

Kenda Rubber Ind. Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report June 30, 2025 and 2024

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To Kenda Rubber Ind. Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Kenda Rubber Ind. Co.,Ltd. and its subsidiaries (collectively referred to as the “Group”) as of June 30, 2025 and 2024, consolidated statements of comprehensive income for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, changes in equity and cash flows for the six months ended June 30, 2025 and 2024, 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

Except as explained in the basic paragraph of the qualified conclusions, we conducted our reviews in accordance with SRE 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of the nonsignificant subsidiaries for the same period included in the above consolidated financial statements have not been duly reviewed. The total assets as at June 30, 2025 and 2024 were NT\$7,948,050 thousand and NT\$7,767,652 thousand, respectively, accounting for 18% and 17%

of the total consolidated assets, respectively. The total liabilities were NT\$5,082,345 thousand and NT\$4,786,874 thousand, respectively, accounting for 20% and 19% of the total consolidated liabilities, respectively; The total comprehensive income from April 1 to June 30, 2025 and 2024 and those from January 1 to June 30, 2025 and 2024 were NT\$(210,897) thousand, NT\$(153,671) thousand, NT\$(246,562) thousand and NT\$(133,763) thousand, respectively, accounting for 9%, (23)%, 12% and (7)% 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 June 30, 2025 and 2024, and the consolidated financial performance from April 1 to June 30, 2025 and 2024 and the consolidated financial performance and consolidated cash flow for the period from January 1 to June 30, 2025 and 2024.

Deloitte
Taipei, Taiwan
Republic of China

August 8, 2025

Notice to Readers

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

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

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2025 and December 31, 2024 and June 30, 2024

(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%
Current assets						
Cash and cash equivalents (Note 6)	\$ 8,126,711	19	\$ 8,017,817	17	\$ 8,323,457	18
Financial assets at fair value through profit or loss	-	-	-	-	1,581	-
Notes receivable (Note 8)	196,745	-	89,508	-	208,200	-
Trade receivable (Notes 8, 23 and 24)	3,767,632	9	3,631,532	8	3,990,904	9
Inventories (Notes 9 and 24)	9,283,732	21	11,324,863	24	9,915,995	21
Prepayments	213,237	1	288,872	-	392,678	1
Other financial assets - current (Notes 10 and 24)	944,207	2	1,236,355	3	1,735,964	4
Other current assets	337,722	1	642,196	1	572,474	1
Total current assets	<u>22,869,986</u>	<u>53</u>	<u>25,231,143</u>	<u>53</u>	<u>25,141,253</u>	<u>54</u>
Non-current assets						
Financial assets at fair value through other comprehensive income (Note 7)	367,075	1	375,773	1	416,303	1
Investments accounted for using the equity method	125,003	-	153,793	-	147,370	-
Property, plant and equipment (Notes 12 and 24)	15,206,280	35	16,289,339	35	16,228,001	35
Right-of-use assets (Note 13)	1,934,444	4	1,986,261	4	1,883,540	4
Investment properties (Note 14)	27,061	-	29,678	-	29,648	-
Deferred tax assets	781,073	2	429,428	1	441,078	1
Other financial assets - non-current (Note 10)	1,598,525	4	1,969,974	4	1,274,120	3
Other non-current assets (Notes 12 and 24)	569,329	1	715,772	2	609,644	2
Total non-current assets	<u>20,608,790</u>	<u>47</u>	<u>21,950,018</u>	<u>47</u>	<u>21,029,704</u>	<u>46</u>
Total assets	<u>\$ 43,478,776</u>	<u>100</u>	<u>\$ 47,181,161</u>	<u>100</u>	<u>\$ 46,170,957</u>	<u>100</u>
Liabilities and Equity						
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	\$ 3,268,586	8	\$ 3,901,513	8	\$ 3,711,838	8
Contract liabilities	218,321	1	273,062	1	271,583	1
Notes payable	55,579	-	51,214	-	66,106	-
Trade payable (Note 23)	2,057,452	5	2,719,669	6	2,481,310	5
Dividends payable	1,050,379	2	-	-	954,890	2
Other payables (Note 23)	1,339,913	3	1,625,941	3	1,681,844	4
Current tax liabilities	75,125	-	45,077	-	81,286	-
Lease liabilities - current (Note 13)	205,827	-	137,338	-	143,435	-
Current portion of long-term borrowings (Note 15)	1,692,331	4	1,952,741	4	1,424,440	3
Other current liabilities (Note 17)	368,360	1	371,462	1	360,900	1
Total current liabilities	<u>10,331,873</u>	<u>24</u>	<u>11,078,017</u>	<u>23</u>	<u>11,177,632</u>	<u>24</u>
Non-current liabilities						
Long-term borrowings (Note 15)	12,755,225	29	12,404,672	26	11,987,218	26
Deferred tax liabilities	646,832	2	814,495	2	805,395	2
Lease liabilities - non-current (Note 13)	733,547	2	743,553	2	621,405	1
Net defined benefit liabilities	37,187	-	35,479	-	39,343	-
Other non-current liabilities (Note 14)	934,075	2	1,021,382	2	987,544	2
Total non-current liabilities	<u>15,106,866</u>	<u>35</u>	<u>15,019,581</u>	<u>32</u>	<u>14,440,905</u>	<u>31</u>
Total liabilities	<u>25,438,739</u>	<u>59</u>	<u>26,097,598</u>	<u>55</u>	<u>25,618,537</u>	<u>55</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Note 16)						
Share capital	9,548,900	22	9,548,900	20	9,548,900	21
Capital surplus	41	-	41	-	41	-
Retained earnings						
Legal reserve	3,658,774	8	3,531,010	8	3,531,010	8
Special reserve	694,586	2	1,093,568	2	1,093,568	2
Unappropriated earnings	6,020,213	14	6,816,219	15	6,399,795	14
Total retained earnings	<u>10,373,573</u>	<u>24</u>	<u>11,440,797</u>	<u>25</u>	<u>11,024,373</u>	<u>24</u>
Other equity	(1,882,477)	(5)	93,825	-	(20,894)	-
Total equity	<u>18,040,037</u>	<u>41</u>	<u>21,083,563</u>	<u>45</u>	<u>20,552,420</u>	<u>45</u>
Total liabilities and equity	<u>\$ 43,478,776</u>	<u>100</u>	<u>\$ 47,181,161</u>	<u>100</u>	<u>\$ 46,170,957</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 August 8, 2025)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024
(In Thousands of New Taiwan dollars, Except (Loss) Earnings Per Share)

	April 1 to June 30, 2025		April 1 to June 30, 2024		January 1 to June 30, 2025		January 1 to June 30, 2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Net operating revenue (Notes 17 and 23)	\$ 8,955,092	100	\$ 9,121,735	100	\$ 17,763,006	100	\$ 17,386,977	100
Operating costs (Notes 9, 18 and 23)	<u>7,339,178</u>	<u>82</u>	<u>7,069,360</u>	<u>78</u>	<u>14,499,858</u>	<u>81</u>	<u>13,379,495</u>	<u>77</u>
Gross profit	<u>1,615,914</u>	<u>18</u>	<u>2,052,375</u>	<u>22</u>	<u>3,263,148</u>	<u>19</u>	<u>4,007,482</u>	<u>23</u>
Operating expenses (Notes 18 and 23)								
Selling and marketing expenses	637,377	7	678,166	7	1,329,588	7	1,298,061	7
General and administrative expenses	405,346	5	402,579	4	813,697	5	798,588	5
Research and development expenses	403,552	4	414,787	5	823,334	5	798,737	5
Expected credit losses or reversal of expected credit losses	(91)	-	2,606	-	(610)	-	3,591	-
Total operating expenses	<u>1,446,184</u>	<u>16</u>	<u>1,498,138</u>	<u>16</u>	<u>2,966,009</u>	<u>17</u>	<u>2,898,977</u>	<u>17</u>
Other operating income and expenses (Notes 14 and 18)	-	-	(66,399)	(1)	-	-	(66,399)	-
Net operating income	<u>169,730</u>	<u>2</u>	<u>487,838</u>	<u>5</u>	<u>297,139</u>	<u>2</u>	<u>1,042,106</u>	<u>6</u>
Non-operating income and expenses (Notes 18 and 23)								
Interest income	68,695	1	79,023	1	122,047	1	138,728	1
Other income	84,377	1	65,790	1	115,241	1	91,469	-
Other gains and losses	(226,926)	(3)	52,123	-	(165,159)	(1)	121,077	1
Financial costs	(127,893)	(1)	(127,054)	(1)	(253,975)	(2)	(254,541)	(1)
Share of profit or loss of associates recognized under the equity method	604	-	530	-	1,124	-	(1,171)	-
Total non-operating income and expenses	<u>(201,143)</u>	<u>(2)</u>	<u>70,412</u>	<u>1</u>	<u>(180,722)</u>	<u>(1)</u>	<u>95,562</u>	<u>1</u>
Net (loss) income before income tax	(31,413)	-	558,250	6	116,417	1	1,137,668	7
Income tax expense (Note 19)	<u>(55,285)</u>	<u>(1)</u>	<u>(132,821)</u>	<u>(2)</u>	<u>(133,262)</u>	<u>(1)</u>	<u>(276,453)</u>	<u>(2)</u>
Net (loss) profit for the period	<u>(86,698)</u>	<u>(1)</u>	<u>425,429</u>	<u>4</u>	<u>(16,845)</u>	<u>-</u>	<u>861,215</u>	<u>5</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	(2,831,114)	(31)	312,741	4	(2,470,378)	(14)	1,340,843	8
Income tax related to items that may be reclassified subsequently to profit or loss	<u>566,223</u>	<u>6</u>	<u>(62,549)</u>	<u>(1)</u>	<u>494,076</u>	<u>3</u>	<u>(268,169)</u>	<u>(2)</u>
Other comprehensive income for the period, net of income tax	<u>(2,264,891)</u>	<u>(25)</u>	<u>250,192</u>	<u>3</u>	<u>(1,976,302)</u>	<u>(11)</u>	<u>1,072,674</u>	<u>6</u>
Total comprehensive income for the period	<u>(\$ 2,351,589)</u>	<u>(26)</u>	<u>\$ 675,621</u>	<u>7</u>	<u>(\$ 1,993,147)</u>	<u>(11)</u>	<u>\$ 1,933,889</u>	<u>11</u>
NET (LOSS) INCOME ATTRIBUTABLE TO:								
Shareholders of the parent company	(\$ 86,698)	(1)	\$ 425,429	5	(\$ 16,845)	-	\$ 861,215	5
Non-controlling interests	-	-	-	-	-	-	-	-
	<u>(\$ 86,698)</u>	<u>(1)</u>	<u>\$ 425,429</u>	<u>5</u>	<u>(\$ 16,845)</u>	<u>-</u>	<u>\$ 861,215</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Shareholders of the parent company	(\$ 2,351,589)	(26)	\$ 675,621	7	(\$ 1,993,147)	(11)	\$ 1,933,889	11
Non-controlling interests	-	-	-	-	-	-	-	-
	<u>(\$ 2,351,589)</u>	<u>(26)</u>	<u>\$ 675,621</u>	<u>7</u>	<u>(\$ 1,993,147)</u>	<u>(11)</u>	<u>\$ 1,933,889</u>	<u>11</u>
Earnings (loss) per share (Note 20)								
Basic	<u>(\$ 0.09)</u>		<u>\$ 0.44</u>		<u>(\$ 0.02)</u>		<u>\$ 0.90</u>	
Diluted	<u>(\$ 0.09)</u>		<u>\$ 0.44</u>		<u>(\$ 0.02)</u>		<u>\$ 0.90</u>	

