

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

**Consolidated Financial Statements and Independent  
Auditors' Review Report  
September 30, 2024 and 2023**

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 September 30, 2024 and 2023, consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, 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 mentioned in Note 11 to the consolidated financial statements, the financial statements of non-significant subsidiaries for the same period included in the above consolidated financial statements have not been reviewed by us. The total assets as at September 30, 2024 and 2023 were NT\$7,884,924 thousand and NT\$8,491,959 thousand, respectively, accounting for 17% and 19% of the total consolidated assets, respectively. The total liabilities were NT\$4,997,421 thousand and NT\$4,989,557 thousand, respectively, accounting for 19% of the total consolidated liabilities; The total comprehensive income from July 1 to September 30, 2024 and 2023 and those from January 1 to September 30, 2024 and 2023 were NT\$(191,027) thousand, NT\$(32,290) thousand,

NT\$(324,790) thousand and NT\$(140,666) thousand, respectively, accounting for 107%, (3%,) (19%) and (12%) of the total consolidated comprehensive income, respectively.

### **Qualified Conclusion**

According to the results of the auditor's review, except that the financial statements of the non-significant subsidiaries mentioned in the basic paragraph of the qualified conclusions may affect the adjustment of the consolidated financial statements if they are reviewed by the auditor, we were not aware that the above consolidated financial statements have not been prepared in all material respects 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, making it impossible to properly express the consolidated financial position of the Group as of September 30, 2024 and 2023, and the consolidated financial performance from July 1 to September 30, 2024 and 2023 and the consolidated financial performance and consolidated cash flow for the period from January 1 to September 30, 2024 and 2023.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 11, 2024

### 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 September 30, 2024 and December 31, 2023 and September 30, 2023 (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 8,336,219	18	\$ 7,537,100	17	\$ 7,567,452	16
Financial assets at fair value through profit or loss - current	1,727	-	1,314	-	1,235	-
Notes receivable (Note 8)	238,400	-	213,243	-	249,567	1
Trade receivable (Notes 8, 23 and 24)	4,060,367	9	3,324,917	8	3,907,377	8
Inventories (Notes 9 and 24)	10,057,132	22	9,678,291	22	9,981,549	22
Prepayments	352,560	1	262,530	1	351,553	1
Other financial assets - current (Notes 10 and 24)	1,219,533	3	2,442,407	6	2,601,386	6
Other current assets	618,044	1	493,966	1	546,467	1
Total current assets	<u>24,883,982</u>	<u>54</u>	<u>23,953,768</u>	<u>55</u>	<u>25,206,586</u>	<u>55</u>
<b>Non-current assets</b>						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	414,809	1	413,017	1	527,587	1
Investments accounted for using the equity method	146,806	-	138,912	-	149,110	-
Property, plant and equipment (Notes 12 and 24)	16,030,345	35	15,639,713	36	16,318,195	36
Right-of-use assets (Note 13)	1,847,928	4	1,711,002	4	1,828,094	4
Investment properties (Note 14)	29,412	-	28,287	-	27,126	-
Deferred tax assets	428,846	1	553,643	1	400,052	1
Other financial assets - non-current (Note 10)	1,553,729	3	693,860	2	808,970	2
Other non-current assets (Notes 12 and 24)	669,990	2	594,025	1	613,271	1
Total non-current assets	<u>21,121,865</u>	<u>46</u>	<u>19,772,459</u>	<u>45</u>	<u>20,672,405</u>	<u>45</u>
<b>Total assets</b>	<u>\$ 46,005,847</u>	<u>100</u>	<u>\$ 43,726,227</u>	<u>100</u>	<u>\$ 45,878,991</u>	<u>100</u>
<b>Liabilities and Equity</b>						
<b>Current liabilities</b>						
Short-term borrowings (Note 15)	\$ 3,679,754	8	\$ 3,358,741	8	\$ 3,787,857	8
Contract liabilities - current	279,378	1	225,301	-	273,344	1
Notes payable	56,351	-	40,749	-	83,593	-
Trade payable (Note 23)	2,701,573	6	2,318,996	5	2,188,327	5
Other payables (Note 23)	1,833,574	4	1,557,393	4	1,785,996	4
Current tax liabilities	80,506	-	104,337	-	232,299	1
Lease liabilities - current (Note 13)	128,393	-	168,684	-	173,502	-
Current portion of long-term borrowings (Note 15)	1,463,378	3	2,076,196	5	1,910,941	4
Other current liabilities (Note 17)	394,446	1	335,266	1	170,328	-
Total current liabilities	<u>10,617,353</u>	<u>23</u>	<u>10,185,663</u>	<u>23</u>	<u>10,606,187</u>	<u>23</u>
<b>Non-current liabilities</b>						
Long-term borrowings (Note 15)	12,657,529	28	11,850,709	27	12,867,018	28
Deferred tax liabilities	708,402	2	644,909	2	746,586	2
Lease liabilities - non-current (Note 13)	631,216	1	478,124	1	524,736	1
Net Defined Benefit Liabilities	37,558	-	45,932	-	82,867	-
Other non-current liabilities (Note 14)	980,497	2	947,469	2	980,504	2
Total non-current liabilities	<u>15,015,202</u>	<u>33</u>	<u>13,967,143</u>	<u>32</u>	<u>15,201,711</u>	<u>33</u>
Total liabilities	<u>25,632,555</u>	<u>56</u>	<u>24,152,806</u>	<u>55</u>	<u>25,807,898</u>	<u>56</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b> (Note 16)						
Ordinary shares	9,548,900	21	9,548,900	22	9,548,900	21
Capital surplus	41	-	41	-	41	-
Retained earnings						
Legal reserve	3,531,010	8	3,440,228	8	3,440,228	7
Special reserve	1,093,568	2	831,490	2	831,490	2
Unappropriated earnings	6,575,193	14	6,846,330	15	6,376,353	14
Total retained earnings	<u>11,199,771</u>	<u>24</u>	<u>11,118,048</u>	<u>25</u>	<u>10,648,071</u>	<u>23</u>
Other equity	( 375,420 )	( 1 )	( 1,093,568 )	( 2 )	( 125,919 )	-
Total equity	<u>20,373,292</u>	<u>44</u>	<u>19,573,421</u>	<u>45</u>	<u>20,071,093</u>	<u>44</u>
<b>Total liabilities and equity</b>	<u>\$ 46,005,847</u>	<u>100</u>	<u>\$ 43,726,227</u>	<u>100</u>	<u>\$ 45,878,991</u>	<u>100</u>

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

(Please refer to Deloitte & Touche auditors' review report dated November 11, 2024)

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

### Consolidated Statements of Comprehensive Income

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

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

	July 1 to September 30, 2024		July 1 to September 30, 2023		January 1 to September 30, 2024		January 1 to September 30, 2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Net operating revenue (Notes 17 and 23)	\$ 8,820,306	100	\$ 8,955,746	100	\$ 26,207,283	100	\$ 25,880,021	100
Operating costs (Notes 9, 18 and 23)	<u>6,904,672</u>	<u>78</u>	<u>6,986,081</u>	<u>78</u>	<u>20,284,167</u>	<u>78</u>	<u>21,256,551</u>	<u>82</u>
Gross profit	<u>1,915,634</u>	<u>22</u>	<u>1,969,665</u>	<u>22</u>	<u>5,923,116</u>	<u>22</u>	<u>4,623,470</u>	<u>18</u>
Operating expenses (Notes 18 and 23)								
Selling and marketing expenses	710,325	8	624,993	7	2,008,386	8	1,795,852	7
General and administrative expenses	410,031	5	373,995	4	1,208,619	4	1,084,382	4
Research and development expenses	428,777	5	385,573	4	1,227,514	5	1,094,438	4
Expected credit loss	<u>4,893</u>	<u>-</u>	<u>7,630</u>	<u>-</u>	<u>8,484</u>	<u>-</u>	<u>(4,312)</u>	<u>-</u>
Total operating expenses	<u>1,554,026</u>	<u>18</u>	<u>1,392,191</u>	<u>15</u>	<u>4,453,003</u>	<u>17</u>	<u>3,970,360</u>	<u>15</u>
OTHER OPERATING INCOME AND EXPENSES (Note 14)	<u>(11,445)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,844)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net operating income	<u>350,163</u>	<u>4</u>	<u>577,474</u>	<u>7</u>	<u>1,392,269</u>	<u>5</u>	<u>653,110</u>	<u>3</u>
Non-operating income and expenses (Notes 18 and 23)								
Interest income	65,514	1	59,549	1	204,242	1	178,614	1
Other income	27,817	-	26,965	-	119,286	-	146,439	-
Other gains and losses	( 52,122)	( 1)	45,994	1	68,955	-	214,059	1
Financial costs	( 128,524)	( 1)	( 142,873)	( 2)	( 383,065)	( 1)	( 420,266)	( 2)
Share of profit of associates recognized under the equity method	<u>2,683</u>	<u>-</u>	<u>16,163</u>	<u>-</u>	<u>1,512</u>	<u>-</u>	<u>14,207</u>	<u>-</u>
Total non-operating income and expenses	<u>(84,632)</u>	<u>( 1)</u>	<u>5,798</u>	<u>-</u>	<u>10,930</u>	<u>-</u>	<u>133,053</u>	<u>-</u>
Net income before income tax	265,531	3	583,272	7	1,403,199	5	786,163	3
Income tax expense (Note 19)	<u>(90,133)</u>	<u>( 1)</u>	<u>(153,206)</u>	<u>( 2)</u>	<u>(366,586)</u>	<u>( 1)</u>	<u>(348,301)</u>	<u>( 1)</u>
Net profit for the period	<u>175,398</u>	<u>2</u>	<u>430,066</u>	<u>5</u>	<u>1,036,613</u>	<u>4</u>	<u>437,862</u>	<u>2</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	( 443,158)	( 5)	972,012	11	897,685	4	881,964	4
Income tax related to items that may be reclassified subsequently to profit or loss	<u>88,632</u>	<u>1</u>	<u>(194,403)</u>	<u>( 3)</u>	<u>(179,537)</u>	<u>( 1)</u>	<u>(176,393)</u>	<u>( 1)</u>
Other comprehensive income for the period, net of income tax	<u>(354,526)</u>	<u>( 4)</u>	<u>777,609</u>	<u>8</u>	<u>718,148</u>	<u>3</u>	<u>705,571</u>	<u>3</u>
Total comprehensive income for the period	<u>(\$ 179,128)</u>	<u>( 2)</u>	<u>\$ 1,207,675</u>	<u>13</u>	<u>\$ 1,754,761</u>	<u>7</u>	<u>\$ 1,143,433</u>	<u>4</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:								
Shareholders of the parent company	\$ 175,398	2	\$ 430,066	5	\$ 1,036,613	4	\$ 437,862	2
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 175,398</u>	<u>2</u>	<u>\$ 430,066</u>	<u>5</u>	<u>\$ 1,036,613</u>	<u>4</u>	<u>\$ 437,862</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Shareholders of the parent company	(\$ 179,128)	( 2)	\$ 1,207,675	13	\$ 1,754,761	7	\$ 1,143,433	4
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(\$ 179,128)</u>	<u>( 2)</u>	<u>\$ 1,207,675</u>	<u>13</u>	<u>\$ 1,754,761</u>	<u>7</u>	<u>\$ 1,143,433</u>	<u>4</u>
EARNINGS PER SHARE (Note 20)								
Basic	<u>\$ 0.18</u>		<u>\$ 0.45</u>		<u>\$ 1.09</u>		<u>\$ 0.46</u>	
Diluted	<u>\$ 0.18</u>		<u>\$ 0.45</u>		<u>\$ 1.09</u>		<u>\$ 0.46</u>	

