income	6,909	(Note 4)	0.04%

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No. (Note 1)	Transaction party	Counterparty	Relationship with transaction party (Note 2)	Status of transactions (Note 3)			
				Accounting item	Amount	Transaction terms	Percentage of total consolidated revenue or total assets
0	The Company	ADI	1	Accounts receivable—related party	\$ 373,613	(Note 4)	0.78%
		KI	1	Accounts receivable—related party	10,444	(Note 4)	0.02%
		KA	1	Accounts receivable—related party	786,090	(Note 4)	1.65%
		KV	1	Accounts receivable—related party	25,007	(Note 4)	0.05%
		KF	1	Accounts receivable—related party	68,103	(Note 4)	0.14%
		KENDA Deutschland GmbH	1	Accounts receivable—related party	10,045	(Note 4)	0.02%
		KENDA GB Rugeley Ltd	1	Accounts receivable—related party	12,575	(Note 4)	0.03%
		KC	1	Other receivables—related party	10,267	(Note 4)	0.02%
		KT	1	Other receivables—related party	9,941	(Note 4)	0.02%
		KI	1	Other receivables—related party	20,405	(Note 4)	0.04%
		KV	1	Other receivables—related party	26,613	(Note 4)	0.06%
		KA	1	Other receivables—related party	8,406	(Note 4)	0.02%
1	KC	ADI	3	Accounts receivable—related party	104,553	(Note 4)	0.22%
		KA	3	Accounts receivable—related party	67,679	(Note 4)	0.14%
		KS	3	Accounts receivable—related party	219,019	(Note 4)	0.46%
		The Company	2	Accounts receivable—related party	221,672	(Note 4)	0.46%
		KENDA België NV	3	Accounts receivable—related party	6,150	(Note 4)	0.01%
		KENDA GB Rugeley Ltd	3	Accounts receivable—related party	47,096	(Note 4)	0.10%
		KF	3	Accounts receivable—related party	6,750	(Note 4)	0.01%
		KENDA Polska Sp. z.o.o.	3	Accounts receivable—related party	5,761	(Note 4)	0.01%
		Kunshan Taiyuan	3	Other receivables—related party	103,122	(Note 4)	0.22%
		KT	3	Other receivables—related party	16,811	(Note 4)	0.04%
		KT	3	Other receivables—related party	990,977	(Note 4)	2.08%
2	KT	ADI	3	Accounts receivable—related party	25,266	(Note 4)	0.05%
		KS	3	Accounts receivable—related party	134,974	(Note 4)	0.28%
		KC	3	Accounts receivable—related party	49,824	(Note 4)	0.10%
		KF	3	Accounts receivable—related party	11,338	(Note 4)	0.02%
3	KI	KV	3	Accounts receivable—related party	5,356	(Note 4)	0.01%
4	KV	The Company	2	Accounts receivable—related party	781,439	(Note 4)	1.64%
		ADI	3	Accounts receivable—related party	473,346	(Note 4)	0.99%
		KA	3	Accounts receivable—related party	11,219	(Note 4)	0.02%
		KI	3	Accounts receivable—related party	25,334	(Note 4)	0.05%
		KS	3	Accounts receivable—related party	12,807	(Note 4)	0.03%
		KENDA België NV	3	Accounts receivable—related party	19,593	(Note 4)	0.04%
		KENDA GB Rugeley Ltd	3	Accounts receivable—related party	16,065	(Note 4)	0.03%
		KENDA Deutschland GmbH	3	Accounts receivable—related party	6,429	(Note 4)	0.01%
		KENDA Polska Sp. z.o.o.	3	Accounts receivable—related party	6,949	(Note 4)	0.01%

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No. (Note 1)	Transaction party	Counterparty	Relationship with transaction party (Note 2)	Status of transactions (Note 3)			
				Accounting item	Amount	Transaction terms	Percentage of total consolidated revenue or total assets
6	KENDA Manufacturing HR d.o.o.	KENDA EUROPE A/S	3	Other receivables—related party	\$ 75,449	(Note 4)	0.41%
7	KENDA Deutschland GmbH	KENDA Polska Sp. z.o.o.	3	Other receivables—related party	54,687	(Note 4)	0.11%
8	KENDA België NV	KENDA EUROPE A/S	3	Other receivables—related party	20,071	(Note 4)	0.04%
11	KENDA Manufacturing GB Ltd	KENDA EUROPE A/S	3	Other receivables—related party	23,307	(Note 4)	0.05%
13	KE	KENDA Deutschland GmbH	3	Other receivables—related party	79,994	(Note 4)	0.17%
		KENDA Schweiz AG	3	Other receivables—related party	56,432	(Note 4)	0.12%
		KENDA Manufacturing HR d.o.o	3	Other receivables—related party	130,900	(Note 4)	0.27%
		The Company	3	Accounts receivable—related party	14,967	(Note 4)	0.03%
15	KA						
17	KENDA Schweiz AG	KENDA Europe A/S	3	Other receivables—related party	15,744	(Note 4)	0.03%

Note 1: Information on business transactions between the parent company and the subsidiary company should be indicated in the indexed column respectively, and the number should be completed as follows:

1. Fill in 0 for the parent company.
2. The subsidiaries are numbered sequentially by company, starting with the number 1.