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

(Please refer to Deloitte & Touche auditors' review report dated August 8, 2025)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

**Consolidated statements of changes in equity
For the six months ended June 30, 2025 and 2024**

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

	Equity attributable to owners of the Company								Total Equity
	Ordinary Share Capital	Capital surplus	Retained earnings			Exchange differences on translation of the financial statements of foreign operations	Other equity	Subtotal	
			Legal reserve	Special reserve	Unappropriated earnings		Unrealized valuation gain on financial assets at fair value through other comprehensive income		
Balance as of January 1, 2024	\$ 9,548,900	\$ 41	\$ 3,440,228	\$ 831,490	\$ 6,846,330	(\$ 1,370,790)	\$ 277,222	(\$ 1,093,568)	\$ 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)
Net profit for the period from January 1 to June 30, 2024	-	-	-	-	861,215	-	-	-	861,215
Other comprehensive income after tax for the period from January 1 to June 30, 2024	-	-	-	-	-	1,072,674	-	1,072,674	1,072,674
Total comprehensive income for the period from January 1 to June 30, 2024	-	-	-	-	861,215	1,072,674	-	1,072,674	1,933,889
Balance as of June 30, 2024	\$ 9,548,900	\$ 41	\$ 3,531,010	\$ 1,093,568	\$ 6,399,795	(\$ 298,116)	\$ 277,222	(\$ 20,894)	\$ 20,552,420
Balance as of January 1, 2025	\$ 9,548,900	\$ 41	\$ 3,531,010	\$ 1,093,568	\$ 6,816,219	(\$ 141,514)	\$ 235,339	\$ 93,825	\$ 21,083,563
Appropriations of 2024 earnings									
Provision for legal reserve	-	-	127,764	-	(127,764)	-	-	-	-
Provision of special reserve	-	-	-	(398,982)	398,982	-	-	-	-
Cash dividends - NT\$1.1 per share	-	-	-	-	(1,050,379)	-	-	-	(1,050,379)
Net loss for the period from January 1 to June 30, 2025	-	-	-	-	(16,845)	-	-	-	(16,845)
Other comprehensive income after tax for the period from January 1 to June 30, 2025	-	-	-	-	-	(1,976,302)	-	(1,976,302)	(1,976,302)
Total comprehensive income for the period from January 1 to June 30, 2025	-	-	-	-	(16,845)	(1,976,302)	-	(1,976,302)	(1,993,147)
Balance as of June 30, 2025	\$ 9,548,900	\$ 41	\$ 3,658,774	\$ 694,586	\$ 6,020,213	(\$ 2,117,816)	\$ 235,339	(\$ 1,882,477)	\$ 18,040,037

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Deloitte & Touche auditors' review report dated August 8, 2025)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows For the six months ended June 30, 2025 and 2024 (In Thousands of New Taiwan Dollars)

	January 1 to June 30, 2025	January 1 to June 30, 2024
Net cash flow from operating activities		
Net income before income tax	\$ 116,417	\$ 1,137,668
Income and expense items		
Depreciation	906,366	860,531
Amortization expense	13,594	7,387
Expected credit losses or reversal of expected credit losses	(610)	3,591
Net gain on financial assets at fair value through profit or loss	-	(267)
Financial costs	253,975	254,541
Interest income	(122,047)	(138,728)
Dividend income	(52,203)	(30,338)
Share of profits and losses of affiliates recognized under the equity method	(1,124)	1,171
Provision for decline in value of inventories and doubtful accounts	30,834	32,081
Net loss on disposal of property, plant and equipment	29	4,455
Net loss on foreign currency exchange	22,875	30,178
Changes in operating assets and liabilities		
Notes receivable	(107,237)	5,043
Accounts receivable	(395,262)	(500,305)
Other receivables	272,571	(39,868)
Inventories	1,282,130	202,579
Prepayments	(33,002)	(130,148)
Other current assets	18,005	(23,727)
Contract liabilities	(54,741)	46,282
Notes payable	4,365	25,357
Accounts payable	(662,217)	28,907
Other payables	(277,917)	79,463
Other current liabilities	(2,771)	25,583
Net defined benefit liabilities	(4,660)	(6,589)
Other non-current liabilities	(1,715)	(36)
Cash inflow from operating activities	1,205,655	1,874,811

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	January 1 to June 30, 2025	January 1 to June 30, 2024
Interest received	\$ 138,764	\$ 144,257
Dividends received	-	4,893
Interest paid	(259,358)	(240,952)
Income tax paid	(79,062)	(291,281)
Net cash inflow from operating activities	<u>1,005,999</u>	<u>1,491,728</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(373,907)	(526,082)
Disposal of property, plant and equipment	10,902	26,648
Increase in refundable deposits	(3,793)	(20,016)
Decrease in refundable deposits	16,112	56,184
Acquisition of intangible assets	(23,896)	(8,608)
Increase in other financial assets	(726,399)	(554,717)
Decrease in other financial assets	1,145,977	833,672
Increase in prepayments for equipment	(90,156)	(254,383)
Net cash outflow from investing activities	<u>(45,160)</u>	<u>(447,302)</u>
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(555,680)	239,634
Proceeds from long-term borrowings	14,748,530	14,683,164
Repayment of long-term borrowings	(14,549,260)	(15,236,959)
Increase in deposits received	89	112
Decrease in deposits received	(744)	(5,981)
Repayment of lease principal	(103,173)	(98,021)
Net cash outflow from financing activities	<u>(460,238)</u>	<u>(418,051)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(391,707)</u>	<u>159,982</u>
Increase (decrease) in cash and cash equivalents for the period	108,894	786,357
Cash and cash equivalents at beginning of period	<u>8,017,817</u>	<u>7,537,100</u>
Cash and cash equivalents at the end of the period	<u>\$ 8,126,711</u>	<u>\$ 8,323,457</u>

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

(Please refer to Deloitte & Touche auditors' review report dated August 8, 2025)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements
For the six months ended June 30, 2025 and 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

1. COMPANY HISTORY

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

The Company's shares have been listed and traded on the Taiwan Stock Exchange (TWSE) since December 20, 1990.

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

2. DATE AND PROCEDURE FOR APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 8, 2025.

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

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

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

b. The IFRS Accounting Standards endorsed by the Financial Supervisory Commission (FSC) for application starting from 2026

<u>New, amended and revised standards and interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts for Power That Is Highly Dependent on Nature"	January 1, 2026
"Annual Improvements to IFRS Accounting Standards — Volume 11"	January 1, 2026
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

Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"

1) Amendments to the application guidance on the classification of financial assets

The amendment mainly amends the requirements for the classification of financial assets, including:

- (a) If a financial asset includes a contingent feature that may change the timing or amount of contractual cash flows, and such contingent feature is not directly related to changes in basic lending risks and costs (e.g., whether the debtor meets a specified carbon emission reduction target), the contractual cash flows of the financial asset shall still be considered solely payments of principal and interest on the outstanding principal amount, provided that both of the following conditions are met:
 - In all possible scenarios (both before and after the occurrence of the contingent event), the contractual cash flows are solely payments of principal and interest on the outstanding principal amount; and
 - In all possible scenarios, the contractual cash flows do not differ significantly from the cash flows of a financial instrument with the same contractual terms but without the contingent feature.
- (b) A non-recourse financial asset refers to an asset for which the entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- (c) A contractually linked instrument refers to a structure in which multiple tranches of securities are created through a waterfall payment arrangement that establishes the order of priority for payments to holders of financial assets. This structure results in a concentration of credit risk and causes any shortfalls in cash flows from the underlying pool to be allocated disproportionately among the tranches.

2) Amendments to the application guidance on derecognition of financial liabilities

The amendment primarily explains that financial liabilities shall be derecognized on the settlement date. However, when an enterprise uses an electronic payment system to settle financial liabilities in cash, it may choose to derecognize financial liabilities prior to the settlement date if the following conditions are met:

- The entity no longer has the practical ability to revoke, stop, or cancel the payment instruction;
- The entity no longer has the practical ability to access the cash that will be used to settle the liability as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system is not significant.

The Group should retrospectively apply the amendment without the need to restate the comparative periods, and recognize the impact of initial application on the date of initial application. However, if an entity is able to restate retrospectively without the use of hindsight, it may elect to restate the comparative periods.

As of the date the consolidated financial statements were authorized for issue, the Group continues to assess the impact of the amendment on the Group's financial position and financial performance.

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

<u>New, amended and revised standards and interpretations</u>	<u>Effective date of IASB issuance (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Not yet determined
IFRS 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 Group must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other matters, and classify and consolidate

them based on common characteristics so that each line item reported in the main financial statements has at least one similar characteristic. Items with dissimilar characteristics should be further subdivided into the main financial statements and notes. The Group 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 Group engages in public communication outside of financial statements and communicates the perspective of management levels on the overall financial performance of the Group, relevant information regarding the disclosure of performance measures defining management levels should be disclosed in a single note to the financial statements. This includes the description of the measures, how they are calculated, adjustments to subtotals or totals as defined by IFRS accounting standards, and the impact of income tax and non-controlling interests related to the adjustments.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (i.e., subsidiaries). The consolidated statements of comprehensive income incorporates the operating profit or loss of subsidiaries acquired or disposed of for the period from the date of acquisition or up to the date of disposal. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, account balances, income and expenses are eliminated in full when preparing consolidated financial statements. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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 2024.

1) Carbon Fee Liability Reserve

According to the carbon fee collection regulations and related laws in Taiwan, the reserve for carbon fee liabilities is based on the best estimate of the expenditures required to fulfill obligations for the current year, and is recognized and measured in proportion to the actual emissions relative to the total annual emissions.