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

(Please refer to Deloitte & Touche auditors' review report dated November 11, 2024)

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

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 30, 2024 and 2023

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

	Equity Attributable to Shareholders of the Company					Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital		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, 2023	\$ 9,094,100	\$ 41	\$ 3,398,776	\$ 1,970,995	\$ 5,749,958	(\$ 1,213,319)	\$ 381,829	\$ 19,382,380	\$ 16	\$ 19,382,396
Appropriations of 2022 earnings										
Provision for legal reserve	-	-	41,452	-	( 41,452 )	-	-	-	-	-
Reversal of special reserve	-	-	-	( 1,139,505 )	1,139,505	-	-	-	-	-
Cash dividends to shareholders - NT\$0.5 per share	-	-	-	-	( 454,705 )	-	-	( 454,705 )	-	( 454,705 )
Share dividends to shareholders - NT\$0.5 per share	454,800	-	-	-	( 454,800 )	-	-	-	-	-
Net profit for the nine months ended September 30, 2023	-	-	-	-	437,862	-	-	437,862	-	437,862
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	705,571	-	705,571	-	705,571
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	437,862	705,571	-	1,143,433	-	1,143,433
Changes in ownership equity of subsidiaries	-	-	-	-	( 15 )	-	-	( 15 )	( 16 )	( 31 )
<b>BALANCE AT SEPTEMBER 30, 2023</b>	<u>\$ 9,548,900</u>	<u>\$ 41</u>	<u>\$ 3,440,228</u>	<u>\$ 831,490</u>	<u>\$ 6,376,353</u>	<u>(\$ 507,748)</u>	<u>\$ 381,829</u>	<u>\$ 20,071,093</u>	<u>\$ -</u>	<u>\$ 20,071,093</u>
Balance as of January 1, 2024	\$ 9,548,900	\$ 41	\$ 3,440,228	\$ 831,490	\$ 6,846,330	(\$ 1,370,790)	\$ 277,222	\$ 19,573,421	\$ -	\$ 19,573,421
Appropriations of 2023 earnings										
Provision for legal reserve	-	-	90,782	-	( 90,782 )	-	-	-	-	-
Provision of special reserve	-	-	-	262,078	( 262,078 )	-	-	-	-	-
Cash dividends - NT\$1.0 per share	-	-	-	-	( 954,890 )	-	-	( 954,890 )	-	( 954,890 )
Net profit for the nine months ended September 30, 2024	-	-	-	-	1,036,613	-	-	1,036,613	-	1,036,613
Other comprehensive income (loss) for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	718,148	-	718,148	-	718,148
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	1,036,613	718,148	-	1,754,761	-	1,754,761
<b>Balance as of September 30, 2024</b>	<u>\$ 9,548,900</u>	<u>\$ 41</u>	<u>\$ 3,531,010</u>	<u>\$ 1,093,568</u>	<u>\$ 6,575,193</u>	<u>(\$ 652,642)</u>	<u>\$ 277,222</u>	<u>\$ 20,373,292</u>	<u>\$ -</u>	<u>\$ 20,373,292</u>

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

(Please refer to Deloitte & Touche auditors' review report dated November 11, 2024)

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

### Consolidated Statements of Cash Flows For the nine months ended September 30, 2024 and 2023 (In Thousands of New Taiwan Dollars)

	January 1 to September 30, 2024	January 1 to September 30, 2023
Net cash flow from operating activities		
Net income before income tax	\$ 1,403,199	\$ 786,163
Income and expense items		
Depreciation	1,292,503	1,350,281
Amortization	12,443	11,485
Expected benefits from reversal of credit impairment losses	8,484	( 4,312)
Net loss (gain) on financial assets at fair value through profit or loss	( 413)	84
Financial costs	383,065	420,266
Interest income	( 204,242)	( 178,614)
Dividend income	( 30,338)	( 46,832)
Share of profit of associates accounted for using the equity method	( 1,512)	( 14,207)
Loss (gain) on disposal of property, plant and equipment	( 3,995)	434
Provision (reversal) for decline in value of inventories and doubtful accounts	19,875	( 21,182)
Loss on property, plant and equipment	9,945	-
Net loss on foreign currency exchange	116,752	43,918
Changes in operating assets and liabilities		
Notes receivable	( 25,157)	( 51,302)
Accounts receivable	( 625,638)	( 46,844)
Other receivables	( 125,090)	( 15,658)
Inventories	( 79,041)	2,534,504
Prepayments	( 90,030)	( 71,324)
Other current assets	( 9,259)	19,751
Contract liabilities	54,077	41,281
Notes payable	15,602	( 22,372)
Accounts payable	274,535	( 293,772)
Other payables	230,483	201,402
Other current liabilities	59,309	51,610
Net defined benefit liabilities	( 11,320)	( 18,071)
Other non-current liabilities	( 300)	( 450)
New cash inflow from operating activities	2,673,937	4,676,239

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	January 1 to September 30, 2024	January 1 to September 30, 2023
Interest received	\$ 231,262	\$ 135,029
Dividends received	30,338	64,136
Interest paid	( 372,811)	( 410,673)
Income tax paid	( 399,864)	( 279,646)
Net cash inflow from operating activities	<u>2,162,862</u>	<u>4,185,085</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	( 841,718)	( 578,276)
Disposal of property, plant and equipment	45,149	13,722
Increase in refundable deposits	( 20,102)	( 88,523)
Decrease in refundable deposits	66,177	77,606
Acquisition of intangible assets	( 27,343)	( 9,945)
Increase in other financial assets	488,452	( 800,695)
Increase in prepayments for equipment	( 387,491)	( 134,922)
Net cash outflow from investing activities	<u>( 676,876)</u>	<u>( 1,521,033)</u>
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	223,330	( 643,726)
Long-term borrowings	21,542,419	18,287,176
Repayment of long-term borrowings	( 21,406,660)	( 19,544,086)
Increase in deposits received	1,267	231,269
Decrease in deposits received	( 6,753)	( 15,826)
Repayment of lease principal	( 141,156)	( 125,473)
Payment of cash dividends	( 954,890)	( 454,705)
Changes in ownership equity of subsidiaries	<u>-</u>	<u>( 31)</u>
Net cash (outflow) from financing activities	<u>( 742,443)</u>	<u>( 2,265,402)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>55,576</u>	<u>111,669</u>
Increase (decrease) in cash and cash equivalents for the period	799,119	510,319
Cash and cash equivalents at beginning of period	<u>7,537,100</u>	<u>7,057,133</u>
Cash and cash equivalents at the end of the period	<u>\$ 8,336,219</u>	<u>\$ 7,567,452</u>

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

(Please refer to Deloitte & Touche auditors' review report dated November 11, 2024)

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

Notes to Consolidated Financial Statements  
For the nine months ended September 30, 2024 and 2023  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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## 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 Company’s board of directors on November 11, 2024.

## 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 consolidated company.

b. The IFRS Accounting Standards endorsed by the Financial Supervisory Commission (FSC) for application starting from 2025

<u>New, amended and revised standards and interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)

Note 1: Applicable to annual reporting periods beginning on or after January 1, 2025. Upon initial application of this amendment, comparative periods shall not be restated, and the effects shall be recognized in the retained earnings or equity under the foreign operation exchange differences (as appropriate) on the date of initial application, as well as the related affected assets and liabilities.

- 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>
"Annual Improvements to IFRS Accounting Standards — Volume 11"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"	January 1, 2026
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 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless otherwise stated, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

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

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

- The income statement should classify revenue and expense items into categories of operating, investing, financing, income tax, and discontinued operations.
- 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 consolidated company 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 different characteristics should be further subdivided into the main financial statements and notes. The consolidated company should only label such items as "Other" when a more informative name cannot be found.
- Enhance disclosure of performance measures defining management levels: When the consolidated company engages in public communication outside of financial statements and communicates the perspective of management levels on the overall financial performance of the consolidated company, 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.

In addition to the above impacts, as of the date the consolidated financial statements were authorized for issue, the consolidated company is continuously assessing other impacts that the application of various standards and interpretations will have on its financial position and financial performance and will disclose the relevant impact when the assessment is completed.

d. Presentation of reclassification

Regarding the funds repatriated by the Group for substantive investment, in accordance with The Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the nature of the deposit has not changed due to the related utilization restrictions. To reflect the true situation of the consolidated financial statements and to maintain consistency in presentation, the carrying amount of other financial assets (non-current) as of September 30, 2023, has been reclassified to cash and cash equivalents, amounting to NT\$940,140 thousand. After the aforementioned reclassification, the total amount of current assets has increased by NT\$940,140 thousand. The net cash outflow from investment activities and the net decrease in cash and cash equivalents in the cash flow statement for the period from January 1, 2023 to September 30, 2023, have both increased by NT\$109,272 thousand. Please refer to Note 6 and Note 10 for details of the reclassification.

#### **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 a historical cost basis except for financial instruments measured at fair value and net defined benefit liabilities recognized as the present value of the defined benefit obligation less the fair value of plan assets.

Fair value measurements are categorized into Levels 1 through 3 based on the degree of observability and significance of the related inputs:

- 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 the fiscal year 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- a) Liabilities held primarily for the purpose of trading;
- b) Liabilities due to be settled within 12 months after the balance sheet date; and
- c) liabilities that does not have in substance the right to defer settlement of the liability for at least 12 months after the balance sheet date.

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

2) 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.

3) 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 takes into account the potential impact on the estimation of 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 the of significant accounting judgments, estimates, and assumption uncertainty in the consolidated financial statements for the year 2023.

**6. CASH AND CASH EQUIVALENTS**

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and revolving funds	\$ 9,550	\$ 7,658	\$ 7,163
Bank checks and demand deposits	6,335,159	6,061,461	6,887,225
Cash equivalents (time deposits with original maturity of less than 3 months)	<u>1,991,510</u>	<u>1,467,981</u>	<u>673,064</u>
	<u>\$ 8,336,219</u>	<u>\$ 7,537,100</u>	<u>\$ 7,567,452</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits with original maturity of less than 3 months	0.30%~5.32%	0.30%~5.38%	0.30%~5.22%

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Non-current</u>			
Investments in equity instruments			
Domestic unlisted shares	\$ 339,551	\$ 339,551	\$ 385,358
Foreign unlisted shares	<u>75,258</u>	<u>73,466</u>	<u>142,229</u>
	<u>\$ 414,809</u>	<u>\$ 413,017</u>	<u>\$ 527,587</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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
Measured at amortized cost	<u>\$ 238,400</u>	<u>\$ 213,243</u>	<u>\$ 249,567</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 4,140,605	\$ 3,394,679	\$ 3,984,527
Less: Allowance for losses	( <u>80,238</u> )	( <u>69,762</u> )	( <u>77,150</u> )
	<u>\$ 4,060,367</u>	<u>\$ 3,324,917</u>	<u>\$ 3,907,377</u>

The consolidated company'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 an allowance for losses on accounts receivable based on expected credit losses over the life of the receivable. The Consolidated Company takes into account the customer's past default history, current financial condition and the economic situation of the industry. The Consolidated Company classifies customers according to the number of days of credit and the country in which the customers are located, and establishes the expected credit loss rate.

