Kenda Rubber Ind. Co., Ltd.

Parent Company Only Financial Statements for the Years Ended December 31, 2025 and 2024 and Independent Auditors’ Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of Kenda Rubber Ind. Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2025 and 2024, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2025 is stated as follows:

Appropriateness of the Revenue Cutoff

The Company is mainly engaged in the manufacturing and trading of rubber products such as inner tubes and tires of bicycles, automobiles, and industrial trucks. The Company has a worldwide sales network with a widely dispersed and diverse customer base, engaging in a high volume of transactions. The timing of revenue recognition varies depending on different commercial terms with customers, resulting in the transfer timing of the promised goods to customers may differ Revenue is recognized when performance obligations are satisfied by the transfer of the promised goods to customers, but the timing of the transfer may be based on the time of actual delivery or the time of actual receipt of the goods. The Company's revenue recognition process involves manual inspection of relevant documents or an estimate of the arrival time of the goods shipped to customers based on historical experience to determine timing of the transfer of control of the promised goods to customers. Therefore, mistakes may occur in the evaluation process, and revenue could be recorded in the incorrect reporting period.

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

1. We obtained an understanding of and reviewed the sales contracts and the terms between the Company and its customers to identify the appropriate point of revenue recognition.

2. We obtained an understanding of and evaluated the process and related controls over revenue recognition.

3. We performed cutoff testing procedures covering a certain period before the balance sheet date and examined relevant supporting documents to determine that revenue was recognized in the correct reporting period, as evidenced by sales terms.

Responsibilities of Management and Those Charged with Governance for the Parent Company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2025, and are therefore the key audit matters. We describe the matters in our auditors' report unless law or regulation precludes public disclosure about these matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2026

Notice to Readers

The accompanying parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

KENDA RUBBER IND. CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Par Value)

	2025		2024	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 1,859,532	5	$ 2,320,518	6
Notes receivable (Note 8)	5,799	-	10,197	-
Trade receivables from unrelated parties (Note 8)	462,089	2	332,235	1
Trade receivables from related parties (Notes 8 and 22)	1,341,996	4	1,588,795	5
Other receivables (Note 22)	83,955	-	88,016	-
Current tax assets (Note 18)	7,349	-	7,349	-
Inventories (Notes 4 and 9)	778,985	2	759,888	2
Other current assets	39,692	-	41,461	-
Total current assets	4,579,397	13	5,148,459	14
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	308,927	1	280,093	1
Investments accounted for using the equity method (Note 10)	27,072,167	75	27,572,549	74
Property, plant and equipment (Notes 11 and 22)	3,838,830	11	3,911,418	11
Right-of-use assets (Notes 12 and 22)	21,380	-	1,689	-
Deferred tax assets (Note 18)	94,035	-	45,122	-
Post-employment benefit assets (Note 14)	69,615	-	47,987	-
Other non-current assets	148,215	-	182,640	-
Total non-current assets	31,553,169	87	32,041,498	86
TOTAL	$ 36,132,566	100	$ 37,189,957	100
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	$ 300,000	1	$ 1,240,000	3
Contract liabilities - current (Note 16)	20,857	-	21,964	-
Notes payable	720	-	437	-
Trade payables	247,994	1	254,731	1
Trade payables from related parties (Note 22)	1,276,888	4	1,281,046	4
Other payables (Note 22)	378,341	1	414,523	1
Current tax liabilities (Note 18)	12,525	-	-	-
Lease liabilities - current (Notes 12 and 22)	5,117	-	1,718	-
Current portion of long-term borrowings (Note 13)	1,242,738	3	1,837,851	5
Other current liabilities (Note 16)	53,773	-	77,530	-
Total current liabilities	3,538,953	10	5,129,800	14
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 13)	12,613,333	35	10,450,961	28
Deferred tax liabilities (Note 18)	376,905	1	523,562	1
Lease liabilities - non-current (Notes 12 and 22)	16,392	-	-	-
Other non-current liabilities	27,993	-	2,071	-
Total non-current liabilities	13,034,623	36	10,976,594	29
Total liabilities	16,573,576	46	16,106,394	43
EQUITY				
Share capital	9,548,900	26	9,548,900	26
Capital surplus	41	-	41	-
Retained earnings				
Legal reserve	3,658,774	10	3,531,010	10
Special reserve	694,586	2	1,093,568	3
Unappropriated earnings	6,172,010	17	6,816,219	18
Total retained earnings	10,525,370	29	11,440,797	31
Other equity	(515,321)	(1)	93,825	-
Total equity	19,558,990	54	21,083,563	57
TOTAL	$ 36,132,566	100	$ 37,189,957	100