Note 2: There are three types of relationships with transaction counterparties, and it is sufficient to indicate the type:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: For the calculation of the ratio of transaction amount to consolidated total revenue or total assets, ending balance to consolidated total assets is used to calculate for those that belong to accounts on the balance sheet; accumulated amount for the period to consolidated net sales revenue is used to calculate for those that belong to accounts on the income statement.

Note 4: In accordance with the transaction terms and conditions agreed by both parties.

TABLE 7

Kenda Rubber Ind. Co., Ltd. and Subsidiaries

Information About the Investee Company, Its Location, etc.

January 1 to June 30, 2026

(In Thousands of New Taiwan Dollars and Foreign Currency; Shares/NT\$ thousand)

Investor	Investee	Location	Main business scope and activities	Initial investment amount		Ending shareholding			Profit (Loss) of the Investee for the Period	Investment Profit (Loss) Recognized in the Period	Remark
				End of Period	End of Last Year	Number of shares	Percentage	Carrying amount			
The Company	KA	United States	Trading, investment	USD 9,000	USD 9,000	-	100%	NTD 3,935,941	NTD 184,092	NTD 184,092	Note 3
	KHK	Hong Kong	Trading, investment	HKD 100	HKD 100	-	100%	NTD 1,154,820	(NTD 8,018)	(NTD 8,018)	Note 3
	KV	Vietnam	Manufacturing of tires	USD 30,600	USD 30,600	-	100%	NTD 10,432,508	NTD 81,210	NTD 150,497	Notes 2 and 3
	KIC	Cayman Islands	Investment	USD 67,680	USD 67,680	-	100%	NTD 11,476,634	(NTD 148,946)	(NTD 148,946)	
	KE	Germany	Marketing planning and R&D	USD 81,753	USD 81,753	-	100%	NTD 255,345	NTD 51,229	NTD 51,229	Note 3
	KF	Taiwan	Selling of tires	EUR 7,394	EUR 6,471	-	100%	NTD 257,751	NTD 15,993	NTD 15,993	Note 3
	KI	Indonesia	Manufacturing of tires	NTD 199,000	NTD 199,000	19,900	100%	NTD 524,140	(NTD 2,408)	(NTD 2,409)	Note 3
	KI	Indonesia	Manufacturing of tires	USD 52,999	USD 52,999	-	99.99%	NTD 10	(NTD 2,408)	NTD 1	Note 3
	KA	United States	Manufacturing of tires	USD 1	USD 1	-	0.01%	USD 85,598	USD 3,358	Note 1	Note 3
	ADI		Manufacturing of rims and distribution and selling of tires and rims	USD 20,000	USD 20,000	1	100%				Note 3
KIC	KGH	Cayman Islands	Investment	USD 112,050	USD 112,050	-	100%	USD 350,664	(USD 6,164)	Note 1	Note 3
KE	KGI	Mauritius	Investment	USD 1,703	USD 1,703	-	100%	USD 9,568	USD 1,449	Note 1	Note 3
KGI	KENDA Europe A/S	Denmark	Investment	EUR 6,936	EUR -	-	100%	(EUR 650)	EUR 742	Note 1	Note 3
KENDA Europe A/S	KENDA Europe A/S	Denmark	Investment	EUR -	EUR 6,936	-	-	USD -	EUR 742	Note 1	Note 3
	KENDA GB Rugeley Ltd	United Kingdom	Distribution and selling of tires and rims	EUR 552	EUR 552	-	100%	EUR 9,204	EUR 1,112	Note 1	Note 3
	KENDA Deutschland GmbH	Germany	Distribution and selling of tires and rims	EUR 511	EUR 511	-	100%	EUR 4,157	(EUR 40)	Note 1	Note 3
	KENDA Polska Sp. z.o.o.	Poland	Distribution and selling of tires and rims	EUR 30	EUR 30	-	100%	EUR 4,210	EUR 76	Note 1	Note 3
	KENDA België NV	Belgium	Distribution and selling of tires and rims	EUR 2,810	EUR 2,810	-	100%	EUR 5,153	(EUR 73)	Note 1	Note 3
	KENDA Schweiz AG	Switzerland	Distribution and selling of tires and rims	EUR 355	EUR 355	-	100%	EUR 1,898	EUR 15	Note 1	Note 3
	KENDA BALTIC OÜ	Estonia	Distribution and selling of tires and rims	EUR 3	EUR 3	-	100%	EUR 1,931	EUR 429	Note 1	Note 3
	KENDA France SAS	France	Distribution and selling of tires and rims	EUR 183	EUR 183	-	100%	EUR 712	EUR 38	Note 1	Note 3
	KENDA Manufacturing HR d.o.o	Croatia	Manufacturing of rims	EUR 9,614	EUR 9,614	-	100%	EUR 9,949	(EUR 670)	Note 1	Note 3
	KENDA Manufacturing GB Ltd	United Kingdom	Manufacturing of rims and distribution and selling of tires and rims	EUR 1,031	EUR 1,031	-	100%	EUR 621	(EUR 199)	Note 1	Note 3
	Jelshoj Imovina	Croatia	Investment	EUR 3	EUR 3	-	100%	EUR 1,997	EUR 24	Note 1	Note 3

Note 1: The profit or loss of the investee is included in its investor and is not presented herein to avoid confusion.