If there is sufficient evidence that the counter-party is in serious financial difficulty and the consolidated company cannot reasonably expect to recover the amount due, the consolidated company 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 consolidated company is as follows:

## September 30, 2024

	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	\$ 3,965,604	\$ 275,006	\$ 38,913	\$ 14,727	\$ 3,545	\$ 10,551	\$ 70,659	\$ 4,379,005
Allowance for losses (lifetime expected credit losses)	( 341 )	( 3,487 )	( 870 )	( 1,072 )	( 485 )	( 4,156 )	( 69,827 )	( 80,238 )
Amortized cost	<u>\$ 3,965,263</u>	<u>\$ 271,519</u>	<u>\$ 38,043</u>	<u>\$ 13,655</u>	<u>\$ 3,060</u>	<u>\$ 6,395</u>	<u>\$ 832</u>	<u>\$ 4,298,767</u>

## December 31, 2023

	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	\$ 3,187,097	\$ 263,117	\$ 42,688	\$ 42,468	\$ 13,303	\$ 1,099	\$ 58,150	\$ 3,607,922
Allowance for losses (lifetime expected credit losses)	( 651 )	( 1,921 )	( 1,576 )	( 3,258 )	( 4,149 )	( 510 )	( 57,697 )	( 69,762 )
Amortized cost	<u>\$ 3,186,446</u>	<u>\$ 261,196</u>	<u>\$ 41,112</u>	<u>\$ 39,210</u>	<u>\$ 9,154</u>	<u>\$ 589</u>	<u>\$ 453</u>	<u>\$ 3,538,160</u>

## September 30, 2023

	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	\$ 3,824,710	\$ 275,371	\$ 45,103	\$ 15,485	\$ 2,568	\$ 15,210	\$ 55,647	\$ 4,234,094
Allowance for losses (lifetime expected credit losses)	( 724 )	( 4,466 )	( 2,175 )	( 7,282 )	( 312 )	( 6,544 )	( 55,647 )	( 77,150 )
Amortized cost	<u>\$ 3,823,986</u>	<u>\$ 270,905</u>	<u>\$ 42,928</u>	<u>\$ 8,203</u>	<u>\$ 2,256</u>	<u>\$ 8,666</u>	<u>\$ -</u>	<u>\$ 4,156,944</u>

Information on the changes in allowance for losses on notes and accounts receivable is as follows:

	January 1 to September 30, 2024	January 1 to September 30, 2023
Opening balance	\$ 69,762	\$ 80,296
Add: Recognition (reversal) of impairment loss for the period	8,702	( 4,530 )
Less: Actual write-off for the period	( 2,568 )	( 441 )
Foreign currency translation differences	<u>4,342</u>	<u>1,825</u>
Ending balance	<u>\$ 80,238</u>	<u>\$ 77,150</u>

Please refer to Note 24 for the amount of accounts receivable pledged as collateral for loans by the consolidated company.

## 9. INVENTORIES

	September 30, 2024	December 31, 2023	September 30, 2023
Finished goods	\$ 3,446,430	\$ 3,481,596	\$ 3,496,041
Work in progress	861,695	695,817	694,668
Raw materials	4,179,572	4,284,689	4,498,382
Supplies	509,593	471,187	554,830
Merchandise	110,142	82,064	72,707
Inventory in transit	<u>949,700</u>	<u>662,938</u>	<u>664,921</u>
	<u>\$ 10,057,132</u>	<u>\$ 9,678,291</u>	<u>\$ 9,981,549</u>

The cost of revenue associated with inventories was NT\$6,904,672 thousand, NT\$6,986,081 thousand, NT\$20,284,167 thousand and NT\$21,256,551 thousand for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, respectively. The cost of revenue associated with inventories consisted of allowance (reversal) for inventory valuation and obsolescence loss of NT\$(12,206) thousand, NT\$21,252 thousand, NT\$19,875 thousand and NT\$(21,182) thousand, respectively. Reversal of allowance for inventory valuation and obsolescence loss was mainly due to the increase in prices of finished goods and raw materials.

Please refer to Note 24 for information relating to part of inventories pledged as collateral for loans.

## 10. OTHER FINANCIAL ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Time deposits with an original maturity of more than 3 months	\$ 1,217,274	\$ 2,440,230	\$ 2,599,131
Others	<u>2,259</u>	<u>2,177</u>	<u>2,255</u>
	<u>\$ 1,219,533</u>	<u>\$ 2,442,407</u>	<u>\$ 2,601,386</u>
<u>Non-current</u>			
Time deposits with an original maturity of more than 1 year	<u>\$ 1,553,729</u>	<u>\$ 693,860</u>	<u>\$ 808,970</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits	1.90%~3.55%	2.00%~5.75%	2.00%~5.20%

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
			September 30, 2024	December 31, 2023	September 30, 2023	
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%	-

(Continued)

Investor	Name of subsidiary	Nature of business	Percentage of shareholding			Remark
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	Kenda Rubber (Vietnam) Co., Ltd. (KV)	Manufacturing and selling of tubes and tires for vehicles	100%	100%	100%	-
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%	-
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 (formerly known as STARCO Europe A/S)	Investment	100%	100%	100%	Note 1
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%	-

(Continued)

Investor	Name of subsidiary	Nature of business	Percentage of shareholding			Remark
			September 30, 2024	December 31, 2023	September 30, 2023	
KGCI	Kenda Rubber (China) Ltd. (KC)	Manufacturing and selling of tubes and tires for vehicles	100%	100%	100%	-
KENDA Europe A/S	KENDA GB Rugeley Ltd. (formerly known as STARCO GB Ltd.)	Distribution and selling of tires and rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA Deutschland GmbH (formerly known as STARCO GmbH)	Distribution and selling of tires and rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA Polska Sp.z.o.o. (formerly known as STARCO Polska Sp.z.o.o.)	Distribution and selling of tires and rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA België NV (formerly known as STARCO NV)	Distribution and selling of tires and rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA Schweiz AG (formerly known as STARCO GS AG)	Distribution and selling of tires and rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA Baltic OÜ (formerly known as STARCO Baltic OÜ)	Distribution and selling of tires and rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA France SAS (formerly known as STARCO FR SAS)	Distribution and selling of tires and rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA Manufacturing HR d.o.o. (formerly known as STARCO Beli Manastir d.o.o.)	Manufacturing of rims	100%	100%	100%	Note 1
KENDA Europe A/S	KENDA Manufacturing GB Ltd. (formerly known as STARCO DML)	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

(Concluded)

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

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

## 12. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2024	December 31, 2023	September 30, 2023
Land	\$ 2,582,458	\$ 2,574,150	\$ 2,581,247
Buildings	5,080,660	4,284,403	4,470,741
Machinery and equipment	7,115,582	7,214,191	7,717,171
Other equipment	553,889	556,631	596,715
Equipment under acceptance and unfinished construction	<u>697,756</u>	<u>1,010,338</u>	<u>952,321</u>
	<u>\$ 16,030,345</u>	<u>\$ 15,639,713</u>	<u>\$ 16,318,195</u>

The Group added NT\$881,007 thousand and NT\$544,341 thousand of equipment from January 1 to September 30, 2024 and 2023, respectively.

Other than the abovementioned changes and recognized depreciation expenses, no significant changes occurred in the properties, plants and equipment of the consolidated company.

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 Company's land for operational use in Zhongyang section of Yuanlin City and Citong Township of Yunlin County is categorized as farming and grazing land. The land will be registered under the Company once the category for land use has been changed. 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 September 30, 2024 and December 31 and September 30, 2023, the prepayments for machinery equipment amounted to NT\$523,477 thousand, NT\$423,181 thousand and NT\$422,462 thousand, respectively, and were presented in other non-current assets.

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

### 13. LEASE AGREEMENTS

#### a. Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of right-of-use assets			
Land	\$ 1,567,354	\$ 1,386,673	\$ 1,464,010
Buildings	248,588	298,919	337,402
Machinery and equipment	11,270	11,670	10,928
Other equipment	<u>20,716</u>	<u>13,740</u>	<u>15,754</u>
	<u>\$ 1,847,928</u>	<u>\$ 1,711,002</u>	<u>\$ 1,828,094</u>
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024
Additions to right-of-use assets	<u>\$ 48,767</u>	<u>\$ 2,341</u>	<u>\$ 217,108</u>
	July 1 to September 30, 2023	January 1 to September 30, 2023	January 1 to September 30, 2023
Depreciation expense of right-of-use assets			
Land	\$ 9,057	\$ 7,707	\$ 26,948
Buildings	34,609	35,184	103,569
Machinery equipment	2,182	2,021	6,077
Other equipment	<u>2,564</u>	<u>2,035</u>	<u>7,390</u>
	<u>\$ 48,412</u>	<u>\$ 46,947</u>	<u>\$ 143,984</u>
	<u>\$ 126,301</u>	<u>\$ 6,858</u>	<u>\$ 5,739</u>

Except for the aforementioned addition and recognized depreciation expense, the consolidated company did not have significant subleases or impairment of right-of-use assets for the period from January 1 to September 30, 2024 and 2023.

#### b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of lease liabilities			
Current	<u>\$ 128,393</u>	<u>\$ 168,684</u>	<u>\$ 173,502</u>
Non-current	<u>\$ 631,216</u>	<u>\$ 478,124</u>	<u>\$ 524,736</u>

The discount rate range for lease liabilities is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Land	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	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

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Short-term lease expense	<u>\$ 44,239</u>	<u>\$ 23,226</u>	<u>\$ 104,511</u>	<u>\$ 89,489</u>
Lease expense of low-value assets	<u>\$ 144</u>	<u>\$ 140</u>	<u>\$ 454</u>	<u>\$ 259</u>
Total cash outflow from leases	<u>\$ 91,319</u>	<u>\$ 78,026</u>	<u>\$ 258,449</u>	<u>\$ 226,612</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Lease commitments	<u>\$ 1,034,597</u>	<u>\$ 805,901</u>	<u>\$ 866,622</u>

#### 14. INVESTMENT PROPERTIES

	September 30, 2024	December 31, 2023	September 30, 2023
Right-of-use assets	<u>\$ 29,412</u>	<u>\$ 28,287</u>	<u>\$ 27,126</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 September 30, 2024 and 2023. 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. Heju is currently engaged in urban development and construction. And it is agreed to complete the construction, obtain the completion acceptance record, and handle property delivery procedures by the end of 2026.

The consolidated company received a total of CNY200,000 thousand (approximately NT\$903,331 thousand presented in other non-current liabilities) of allocation fee for urban renewal project from Heju according to the aforementioned agreement, which will be returned to Heju after the project is completed and has been delivered to KS.