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

KENDA RUBBER IND. CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 16 and 22)	$ 4,934,349	100	$ 4,787,548	100
COST OF REVENUE (Notes 9, 17 and 22)	3,705,427	75	3,504,540	73
GROSS PROFIT	1,228,922	25	1,283,008	27
REALIZED (UNREALIZED) PROFIT ON INTERCOMPANY REVENUE	6,451	-	13,134	-
REALIZED GROSS PROFIT	1,235,373	25	1,296,142	27
OPERATING EXPENSES (Notes 17 and 22)				
Selling and marketing expenses	595,612	12	533,049	11
General and administrative expenses	176,307	4	210,649	5
Research and development expenses	430,853	9	398,135	8
Expected credit loss (reversed) recognized (Note 8)	7,140	-	(546)	-
Total operating expenses	1,209,912	25	1,141,287	24
INCOME FROM OPERATIONS	25,461	-	154,855	3
NON-OPERATING INCOME AND EXPENSES (Notes 17 and 22)				
Interest income	49,147	1	72,678	1
Other income	88,121	2	94,467	2
Other gains and losses	(101,490)	(2)	169,616	4
Finance costs	(251,200)	(5)	(236,445)	(5)
Share of profit of subsidiaries (Note 10)	343,992	7	1,030,650	22
Total non-operating income and expenses	128,570	3	1,130,966	24
PROFIT BEFORE INCOME TAX	154,031	3	1,285,821	27
INCOME TAX EXPENSE (Note 18)	28,624	1	44,868	1
NET PROFIT FOR THE YEAR	125,407	2	1,240,953	26

(Continued)

KENDA RUBBER IND. CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 14)	$ 15,641	-	$ 40,429	1
Unrealized loss on investments in equity instruments at fair value through other comprehensive income (loss)	28,834	1	(74,062)	(2)
Share of other comprehensive income (loss) of subsidiaries	51,417	1	36,522	1
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 18)	(3,128)	-	(8,086)	-
	92,764	2	(5,197)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(865,456)	(18)	1,536,595	32
Income tax related to items that may be reclassified subsequently to profit or loss (Note 18)	173,091	4	(307,319)	(7)
	(692,365)	(14)	1,229,276	25
Other comprehensive income (loss) for the year, net of income tax	(599,601)	(12)	1,224,079	25
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ (474,194)	(10)	$ 2,465,032	51
EARNINGS PER SHARE (Note 19)				
Basic	$ 0.13		$ 1.30	
Diluted	$ 0.13		$ 1.30	

The accompanying notes are an integral part of the financial statements. (Concluded)