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 of U.S. counterpart tariff measures 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 2024.

6. CASH AND CASH EQUIVALENTS

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Cash on hand and revolving funds	\$ 10,176	\$ 8,500	\$ 9,062
Bank checks and demand deposits	5,916,294	5,924,925	6,415,802
Cash equivalents (time deposits with original maturity of less than 3 months)	<u>2,200,241</u>	<u>2,084,392</u>	<u>1,898,593</u>
	<u>\$ 8,126,711</u>	<u>\$ 8,017,817</u>	<u>\$ 8,323,457</u>

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Time deposits with original maturity of less than 3 months	0.30%~4.46%	0.30%~4.72%	0.30%~5.33%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Non-current</u>			
Investments in equity instruments			
Domestic unlisted shares	\$ 265,407	\$ 265,407	\$ 339,551
Foreign unlisted shares	<u>101,668</u>	<u>110,366</u>	<u>76,752</u>
	<u>\$ 367,075</u>	<u>\$ 375,773</u>	<u>\$ 416,303</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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Notes receivable</u>			
Measured at amortized cost	<u>\$ 196,745</u>	<u>\$ 89,508</u>	<u>\$ 208,200</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 3,842,351	\$ 3,721,121	\$ 4,065,376
Less: Allowance for losses	(<u>74,719</u>)	(<u>89,589</u>)	(<u>74,472</u>)
	<u>\$ 3,767,632</u>	<u>\$ 3,631,532</u>	<u>\$ 3,990,904</u>

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

The Group recognizes 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 Group 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 Group is as follows:

June 30, 2025

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

December 31, 2024

	<u>Not past due</u>	<u>Past due 1 to 30 days</u>	<u>Past due 31 to 60 days</u>	<u>Past due 61 to 90 days</u>	<u>Past due 91 to 120 days</u>	<u>Past due 121 to 180 days</u>	<u>Past due over 181 days</u>	<u>Total</u>
Total carrying amount	\$ 3,361,041	\$ 315,904	\$ 41,425	\$ 7,642	\$ 3,042	\$ 103	\$ 81,472	\$ 3,810,629
Allowance for losses (lifetime expected credit losses)	(271)	(3,014)	(1,949)	(2,765)	(1,534)	(14)	(80,042)	(89,589)
Amortized cost	<u>\$ 3,360,770</u>	<u>\$ 312,890</u>	<u>\$ 39,476</u>	<u>\$ 4,877</u>	<u>\$ 1,508</u>	<u>\$ 89</u>	<u>\$ 1,430</u>	<u>\$ 3,721,040</u>

June 30, 2024

	<u>Not past due</u>	<u>Past due 1 to 30 days</u>	<u>Past due 31 to 60 days</u>	<u>Past due 61 to 90 days</u>	<u>Past due 91 to 120 days</u>	<u>Past due 121 to 180 days</u>	<u>Past due over 181 days</u>	<u>Total</u>
Total carrying amount	\$ 3,768,787	\$ 287,710	\$ 68,376	\$ 52,245	\$ 34,158	\$ 3,711	\$ 58,589	\$ 4,273,576
Allowance for losses (lifetime expected credit losses)	(343)	(3,220)	(2,027)	(6,349)	(3,851)	(93)	(58,589)	(74,472)
Amortized cost	<u>\$ 3,768,444</u>	<u>\$ 284,490</u>	<u>\$ 66,349</u>	<u>\$ 45,896</u>	<u>\$ 30,307</u>	<u>\$ 3,618</u>	<u>\$ -</u>	<u>\$ 4,199,104</u>

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

	January 1 to June 30, 2025	January 1 to June 30, 2024
Opening balance	\$ 89,589	\$ 69,762
Plus: Reversal of impairment loss for the period	(610)	3,591
Less: Amounts written off for the period	(8,211)	(893)
Foreign currency translation differences	(6,049)	2,012
Ending balance	<u>\$ 74,719</u>	<u>\$ 74,472</u>

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

9. INVENTORIES

	June 30, 2025	December 31, 2024	June 30, 2024
Finished goods	\$ 3,186,372	\$ 4,147,895	\$ 3,753,674
Work in progress	1,013,906	800,339	880,778
Raw materials	3,310,607	4,639,747	4,051,026
Supplies	860,202	515,881	517,637
Merchandise	109,302	116,040	148,404
Inventory in transit	<u>803,343</u>	<u>1,104,961</u>	<u>564,476</u>
	<u>\$ 9,283,732</u>	<u>\$ 11,324,863</u>	<u>\$ 9,915,995</u>

The cost of revenue associated with inventories was NT\$7,339,178 thousand, NT\$7,069,360 thousand, NT\$14,499,858 thousand and NT\$13,379,495 thousand for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, respectively. The cost of revenue associated with inventories consisted of allowance for inventory valuation and obsolescence loss of NT\$5,517 thousand, NT\$22,793 thousand, NT\$30,834 thousand and NT\$32,081 thousand, respectively.

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

10. OTHER FINANCIAL ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
Time deposits with an original maturity of more than 3 months	\$ 942,124	\$ 1,234,073	\$ 1,731,403
Others	<u>2,083</u>	<u>2,282</u>	<u>4,561</u>
	<u>\$ 944,207</u>	<u>\$ 1,236,355</u>	<u>\$ 1,735,964</u>
<u>Non-current</u>			
Time deposits with an original maturity of more than 1 year	<u>\$ 1,598,525</u>	<u>\$ 1,969,974</u>	<u>\$ 1,274,120</u>

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

	June 30, 2025	December 31, 2024	June 30, 2024
Time deposits	1.20%~4.19%	1.70%~4.79%	1.80%~5.66%

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

11. SUBSIDIARY

a. Subsidiaries included in the consolidated financial statements

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

Investor	Name of subsidiary	Nature of business	Percentage of shareholding			Remark
			June 30, 2025	December 31, 2024	June 30, 2024	
The Company	American Kenda Rubber Ind. Co., Ltd. (KA)	Trading, investment	100%	100%	100%	-
The Company	Kenda Rubber Ind. Co., (Hong Kong) Ltd. (KHK)	Trading, investment	100%	100%	100%	-
The Company	Kenda Rubber (Vietnam) Co., Ltd. (KV)	Manufacturing and selling of tubes and tires for vehicles	100%	100%	100%	-
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

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Investor	Name of subsidiary	Nature of business	Percentage of shareholding			Remark
			June 30, 2025	December 31, 2024	June 30, 2024	
The Company	Pt. Kenda Rubber Indonesia (KI)	Manufacturing and selling of tubes and tires for vehicles	99.99%	99.99%	99.99%	Note 1
KF	KI	Manufacturing and selling of tubes and tires for vehicles	0.01%	0.01%	0.01%	Note 1
KA	Americana Development, Inc. (ADI)	Manufacturing of rims and distribution and selling of tires and rims	100%	100%	100%	-
KHK	Kenda Rubber (Shenzhen) Ltd. (KS)	Manufacturing and selling of tubes and tires for vehicles	60%	60%	60%	Note 1
KHK	Kenda Rubber (Tianjin) Co., Ltd. (KT)	Manufacturing and selling of tubes and tires for vehicles	13.64%	13.64%	13.64%	-
KIC	Kenda Global Holding Co., Ltd. (KGH)	Investment	100%	100%	100%	-
KIC	Kenda Global Investment Corporation (KGI)	Investment	100%	100%	100%	Note 1
KGI	KENDA Europe A/S (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%	-
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

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Investor	Name of subsidiary	Nature of business	Percentage of shareholding			Remark
			June 30, 2025	December 31, 2024	June 30, 2024	
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

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

	June 30, 2025	December 31, 2024	June 30, 2024
Land	\$ 2,577,862	\$ 2,584,465	\$ 2,584,546
Buildings	4,838,655	5,300,564	5,182,446
Machinery and equipment	6,684,138	7,382,350	7,348,394
Other equipment	509,194	557,871	572,352
Equipment under acceptance and unfinished construction	<u>596,431</u>	<u>464,089</u>	<u>540,263</u>
	<u>\$ 15,206,280</u>	<u>\$ 16,289,339</u>	<u>\$ 16,228,001</u>

The consolidated company added NT\$375,760 thousand and NT\$560,136 thousand of equipment from January 1 to June 30, 2025 and 2024, respectively.

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

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

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

A portion of the 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 June 30, 2025 and December 31 and June 30, 2024, the prepayments for equipment amounted to NT\$374,705 thousand, NT\$517,629 thousand and NT\$467,277 thousand, respectively, and were recorded as other non-current assets.

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

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Carrying amount of right-of-use assets			
Land	\$ 1,446,728	\$ 1,608,929	\$ 1,611,640
Buildings	456,398	346,751	239,053
Machinery and equipment	10,399	12,137	11,927
Other equipment	<u>20,919</u>	<u>18,444</u>	<u>20,920</u>
	<u>\$ 1,934,444</u>	<u>\$ 1,986,261</u>	<u>\$ 1,883,540</u>
	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>	<u>January 1 to June 30, 2025</u>
Additions to right-of-use assets	<u>\$ 231,206</u>	<u>\$ 3,918</u>	<u>\$ 233,596</u>
	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>	<u>January 1 to June 30, 2025</u>
Depreciation expense of right-of-use assets			
Land	\$ 8,634	\$ 9,072	\$ 17,832
Buildings	57,709	34,410	89,045
Machinery equipment	1,297	1,968	2,651
Other equipment	<u>2,837</u>	<u>2,431</u>	<u>6,022</u>
	<u>\$ 70,477</u>	<u>\$ 47,881</u>	<u>\$ 115,550</u>
	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>	<u>January 1 to June 30, 2025</u>
	<u>\$ 231,206</u>	<u>\$ 3,918</u>	<u>\$ 233,596</u>
	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>	<u>January 1 to June 30, 2025</u>
	<u>\$ 70,477</u>	<u>\$ 47,881</u>	<u>\$ 115,550</u>
	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>	<u>January 1 to June 30, 2025</u>
	<u>\$ 231,206</u>	<u>\$ 3,918</u>	<u>\$ 233,596</u>
	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>	<u>January 1 to June 30, 2025</u>
	<u>\$ 70,477</u>	<u>\$ 47,881</u>	<u>\$ 115,550</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 June 30, 2025 and 2024.

b. Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying amount of lease liabilities			
Current	<u>\$ 205,827</u>	<u>\$ 137,338</u>	<u>\$ 143,435</u>
Non-current	<u>\$ 733,547</u>	<u>\$ 743,553</u>	<u>\$ 621,405</u>

The discount rate range for lease liabilities is as follows

	June 30, 2025	December 31, 2024	June 30, 2024
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	2.75%~3.20%	2.75%~3.20%	2.75%~3.20%

c. Material leasing activities and terms

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

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

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

d. Other lease information

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Short-term lease expense	<u>\$ 38,631</u>	<u>\$ 25,364</u>	<u>\$ 90,566</u>	<u>\$ 60,272</u>
Lease expense of low-value assets	<u>\$ 3,026</u>	<u>\$ 178</u>	<u>\$ 6,002</u>	<u>\$ 310</u>
Total cash outflow from leases	<u>\$ 98,409</u>	<u>\$ 71,674</u>	<u>\$ 212,023</u>	<u>\$ 167,130</u>

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

	June 30, 2025	December 31, 2024	June 30, 2024
Lease commitments	<u>\$ 1,279,146</u>	<u>\$ 1,166,641</u>	<u>\$ 1,039,772</u>

14. INVESTMENT PROPERTIES

	June 30, 2025	December 31, 2024	June 30, 2024
Right-of-use assets	<u>\$ 27,061</u>	<u>\$ 29,678</u>	<u>\$ 29,648</u>

Except for the recognition of depreciation expense, there were no significant additions, disposals or impairments of the Group's investment properties from January 1 to June 30, 2021. 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 Group received a total of CNY200,000 thousand (approximately NT\$832,565 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.