In order to align with the overall planning and effective integration of the KS Development Project and operational resources in China, the consolidated company has been gradually terminating labor contracts with production line employees since May 2024, and has provided economic compensation of NT\$67,899 thousand. Additionally, the company is conducting a cleanup of related real estate, factories, and equipment, and has recognized an impairment loss of NT\$9,945 thousand based on the recoverable amounts of these assets.

The fair values of investment properties as of December 31, 2023 and 2022 were NT\$5,831,910 thousand and NT\$5,959,859 thousand, respectively. As evaluated by the management of the Group, there was no significant change in the fair values as of September 30, 2024 and 2023 compared to December 31, 2023 and 2022.

## 15. BORROWINGS

### a. Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Credit borrowings	\$ 3,361,465	\$ 2,952,442	\$ 3,541,811
Secured borrowings (Note 24) (1)	<u>318,289</u>	<u>406,299</u>	<u>246,046</u>
	<u>\$ 3,679,754</u>	<u>\$ 3,358,741</u>	<u>\$ 3,787,857</u>
Range of interest rates	1.80%~6.24%	1.45%~6.19%	1.45%~6.32%

### b. Long-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured borrowings	\$ 13,012,569	\$ 12,730,623	\$ 13,098,261
Secured borrowings (Note 24) (1)	1,068,339	1,054,518	1,504,090
Project borrowing (2)	<u>39,999</u>	<u>141,764</u>	<u>175,608</u>
Subtotal	14,120,907	13,926,905	14,777,959
Less: Amount due within one year	<u>1,463,378</u>	<u>2,076,196</u>	<u>1,910,941</u>
Long-term borrowings	<u>\$ 12,657,529</u>	<u>\$ 11,850,709</u>	<u>\$ 12,867,018</u>
Range of interest rates	1.50%~6.63%	1.00%~6.88%	1.00%~6.88%
Maturity date	2025~2035	2024~2027	2023~2027

- 1) Certain subsidiaries of the Company, KA, ADI and KENDA Europe A/S (formerly known as STARCO Europe A/S) are required by contract to maintain certain financial ratios, in addition to providing assets as collateral, and to periodically review their potential defaults on a semi-annual or annual basis. As of September 30, 2024, there were no defaults due to the above financial ratios.
- 2) The consolidated company participated in a project of the Ministry of Economic Affairs that encouraged Taiwanese enterprises to invest locally in September 2019. The consolidated company 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

	September 30, 2024	December 31, 2023	September 30, 2023
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

In accordance with the provisions of earnings appropriation of the Company's 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 and regulations or provisions of the competent authorities. 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 new shares, the motion should be submitted to shareholders' meeting for approval. The shareholders may adjust the ratio of new shares for earnings appropriation 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, refer to Note 18(5).

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 No. 1010012865 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 2023 and 2022 were as follows:

	Appropriations of earnings		Dividends per share (NT\$)	
	2023	2022	2023	2022
Provision for legal reserve	\$ 90,782	\$ 41,452		
Provision (reversal) of special reserve	262,078	( 1,139,505 )		
Cash dividends	954,890	454,705	\$ 1.0	\$ 0.5
Share dividends	-	454,800	-	0.500104

The above cash dividends have been approved through board resolution. The rest of the earnings distribution items were also resolved at the shareholders' meetings on May 31, 2024 and May 31, 2023, respectively.

## 17. REVENUE

### a. Breakdown of contracts with customers

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
<u>Major product/service lines</u>				
Motorcycle and other bias tires	\$ 3,690,622	\$ 3,843,350	\$ 10,983,971	\$ 11,585,413
Radial tires	2,601,878	3,097,630	8,177,505	7,536,433
Bicycle tires	852,245	566,606	1,940,051	1,695,353
Tubes	527,698	334,935	1,069,387	948,246
Others	<u>1,147,863</u>	<u>1,113,225</u>	<u>4,036,369</u>	<u>4,114,576</u>
Total	<u>\$ 8,820,306</u>	<u>\$ 8,955,746</u>	<u>\$ 26,207,283</u>	<u>\$ 25,880,021</u>

### b. Contract balances

	September 30, 2024	December 31, 2023	September 30, 2023
Refundable liabilities - current	<u>\$ 267,112</u>	<u>\$ 245,110</u>	<u>\$ 109,383</u>

The Group sells tires and related products predominantly via distributors. It is stipulated in the contracts that a volume discount is offered if a specific threshold of purchase is achieved. The Group provides agreed-upon percentages of refunds or discounts to distributors 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 FOR THE PERIOD

The net profit for the period consists of the following items:

### a. Other gains and losses

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Net foreign currency exchange (loss) gain	(\$ 58,972)	\$ 48,781	\$ 70,182	\$ 227,435
Gain (loss) on disposal of property, plant and equipment	8,450	( 378 )	3,995	( 434 )
Gain (loss) on financial assets at fair value through profit or loss	146	( 63 )	413	( 84 )
Others	<u>( 1,746 )</u>	<u>( 2,346 )</u>	<u>( 5,635 )</u>	<u>( 12,858 )</u>
	<u>(\$ 52,122)</u>	<u>\$ 45,994</u>	<u>\$ 68,955</u>	<u>\$ 214,059</u>

b. Financial costs

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Interest expense on bank loans	\$ 124,723	\$ 140,119	\$ 370,737	\$ 409,534
Interest on lease liabilities	3,801	2,795	12,328	11,391
Less: Amounts included in the cost of qualifying assets	-	( 41 )	-	( 659 )
	<u>\$ 128,524</u>	<u>\$ 142,873</u>	<u>\$ 383,065</u>	<u>\$ 420,266</u>

c. Depreciation and amortization

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Property, plant and equipment	\$ 383,543	\$ 406,763	\$ 1,148,469	\$ 1,220,914
Right-of-use assets	48,412	46,947	143,984	129,367
Investment properties	17	-	50	-
Intangible assets	5,056	3,615	12,443	11,485
	<u>\$ 437,028</u>	<u>\$ 457,325</u>	<u>\$ 1,304,946</u>	<u>\$ 1,361,766</u>

Depreciation expense is  
aggregated by function

Operating costs	\$ 324,917	\$ 346,677	\$ 979,030	\$ 1,033,435
Operating expenses	107,038	107,033	313,423	316,846
Other gains and losses	17	-	50	-
	<u>\$ 431,972</u>	<u>\$ 453,710</u>	<u>\$ 1,292,503</u>	<u>\$ 1,350,281</u>

Amortization expense is  
aggregated by function

Operating costs	\$ 1,322	\$ 1,266	\$ 3,716	\$ 3,878
Operating expenses	3,734	2,349	8,727	7,607
	<u>\$ 5,056</u>	<u>\$ 3,615</u>	<u>\$ 12,443</u>	<u>\$ 11,485</u>

d. Employee benefits expense

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Short-term employee benefits				
Wages and salaries	\$ 1,438,095	\$ 1,338,810	\$ 4,258,654	\$ 3,866,384
Labor/Health insurance expenses	155,658	121,252	439,490	401,431
	<u>1,593,753</u>	<u>1,460,062</u>	<u>4,698,144</u>	<u>4,267,815</u>
Post-employment benefits				
Defined contribution plans	76,063	76,058	234,005	226,315
Defined benefit plans	627	1,170	1,884	3,509
	<u>76,690</u>	<u>77,228</u>	<u>235,889</u>	<u>229,824</u>
Termination benefits	1,500	-	67,899	-
Other employee benefits	66,100	68,057	198,972	167,911
Total employee benefit expenses	<u>\$ 1,738,043</u>	<u>\$ 1,605,347</u>	<u>\$ 5,200,904</u>	<u>\$ 4,665,550</u>

(Continued)

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
An analysis by function				
Operating costs	\$ 983,594	\$ 907,726	\$ 2,903,209	\$ 2,666,360
Operating expenses	752,949	697,621	2,229,796	1,999,190
Other operating income and expenses	<u>1,500</u>	<u>-</u>	<u>67,899</u>	<u>-</u>
	<u>\$ 1,738,043</u>	<u>\$ 1,605,347</u>	<u>\$ 5,200,904</u>	<u>\$ 4,665,550</u>

(Concluded)

e. Remuneration of employees and directors

According to the Company's Articles, the Company shall distribute compensation of employees and remuneration of directors at rates of no less than 0.5% and no higher than 3%, respectively, of the profit for the year. The accrued compensation of employees and remuneration of directors from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023 are as follows:

Accrual rate

	January 1 to September 30, 2024	January 1 to September 30, 2023
Employees' remuneration	0.78%	0.80%
Directors' remuneration	1.17%	1.20%

Amount

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Employees' remuneration	<u>\$ 1,976</u>	<u>\$ 3,629</u>	<u>\$ 8,705</u>	<u>\$ 4,012</u>
Directors' remuneration	<u>\$ 2,968</u>	<u>\$ 5,447</u>	<u>\$ 13,065</u>	<u>\$ 6,021</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the difference is recorded as a change in accounting estimates and will be adjusted in the following year.

The remuneration to employees and directors for 2023 and 2022, as resolved by the Board of Directors, are as follows:

	<u>2023</u>	<u>2022</u>
	Cash	Cash
Employees' remuneration	<u>\$ 9,262</u>	<u>\$ 5,937</u>
Directors' remuneration	<u>\$ 10,895</u>	<u>\$ 8,911</u>

The actual amounts of employee compensation and director's remuneration for 2023 and 2022 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 employee compensation and director's remuneration 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:

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Income tax for the period				
In respect of the current period	\$ 85,637	\$ 165,606	\$ 351,791	\$ 319,858
Additional levy on unappropriated earnings	-	( 2,085 )	-	15,151
Adjustments for prior year	<u>2,469</u>	<u>2,252</u>	<u>2,498</u>	<u>( 5,621 )</u>
	<u>88,106</u>	<u>165,773</u>	<u>354,289</u>	<u>329,388</u>
Deferred tax				
In respect of the current period	<u>2,027</u>	<u>( 12,567 )</u>	<u>12,297</u>	<u>18,913</u>
Income tax expense recognized in profit or loss	<u>\$ 90,133</u>	<u>\$ 153,206</u>	<u>\$ 366,586</u>	<u>\$ 348,301</u>

### b. Income tax expense (benefit) recognized in other comprehensive income

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
<u>Deferred tax</u>				
Translation of foreign operations entities	<u>(\$ 88,632)</u>	<u>\$ 194,403</u>	<u>\$ 179,537</u>	<u>\$ 176,393</u>

### c. Income tax assessments

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

### d. Pillar two income tax bill

Since January 1, 2024, the governments of Vietnam, Germany, Denmark, France, the United Kingdom, Switzerland, Croatia, and Belgium, where the subsidiaries KV, KE, and KENDA Europe A/S (formerly known as STARCO Europe A/S) are registered, have substantively legislated and enacted the Pillar Two.

According to the bill, KENDA Europe A/S is required to pay additional taxes in Denmark for the profits of its subsidiaries that are taxed at a rate lower than 15%. The main jurisdictions at risk for this income tax include Estonia and Poland.