KENDA RUBBER IND. CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

			Retained Earnings (Note 15)			Other Equity		
	Share Capital (Note 15)	Capital Surplus (Note 15)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE ON JANUARY 1, 2024	$ 9,548,900	$ 41	$ 3,440,228	$ 831,490	$ 6,846,330	$ (1,370,790)	$ 277,222	$ 19,573,421
Appropriations of 2023 earnings								
Legal reserve	-	-	90,782	-	(90,782)	-	-	-
Reversal of special reserve	-	-	-	262,078	(262,078)	-	-	-
Cash dividends to shareholders - NT$1.0 per share	-	-	-	-	(954,890)	-	-	(954,890)
Net profit for the year ended December 31, 2024	-	-	-	-	1,240,953	-	-	1,240,953
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	36,686	1,229,276	(41,883)	1,224,079
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	1,277,639	1,229,276	(41,883)	2,465,032
BALANCE ON DECEMBER 31, 2024	9,548,900	41	3,531,010	1,093,568	6,816,219	(141,514)	235,339	21,083,563
Appropriations of 2024 earnings								
Legal reserve	-	-	127,764	-	(127,764)	-	-	-
Special reserve	-	-	-	(398,982)	398,982	-	-	-
Cash dividends to shareholders - NT$1.1 per share	-	-	-	-	(1,050,379)	-	-	(1,050,379)
Net profit for the year ended December 31, 2025	-	-	-	-	125,407	-	-	125,407
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	9,545	(692,365)	83,219	(599,601)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	134,952	(692,365)	83,219	(474,194)
BALANCE ON DECEMBER 31, 2025	$ 9,548,900	$ 41	$ 3,658,774	$ 694,586	$ 6,172,010	$ (833,879)	$ 318,558	$ 19,558,990

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

KENDA RUBBER IND. CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 154,031	$ 1,285,821
Adjustments for		
Depreciation expense	258,568	248,031
Amortization expense	24,278	14,332
Expected credit loss recognized (reversed) on trade receivables	7,140	(546)
Net gain on fair value changes of financial assets at fair value through profit or loss	-	(466)
Finance costs	251,200	236,445
Interest income	(49,147)	(72,678)
Dividend income	(33,244)	(30,338)
Share of profit of subsidiaries	(343,992)	(1,030,650)
Net gain on disposal of property, plant and equipment	(964)	(1,231)
Reversal of inventory write-downs	(12,362)	(12,362)
Realized profit on intercompany revenue	(6,451)	(13,134)
Net loss (gain) on foreign currency exchange	388	(8,941)
Transfer of prepayments for equipment to expenses	15,347	28,660
Changes in operating assets and liabilities		
Notes receivable	4,398	(4,806)
Trade receivables	150,031	(951,217)
Other receivables	4,504	(940)
Inventories	(6,677)	(84,274)
Other current assets	1,769	(1,516)
Contract liabilities	(1,107)	3,314
Notes payable	283	14
Trade payables	(49,064)	1,280,545
Other payables	(26,548)	20,761
Other current liabilities	1,105	21,924
Net defined benefit liabilities	(5,987)	(24,521)
Cash generated from operations	337,499	902,227
Interest received	48,099	71,630
Dividends received	99,447	344,893
Interest paid	(248,471)	(237,817)
Income tax paid	(41,706)	(88,321)
Net cash generated from operating activities	194,868	992,612
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	-	1,780
Payments for property, plant and equipment	(37,520)	(118,023)
Proceeds from disposal of property, plant and equipment	5,050	13,579
Increase in refundable deposits	-	(192)

(Continued)

KENDA RUBBER IND. CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	2025	2024
Payments for intangible assets	$ (33,358)	$ (27,841)
Increase in prepayments for equipment	(133,389)	(226,388)
Net cash used in investing activities	(199,217)	(357,085)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	(940,000)	640,000
Proceeds from long-term borrowings	6,524,000	7,566,000
Repayments of long-term borrowings	(4,956,741)	(7,533,420)
Proceeds (refund of) from guarantee deposits received	1,060	(3,843)
Repayment of the principal portion of lease liabilities	(5,160)	(5,128)
Cash dividends	(1,050,379)	(954,890)
Changes in non-controlling interests	(29,417)	(179,596)
Net cash used in financing activities	(456,637)	(470,877)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(460,986)	164,650
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,320,518	2,155,868
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,859,532	$ 2,320,518

The accompanying notes are an integral part of the financial statements. (Concluded)

KENDA RUBBER IND. CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

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

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

The accompanying financial statements of the Company are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying parent company only were approved and authorized for issue by the board of directors on March 11, 2026.