The fair values of investment properties as of December 31, 2024 and 2023 were NT\$5,771,366 thousand and NT\$5,831,910 thousand, respectively. As evaluated by the management of the Group, there was no significant change in the fair value as of June 30, 2025 and 2024.

15. BORROWINGS

a. Short-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Credit borrowings	\$ 3,233,538	\$ 3,781,901	\$ 3,246,663
Secured borrowings (Note 24) (1)	<u>35,048</u>	<u>119,612</u>	<u>465,175</u>
	<u>\$ 3,268,586</u>	<u>\$ 3,901,513</u>	<u>\$ 3,711,838</u>
Range of interest rates	1.82%~5.35%	1.82%~5.60%	1.74%~6.24%

b. Long-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured borrowings	\$ 12,969,153	\$ 12,848,298	\$ 12,362,146
Secured borrowings (Note 24) (1)	1,453,403	1,474,115	975,541
Project borrowing (2)	<u>25,000</u>	<u>35,000</u>	<u>73,971</u>
Subtotal	14,447,556	14,357,413	13,411,658
Less: Amount due within one year	<u>1,692,331</u>	<u>1,952,741</u>	<u>1,424,440</u>
Long-term borrowings	<u>\$ 12,755,225</u>	<u>\$ 12,404,672</u>	<u>\$ 11,987,218</u>
Range of interest rates	0.25%~6.38%	1.50%~6.38%	1.10%~6.88%
Maturity date	2025 ~ 2035	2025 ~ 2035	2025 ~ 2035

- 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 June 30, 2025, there were no defaults due to the above financial ratios.
- 2) The Group participated in a project of the Ministry of Economic Affairs that encouraged Taiwanese enterprises to invest locally in September 2019. The Group expects to construct or expand factories, and acquire machinery and equipment in Taiwan from 2019 to 2026. Any shortage of funds would be financed via bank borrowings.

16. EQUITY

a. Ordinary shares

	June 30, 2025	December 31, 2024	June 30, 2024
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 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 2024 and 2023 were as follows:

	Appropriations of earnings		Dividends per share (NT\$)	
	2024	2023	2024	2023
Provision for legal reserve	\$ 127,764	\$ 90,782		
Provision (reversal) of special reserve	(398,982)	262,078		
Cash dividends	1,050,379	954,890	\$ 1.1	\$ 1.0

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 29, 2025 and May 31, 2024, respectively.

17. REVENUE

a. Breakdown of contracts with customers

<u>Major product/service lines</u>	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>	<u>January 1 to June 30, 2025</u>	<u>January 1 to June 30, 2024</u>
Motorcycle and other bias tires	\$ 3,781,557	\$ 3,818,680	\$ 7,332,890	\$ 7,293,349
Radial tires	2,418,557	2,908,607	5,137,180	5,575,627
Bicycle tires	758,007	615,287	1,470,372	1,087,806
Tubes	403,393	300,868	769,044	541,689
Others	<u>1,593,578</u>	<u>1,478,293</u>	<u>3,053,520</u>	<u>2,888,506</u>
Total	<u>\$ 8,955,092</u>	<u>\$ 9,121,735</u>	<u>\$17,763,006</u>	<u>\$17,386,977</u>

b. Contract balances

	June 30, 2025	December 31, 2024	June 30, 2024
Refundable liabilities - current	<u>\$ 254,065</u>	<u>\$ 256,988</u>	<u>\$ 247,962</u>

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

18. NET (LOSS) PROFIT FOR THE PERIOD

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

a. Other gains and losses

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Net foreign currency exchange (loss) gain	(\$ 225,202)	\$ 50,256	(\$ 166,548)	\$ 129,154
Gain (loss) on disposal of property, plant and equipment	140	4,240	(29)	(4,455)
Net gain on financial assets at fair value through profit or loss	-	121	-	267
Others	(<u>1,864</u>)	(<u>2,494</u>)	<u>1,418</u>	(<u>3,889</u>)
	<u>(\$ 226,926)</u>	<u>\$ 52,123</u>	<u>(\$ 165,159)</u>	<u>\$ 121,077</u>

b. Financial costs

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Interest expense on bank loans	\$ 121,336	\$ 123,194	\$ 241,693	\$ 246,014
Interest on lease liabilities	<u>6,557</u>	<u>3,860</u>	<u>12,282</u>	<u>8,527</u>
	<u>\$ 127,893</u>	<u>\$ 127,054</u>	<u>\$ 253,975</u>	<u>\$ 254,541</u>

c. Depreciation and amortization

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Property, plant and equipment	\$ 387,835	\$ 385,421	\$ 790,783	\$ 764,926
Right-of-use assets	70,477	47,881	115,550	95,572
Investment properties	16	17	33	33
Intangible assets	<u>7,081</u>	<u>3,774</u>	<u>13,594</u>	<u>7,387</u>
	<u>\$ 465,409</u>	<u>\$ 437,093</u>	<u>\$ 919,960</u>	<u>\$ 867,918</u>
Depreciation expense is aggregated by function				
Operating costs	\$ 357,334	\$ 328,545	\$ 702,025	\$ 654,113
Operating expenses	100,978	104,757	204,308	206,385
Other gains and losses	<u>16</u>	<u>17</u>	<u>33</u>	<u>33</u>
	<u>\$ 458,328</u>	<u>\$ 433,319</u>	<u>\$ 906,366</u>	<u>\$ 860,531</u>
Amortization expense is aggregated by function				
Operating costs	\$ 1,265	\$ 1,161	\$ 2,582	\$ 2,394
Operating expenses	<u>5,816</u>	<u>2,613</u>	<u>11,012</u>	<u>4,993</u>
	<u>\$ 7,081</u>	<u>\$ 3,774</u>	<u>\$ 13,594</u>	<u>\$ 7,387</u>

d. Employee benefits expense

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Short-term employee benefits				
Wages and salaries	\$ 1,382,409	\$ 1,456,635	\$ 2,807,166	\$ 2,820,559
Labor/Health insurance expenses	<u>153,927</u>	<u>143,851</u>	<u>307,989</u>	<u>283,832</u>
	<u>1,536,336</u>	<u>1,600,486</u>	<u>3,115,155</u>	<u>3,104,391</u>
Post-employment benefits				
Defined contribution plans	81,041	80,281	164,222	157,942
Defined benefit plans	<u>191</u>	<u>629</u>	<u>381</u>	<u>1,257</u>
	<u>81,232</u>	<u>80,910</u>	<u>164,603</u>	<u>159,199</u>
Termination benefits	-	66,399	-	66,399
Other employee benefits	<u>64,965</u>	<u>71,361</u>	<u>123,636</u>	<u>132,872</u>
Total employee benefit expenses	<u>\$ 1,682,533</u>	<u>\$ 1,819,156</u>	<u>\$ 3,403,394</u>	<u>\$ 3,462,861</u>
An analysis by function				
Operating costs	\$ 952,537	\$ 1,002,220	\$ 1,921,410	\$ 1,919,615
Operating expenses	729,996	750,537	1,481,984	1,476,847
Other operating income and expenses	<u>-</u>	<u>66,399</u>	<u>-</u>	<u>66,399</u>
	<u>\$ 1,682,533</u>	<u>\$ 1,819,156</u>	<u>\$ 3,403,394</u>	<u>\$ 3,462,861</u>

e. Remuneration of employees and directors

In accordance with the Company's Articles of Incorporation, the Company shall allocate no less than 0.5% of annual profit as employee remuneration and no more than 3% of annual profit as director remuneration. Following the amendment to the Securities and Exchange Act in August 2024, the Company has proposed a resolution at the 2025 shareholders' meeting to amend the Articles of Incorporation, specifying that no less than 0.5% of annual profit shall be allocated as employee remuneration, with no less than 0.5% of that amount specifically designated for frontline employees. For the period from January 1 to June 30, 2025, no provision for employee (including frontline employee remuneration) or director remuneration was made due to pre-tax losses. The estimated employee and director remuneration for the period from January 1 to June 30, 2024 is as follows:

Accrual rate

	January 1 to June 30, 2025	January 1 to June 30, 2024
Employees' remuneration	-	0.73%
Directors' remuneration	-	1.10%

Amount

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Employees' remuneration	(\$ 456)	\$ 3,639	\$ -	\$ 6,729
Directors' remuneration	(\$ 685)	\$ 5,460	\$ -	\$ 10,097

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

The remuneration to employees and directors for 2024 and 2023, as resolved by the Board of Directors, are as follows:

	2024	2023
	Cash	Cash
Employees' remuneration	\$ 11,128	\$ 9,262
Directors' remuneration	\$ 16,703	\$ 10,895

The actual amounts of employee and director's remuneration for 2024 and 2023 were not different from the amounts recognized in the consolidated financial statements for each of the respective fiscal years.