In the Group's consolidated financial statements, the current effective tax rate for KV, KE, and KENDA Europe A/S is approximately 13%. The full impact of the adjustments required by the bill has not yet been comprehensively considered, and the actual impact on the consolidated company could vary significantly. The Group is actively reviewing and assessing the impact of the Pillar Two on its overall financial performance.

## 20. EARNINGS PER SHARE

	Unit: NT\$ per share			
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Basic earnings per share	<u>\$ 0.18</u>	<u>\$ 0.45</u>	<u>\$ 1.09</u>	<u>\$ 0.46</u>
Diluted earnings per share	<u>\$ 0.18</u>	<u>\$ 0.45</u>	<u>\$ 1.09</u>	<u>\$ 0.46</u>

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

### Net profit for the period

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Net profit attributable to shareholders of the parent	<u>\$ 175,398</u>	<u>\$ 430,066</u>	<u>\$ 1,036,613</u>	<u>\$ 437,862</u>

### Number of shares

	Unit: Thousands of shares			
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Weighted-average ordinary shares used in calculating basic earnings per share	954,890	954,890	954,890	954,890
Effect of dilutive potential ordinary shares: compensation of employees	<u>280</u>	<u>136</u>	<u>345</u>	<u>184</u>
Weighted average ordinary shares used in calculating diluted earnings per share	<u>955,170</u>	<u>955,026</u>	<u>955,235</u>	<u>955,074</u>

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.

## 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

September 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Domestic listed shares	<u>\$ 1,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,727</u>
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Investments in equity instruments Domestic and foreign unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 414,809</u>	<u>\$ 414,809</u>

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Domestic listed shares	<u>\$ 1,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,314</u>
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Investments in equity instruments Domestic and foreign unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413,017</u>	<u>\$ 413,017</u>

September 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Domestic listed shares	\$ 1,235	\$ -	\$ -	\$ 1,235
<u>Financial assets at fair value</u>				
<u>through other comprehensive</u>				
<u>income</u>				
Investments in equity instruments				
Domestic and foreign				
unlisted shares	\$ -	\$ -	\$ 527,587	\$ 527,587

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

<u>Financial assets measured at fair</u>	<u>January 1 to September</u>	<u>January 1 to September</u>
<u>value through other comprehensive</u>	<u>30, 2024</u>	<u>30, 2023</u>
<u>income or loss - equity instruments</u>		
Opening balance	\$ 413,017	\$ 521,443
Effects of exchange rate	<u>1,792</u>	<u>6,144</u>
Ending balance	<u>\$ 414,809</u>	<u>\$ 527,587</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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through			
profit or loss			
Listed shares	\$ 1,727	\$ 1,314	\$ 1,235
Financial assets at amortized cost			
(Note 1)	15,975,449	14,722,958	15,667,071
Financial assets at fair value through			
other comprehensive income			
Investments in equity			
instruments	414,809	413,017	527,587
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	23,337,658	22,116,697	23,590,521

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 consolidated company'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 consolidated company'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 consolidated company to the exchange rate risk.

The carrying amounts of the consolidated company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 27.

Sensitivity analysis

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

The sensitivity analysis measures the effect of a 1% increase and decrease in the New Taiwan dollar and RMB (the functional currency) against the USD. The sensitivity rate of 1% is used when reporting currency risk internally to key management and represents management's assessment of the reasonable range of possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency monetary items, and adjusts their translation at the end of the year for a 1% change in currency rates. When the New Taiwan dollar and RMB strengthens/weakens by 1% against the USD, the effect on the Group's net profit before tax from January 1 to September 30, 2024 and 2023 will increase/decrease by NT\$51,976 thousand and NT\$46,498 thousand.

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 consolidated company's financial assets and financial liabilities with exposure to interest rates at the balance sheet date are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
— Financial assets	\$ 3,208,784	\$ 3,908,211	\$ 3,258,455
— Financial liabilities	4,171,930	3,194,542	3,714,001
Cash flow interest rate risk			
— Financial assets	7,891,085	6,757,436	7,698,387
— Financial liabilities	14,388,340	14,737,912	15,550,052

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 September 30, 2024 and 2023 will decrease/increase by NT\$4,873 thousand and NT\$5,889 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 price increases/decreases by 5%, the Group's net profit before tax from January 1 to September 30, 2024 and 2023 will change favorably/unfavorably by NT\$86 thousand and NT\$63 thousand, respectively, as a result of the changes in fair value of financial assets measured at fair value through profit or loss. The Group's other comprehensive income from January 1 to September 30, 2024 and 2023 will change favorably/unfavorably by NT\$20,740 thousand and NT\$26,379 thousand, respectively, as a result of the changes in fair value of financial assets measured 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.

September 30, 2024

	<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	\$ 4,569,728	\$ -	\$ -
Lease liabilities	128,393	228,376	402,840
Floating rate instruments	3,885,106	11,244,993	-
Fixed rate instruments	<u>1,564,766</u>	<u>1,903,306</u>	<u>-</u>
	<u>\$ 10,147,993</u>	<u>\$ 13,376,675</u>	<u>\$ 402,840</u>

December 31, 2023

	<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	\$ 3,896,981	\$ -	\$ -
Lease liabilities	168,684	255,769	222,355
Floating rate instruments	4,825,509	10,653,681	-
Fixed rate instruments	<u>1,215,615</u>	<u>1,377,581</u>	<u>-</u>
	<u>\$ 10,106,789</u>	<u>\$ 12,287,031</u>	<u>\$ 222,355</u>

September 30, 2023

	<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	\$ 4,057,916	\$ -	\$ -
Lease liabilities	173,502	293,152	231,584
Floating rate instruments	4,772,990	11,611,009	-
Fixed rate instruments	<u>1,597,036</u>	<u>1,477,900</u>	<u>-</u>
	<u>\$ 10,601,444</u>	<u>\$ 13,382,061</u>	<u>\$ 231,584</u>

b) Financing limit

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank overdraft limit (reviewed annually)			
— Amount utilized	\$ 27,129	\$ -	\$ -
— Amount unutilized	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 27,129</u>	<u>\$ -</u>	<u>\$ -</u>
Secured bank overdraft limit			
— Amount utilized	\$ 15,024	\$ 5,827	\$ 8,709
— Amount unutilized	<u>95,969</u>	<u>-</u>	<u>-</u>
	<u>\$ 110,993</u>	<u>\$ 5,827</u>	<u>\$ 8,709</u>
Unsecured bank loan limit			
— Amount utilized	\$ 16,735,054	\$ 16,224,471	\$ 17,106,409
— Amount unutilized	<u>22,048,102</u>	<u>17,890,772</u>	<u>17,142,885</u>
	<u>\$ 38,783,156</u>	<u>\$ 34,115,243</u>	<u>\$ 34,249,294</u>
Secured bank loan limit (extendable by mutual agreement)			
— Amount utilized	\$ 1,023,454	\$ 1,055,348	\$ 1,450,698
— Amount unutilized	<u>3,392,897</u>	<u>2,896,548</u>	<u>2,840,990</u>
	<u>\$ 4,416,351</u>	<u>\$ 3,951,896</u>	<u>\$ 4,291,688</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 September 30, 2024, and December 31, 2023 and September 30, 2023, the face amounts of these transferred but not yet matured banker's acceptances were NT\$749,249 thousand, NT\$583,897 thousand and NT\$584,294 thousand, respectively. These notes will mature within six months after the balance sheet date. Taking into consideration the credit risk of the derecognized banker's acceptances, the Group estimates that the fair values of its continuing involvement are not significant.

From January 1 to September 30, 2024 and 2023, the consolidated company 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 with the consolidated company

Name of related party	Relationship with the consolidated company
Kenlight Trading Corp.	Other related party
Kenjou 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
STARCO Huanmei	Associate
Yang Ying-Ming	Director of the Company
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

Account items	Type of related party	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Sales revenue	Other related party	\$ 627	\$ 911	\$ 2,107	\$ 1,171
	Associate	8,313	-	37,840	-
		<u>\$ 8,940</u>	<u>\$ 911</u>	<u>\$ 39,947</u>	<u>\$ 1,171</u>

### c. Purchases

Type of related party	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Other related party	\$ 35,753	\$ 29,574	\$ 112,520	\$ 99,299
Associate	71,273	37,725	206,760	111,668
	<u>\$ 107,026</u>	<u>\$ 67,299</u>	<u>\$ 319,280</u>	<u>\$ 210,967</u>

d. Receivables from related parties

Account items	Type of related party	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	Associate	\$ 9,291	\$ -	\$ -
Accounts receivable	Other related party	661	623	956
Other receivables	Other related party	-	588	781
		<u>\$ 9,952</u>	<u>\$ 1,211</u>	<u>\$ 1,737</u>

e. Payables to related parties

Account items	Type of related party	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable	Associate	\$ 69,871	\$ 38,668	\$ 27,429
Accounts payable	Other related party	53,573	58,592	45,224
Other payables	Other related party	7,927	8,753	5,699
		<u>\$ 131,371</u>	<u>\$ 106,013</u>	<u>\$ 78,352</u>

f. Others

Account items	Type of related party	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Manufacturing expense	Other related party	\$ 5,303	\$ 3,695	\$ 14,300	\$ 11,998
Operating expense	Other related party	595	520	1,765	1,466
Operating expense	Associate	1	-	254	-
		<u>\$ 5,899</u>	<u>\$ 4,215</u>	<u>\$ 16,319</u>	<u>\$ 13,464</u>

g. Lessee's lease agreement

The consolidated company 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	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
<u>Lease expense</u>				
Other related party				
ADH	\$ 4,293	\$ 4,212	\$ 12,771	\$ 12,333
Y&C	2,599	2,549	7,730	7,465
Others	1,252	829	2,785	2,451
	<u>\$ 8,144</u>	<u>\$ 7,590</u>	<u>\$ 23,286</u>	<u>\$ 22,249</u>

h. Rental agreement

The consolidated company leases warehouses to other related parties based on local rent levels and the rents are paid on a monthly basis.

Category/Name of Related Party	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
<u>Lease income</u>				
Other related party				
HBC	\$ 1,292	\$ 563	\$ 3,843	\$ 1,649

i. Acquisition of financial assets

January 1 to September 30, 2023

Category/Name of Related Party	Account items	Number of shares traded	Subject of transaction	Acquired price
Director of the Company/ Yang Ying-Ming	Investments accounted for using the equity method	1,000	Equity of KI	\$ 31

j. Remuneration of key management personnel

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Short-term employee benefits	\$ 4,616	\$ 9,886	\$ 28,693	\$ 24,142
Post-employment benefits	2	26	61	79
	<u>\$ 4,618</u>	<u>\$ 9,912</u>	<u>\$ 28,754</u>	<u>\$ 24,221</u>

## 24. PLEDGED ASSETS

All of the operating assets of KA, including but not limited to 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\$7,779,226 thousand, NT\$7,518,638 thousand and NT\$7,849,141 thousand as of September 30, 2024, December 31, 2023, and September 30, 2023, 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.