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

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

Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Company’s accounting policies:

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

1) The amendments to the application guidance of classification of financial assets

   The amendments mainly amend the requirements for the classification of financial assets, including:

   a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,

      - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and

      - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

   b) To clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

   c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

2) The amendments to the application guidance of derecognition of financial liabilities

   The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Company can choose to derecognize the financial liability before the settlement date if, and only if, the Company has initiated a payment instruction that resulted in:

   - The Company having no practical ability to withdraw, stop or cancel the payment instruction;

   - The Company having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and

   - The settlement risk associated with the electronic payment system being insignificant.

   An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance on the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 "Presentation and Disclosure in Financial Statements" and consequential amendments

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

- To classify items of income and expenses presented in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories, the Company shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.

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

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

- The Company shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Company has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

- Assets held primarily for the purpose of trading;

- Assets expected to be realized within 12 months after the balance sheet date; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;

- Liabilities due to be settled within 12 months after the balance sheet date; and

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

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

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

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

ii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Revenue recognition

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

Revenue from the sale of goods

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

l. Leases

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

1) The Company as lessor

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

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

2) The Company as lessee

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

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

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

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

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

m. Borrowing costs

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

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

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

n. Government grants

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

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Company’s defined benefit plans.

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Write-down of Inventories

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Cash on hand	$ 300	$ 370
Checking accounts and demand deposits	1,510,890	2,018,315
Cash equivalents (time deposits with original maturities of 3 months or less)	348,342	301,833
	$ 1,859,532	$ 2,320,518

The market rate of time deposits with original maturity of 3 months or less at the balance sheet date is as follows:

	December 31	
	2025	2024
Time deposits with original maturities of 3 months or less	3.8%	4.6%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2025	2024
Non-current		
Investments in equity instruments at FVTOCI		
Domestic unlisted shares	$ 295,161	$ 265,407
Foreign unlisted shares	13,766	14,686
	$ 308,927	$ 280,093

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

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2025	2024
Notes receivable		
Carrying amount at amortized cost	$ 5,799	$ 10,197
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,810,130	$ 1,922,145
Less: Allowance for impairment loss	(6,045)	(1,115)
	$ 1,804,085	$ 1,921,030

The credit period of sales of goods is 30 days to 90 days from the date of the invoice. No interest is charged on trade receivable.

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

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

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

December 31, 2025

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 180 Days	Over 181 Days	Total
Gross carrying amount	$ 1,416,246	$ 321,417	$ 64,178	$ 1,529	$ 1,192	$ 6,514	$ 4,853	$ 1,815,929
Loss allowance (Lifetime ECLs)	-	-	-	(1)	(7)	(1,184)	(4,853)	(6,045)
Amortized cost	$ 1,416,246	$ 321,417	$ 64,178	$ 1,528	$ 1,185	$ 5,330	$ -	$ 1,809,884

December 31, 2024

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 180 Days	Over 181 Days	Total
Gross carrying amount	$ 1,582,022	$ 258,233	$ 59,186	$ 31,773	$ 23	$ 4	$ 1,101	$ 1,932,342
Loss allowance (Lifetime ECLs)	-	-	-	-	(10)	(4)	(1,101)	(1,115)
Amortized cost	$ 1,582,022	$ 258,233	$ 59,186	$ 31,773	$ 13	$ -	$ -	$ 1,931,227

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

	For the Year Ended December 31	
	2025	2024
Balance on January 1	$ 1,115	$ 1,444
Add: Net remeasurement of loss allowance	5,967	(329)
Less: Amounts written off	(1,037)	-
Balance on December 31	$ 6,045	$ 1,115