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

19. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>	<u>January 1 to June 30, 2025</u>	<u>January 1 to June 30, 2024</u>
Income tax for the period				
In respect of the current period	\$ 68,926	\$ 139,554	\$ 139,601	\$ 266,154
Additional levy on unappropriated earnings	24,924	-	24,924	-
Adjustments for the prior year	<u>4,342</u>	<u>11</u>	<u>4,342</u>	<u>29</u>
	<u>98,192</u>	<u>139,565</u>	<u>168,867</u>	<u>266,183</u>
Deferred tax				
In respect of the current period	(<u>42,907</u>)	(<u>6,744</u>)	(<u>35,605</u>)	<u>10,270</u>
Income tax expense recognized in profit or loss	<u>\$ 55,285</u>	<u>\$ 132,821</u>	<u>\$ 133,262</u>	<u>\$ 276,453</u>

The Pillar Two income tax legislation, applicable to KV, KE, and KENDA Europe A/S (formerly STARCO Europe A/S) along with their subsidiaries registered in Vietnam, Germany, Denmark, France, the United Kingdom, Switzerland, Croatia, and Belgium, has come into effect. According to this legislation, if any subsidiary has profits below the effective tax rate of 15%, it is required to pay a top-up tax in accordance with the Qualified Domestic Minimum Top-up Tax regulations in the respective local jurisdiction. Additionally, KENDA Europe A/S must pay a top-up tax in Denmark for profits from its subsidiaries located in jurisdictions where the Pillar Two income tax legislation has not yet been implemented, provided that these profits are taxed below the effective tax rate of 15%. The primary jurisdictions at risk for this income tax include Poland and Estonia.

b. Income tax recognized in other comprehensive income

	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>	<u>January 1 to June 30, 2025</u>	<u>January 1 to June 30, 2024</u>
<u>Deferred tax</u>				
Translation of foreign operations entities	(<u>\$ 566,223</u>)	<u>\$ 62,549</u>	(<u>\$ 494,076</u>)	<u>\$ 268,169</u>

c. Income tax assessments

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

20. EARNINGS (LOSS) PER SHARE

	Unit: NT\$ per share			
	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Basic and diluted earnings (loss) per share	(\$ 0.09)	\$ 0.44	(\$ 0.02)	\$ 0.90

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

Net (loss) profit for the period

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Net (loss) profit attributable to shareholders of the parent	(\$ 86,698)	\$ 425,429	(\$ 16,845)	\$ 861,215

Number of shares

Unit: Thousands of shares

	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
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	-	200	-	395
Weighted average ordinary shares used in calculating diluted earnings per share	<u>954,890</u>	<u>955,090</u>	<u>954,890</u>	<u>955,285</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.

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

21. CAPITAL RISK MANAGEMENT

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

22. FINANCIAL INSTRUMENTS

a. Fair value information - financial instruments not measured at fair value

Please refer to the information on the consolidated balance sheet. The management of the Group considered the carrying amounts of financial assets and financial liabilities not measured at fair value to approximate the fair value, and therefore the carrying amounts on the consolidated balance sheet are a reasonable basis for estimating fair values.

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

1) Fair value hierarchy

June 30, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</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>367,075</u>	\$ <u>367,075</u>

December 31, 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 other comprehensive</u> <u>income</u>				
Investments in equity instruments				
Domestic and foreign unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u>375,773</u>	\$ <u>375,773</u>

June 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>\$ 1,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,581</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>\$ 416,303</u>	<u>\$ 416,303</u>

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

<u>Financial assets at FVTOCI -</u> <u>equity instruments</u>	<u>January 1 to</u> <u>June 30, 2025</u>	<u>January 1 to</u> <u>June 30, 2024</u>
Opening balance	\$ 375,773	\$ 413,017
Effects of exchange rate	(<u>8,698</u>)	<u>3,286</u>
Ending balance	<u>\$ 367,075</u>	<u>\$ 416,303</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>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Listed shares	\$ -	\$ -	\$ 1,581
Financial assets at amortized cost (Note 1)	14,901,119	15,465,600	16,070,586
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	367,075	375,773	416,303

Financial liabilities

Measured at amortized

cost (Note 2)	23,111,803	23,607,312	23,265,052
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Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets and refundable deposits.

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

d. Objectives and policies of financial risk management

The Group's major financial instruments include investments in equity instruments, accounts receivable, accounts payable and borrowings. The Group's financial management department provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risks (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

1) Market risk

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

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

(a) Exchange rate risk

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

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

Sensitivity analysis

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

The sensitivity analysis measures the effect of a 1% increase and decrease 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 (loss) before tax from January 1 to June 30, 2025 and 2024 will decrease/increase by NT\$47,434 thousand and NT\$54,799 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 Group's financial assets and financial liabilities with exposure to interest rates at the balance sheet date are as follows:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Fair value interest rate risk			
— Financial assets	\$ 3,142,365	\$ 3,318,465	\$ 3,629,995
— Financial liabilities	4,166,583	4,479,944	4,049,805
Cash flow interest rate risk			
— Financial assets	7,516,839	7,897,119	7,694,421
— Financial liabilities	14,488,933	14,659,873	13,838,530

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 consolidated company's net (loss) profit before tax from January 1 to June 30, 2025 and 2024 will increase by NT\$3,486 thousand and decrease by NT\$3,072 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 June 30, 2024 will change favorably/unfavorably by NT\$79 thousand, 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 June 30, 2025 and 2024 will change favorably/unfavorably by NT\$18,354 thousand and NT\$20,815 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.

June 30, 2025

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

December 31, 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	\$ 4,368,993	\$ -	\$ -
Lease liabilities	137,338	340,771	402,782
Floating rate instruments	4,341,616	10,983,929	-
Fixed rate instruments	<u>1,896,419</u>	<u>1,802,603</u>	<u>-</u>
	<u>\$ 10,744,366</u>	<u>\$ 13,127,303</u>	<u>\$ 402,782</u>

June 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	\$ 5,167,324	\$ -	\$ -
Lease liabilities	143,435	229,376	392,029
Floating rate instruments	3,989,406	10,381,284	-
Fixed rate instruments	<u>1,487,402</u>	<u>1,862,351</u>	<u>-</u>
	<u>\$ 10,787,567</u>	<u>\$ 12,473,011</u>	<u>\$ 392,029</u>

(b) Financing limit

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Unsecured bank overdraft limit (reviewed annually)			
— Amount utilized	\$ 67,683	\$ 26,143	\$ 33,869
— Amount unutilized	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 67,683</u>	<u>\$ 26,143</u>	<u>\$ 33,869</u>
Secured bank overdraft limit			
— Amount utilized	\$ 35,048	\$ 17,342	\$ 27,941
— Amount unutilized	<u>75,512</u>	<u>89,612</u>	<u>81,477</u>
	<u>\$ 110,560</u>	<u>\$ 106,954</u>	<u>\$ 109,418</u>
Unsecured bank loan limit			
— Amount utilized	\$ 16,511,387	\$ 16,960,383	\$ 16,006,252
— Amount unutilized	<u>24,794,503</u>	<u>24,428,044</u>	<u>22,039,954</u>
	<u>\$ 41,305,890</u>	<u>\$ 41,388,427</u>	<u>\$ 38,046,206</u>
Secured bank loan limit (extendable by mutual agreement)			
— Amount utilized	\$ 1,102,024	\$ 1,255,058	\$ 1,055,434
— Amount unutilized	<u>1,924,312</u>	<u>3,308,593</u>	<u>3,176,572</u>
	<u>\$ 3,026,336</u>	<u>\$ 4,563,651</u>	<u>\$ 4,232,006</u>

e. Transfers of financial assets

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

The maximum exposure to loss from the Group's continuing involvement in the derecognized banker's acceptances is the face amounts of banker's acceptances transferred but not yet matured, and as of June 30, 2025, and December 31, 2024 and June 30, 2024, the face amounts of these transferred but not yet matured banker's acceptances were NT\$553,358 thousand, NT\$711,051 thousand and NT\$667,701 thousand, respectively. These notes will mature within 6 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 June 30, 2025 and 2024, 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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Kenlight Trading Corp.	Other related party
Kenjou Industrial Co., Ltd.	Other related party
TotalEnergies Marketing Taiwan Ltd.	Other related party
Honko Technical Lubricants (Kunshan) Co., Ltd.	Other related party
Kunshan Thrive ECO-Materials Co., Ltd.	Other related party
GronBla Co., Ltd.	Other related party
Americana Development Holding (ADH)	Other related party
Yang & Company, LLC (Y&C)	Other related party
Haro Bikes Corp. (HBC)	Other related party
Greentech Holding Corp. (GHC)	Other related party
STARCO Huanmei	Affiliate
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

Type of related party	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Other related party	\$ 629	\$ 1,352	\$ 1,141	\$ 1,480
Affiliate	<u>4,907</u>	<u>14,559</u>	<u>16,026</u>	<u>29,527</u>
	<u>\$ 5,536</u>	<u>\$ 15,911</u>	<u>\$ 17,167</u>	<u>\$ 31,007</u>

c. Purchases

Type of related party	April 1 to June 30, 2025	April 1 to June 30, 2024	January 1 to June 30, 2025	January 1 to June 30, 2024
Other related party	\$ 38,263	\$ 40,718	\$ 76,696	\$ 76,767
Affiliate	<u>58,432</u>	<u>62,990</u>	<u>120,319</u>	<u>135,487</u>
	<u>\$ 96,695</u>	<u>\$ 103,708</u>	<u>\$ 197,015</u>	<u>\$ 212,254</u>

d. Receivables from related parties

Account items	Type of related party	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable	Other related party	\$ 661	\$ 82	\$ 1,349
Accounts receivable	Affiliate	5,575	22,058	16,437
Other receivables	Other related party	<u>-</u>	<u>-</u>	<u>25,372</u>
		<u>\$ 6,236</u>	<u>\$ 22,140</u>	<u>\$ 43,158</u>

e. Payables to related parties

Account items	Type of related party	June 30, 2025	December 31, 2024	June 30, 2024
Accounts payable	Affiliate	\$ 96,128	\$ 73,676	\$ 63,252
Accounts payable	Other related party	52,696	65,803	62,316
Other payables	Other related party	<u>7,101</u>	<u>7,971</u>	<u>7,180</u>
		<u>\$ 155,925</u>	<u>\$ 147,450</u>	<u>\$ 132,748</u>

f. Others

<u>Account items</u>	<u>Type of related party</u>	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>	<u>January 1 to June 30, 2025</u>	<u>January 1 to June 30, 2024</u>
Manufacturing expense	Other related party	\$ 6,043	\$ 4,953	\$ 9,931	\$ 8,997
Operating expense	Other related party	112	596	121	1,170
Operating expense	Affiliate	-	253	268	253
		<u>\$ 6,155</u>	<u>\$ 5,802</u>	<u>\$ 10,320</u>	<u>\$ 10,420</u>

g. Lessee's lease agreement

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

<u>Category/Name of Related Party</u>	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>	<u>January 1 to June 30, 2025</u>	<u>January 1 to June 30, 2024</u>
<u>Lease expense</u>				
Other related party				
ADH	\$ 4,104	\$ 4,299	\$ 8,473	\$ 8,478
Y&C	2,484	2,602	5,128	5,131
Others	751	1,061	1,532	1,533
	<u>\$ 7,339</u>	<u>\$ 7,962</u>	<u>\$ 15,133</u>	<u>\$ 15,142</u>

h. Rental agreement

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

<u>Category/Name of Related Party</u>	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>	<u>January 1 to June 30, 2025</u>	<u>January 1 to June 30, 2024</u>
<u>Lease income</u>				
Other related party				
HBC	\$ -	\$ 1,294	\$ -	\$ 2,551

i. Remuneration of key management personnel

	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>	<u>January 1 to June 30, 2025</u>	<u>January 1 to June 30, 2024</u>
Short-term employee benefits	\$ 3,828	\$ 10,197	\$ 10,817	\$ 24,077
Post-employment benefits	-	30	-	59
	<u>\$ 3,828</u>	<u>\$ 10,227</u>	<u>\$ 10,817</u>	<u>\$ 24,136</u>