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	\$ -	\$ 15,009	\$ 5,059
Inventories	28,509	-	-
Property, plant and equipment	296,861	162,800	166,580
Pledged Fixed Deposit, etc.	<u>11,753</u>	<u>51,658</u>	<u>71,776</u>
	<u>\$ 337,123</u>	<u>\$ 229,467</u>	<u>\$ 243,415</u>

## 25. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

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

a. Material capital expenditures contracted for but not yet incurred

Item	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment	<u>\$ 207,166</u>	<u>\$ 190,741</u>	<u>\$ 216,441</u>

b. As of September 30, 2024 and December 31, 2023, the consolidated company's performance guarantee amounts, issued by banks for the low-carbon upgrade and transformation project, were both NT\$24,000 thousand.

c. Contingencies

1) 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, 2024 to August 6, 2025. The coverage of insurance policy is from August 6, 2004 to August 6, 2025. The maximum reparation of one single event is US\$10,000 thousand.

2) The Company had entered into an exclusive agency contract with Gabjohn for sales in Nigeria. Due to circumstances related to local sales, the traders commissioned by the Company switched to other distributors to sell products in Nigeria. Consequently, Gabjohn filed a lawsuit against the Company for breach of exclusive agency contract and demanded NT\$90,000 thousand (NGN500,000 thousand) as compensation. The Company signed a litigation agreement with Tommy & Jason Intellectual Property Rights Co., Ltd. ("Tommy & Jason Intellectual"), which then engaged a lawyer in the local intellectual property office, AdenijiKazeem & Co., to handle the litigation and regularly reported the related proceedings. The lawsuit is currently awaiting in the High Court of Nigeria. As of the date of issuance of the financial statements for Q3 2024, the possible outcome of the dispute regarding the agency cannot be estimated with sufficient reliability.

3) The U.S. Department of Commerce notified KA in June 2019 of the review results of the U.S. anti-dumping duties on the total import price of car tires imported from China from August 2016 to July 2017. The review results are not applicable to all companies importing car tires from China. The result of the anti-dumping tax re-examination increased the anti-dumping duty rate from the original rate that had previously been imposed of 8.72% to 64.57%. KA believes that this tax rate is unreasonable based on past experience, so it has appealed to the U.S. Federal Circuit Court. However, the Group has estimated the tax amount of about US\$7,778 thousand and the related overdue interest of US\$789 thousand in accordance with the abovementioned tax rate in 2020.

## 26. OTHER MATTER

On February 15, 2023, the President announced an amendment to the Climate Change Response Act, which includes provisions for the collection of carbon fees. Subsequently, on August 29, 2024, the Ministry of the Environment announced the "Regulations Governing the Collection of Carbon Fees," the "Regulations Governing Self-determined Reduction Plans,"

and the "Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees." On October 21, 2024, the carbon fee collection rates were announced, which will take effect on January 1, 2025. Based on the emissions assessment for the year 2022, the Group will be subject to carbon fee collection. Therefore, it will recognize related liability provisions based on actual emissions in 2025 and will remit the carbon fee in May 2026.

The subsidiaries of the consolidated company located in the China region report their annual carbon emissions data in accordance with the relevant policies established by the People's Republic of China. Local government departments distribute free carbon emission quotas based on the total annual emission quota and allocation plan. If there is a shortage of quotas, they can be purchased through the carbon emission rights trading market to make up for 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:

September 30, 2024

	Foreign currency	Exchange rate		Carrying amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 126,007	31.65	(USD:NTD)	\$ 3,988,114
USD	96,416	7.01	(USD:CNY)	3,051,562
EUR	8,126	7.83	(EUR:CNY)	286,326
IDR (in million)	194,590	0.07	(IDR:USD)	406,888
VND (in million)	191,924	0.04	(VND:USD)	<u>247,390</u>
				<u>\$ 7,980,280</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	53,682	31.65	(USD:NTD)	\$ 1,699,030
USD	4,519	7.01	(USD:CNY)	143,041
VND (in million)	265,174	0.04	(VND:USD)	<u>341,809</u>
				<u>\$ 2,183,880</u>

December 31, 2023

	Foreign currency		Exchange rate		Carrying amount
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	59,135	30.72	(USD:TWD)	\$ 1,816,333
USD		96,415	7.08	(USD:CNY)	2,961,399
CNY		88,000	0.14	(CNY:USD)	381,623
GBP		3,239	1.15	(GBP:EUR)	126,788
EUR		7,739	7.86	(EUR:CNY)	262,335
JPY		599,242	0.05	(JPY:CNY)	130,515
					<u>\$ 5,678,993</u>
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		5,139	30.72	(USD:TWD)	\$ 157,858
USD		8,138	7.08	(USD:CNY)	249,967
EUR		484	33.90	(EUR:TWD)	16,442
EUR		654	7.86	(EUR:CNY)	22,173
IDR (in million)		19,305	0.06	(IDR:USD)	38,513
VND (in million)		172,611	0.04	(VND:USD)	218,525
GBP		743	1.15	(GBP:EUR)	29,098
					<u>\$ 732,556</u>

September 30, 2023

	Foreign Currency		Exchange rate		Carrying amount
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	62,396	32.27	(USD:TWD)	\$ 2,013,404
USD		90,374	7.18	(USD:CNY)	2,916,202
EUR		10,549	7.58	(EUR:CNY)	359,597
JPY		578,362	0.05	(JPY:CNY)	124,984
CNY		88,000	0.14	(CNY:USD)	395,496
					<u>\$ 5,809,683</u>
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		4,513	32.27	(USD:TWD)	\$ 145,635
USD		4,159	7.18	(USD:CNY)	134,197
EUR		401	34.09	(EUR:TWD)	13,672
VND (in million)		207,058	0.04	(VND:USD)	275,180
GBP		1,168	1.15	(GBP:EUR)	45,820
IDR (in million)		19,305	0.06	(IDR:USD)	40,231
					<u>\$ 654,735</u>

The Group's gains or losses on foreign currency exchange (realized and unrealized) from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023 were loss of NT\$58,972 thousand, gain of NT\$48,781 thousand, gain of NT\$70,182 thousand, and gain of NT\$227,435 thousand, respectively. These foreign exchange gains or losses could not be disclosed by each foreign currency with material impact due to the wide variety of foreign currency transactions and functional currencies of the intra-group entities.

## **28. SUPPLEMENTARY DISCLOSURES**

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

- 1) Loans of funds to others: Table 1.
- 2) Endorsements/guarantees provided: Table 2.
- 3) Marketable securities held at the end of the period: Table 3.
- 4) Aggregate purchases or sales of the same marketable securities amounting to at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
- 9) Trading in derivative instruments: None.
- 10) Business relationships and significant transactions and amounts between the parent and subsidiaries and between subsidiaries: Table 6.
- 11) Information on investee companies: Table 7.

### b. 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.
- c. Information of major shareholders:

The names, number of shares held, and percentage of ownership of shareholders with equity stake of 5% or more: Table 9.

## 29. SEGMENT INFORMATION

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

### Segment revenue and operating results

The segment revenue and operating results from continuing operations of the consolidated company were analyzed by reportable segments as follows:

#### January 1 to September 30, 2024

	Asia	Non-Asia regions	Others	Adjustment and write-off	Total
<u>Revenue</u>					
Revenue from external customers	\$ 12,711,478	\$ 13,495,805	\$ -	\$ -	\$ 26,207,283
Intersegment revenue	<u>7,771,915</u>	<u>137,543</u>	-	( 7,909,458 )	-
Total	<u>\$ 20,483,393</u>	<u>\$ 13,633,348</u>	<u>\$ -</u>	<u>( \$ 7,909,458 )</u>	<u>\$ 26,207,283</u>
Interest income	<u>\$ 203,141</u>	<u>\$ 3,936</u>	<u>\$ 16,095</u>	<u>( \$ 18,930 )</u>	<u>\$ 204,242</u>
Financial costs	<u>\$ 246,898</u>	<u>\$ 159,610</u>	<u>\$ -</u>	<u>( \$ 23,443 )</u>	<u>\$ 383,065</u>
Depreciation and amortization	<u>\$ 1,015,443</u>	<u>\$ 289,494</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 1,304,946</u>
Segment profit or loss (excluding investment income and other operating income and expenses)	<u>\$ 702,130</u>	<u>\$ 624,923</u>	<u>\$ 13,064</u>	<u>\$ 139,414</u>	\$ 1,479,531
Other operating income and expenses					( 77,844 )
Investment income or loss accounted for using the equity method					<u>1,512</u>
Net profit before tax					<u>\$ 1,403,199</u>
Total assets					<u>\$ 46,005,847</u>

January 1 to September 30, 2023

	<u>Asia</u>	<u>Non-Asia regions</u>	<u>Others</u>	<u>Adjustment and write-off</u>	<u>Total</u>
<u>Revenue</u>					
Revenue from external customers	\$ 11,503,611	\$ 14,376,410	\$ -	\$ -	\$ 25,880,021
Intersegment revenue	<u>6,926,381</u>	<u>111,355</u>	<u>-</u>	<u>( 7,073,736 )</u>	<u>-</u>
Total	<u>\$ 18,429,992</u>	<u>\$ 14,487,765</u>	<u>\$ -</u>	<u>( \$ 7,073,736 )</u>	<u>\$ 25,880,021</u>
Interest income	<u>\$ 181,482</u>	<u>\$ 4,257</u>	<u>\$ 9,492</u>	<u>( \$ 16,617 )</u>	<u>\$ 178,614</u>
Financial costs	<u>\$ 284,300</u>	<u>\$ 157,306</u>	<u>\$ -</u>	<u>( \$ 21,340 )</u>	<u>\$ 420,266</u>
Depreciation and amortization	<u>\$ 1,108,793</u>	<u>\$ 263,925</u>	<u>\$ 13</u>	<u>( \$ 10,965 )</u>	<u>\$ 1,361,766</u>
Segment profit or loss (excluding investment income and other operating income and expenses)	<u>\$ 452,068</u>	<u>\$ 571,715</u>	<u>\$ 16,939</u>	<u>( \$ 268,766 )</u>	\$ 771,956
Investment income or loss accounted for using the equity method					<u>14,207</u>
Net profit before tax					<u>\$ 786,163</u>
Total assets					<u>\$ 45,878,991</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 September 30, 2024**  
**(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	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Lending of funds to individual parties and limits	Aggregate financing limit
													Name	Value		
1	KENDA EUROPE A/S	KENDA Manufacturing GB Ltd	Financing receivables	Yes	\$ 31,748	\$ 31,748	\$ 31,748	7.00%	Short-term financing	\$ -	Business operations	\$ -	-	\$ -	80% of the subsidiary's net worth, \$ 309,898	90% of the subsidiary's net worth, \$ 348,636
1	KENDA EUROPE A/S	KENDA Schweiz AG	Financing receivables	Yes	73,656	72,269	72,269	6.00~7.00%	Short-term financing	-	Business operations	-	-	-	80% of the subsidiary's net worth, \$ 309,898	90% of the subsidiary's net worth, \$ 348,636
1	KENDA EUROPE A/S	KENDA Polska Sp. z.o.o.	Financing receivables	Yes	123,462	93,375	93,375	7.00%	Short-term financing	-	Business operations	-	-	-	80% of the subsidiary's net worth, \$ 309,898	90% of the subsidiary's net worth, \$ 348,636
1	KENDA EUROPE A/S	KENDA Deutschland GmbH	Financing receivables	Yes	94,102	87,456	87,456	7.00%	Short-term financing	-	Business operations	-	-	-	80% of the subsidiary's net worth, \$ 309,898	90% of the subsidiary's net worth, \$ 348,636
2	KENDA Manufacturing HR d.o.o	Jelshøj Imovina	Financing receivables	Yes	7,074	7,012	388	2.68%	Short-term financing	-	Business operations	-	-	-	80% of the subsidiary's net worth, \$ 287,171	90% of the subsidiary's net worth, \$ 323,068
3	KENDA GB Rugeley Ltd	KENDA Manufacturing GB Ltd	Financing receivables	Yes	46,547	46,547	46,547	7.00%	Short-term financing	-	Business operations	-	-	-	80% of the subsidiary's net worth, \$ 211,173	90% of the subsidiary's net worth, \$ 237,569
4	KENDA Deutschland GmbH	KENDA Schweiz AG	Financing receivables	Yes	3,555	3,524	3,524	7.00%	Short-term financing	-	Business operations	-	-	-	80% of the subsidiary's net worth, \$ 104,664	90% of the subsidiary's net worth, \$ 117,747
4	KENDA Deutschland GmbH	KENDA Polska Sp. z.o.o.	Financing receivables	Yes	95,267	95,137	95,137	7.00%	Short-term financing	-	Business operations	-	-	-	80% of the subsidiary's net worth, \$ 104,664	90% of the subsidiary's net worth, \$ 117,747
5	KC	KT	Financing receivables	Yes	853,648	853,648	853,648	3.2065~3.3065%	Short-term financing	-	Business operations	-	-	-	40% of the subsidiary's net worth, being \$ 2,889,414	60% of the subsidiary's net worth, \$ 4,334,121