9. INVENTORIES

	December 31	
	2025	2024
Finished goods	$ 355,280	$ 304,124
Raw materials	224,389	232,417
Work in progress	96,032	108,756
Supplies	49,361	50,521
Merchandise	2,976	4,018
Inventory in transit	50,947	60,052
	$ 778,985	$ 759,888

The cost of revenue associated with inventories was $3,373,675 thousand and $3,167,367 thousand for the years ended December 31, 2025 and 2024, respectively. The cost of revenue included the reversal of inventory write-downs and obsolescence losses of $12,362 thousand for the years ended December 31, 2025 and 2024, respectively, which were mainly attributed to inventory sold.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in Subsidiaries

	December 31			
	2025		2024	
	Amount	Ownership (%)	Amount	Ownership (%)
Kenda International Corporation Co., Ltd. (KIC)	$ 11,030,538	100.00	$ 11,388,701	100.00
Kenda Rubber (Vietnam) Co., Ltd. (KV)	10,144,920	100.00	10,348,017	100.00
American Kenda Rubber Ind. Co., Ltd. (KA)	3,715,132	100.00	3,635,224	100.00
Kenda Rubber Ind. Co., (Hong Kong) Ltd. (KHK)	1,113,532	100.00	1,099,743	100.00
Pt. Kenda Rubber Indonesia (KI)	519,926	99.99	598,538	99.99
Kenfong Industrial Co., Ltd. (KF)	283,199	100.00	286,038	100.00
Kenda Rubber Industrial Co. (Europe GmbH) (KE)	264,920	100.00	216,288	100.00
	$ 27,072,167		$ 27,572,549	

The investments accounted for using the equity method and the share of profit or loss of subsidiaries were based on the financial statements audited by respective auditors for the same accounting periods.

The Company participated in a cash capital increase of $29,417 thousand and $179,596 thousand for KE in July 2025 and November 2024.

Refer to Table 6 for the nature of activities, principal places of business and countries of incorporation of the subsidiaries.

11. PROPERTY, PLANT AND EQUIPMENT

	Balance on January 1, 2025	Additions	Disposals	Reclassification	Balance on December 31, 2025
Cost					
Land	$ 2,166,617	$ 4,760	$ -	$ 3,619	$ 2,174,996
Buildings	1,098,374	-	-	2,844	1,101,218
Machinery	3,551,858	1,171	(22,845)	138,591	3,668,775
Other equipment	887,134	7,013	(6,995)	28,818	915,970
Equipment under installation and construction in progress	3,427	11,167	-	(12,895)	1,699
	7,707,410	$ 24,111	$ (29,840)	$ 160,977	7,862,658
Accumulated depreciation					
Buildings	439,115	$ 34,601	$ -	$ -	473,716
Machinery	2,689,396	168,313	(18,759)	-	2,838,949
Other equipment	667,481	50,676	(6,995)	-	711,163
	3,795,992	$ 253,590	$ (25,754)	$ -	4,023,828
	$ 3,911,418				$ 3,838,830

	Balance on January 1, 2024	Additions	Disposals	Reclassification	Balance on December 31, 2024
Cost					
Land	$ 2,166,617	$ -	$ -	$ -	$ 2,166,617
Buildings	947,764	1,610	(3,321)	152,321	1,098,374
Machinery	3,322,857	1,668	(37,189)	264,522	3,551,858
Other equipment	835,518	6,279	(25,796)	71,133	887,134
Equipment under installation and construction in progress	122,563	128,751	-	(247,887)	3,427
	7,395,319	$ 138,308	$ (66,306)	$ 240,089	7,707,410
Accumulated depreciation					
Buildings	412,828	$ 29,608	$ (3,321)	$ -	439,115
Machinery	2,554,546	162,812	(27,962)	-	2,689,396
Other equipment	639,611	50,545	(22,675)	-	667,481
	3,606,985	$ 242,965	$ (53,958)	$ -	3,795,992
	$ 3,788,334				$ 3,911,418