24. PLEDGED ASSETS

All of the operating assets of KA, including cash and cash equivalents, accounts receivable, inventories, property, plant and equipment, and intangible assets, are pledged as collateral for bank borrowings, and are subject to the bank's priority in settlement. The values of the above assets were NT\$7,159,145 thousand, NT\$8,155,246 thousand and NT\$7,749,339 thousand as of June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

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

	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable	\$ -	\$ 29,300	\$ -
Inventories	372,510	30,914	30,442
Property, plant and equipment	613,349	282,787	295,663
Others	11,673	11,782	23,932
	<u>\$ 997,532</u>	<u>\$ 354,783</u>	<u>\$ 350,037</u>

25. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

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

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

Item	June 30, 2025	December 31, 2024	June 30, 2024
Property, plant and equipment	<u>\$ 219,715</u>	<u>\$ 256,681</u>	<u>\$ 358,620</u>

- b. As of June 30, 2025 and December 31 and June 30, 2024, 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, 2026. The coverage of insurance policy is from August 6, 2004 to August 6, 2026. 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 case has been transferred from the Federal Supreme Court to the State Supreme Court for hearing and judgment. However, Gabjohn has neither initiated the transfer nor filed proceedings with the State Supreme Court. Accordingly, the Company believes that the case has been prolonged without further prosecution by Gabjohn, and there is no possibility of loss or liability arising from this case.

26. OTHER MATTER

a. Carbon Fee Liability Reserve

Starting from 2025, the Group recognizes carbon fee liability provisions in accordance with Taiwan's Carbon Fee Collection Regulations and related laws. The Group assesses that it is highly likely to obtain approval from the competent authority for its voluntary reduction plan. It is also expected to achieve the designated targets for 2025 and to submit the implementation progress report for the 2025 voluntary reduction plan by April 30, 2026. The carbon fee liability provision is calculated based on the preferential rate.

Subsidiaries of the Group located in China are allocated free carbon emission allowances in accordance with the allocation and distribution schemes stipulated by the People's Republic of China. In the event of an insufficiency of allowances, additional allowances may be purchased through the carbon emissions trading market to settle the shortfall.

b. The Group acquired Kunshan Taiyuan New Energy Co., Ltd.

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

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

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

June 30, 2025

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

December 31, 2024

	Foreign currency	Exchange rate		Carrying amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 118,283	32.78	(USD:TWD)	\$ 3,877,306
USD	97,539	7.19	(USD:CNY)	3,197,315
EUR	9,572	7.53	(EUR:CNY)	324,992
IDR (in million)	200,266	0.06	(JPY:CNY)	407,942
				<u>\$ 7,807,555</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	45,356	32.78	(USD:TWD)	\$ 1,486,757
USD	4,716	7.19	(USD:CNY)	154,604

IDR (in million)	19,305	0.06 (IDR:USD)	39,323
VND (in million)	175,985	0.04 (VND:USD)	226,317
			<u>\$ 1,907,001</u>

June 30, 2024

	Foreign currency	Exchange rate		Carrying amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 95,804	7.13 (USD: CNY)		\$ 3,106,909
USD	125,529	32.43 (USD: TWD)		4,070,911
EUR	7,731	7.66 (EUR: CNY)		268,532
IDR (in million)	187,714	0.06 (IDR:USD)		<u>371,862</u>
				<u>\$ 7,818,214</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	46,952	32.43 (USD: TWD)		\$ 1,522,661
USD	5,404	7.13 (USD: CNY)		175,263
VND (in million)	142,173	0.04 (VND:USD)		<u>181,271</u>
				<u>\$ 1,879,195</u>

The Group's gains or losses on foreign currency exchange (realized and unrealized) from April 1 to June 30, 2025 and 2024 and from January 1 to June 30, 2025 and 2024 were loss of NT\$225,202 thousand, gain of NT\$50,256 thousand, loss of NT\$166,548 thousand and gain of NT\$129,154 thousand, respectively. Due to the wide variety of foreign currency transactions and the individual functional currencies of the Group's operating Entities, it is not possible to disclose the exchange gains or losses by each material currency.

28. SUPPLEMENTARY DISCLOSURES

a. Information on Significant Transactions:

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

- 6) Business relationships and significant transactions and amounts between the parent and subsidiaries and between subsidiaries: Table 6.
- b. Information on reinvestment: Table 7.
 - c. Information on investments in mainland China:
 - 1) Information on investee companies in mainland China, including the company names, principal business activities, paid-in capital, investment methods, remittance and repatriation of funds, ownership percentage, investment income or loss, carrying amounts of investments at the end of the period, repatriations of investment income or loss, and investment limit in mainland China: Table 8.
 - 2) Significant transactions with investees in mainland China, either directly or indirectly through a third region, along with their prices, payment terms, and unrealized gains or losses, are as follows:
 - (a) The amount and percentage of purchases and the balance and percentage of related payables at the end of the period: Table 6.
 - (b) The amount and percentage of sales and the balance and percentage of related receivables at the end of the period: Table 6.
 - (c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - (d) The ending balance of negotiable instrument endorsements or guarantees or pledges of collateral and the purposes: Table 2.
 - (e) The highest balance, ending balance, interest rate range, and total current period interest with respect to the financing of funds: Table 1.
 - (f) Other transactions that have a material impact on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.

29. SEGMENT INFORMATION

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

Segment revenue and operating results

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

January 1 to June 30, 2025

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

January 1 to June 30, 2024

	<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	\$ 8,093,847	\$ 9,293,130	\$ -	\$ -	\$ 17,386,977
Intersegment revenue	<u>5,126,260</u>	<u>95,948</u>	<u>-</u>	<u>(5,222,208)</u>	<u>-</u>
Total	<u>\$ 13,220,107</u>	<u>\$ 9,389,078</u>	<u>\$ -</u>	<u>(\$ 5,222,208)</u>	<u>\$ 17,386,977</u>
Interest income	<u>\$ 138,536</u>	<u>\$ 2,671</u>	<u>\$ 9,703</u>	<u>(\$ 12,182)</u>	<u>\$ 138,728</u>
Financial costs	<u>\$ 160,303</u>	<u>\$ 109,403</u>	<u>\$ -</u>	<u>(\$ 15,165)</u>	<u>\$ 254,541</u>
Depreciation and amortization	<u>\$ 676,907</u>	<u>\$ 191,002</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 867,918</u>
Segment profit or loss (excluding investment income and other operating income and expenses)	<u>\$ 585,365</u>	<u>\$ 522,465</u>	<u>\$ 8,886</u>	<u>\$ 88,522</u>	\$ 1,205,238
Other operating income and expenses					<u>(66,399)</u>
Investment income or loss accounted for using the equity method					<u>(1,171)</u>
Net profit before tax					<u>\$ 1,137,668</u>
Total assets					<u>\$ 46,170,957</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.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

Loans of Funds to Others
January 1 to June 30, 2025

(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Account item	Related party	Maximum balance for the period	Ending balance	Actual amount utilized	Range of interest rates	Nature of loan to others	Amount of transactions	Reason for short-term financing	Allowance for losses	Collateral		Lending of funds to individual parties and limits	Aggregate financing limit
1	KENDA EUROPE A/S	KENDA Manufacturing GB Ltd	Financing receivables	Yes	\$ 35,641	\$ -	\$ -	6.00%	Short-term financing	\$ -	Business operations	\$ -	-	\$ -	80% of the subsidiary's net worth, \$ 13,115	90% of the subsidiary's net worth, \$ 14,755
1	KENDA EUROPE A/S	KENDA Schweiz AG	Financing receivables	Yes	73,656	-	-	6.00%	Short-term financing	-	Business operations	-	-	-	80% of the subsidiary's net worth, 13,115	90% of the subsidiary's net worth, 14,755
1	KENDA EUROPE A/S	KENDA Polska Sp. z.o.o.	Financing receivables	Yes	123,462	-	-	6.00%	Short-term financing	-	Business operations	-	-	-	80% of the subsidiary's net worth, 13,115	90% of the subsidiary's net worth, 14,755
1	KENDA EUROPE A/S	KENDA Deutschland GmbH	Financing receivables	Yes	94,102	-	-	6.00%	Short-term financing	-	Business operations	-	-	-	80% of the subsidiary's net worth, 13,115	90% of the subsidiary's net worth, 14,755
2	KENDA Manufacturing HR d.o.o	Jelshøj Imovina	Financing receivables	Yes	7,074	-	-	2.68%	Short-term financing	-	Business operations	-	-	-	80% of the subsidiary's net worth, 290,686	90% of the subsidiary's net worth, 327,022
3	KENDA GB Rugeley Ltd	KENDA Manufacturing GB Ltd	Financing receivables	Yes	66,090	66,090	60,790	6.00%	Short-term financing	-	Business operations	-	-	-	80% of the subsidiary's net worth, 233,198	90% of the subsidiary's net worth, 262,348
4	KENDA Deutschland GmbH	KENDA Schweiz AG	Financing receivables	Yes	3,624	3,510	3,510	4.00%	Short-term financing	-	Business operations	-	-	-	80% of the subsidiary's net worth, 112,465	90% of the subsidiary's net worth, 126,523
4	KENDA Deutschland GmbH	KENDA Polska Sp. z.o.o.	Financing receivables	Yes	97,843	94,766	94,766	4.00%	Short-term financing	-	Business operations	-	-	-	80% of the subsidiary's net worth, 112,465	90% of the subsidiary's net worth, 126,523
5	KC	KT	Financing receivables	Yes	979,993	882,519	882,519	2.8565~3.3065%	Short-term financing	-	Business operations	-	-	-	50% of the subsidiary's net worth, being 3,401,981	60% of the subsidiary's net worth, 4,082,377
6	KE	KENDA Deutschland GmbH	Financing receivables	Yes	77,912	70,197	70,197	4.00%	Short-term financing	-	Business operations	-	-	-	200% of the subsidiary's net worth, 447,164	200% of the subsidiary's net worth, 447,164
6	KE	KENDA Polska Sp. z.o.o.	Financing receivables	Yes	61,315	56,263	56,263	4.00%	Short-term financing	-	Business operations	-	-	-	200% of the subsidiary's net worth, 447,164	200% of the subsidiary's net worth, 447,164
6	KE	KENDA Schweiz AG	Financing receivables	Yes	56,242	54,473	54,473	4.00%	Short-term financing	-	Business operations	-	-	-	200% of the subsidiary's net worth, 447,164	200% of the subsidiary's net worth, 447,164
6	KE	KENDA Manufacturing HR d.o.o	Financing receivables	Yes	56,158	56,158	56,158	4.38%	Short-term financing	-	Business operations	-	-	-	200% of the subsidiary's net worth, 447,164	200% of the subsidiary's net worth, 447,164