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 September 30, 2024

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

No.	Name of endorsing company	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Made for Each Party (Note 2)	Maximum endorsement guarantee balance for the period	Outstanding Endorsement/ Guarantee at End of Period (Note 5)	Actual amount utilized	Amount Endorsed/ Guaranteed by Collateral	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
		Company Name	Relationship (Note 1)											
0	The Company	KENDA EUROPE A/S	1	\$ 8,149,317	\$ 2,823,314	\$ 2,665,802	\$ 1,502,212	\$ -	13.08%	\$ 16,298,633	Yes	No	No	—
0	The Company	KENDA Deutschland GmbH	1	8,149,317	650,840	189,900	150,116	-	0.93%	16,298,633	Yes	No	No	—
0	The Company	KENDA Manufacturing GB Ltd	1	8,149,317	650,840	-	-	-	-	16,298,633	Yes	No	No	—
0	The Company	KENDA Polska Sp. z.o.o.	1	8,149,317	650,840	-	-	-	-	16,298,633	Yes	No	No	—
0	The Company	KENDA France SAS	1	8,149,317	650,840	-	-	-	-	16,298,633	Yes	No	No	—
0	The Company	KENDA Schweiz AG	1	8,149,317	650,840	-	-	-	-	16,298,633	Yes	No	No	—
0	The Company	KENDA België NV	1	8,149,317	650,840	-	-	-	-	16,298,633	Yes	No	No	—
0	The Company	KENDA GB Rugeley Ltd	1	8,149,317	650,840	-	-	-	-	16,298,633	Yes	No	No	—
0	The Company	KENDA Baltic OÜ	1	8,149,317	650,840	-	-	-	-	16,298,633	Yes	No	No	—
0	The Company	ADI	1	8,149,317	197,016	189,900	126,600	-	0.93%	16,298,633	Yes	No	No	—
0	The Company	KA	1	8,149,317	492,540	474,750	221,550	-	2.33%	16,298,633	Yes	No	No	—
0	The Company	KV	1	8,149,317	3,262,980	1,266,000	-	-	6.21%	16,298,633	Yes	No	No	—
0	The Company	KI	1	8,149,317	2,561,208	2,468,700	1,145,730	-	12.12%	16,298,633	Yes	No	No	—
0	The Company	KT	1	8,149,317	361,196	348,150	-	-	1.71%	16,298,633	Yes	No	Yes	—
1	KHK	KS	1	1,009,750	920,472	903,331	-	-	71.57%	1,135,968	No	No	Yes	Note 4
2	KGCI	KS	1	4,219,606	1,840,944	1,806,662	-	-	17.13%	8,439,213	No	No	Yes	Note 4
3	KENDA EUROPE A/S	KENDA GB Rugeley Ltd	1	387,373	105,790	105,790	-	-	27.31%	774,746	No	No	No	—
3	KENDA EUROPE A/S	KENDA België NV	1	387,373	159,967	158,562	-	-	40.93%	774,746	No	No	No	—
3	KENDA EUROPE A/S	KENDA Schweiz AG	1	387,373	15,036	14,973	6,159	-	3.87%	774,746	No	No	No	—
3	KENDA EUROPE A/S	KENDA Deutschland GmbH	1	387,373	26,250	16,746	-	-	4.32%	774,746	No	No	No	—
3	KENDA EUROPE A/S	KENDA Manufacturing HR d.o.o	1	387,373	77,644	77,644	69,635	-	20.04%	774,746	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 of a single enterprise is limited to 40% of the Company's net value.

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 80% 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 100% of KENDA Europe A/S's net worth.

Note 3: The Company's aggregate endorsement/guarantee limit is 80% of its net worth.

KHK's aggregate endorsement/guarantee limit is 90% 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 200% of its net worth.

Note 4: KGCI and KHK jointly provided a guarantee of CNY400 million for KS, but KHK's guarantee is limited to CNY200 million.

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

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

## Marketable Securities Held at the End of the Period

September 30, 2024

(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 (Note 1)	
The Company	<u>Shares and equity</u> China Development Financial Holding Corporation	—	Financial assets at fair value through profit or loss - current	105	\$ 1,727	-	\$ 1,727	
	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 - non-current	7,382	297,911	10.86%	297,911	
	Chang Hwa Golf Co., Ltd.	—	Equity instruments at fair value through other comprehensive income - non-current	30	388	0.08%	388	
	Total Lubricants Taiwan Ltd.	Its chairman and the chairman of the Company are second-degree relatives	Equity instruments at fair value through other comprehensive income - non-current	81	41,252	6.80%	41,252	
	BOMY (BVI) CO., LTD.	—	Equity instruments at fair value through other comprehensive income - non-current	2,000	14,604	9.73%	14,604	
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 - non-current	1,703	60,654	13.00%	60,654	

Note 1: The calculation of the fair values of domestic listed shares is based on the closing price at September 30, 2024.

**Table 4**

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

**Purchase or Sale of Goods with Related Parties Amounting to at Least NTS100 million or 20% of the Company's Paid-in Capital**

**January 1 to September 30, 2024**

**(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	\$ 485,192	15.02%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	\$ 1,162,115	59.11%	—
	KF	Subsidiary	Sales	555,048	17.18%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	64,157	3.26%	—
	ADI	Indirectly invested subsidiary	Sales	481,750	14.91%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	272,498	13.86%	—
KC	KA	Subsidiary of the ultimate parent company	Sales	196,358	3.56%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	71,911	6.16%	—
	ADI	Subsidiary of the ultimate parent company	Sales	170,720	3.10%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	89,702	7.68%	—
	KENDA België NV	Subsidiary of the ultimate parent company	Sales	172,039	3.12%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	78,447	6.71%	—
	KS	Subsidiary of the ultimate parent company	Sales	400,199	7.26%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	163,288	13.98%	—
KV	KA	Subsidiary of the ultimate parent company	Sales	568,125	10.09%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	4,841	0.22%	—
	ADI	Subsidiary of the ultimate parent company	Sales	777,091	13.80%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	436,028	19.38%	—
	The Company	Parent company	Sales	2,189,112	38.88%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	1,578,361	70.16%	—
KT	KS	Subsidiary of the ultimate parent company	Sales	635,937	21.88%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	169,951	20.21%	—
KENDA A/S	Europe STARCO Huanmei	Associate	Purchases	( 206,760 )	( 11.00% )	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	( 69,871 )	( 12.49% )	—

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

**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**

**September 30, 2024**

**(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 3)	Allowance for losses
					Amount	Handling method		
The Company	KA	Subsidiary	\$ 1,162,115	1.06	\$ 266,395	—	\$ 551,836	\$ -
The Company	ADI	Indirectly invested subsidiary	272,498	1.97	107,256	—	49,972	-
KC	KS	Subsidiary of the ultimate parent company	163,288	6.54	-	—	68,241	-
KC	KT	Subsidiary of the ultimate parent company	853,648	Note 2	-	—	853,648	-
KV	ADI	Subsidiary of the ultimate parent company	436,028	2.72	121,518	—	78,207	-
KV	The Company	Parent Company	1,578,361	3.70	388,073	—	463,625	-
KT	KS	Subsidiary of the ultimate parent company	169,951	4.78	1	—	109,539	-

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 October 31, 2024.

**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 September 30, 2024  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Number (Note 1)	Trader	Counterparty	Relationship with Trader (Note 2)	Transaction Details (Note 3)			Percentage of total consolidated revenue or total assets
				Accounting item	Amount	Transaction terms	
0	The Company	ADI	1	Sales revenue	\$ 481,750	(Note 4)	1.84%
		KA	1	Sales revenue	485,192	(Note 4)	1.85%
		KC	1	Sales revenue	12,306	(Note 4)	0.05%
		KF	1	Sales revenue	555,048	(Note 4)	2.12%
		KI	1	Sales revenue	37,272	(Note 4)	0.14%
		KV	1	Sales revenue	79,304	(Note 4)	0.30%
		KENDA GB Rugeley Ltd	1	Sales revenue	24,721	(Note 4)	0.09%
		KC	1	Service (labor) revenue	109,535	(Note 4)	0.42%
		KF	1	Service (labor) revenue	22,643	(Note 4)	0.09%
		KI	1	Service (labor) revenue	36,399	(Note 4)	0.14%
		KT	1	Service (labor) revenue	52,353	(Note 4)	0.20%
		KV	1	Service (labor) revenue	157,063	(Note 4)	0.60%
		ADI	1	Accounts receivable	272,498	(Note 4)	0.59%
		KI	1	Accounts receivable	31,044	(Note 4)	0.07%
		KA	1	Accounts receivable	1,162,115	(Note 4)	2.53%
		KV	1	Accounts receivable	33,610	(Note 4)	0.07%
		KF	1	Accounts receivable	64,157	(Note 4)	0.14%
		KC	1	Other receivables	13,140	(Note 4)	0.03%
		KT	1	Other receivables	15,074	(Note 4)	0.03%
		KI	1	Other receivables	16,846	(Note 4)	0.04%
KV	1	Other receivables	15,427	(Note 4)	0.03%		
1	KC	ADI	3	Sales revenue	170,720	(Note 4)	0.65%
		KA	3	Sales revenue	196,358	(Note 4)	0.75%
		KS	3	Sales revenue	400,199	(Note 4)	1.53%
		KF	3	Sales revenue	21,645	(Note 4)	0.08%
		KENDA GB Rugeley Ltd	3	Sales revenue	62,927	(Note 4)	0.24%
		KENDA België NV	3	Sales revenue	172,039	(Note 4)	0.66%
		KENDA Polska Sp. z.o.o.	3	Sales revenue	82,943	(Note 4)	0.32%
		KT	3	Interest income	18,928	(Note 4)	0.07%
		KT	3	Other receivables	14,763	(Note 4)	0.03%
		ADI	3	Accounts receivable	89,702	(Note 4)	0.19%