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

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

Building	2-55 years
Machinery	2-30 years
Other equipment	2-20 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2025	**2024**
Carrying amount		
Buildings	$ 21,380	$ 1,689

	For the Year Ended December 31	
	2025	**2024**
Depreciation charge for right-of-use assets		
Buildings	$ 4,978	$ 5,066

b. Lease liabilities

	December 31	
	2025	**2024**
Carrying amount		
Current	$ 5,117	$ 1,718
Non-current	$ 16,392	$ -

Discount rate for lease liabilities was as follows:

	December 31	
	2025	**2024**
Buildings	1.84%	0.8%

c. Material leasing activities and terms

The Company leases buildings for the use of product manufacturing with lease terms of 5 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	$ 4,367	$ 4,664
Expenses relating to low-value asset leases	$ 25	$ 48
Total cash outflow for leases	$ (9,835)	$ (9,873)

The Company's leases of certain buildings and other equipment qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. BORROWINGS

a. Short-term borrowings

	December 31	
	2025	2024
Unsecured borrowings	$ 300,000	$ 1,240,000
Range of interest rates	1.83%	1.82%-1.87%

b. Long-term borrowings

	December 31	
	2025	2024
Unsecured borrowings(1)	$ 13,841,071	$ 12,253,812
Project borrowings(2)	15,000	35,000
Less: Current portion	(1,242,738)	(1,837,851)
Long-term borrowings	$ 12,613,333	$ 10,450,961
Range of interest rates	1.72%-1.86%	1.596%-1.925%
Maturity date	2026-2030 years	2026-2027 years

1) The Company is required to maintain certain covenants related to financial ratios. There was no breach of loan agreements associated with financial covenants as of December 31, 2025.

2) The Company participated in a project of the Ministry of Economic Affairs that encouraged Taiwanese enterprises to invest locally in September 2019. The Company constructed or expanded factories, and acquired machinery and equipment in Taiwan from 2019 to 2025. Any shortage of funds would be financed via bank borrowings.

14. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plans

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

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

	December 31	
	2025	**2024**
Present value of defined benefit obligation	$ 426,773	$ 462,521
Fair value of plan assets	(496,388)	(510,508)
Net defined benefit liabilities (assets)	$ (69,615)	$ (47,987)

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance on January 1, 2024	$ 501,311	$ (484,348)	$ 16,963
Service cost			
Current service cost	2,491	-	2,491
Loss on settlements	1,441	-	1,441
Net interest expense (income)	5,802	(5,780)	22
Recognized in profit or loss	9,734	(5,780)	3,954
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(42,678)	(42,678)
Actuarial loss - changes in demographic assumptions	2	-	2
Actuarial gain - changes in financial assumptions	(13,548)	-	(13,548)
Actuarial loss - experience adjustments	15,795	-	15,795
Recognized in other comprehensive income	2,249	(42,678)	(40,429)

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Contributions from the employer	$ -	$ (28,475)	$ (28,475)
Benefits paid	(46,171)	46,171	-
Settlements	(4,602)	4,602	-
Balance on December 31, 2024	462,521	(510,508)	(47,987)
Service cost			
Current service cost	1,744	-	1,744
Net interest expense (income)	7,002	(7,984)	(982)
Recognized in profit or loss	8,746	(7,984)	762
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(36,352)	(36,352)
Actuarial gain - changes in financial assumptions	7,433	-	7,433
Actuarial loss - experience adjustments	13,278	-	13,278
Recognized in other comprehensive income	20,711	(36,352)	(15,641)
Contributions from the employer	-	(6,749)	(6,749)
Benefits paid	(65,205)	65,205	-
Balance on December 31, 2025	$ 426,773	$ (496,388)	$ (69,615)

(Concluded)

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in both government and corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans’ debt investments.