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

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

Endorsements/Guarantees Provided

January 1 to June 30, 2025

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

No.	Name of endorsing company	Subject of endorsement/guarantee		Limits on Endorsement/Guarantee Made for Each Party (Note 2)	Maximum endorsement guarantee balance for the period	Endorsement guarantee balance at the end of the period	Actual amount utilized	Amount of endorsement guarantee secured by property	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement /Guarantee Limit (Note 3)	Endorsement /guarantee made by parent for subsidiaries	Endorsement /guarantee made by subsidiaries for parent	Endorsement /guarantee made for entities in mainland china	Remark
		Name of company	Relationship (Note 1)											
0	The Company	KENDA EUROPE A/S	1	\$ 7,216,015	\$ 2,625,828	\$ 2,348,999	\$ 1,487,509	\$ -	13.02%	\$ 14,432,030	Yes	No	No	—
0	The Company	KENDA Deutschland GmbH	1	7,216,015	388,765	387,400	175,850	-	2.15%	14,432,030	Yes	No	No	—
0	The Company	KENDA Schweiz AG	1	7,216,015	149,525	149,000	-	-	0.83%	14,432,030	Yes	No	No	—
0	The Company	KENDA België NV	1	7,216,015	217,517	149,000	-	-	0.83%	14,432,030	Yes	No	No	—
0	The Company	ADI	1	7,216,015	199,092	178,800	119,200	-	0.99%	14,432,030	Yes	No	No	—
0	The Company	KA	1	7,216,015	497,730	447,000	208,600	-	2.48%	14,432,030	Yes	No	No	—
0	The Company	KI	1	7,216,015	2,687,742	2,413,800	1,141,340	-	13.38%	14,432,030	Yes	No	No	—
0	The Company	KT	1	7,216,015	365,002	327,800	-	-	1.82%	14,432,030	Yes	No	Yes	—
0	The Company	KE	1	7,216,015	543,574	526,477	231,650	-	2.92%	14,432,030	Yes	No	No	—
1	KHK	KS	1	1,007,948	924,521	832,565	-	-	82.60%	1,007,948	No	No	Yes	Note 4
2	KGCI	KS	1	3,869,890	1,849,043	1,665,130	-	-	17.21%	7,739,781	No	No	Yes	Note 4
3	KENDA EUROPE A/S	KENDA GB Rugeley Ltd	1	409,857	107,128	102,289	-	-	623.93%	491,829	No	No	No	—
3	KENDA EUROPE A/S	KENDA België NV	1	409,857	163,072	157,943	-	-	963.40%	491,829	No	No	No	—
3	KENDA EUROPE A/S	KENDA Schweiz AG	1	409,857	15,503	15,032	-	-	91.69%	491,829	No	No	No	—
3	KENDA EUROPE A/S	KENDA Deutschland GmbH	1	409,857	62,075	54,170	-	-	330.42%	491,829	No	No	No	—
3	KENDA EUROPE A/S	KENDA Manufacturing HR d.o.o	1	409,857	79,853	77,341	71,023	-	471.76%	491,829	No	No	No	—

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

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

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

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

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

The limit on endorsements/guarantees made by KENDA Europe A/S (formerly STARCO Europe A/S) for a single enterprise is 25 times the net worth of KENDA Europe A/S.

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

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

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

KENDA Europe A/S's aggregate endorsement/guarantee limit is 30 times 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

June 30, 2025

(In Thousands of New Taiwan Dollars)

Held by	Type and name of marketable securities	Relationship with the issuer of marketable securities	Account item	End of the Period				Remark
				Shares/Units	Carrying amount	Shareholding (%)	Fair value	
The Company	Shares and equity 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	\$ 252,830	10.86%	\$ 252,830	
	Chang Hwa Golf Co., Ltd.	—	Equity instruments at fair value through other comprehensive income - non-current	30	416	0.08%	416	
	TotalEnergies Marketing Taiwan Ltd.	Its chairman and the chairman of the Company are second-degree relatives	Equity instruments at fair value through other comprehensive income - non-current	81	12,161	6.80%	12,161	
	BOMY(BVI)CO.,LTD.	—	Equity instruments at fair value through other comprehensive income - non-current	2,000	14,686	9.73%	14,686	
KGI	Shares and equity 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	86,982	13.00%	86,982	

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES**Purchase or Sale of Goods with Related Parties Amounting to at Least NT\$100 million or 20% of the Company's Paid-in Capital****January 1 to June 30, 2025****(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	\$ 344,970	14.85%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	\$ 787,019	46.22%	—
	KF	Subsidiary	Sales	376,127	16.20%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	66,585	3.91%	—
	ADI	Indirectly invested subsidiary	Sales	336,402	14.49%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	243,099	14.28%	—
KC	KA	Subsidiary of the ultimate parent company	Sales	135,706	3.74%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	57,944	5.16%	—
	KENDA België NV	Subsidiary of the ultimate parent company	Sales	102,226	2.82%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	-	-	—
	The Company	Subsidiary of the ultimate parent company	Sales	372,847	10.27%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	202,641	18.05%	—
	KS	Subsidiary of the ultimate parent company	Sales	371,262	10.22%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	170,974	15.23%	—
KV	ADI	Subsidiary of the ultimate parent company	Sales	484,461	14.46%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	370,873	24.45%	—
	The Company	Parent Company	Sales	1,406,685	41.99%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	876,641	57.79%	—
KT	KS	Subsidiary of the ultimate parent company	Sales	346,876	19.31%	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	161,458	24.33%	—
KENDA Europe A/S	STARCO Huanmei	Associate	Purchases	(120,319)	(8.95%)	In accordance with the terms and conditions agreed by both parties	By mutual agreement	—	(96,128)	(16.96%)	—

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****June 30, 2025****(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		Amounts Received in Subsequent Period (Note 2)	Allowance for losses
					Amount	Handling method		
The Company	KA	Subsidiary	\$ 787,019	0.72	\$ 211,890	—	\$ 4,602	\$ -
	ADI	Indirectly invested subsidiary	243,099	2.50	122,733	—	2,012	-
KC	KS	Subsidiary of the ultimate parent company	170,974	4.16	-	—	70,415	-
	KT	Subsidiary of the ultimate parent company	882,519	Note 2	-	—	-	-
	The Company	Parent Company	202,641	7.32	-	—	61,335	-
KV	ADI	Subsidiary of the ultimate parent company	370,873	2.47	45,774	—	95,202	-
	The Company	Parent Company	876,641	2.61	200,196	—	314,268	-
KT	KS	Subsidiary of the ultimate parent company	161,458	4.03	36,308	—	117,493	-

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

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

Note 3: Represents the amount recovered as of July 31, 2025.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES**Business Relationships and Material Intercompany Transactions between the Parent and Subsidiaries and between Subsidiaries and their Amounts**

January 1 to June 30, 2025

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

Number (Note 1)	Transaction party	Counterparty	Relationship with Trader (Note 2)	Status of transactions (Note 3)			
				Accounting item	Amount	Transaction terms	Percentage of total consolidated revenue or total assets
0	The Company	ADI	1	Sales revenue	\$ 336,402	(Note 4)	1.89%
		KA	1	Sales revenue	344,970	(Note 4)	1.94%
		KC	1	Sales revenue	11,094	(Note 4)	0.06%
		KF	1	Sales revenue	376,127	(Note 4)	2.12%
		KI	1	Sales revenue	17,338	(Note 4)	0.10%
		KV	1	Sales revenue	40,446	(Note 4)	0.23%
		KENDAGBRugeleyLtd	1	Sales revenue	9,914	(Note 4)	0.06%
		KC	1	Service (labor) revenue	59,028	(Note 4)	0.33%
		KF	1	Service (labor) revenue	13,549	(Note 4)	0.08%
		KI	1	Service (labor) revenue	30,052	(Note 4)	0.17%
		KT	1	Service (labor) revenue	33,879	(Note 4)	0.19%
		KV	1	Service (labor) revenue	89,617	(Note 4)	0.50%
		1	KC	ADI	3	Sales revenue	89,493
KA	3			Sales revenue	135,706	(Note 4)	0.76%
KS	3			Sales revenue	371,262	(Note 4)	2.09%
KF	3			Sales revenue	17,639	(Note 4)	0.10%
KENDAGBRugeleyLtd	3			Sales revenue	37,318	(Note 4)	0.21%
KENDABelgiëNV	3			Sales revenue	102,226	(Note 4)	0.58%
KENDAPolskaSp.z.o.o.	3			Sales revenue	61,567	(Note 4)	0.35%
The Company	2			Sales revenue	372,847	(Note 4)	2.10%
KT	3			Interest income	14,728	(Note 4)	0.08%
2	KT			ADI	3	Sales revenue	31,137
		KS	3	Sales revenue	346,876	(Note 4)	1.95%
		KF	3	Sales revenue	9,559	(Note 4)	0.05%
		KC	3	Sales revenue	63,605	(Note 4)	0.36%
		KENDABelgiëNV	3	Sales revenue	21,346	(Note 4)	0.12%
		KENDAPolskaSp.z.o.o.	3	Sales revenue	8,929	(Note 4)	0.05%
		KENDASchweizAG	3	Sales revenue	24,545	(Note 4)	0.14%
3	KI	KV	3	Sales revenue	15,241	(Note 4)	0.09%