Note 2: The differences refer to the unrealized gross profit of the investee.

Note 3: All the transactions were written off when preparing the consolidated financial statements.

TABLE 8

Kenda Rubber Ind. Co., Ltd. and Subsidiaries

Information on Investments in Mainland China
January 1 to June 30, 2026
(In Thousands of New Taiwan Dollars; In Thousands of Foreign Currency)

Investee Company	Main business scope and activities	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at beginning of period	Remitted or recovered during the year Investment amount		Accumulated investment amount remitted from Taiwan at end of period	Profit or loss of the Investee for the year	Ownership of Direct or Indirect Investment	Investment income or loss recognized during the year (Note 3)	Book value as of the end of the year	Investment income remitted back at end of the year	Remark
					Remitted	Recovered							
KS	Manufacturing and selling of various tubes and tires for vehicles	\$ 795,925 USD 25,000	Note 1	\$ 795,925 USD 25,000	\$ -	\$ -	\$ 795,925 USD 25,000	\$ 43,201	100%	\$ 43,201	\$ 1,243,315	\$ 8,553,965	—
KC	Manufacturing and selling of various tubes and tires for vehicles	2,228,590 USD 70,000	Notes 1 and 7	2,228,590 USD 70,000	-	-	2,228,590 USD 70,000	(39,198)	100%	Note 4	Note 4	Note 4	—
KT	Manufacturing and selling of various tubes and tires for vehicles	7,004,140 USD 220,000	Notes 1, 2 and 7	496,657 USD 15,600	-	-	496,657 USD 15,600	(255,198)	100%	(252,750)	2,759,012	-	Note 10
KGCI	Investment	5,125,757 USD 161,000	Notes 1 and 2	-	-	-	-	(211,089)	100%	(211,089)	10,662,913	-	—
Shanghai Bomy Foodstuff Co., Ltd.	Manufacturing, processing and selling of various foods and beverages	654,250 USD 20,550	Note 1	63,674 USD 2,000	-	-	63,674 USD 2,000	-	9.73%	-	13,766	-	—
Ningbo Jingshang Huaxiang Auto Parts Co., Ltd.	Interior and exterior parts for automobiles	831,996 USD 26,133	Note 1	54,218 USD 1,703	-	-	54,218 USD 1,703	-	2.60%	-	149,124	161,382	—
STARCO Huanmei	Manufacturing of rims	181,805 EUR 5,000	Note 1	Note 9	-	-	Note 9	(4,487)	33%	(1,490)	152,635	-	Note 9
Kunshan Taiyuan New Energy Co., Ltd.	Research and Development and Services in Emerging Energy Technologies	-	Note 1	Note 9	-	-	Note 9	(3,728)	100%	Note 4	Note 4	-	Note 9

Cumulative outward remittances from Taiwan at the end of the year Amount of investment in Mainland China	Investment Amount Authorized by the Department of Investment Review, MOEA	In accordance with the regulations of the Investment Commission, Ministry of Economic Affairs Maximum amount of investment in Mainland China (Note 5)
\$ 3,639,064 USD 114,303 Note 5	\$ 10,238,743 USD 319,703 EUR 1,660 Note 5	Note 6

- Note 1: Reinvestment in Mainland China through a third-party overseas company.
- Note 2: Differences between the paid-in capital and the investment amounts remitted from Taiwan resulted from the reinvestment of dividends received and the repatriation of cash capital increase from offshore subsidiaries.
- Note 3: The investment profits (losses) recognized in the period, except for those of KC, KT and KGCI, are recognized based on the financial statements prepared by the investees, which have not been reviewed by auditors.
- Note 4: The investment income and carrying amount of investment at the end of the period of KC and Kunshan Taiyuan are included in that of KGCI and is not presented herein to avoid confusion.
- Note 5: The difference of US\$205,400 thousand between the investment amount of US\$319,703 thousand authorized by the Department of Investment Review, MOEA and the accumulated outward remittance of US\$114,303 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 qualification for operational headquarters issued by the Industrial Development Administration, MOEA, the Company has no limitation on the accumulated remittance for investments in Mainland China.
- Note 7: The paid-in capital of KC and a portion of KT's was included in the paid-in capital of the investor. Therefore, such paid-in capital was not double counted when calculating the investment amounts authorized and remitted.
- Note 8: Any foreign currency involved in the above figures were translated into TWD using the exchange rate at the end of corresponding financial reporting period, or the average exchange rate for the period.
- Note 9: The remittance is indirectly included through mergers and acquisitions.
- Note 10: The difference between net income (loss) of the investee and investment gains (losses) are unrealized profit or loss on intra-group transactions.