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

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

	December 31	
	2025	2024
Discount rates	1.35%	1.60%
Expected rates of salary increase	2.00%	2.00%

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

	December 31	
	2025	2024
Discount rates		
0.25% increase	$ (7,433)	$ (8,100)
0.25% decrease	$ 7,649	$ 8,341
Expected rates of salary increase		
0.25% increase	$ 7,580	$ 8,287
0.25% decrease	$ (7,404)	$ (8,088)

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

	December 31	
	2025	2024
Expected contributions to the plans for the next year	$ -	$ 26,806
Average duration of the defined benefit obligation	7 years	7 years

15. EQUITY

a. Ordinary shares

	December 31	
	2025	2024
Shares authorized (in thousands of shares)	1,100,000	1,100,000
Shares authorized, par value $10 (in thousands of dollars)	$ 11,000,000	$ 11,000,000
Shares issued and fully paid (in thousands of shares)	954,890	954,890
Shares issued and fully paid (in thousands of dollars)	$ 9,548,900	$ 9,548,900

The change in the Company's share capital is mainly resulted from the process of converting its retained earnings into share capital via issuing new shares.

b. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit until the legal reserve equals the Company's paid-in capital, then setting aside or reversing a special reserve according to the laws or regulations. The Company takes into consideration the Company's operating environment, growth stage, future capital needs, long-term financial plans, and the shareholders' demand for cash inflows before resolving the amount of dividends. The Company's board of directors could propose dividends between 10% and 80% of distributable earnings which comprise of the current remaining earning and undistributed earnings from previous year. When distributing dividends via issuing shares, the motion should be submitted to shareholders' meeting for approval. The shareholders may adjust the ratio of share dividends to reflect the profit and the adequacy of capital of the year. The cash dividends shall not be less than 10% of the total dividend declared. The board of directors is authorized to adopt a resolution to distribute dividends, bonuses, legal reserve and all or a portion of the capital surplus in cash and a report of such distribution should be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 17(e).

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

When a special reserve is appropriated for cumulative net debit balance reserves from a prior period, the special reserve is only appropriated from the prior unappropriated earnings. The sum of the net profit for the current period and items other than net profit that are included directly in the unappropriated earnings for the current period is used if the prior unappropriated earnings are not sufficient.

The appropriations of earnings for 2024 and 2023 were as follows:

	Appropriations of Earnings		Dividends Per Share (NT$)	
	2024	**2023**	**2024**	**2023**
Legal reserve	$ 127,764	$ 90,782		
Provision for (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 resolution of the board of directors. The rest of the distribution items were also resolved by shareholders in their meeting to be held on May 31, 2025 and May 31, 2024, respectively.

The appropriation of earnings for 2025 proposed by the Company's board of directors on March 11, 2026 is as follows:

	For the Year Ended December 31, 2025	Dividends Per Share (NT$)
Legal reserve	$ 13,495	
Cash dividends	620,679	$ 0.65

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed earning appropriations will be resolved by shareholders in their meeting to be held on May 29, 2026.

16. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2025	**2024**
Revenue from contracts with customers		
Revenue from the sale of goods	$ 4,475,750	$ 4,271,349
Revenue from the rendering of services	458,599	516,199
	$ 4,934,349	$ 4,787,548

Refer to Statement 6 for information on the disaggregation of revenue.

b. Contract balances

	December 31	
	2025	2024
Contract liabilities - current	$ 20,857	$ 21,964
Refund liabilities - current (Note)	$ 5,009	$ 2,578