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Number (Note 1)	Transaction party	Counterparty	Relationship with Trader (Note 2)	Status of transactions (Note 3)					
				Accounting item	Amount	Transaction terms	Percentage of total consolidated revenue or total assets		
4	KV	The Company	2	Sales revenue	\$ 1,406,685	(Note 4)	7.92%		
		ADI	3	Sales revenue	484,461	(Note 4)	2.73%		
		KA	3	Sales revenue	39,906	(Note 4)	0.22%		
		KENDAGBRugeleyLtd	3	Sales revenue	9,686	(Note 4)	0.05%		
		KI	3	Sales revenue	25,432	(Note 4)	0.14%		
5	KENDA EUROPE A/S	KENDABelgiëNV	3	Sales revenue	11,472	(Note 4)	0.06%		
6	KENDA Manufacturing HR d.o.o.	KENDAPolskaSp.z.o.o.	3	Sales revenue	27,764	(Note 4)	0.16%		
7	KE	The Company	2	Service (labor) revenue	104,714	(Note 4)	0.59%		
0	The Company	ADI	1	Accounts receivable	243,099	(Note 4)	0.56%		
		KI	1	Accounts receivable	15,530	(Note 4)	0.04%		
		KA	1	Accounts receivable	787,019	(Note 4)	1.81%		
		KV	1	Accounts receivable	19,372	(Note 4)	0.04%		
		KF	1	Accounts receivable	66,585	(Note 4)	0.15%		
		KC	1	Other receivables	11,169	(Note 4)	0.03%		
		KT	1	Other receivables	9,893	(Note 4)	0.02%		
		KI	1	Other receivables	26,779	(Note 4)	0.06%		
		KV	1	Other receivables	13,973	(Note 4)	0.03%		
		1	KC	The Company	2	Accounts receivable	202,641	(Note 4)	0.47%
				ADI	3	Accounts receivable	71,365	(Note 4)	0.16%
				KA	3	Accounts receivable	57,944	(Note 4)	0.13%
				KS	3	Accounts receivable	170,974	(Note 4)	0.39%
KF	3			Accounts receivable	9,115	(Note 4)	0.02%		
KENDAGBRugeleyLtd	3			Accounts receivable	21,769	(Note 4)	0.05%		
KENDAPolskaSp.z.o.o.	3			Accounts receivable	22,675	(Note 4)	0.05%		
2	KT	KT	3	Other receivables	882,519	(Note 4)	2.03%		
		KT	3	Earned revenue receivable	16,098	(Note 4)	0.04%		
		ADI	3	Accounts receivable	14,091	(Note 4)	0.03%		
		KS	3	Accounts receivable	161,458	(Note 4)	0.37%		
		KC	3	Accounts receivable	53,339	(Note 4)	0.12%		
		KENDASchweizAG	3	Accounts receivable	17,831	(Note 4)	0.04%		
		3	KI	KV	3	Accounts receivable	9,416	(Note 4)	0.02%
4	KV			The Company	2	Accounts receivable	876,641	(Note 4)	2.02%
		ADI	3	Accounts receivable	370,873	(Note 4)	0.85%		

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Number (Note 1)	Transaction party	Counterparty	Relationship with Trader (Note 2)	Status of transactions (Note 3)			
				Accounting item	Amount	Transaction terms	Percentage of total consolidated revenue or total assets
4	KV	KA	3	Accounts receivable	\$ 14,254	(Note 4)	0.03%
		KI	3	Accounts receivable	32,014	(Note 4)	0.07%
5	KENDA EUROPE A/S	KENDA Baltic OÜ	3	Other receivables	15,382	(Note 4)	0.04%
7	KE	KENDA Deutschland GmbH	3	Other receivables	70,197	(Note 4)	0.16%
		KENDA Polska Sp. z.o.o.	3	Other receivables	56,263	(Note 4)	0.13%
		KENDA Schweiz AG	3	Other receivables	54,473	(Note 4)	0.13%
8	KENDA Deutschland GmbH	KENDA Polska Sp. z.o.o.	3	Other receivables	94,766	(Note 4)	0.22%
9	KENDA GB Rugeley Ltd	KENDA Manufacturing GB Ltd	3	Other receivables	60,790	(Note 4)	0.14%
10	KA	The Company	2	Accounts receivable	13,113	(Note 4)	0.03%

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

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

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

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

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

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

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

Information about the investee company, its location, etc.

January 1 to June 30, 2025

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

Investor	Investee	Location	Main business scope and activities	Initial investment amount		Ending shareholding			Profit (Loss) of the Investee for the Period	Investment Profit (Loss) Recognized in the Period	Remark
				End of Period	End of Last Year	Number of shares	Percentage	Carrying amount			
The Company	KA	United States	Trading, investment	USD 9,000	USD 9,000	-	100%	NTD 3,452,568	NTD 153,325	NTD 153,325	Note 3
	KHK	Hong Kong	Trading, investment	HKD 100	HKD 100	-	100%	NTD 1,007,786	NTD 4,262	NTD 4,262	Note 3
	KV	Vietnam	Manufacturing of tires	USD 67,680	USD 67,680	-	100%	NTD 9,551,945	NTD 92,274	NTD 162,702	Notes 2 and 3
	KIC	Cayman Islands	Investment	USD 81,753	USD 81,753	-	100%	NTD 10,269,843	(NTD 95,587)	(NTD 95,587)	Note 3
	KE	Germany	Marketing planning and R&D	EUR 5,608	EUR 5,608	-	100%	NTD 243,362	NTD 19,607	NTD 19,607	Note 3
	KF	Taiwan	Selling of tires	NTD 199,000	NTD 199,000	19,900	100%	NTD 262,137	NTD 23,205	NTD 23,205	Note 3
	KI	Indonesia	Manufacturing of tires	USD 52,999	USD 52,999	-	99.99%	NTD 493,529	(NTD 53,752)	(NTD 53,751)	Note 3
KF	KI	Indonesia	Manufacturing of tires	USD 1	USD 1	-	0.01%	NTD 7	(NTD 53,752)	(NTD 1)	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 81,148	USD 342	Note 1	Note 3
KIC	KGH	Cayman Islands	Investment	USD 112,050	USD 112,050	-	100%	USD 338,179	(USD 2,007)	Note 1	Note 3
	KGI	Mauritius	Investment	USD 1,703	USD 1,703	-	100%	USD 6,027	(USD 999)	Note 1	Note 3
KGI	KENDA EUROPE A/S	Denmark	Investment	EUR 6,936	EUR 6,936	-	100%	USD 312	(USD 1,693)	Note 1	Note 3
KENDAEUROPEA/S	KENDA GB Rugeley Ltd	United Kingdom	Distribution and selling of tires and rims	EUR 552	EUR 552	-	100%	EUR 8,838	EUR 789	Note 1	Note 3
	KENDA Deutschland GmbH	Germany	Distribution and selling of tires and rims	EUR 511	EUR 511	-	100%	EUR 3,244	(EUR 762)	Note 1	Note 3
	KENDA Polska Sp. z.o.o.	Poland	Distribution and selling of tires and rims	EUR 30	EUR 30	-	100%	EUR 4,067	EUR 394	Note 1	Note 3
	KENDA België NV	Belgium	Distribution and selling of tires and rims	EUR 2,810	EUR 2,810	-	100%	EUR 4,303	(EUR 367)	Note 1	Note 3
	KENDA Schweiz AG	Switzerland	Distribution and selling of tires and rims	EUR 355	EUR 355	-	100%	EUR 1,849	EUR 199	Note 1	Note 3
	KENDA Baltic OÜ	Estonia	Distribution and selling of tires and rims	EUR 3	EUR 3	-	100%	EUR 1,397	EUR 136	Note 1	Note 3
	KENDA France SAS	France	Distribution and selling of tires and rims	EUR 183	EUR 183	-	100%	EUR 1,490	EUR 127	Note 1	Note 3
	KENDA Manufacturing HR d.o.o	Croatia	Manufacturing of rims	EUR 9,614	EUR 9,614	-	100%	EUR 9,121	(EUR 1,232)	Note 1	Note 3
	KENDA Manufacturing GB Ltd	United Kingdom	Manufacturing of rims and distribution and selling of tires and rims	EUR 1,031	EUR 1,031	-	100%	EUR 464	(EUR 306)	Note 1	Note 3
	Jelshøj Imovina	Croatia	Investment	EUR 3	EUR 3	-	100%	EUR 1,956	EUR 22	Note 1	Note 3

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

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

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

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES
Information on Investments in Mainland China
January 1 to June 30, 2025
(In Thousands of New Taiwan Dollars; In Thousands of Foreign Currency)

Investee Company	Main business scope and activities	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at beginning of period	Remitted or recovered during the year investment amount		Accumulated investment amount remitted from Taiwan at end of period	Profit or loss of the Investee for the year	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Book value as of the end of the year	Investment income remitted back at end of the year	Remark
					Remitted	Recovered							
KS	Manufacturing and selling of various tubes and tires for vehicles	\$ 745,000 USD 25,000	Note 1	\$ 745,000 USD 25,000	\$ -	\$ -	\$ 745,000 USD 25,000	\$ 46,656	100%	\$ 46,656	\$ 993,807	\$ 8,006,664	—
KC	Manufacturing and selling of various tubes and tires for vehicles	2,086,000 USD 70,000	Notes 1 and 7	2,086,000 USD 70,000	-	-	2,086,000 USD 70,000	70,933	100%	Note 4	Note 4	Note 4	—
KT	Manufacturing and selling of various tubes and tires for vehicles	6,556,000 USD 220,000	Notes 1, 2 and 7	464,880 USD 15,600	-	-	464,880 USD 15,600	(180,656)	100%	(178,823)	2,798,640	-	Note 10
KGCI	Investment	4,797,800 USD 161,000	Notes 1 and 2	-	-	-	-	(81,719)	100%	(81,719)	9,674,718	-	—
Shanghai Bomy Foodstuff Co., Ltd.	Manufacturing, processing and selling of various foods and beverages	616,977 USD 20,704	Note 1	59,600 USD 2,000	-	-	59,600 USD 2,000	-	9.66%	-	14,686	-	—
Ningbo Jingshang Huaxiang Auto Parts Co., Ltd.	Interior and exterior parts for automobiles	778,763 USD 26,133	Note 1	50,749 USD 1,703	-	-	50,749 USD 1,703	-	2.60%	-	86,982	133,623	—
STARCO Huanmei	Manufacturing of rims	175,492 EUR 5,000	Note 1	Note 9	-	-	Note 9	3,384	33%	1,124	125,003	-	Note 9

Cumulative outward remittances from Taiwan at the end of the year Amount of investment in Mainland China	Investment Amount Authorized by the Department of Investment Review, MOEA	In accordance with the regulations of the Investment Commission, Ministry of Economic Affairs Maximum amount of investment in Mainland China (Note 5)
\$ 3,406,229 USD 114,303 Note 5	\$ 9,585,412 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.