(Continued)

Number (Note 1)	Trader	Counterparty	Relationship with Trader (Note 2)	Transaction Details (Note 3)			Percentage of total consolidated revenue or total assets
				Accounting item	Amount	Transaction terms	
2	KT	KA	3	Accounts receivable	\$ 71,911	(Note 4)	0.16%
		KS	3	Accounts receivable	163,288	(Note 4)	0.35%
		KENDA België NV	3	Accounts receivable	78,447	(Note 4)	0.17%
		KENDA GB Rugeley Ltd	3	Accounts receivable	22,664	(Note 4)	0.05%
		KENDA Polska Sp. z.o.o.	3	Accounts receivable	23,979	(Note 4)	0.05%
		KT	3	Other receivables	853,648	(Note 4)	1.86%
		ADI	3	Sales revenue	86,429	(Note 4)	0.33%
		KS	3	Sales revenue	635,937	(Note 4)	2.43%
		KF	3	Sales revenue	15,825	(Note 4)	0.06%
		KC	3	Sales revenue	62,298	(Note 4)	0.24%
		KENDA België NV	3	Sales revenue	30,524	(Note 4)	0.12%
		KENDA Polska Sp. z.o.o.	3	Sales revenue	21,836	(Note 4)	0.08%
		KENDA Schweiz AG	3	Sales revenue	18,181	(Note 4)	0.07%
		ADI	3	Accounts receivable	34,007	(Note 4)	0.07%
3	KV	KS	3	Accounts receivable	169,951	(Note 4)	0.37%
		KC	3	Accounts receivable	54,473	(Note 4)	0.12%
		The Company	2	Sales revenue	2,189,112	(Note 4)	8.35%
		ADI	3	Sales revenue	777,091	(Note 4)	2.97%
		KA	3	Sales revenue	568,125	(Note 4)	2.17%
		KENDA GB Rugeley Ltd	3	Sales revenue	17,195	(Note 4)	0.07%
		The Company	2	Accounts receivable	1,578,361	(Note 4)	3.43%
		ADI	3	Accounts receivable	436,028	(Note 4)	0.95%
		The Company	2	Service (labor) revenue	133,036	(Note 4)	0.51%
		ADI	3	Sales revenue	18,470	(Note 4)	0.07%
4	KE	The Company	2	Accounts receivable	12,392	(Note 4)	0.03%
		KENDA EUROPE A/S	1	Other receivables	31,748	(Note 4)	0.07%
		KENDA Manufacturing GB Ltd	1	Other receivables	72,269	(Note 4)	0.16%
		KENDA Schweiz AG	1	Other receivables	87,456	(Note 4)	0.19%
		KENDA Deutschland GmbH	1	Other receivables	93,375	(Note 4)	0.20%
		KENDA Polska Sp. z.o.o.	1	Other receivables	20,932	(Note 4)	0.05%
		KENDA Baltic OÜ	1	Other receivables	20,932	(Note 4)	0.05%
		KENDA Deutschland GmbH	3	Other receivables	95,137	(Note 4)	0.36%
		KENDA GB Rugeley Ltd	3	Other receivables	46,547	(Note 4)	0.10%
		KENDA France SAS	3	Accounts receivable	12,712	(Note 4)	0.03%

(Concluded)

Note 1: The information about business transactions between the parent company and the subsidiaries should be indicated in the code column, respectively, and the code shall be filled in 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 September 30, 2024

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

Investor	Investee	Location	Main business scope and activities	Initial investment amount		Ending shareholding			Profit (loss) of the investee for the period (Note 1)	Investment profit (loss) recognized for the period (Note 1)	Remark
				End of Period (Note 1)	End of Last Year (Note 1)	Number of shares	Percentage	Carrying amount (Note 1)			
The Company	KA	United States	Trading, investment	USD 9,000	USD 9,000	-	100%	NTD 3,462,629	NTD 525,750	NTD 525,750	Note 3
	KHK	Hong Kong	Trading, investment	HKD 100	HKD 100	-	100%	NTD 1,262,187	(NTD 121,087)	(NTD 121,087)	Note 3
KV	KIC	Vietnam	Manufacturing of tires	USD 30,600	USD 30,600	-	100%	NTD 9,854,456	NTD 538,235	NTD 653,781	Notes 2 and 3
			Investment	USD 67,680	USD 67,680	-	100%	NTD 11,396,248	(NTD 75,015)	(NTD 75,015)	
KE	KE	Germany	Marketing planning and R&D	EUR 405	EUR 405	-	100%	NTD 61,759	NTD 21,108	NTD 21,108	Note 3
			Selling of tires	NTD 199,000	NTD 199,000	19,900	100%	NTD 274,826	NTD 39,275	NTD 39,275	Note 3
KF	KI	Indonesia	Manufacturing of tires	USD 52,999	USD 52,999	-	99.99%	NTD 645,159	(NTD 103,917)	(NTD 103,915)	Note 3
			Manufacturing of tires	USD 1	USD 1	-	0.01%	NTD 10	(NTD 103,917)	(NTD 2)	Note 3
KA	ADI	United States	Manufacturing of rims and distribution and selling of tires and rims	USD 20,000	USD 20,000	1	100%	USD 78,407	USD 6,623	Note 1	Note 3
KIC	KGH	Cayman Islands	Investment	USD 112,050	USD 112,050	-	100%	USD 350,006	USD 854	Note 1	Note 3
KGI	KEND A EUROPE A/S	Mauritius	Investment	USD 1,703	USD 1,703	-	100%	USD 9,627	(USD 3,206)	Note 1	Note 3
			Investment	EUR 6,936	EUR 6,936	-	100%	USD 5,624	(USD 3,405)	Note 1	Note 3
KEND A Europe A/S	KEND A GB Rugeley Ltd	United Kingdom	Distribution and selling of tires and rims	EUR 552	EUR 552	-	100%	EUR 8,998	EUR 1,205	Note 1	Note 3
			Distribution and selling of tires and rims	EUR 511	EUR 511	-	100%	EUR 3,263	(EUR 450)	Note 1	Note 3
KEND A Europe A/S	KEND A Polska Sp.z.o.o.	Poland	Distribution and selling of tires and rims	EUR 30	EUR 30	-	100%	EUR 3,604	EUR 114	Note 1	Note 3
			Distribution and selling of tires and rims	EUR 2,810	EUR 2,810	-	100%	EUR 4,828	EUR 446	Note 1	Note 3
KEND A Europe A/S	KEND A Schweiz AG	Switzerland	Distribution and selling of tires and rims	EUR 355	EUR 355	-	100%	EUR 1,387	(EUR 251)	Note 1	Note 3
			Distribution and selling of tires and rims	EUR 3	EUR 3	-	100%	EUR 1,134	(EUR 19)	Note 1	Note 3
KEND A Europe A/S	KEND A France SAS	France	Distribution and selling of tires and rims	EUR 183	EUR 183	-	100%	EUR 1,171	(EUR 68)	Note 1	Note 3
			Manufacturing of rims	EUR 9,614	EUR 9,614	-	100%	EUR 8,245	(EUR 1,942)	Note 1	Note 3
KEND A Europe A/S	KEND A Manufacturing HR d.o.o	Croatia	Manufacturing of rims	EUR 1,031	EUR 1,031	-	100%	EUR 16	(EUR 802)	Note 1	Note 3
			Manufacturing of rims and distribution and selling of tires and rims	EUR 3	EUR 3	-	100%	EUR 1,928	EUR 31	Note 1	Note 3
KEND A Europe A/S	KEND A Manufacturing GB Ltd	United Kingdom	Manufacturing of rims and distribution and selling of tires and rims	EUR 3	EUR 3	-	100%	EUR 1,928	EUR 31	Note 1	Note 3
			Investment	EUR 3	EUR 3	-	100%	EUR 1,928	EUR 31	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 elimination (reversal) of 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 September 30, 2024**

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

Investee Company	Main business scope and activities	Paid-in capital	Investment Methods	Accumulated Outward Remittance for Investment from Taiwan at the Beginning of the Period	Outward or Inward Remittance for Investment for the Period		Accumulated Outward Remittance for Investment from Taiwan at the End of the Period	Profit (Loss) of the Investee for the Period	Ownership of Direct or Indirect Investment	Investment Profit (Loss) Recognized in the Period (Note 3)	Carrying Amount of Investment at End of Period	Accumulated Repatriation of Investment Income as of the Current Period	Remark
					Remitted	Recovered							
KS	Manufacturing and selling of various tubes and tires for vehicles	\$ 791,250 USD 25,000	Note 1	\$ 791,250 USD 25,000	\$ -	\$ -	\$ 791,250 USD 25,000	(\$ 174,199)	100%	(\$ 174,199)	\$ 1,051,872	\$ 8,274,766	—
KC	Manufacturing and selling of various tubes and tires for vehicles	2,215,500 USD 70,000	Notes 1 and 7	2,215,500 USD 70,000	-	-	2,215,500 USD 70,000	175,635	100%	Note 4	Note 4	Note 4	—
KT	Manufacturing and selling of various tubes and tires for vehicles	6,963,000 USD 220,000	Notes 1, 2 and 7	493,740 USD 15,600	-	-	493,740 USD 15,600	( 123,635 )	100%	( 121,703 )	3,284,184	-	Note 10
KGCI	Investment	5,095,650 USD 161,000	Notes 1 and 2	-	-	-	-	97,952	100%	97,952	10,548,995	-	—
Shanghai Bomy Foodstuff Co., Ltd.	Manufacturing, processing and selling of various foods and beverages	655,280 USD 20,704	Note 1	63,300 USD 2,000	-	-	63,300 USD 2,000	-	9.66%	-	14,604	-	—
Ningbo Jingshang Huaxiang Auto Parts Co., Ltd.	Interior and exterior parts for automobiles	827,109 USD 26,133	Note 1	53,900 USD 1,703	-	-	53,900 USD 1,703	-	2.60%	-	60,654	141,919	—
STARCO Huanmei	Manufacturing of rims	176,180 EUR 5,000	Note 1	Note 9	-	-	Note 9	4,555	33%	1,512	146,806	-	Note 9

Accumulated Amount of Investment in Mainland China Remitted from Taiwan at End of Period	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)
\$ 3,617,690 USD 114,303 Note 5	\$ 10,177,092 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 is 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.

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

**Information on Major Shareholders**

**September 30, 2024**

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

Major shareholder	Shares	
	Number of shares held	Shareholding ratio
Yang Chi-Jen	93,761,725	9.81%
Yang Ying-Ming	65,959,222	6.90%