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

17. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2025	2024
Dividends	$ 33,244	$ 30,338
Rental income	9,681	9,651
Others	45,196	54,478
	$ 88,121	$ 94,467

b. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Net gain on disposal of property, plant and equipment (Note 22)	$ 964	$ 1,231
Net gain (loss) on financial assets classified as at FVTPL	-	466
Net foreign exchange gains	(102,438)	167,972
Others	(16)	(53)
	$ (101,490)	$ 169,616

c. Financial costs

	For the Year Ended December 31	
	2025	2024
Interest on bank loans	$ 251,102	$ 237,084
Interest on lease liabilities	283	33
Less: Amounts included in the cost of qualifying assets	(185)	(672)
	$ 251,200	$ 236,445

d. Employee benefits, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
For the year ended December 31, 2025			
Short-term benefits			
Salary expense	$ 710,863	$ 610,449	$ 1,321,312
Labor/health insurance expense	62,820	60,078	122,898
Post-employment benefits			
Defined contribution plans	29,795	25,418	55,213
Defined benefit plans	202	560	762
Remuneration of directors	501	4,170	4,671
Other employee benefit	15,182	13,477	28,659
Depreciation expense	195,205	63,363	258,568
Amortization expense	4,083	20,195	24,278
For the year ended December 31, 2024			
Short-term benefits			
Salary expense	655,348	602,817	1,258,165
Labor/health insurance expense	57,782	55,948	113,730
Post-employment benefits			
Defined contribution plans	24,729	27,346	52,075
Defined benefit plans	2,090	1,864	3,954
Remuneration of directors	2,195	16,926	19,121
Other employee benefit	13,297	11,749	25,046
Depreciation expense	187,220	60,811	248,031
Amortization expense	2,902	11,430	14,332

1) For the years ended December 31, 2025 and 2024, the Company employed 1,807 and 1,779 employees on average, respectively, which both included 7 non-employee directors.

2) The employment benefit expenses, on average, were $849 thousand and $820 thousand for the years ended December 31, 2025 and 2024, respectively. The average salary expense were $734 thousand and $710 thousand for the years ended December 31, 2025 and 2024, respectively. The average salary expense changed by 3.4%.

3) The Company established an audit committee; therefore it does not have supervisors.

4) In addition to the pursuit of operating results, the Company values employee salary and benefits, embraces sustainability, promotes a win-win situation between capital and labor, implements corporate governance, maximizes social responsibility, and contributes to economic prosperity. Compensation packages for directors and managers are periodically assessed and evaluated by remuneration committee. Compensation policies for employees are re-evaluated annually with consideration of industry standards to offer competitive employee salary and benefits.

e. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 0.5% and no higher than 3%, respectively, of net profit before income tax. The compensation of employees and the remuneration of directors for the years ended December 31, 2025 and 2024, which were approved by the Company's board of directors on March 11, 2026 and March 11, 2025, respectively, are as follows:

	For the Year Ended December 31			
	2025		2024	
	Amount	Accrual Rate	Amount	Accrual Rate
Compensation of employees	$ 1,483	0.94%	$ 11,128	0.85%
Remuneration of directors	$ 2,225	1.41%	$ 16,703	1.27%

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2024 and 2023.

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

18. INCOME TAXES

a. Major components of income tax recognized in profit or loss

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	$ 36,784	$ 65,342
Income tax on unappropriated earnings	17,447	-
Adjustments for prior year	-	2,983
	54,231	68,325
Deferred tax		
In respect of the current year	(25,607)	(23,457)
Income tax expense recognized in profit or loss	$ 28,624	$ 44,868

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

	For the Year Ended December 31	
	2025	2024
Profit before tax from continuing operations	$ 154,031	$ 1,285,821
Income tax expense calculated at the statutory rate	$ 30,806	$ 257,164
Nondeductible expenses in determining taxable income	(49,765)	(204,562)
Tax-exempt income	(6,649)	(6,068)
Income tax on unappropriated earnings	17,447	-
Investment tax credits	-	(5,687)
Adjustments for prior years' tax	-	2,983
Non-deductible withholding tax on overseas income	36,785	1,818
Other	-	(780)
Income tax expense recognized in profit or loss	$ 28,624	$ 44,868

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
Deferred tax		
In respect of the current year		
Translation of the financial statements of foreign operations	$ (173,091)	$ 307,319
Remeasurement of defined benefit plans	3,128	8,086
Total income tax recognized in other comprehensive income	$ (169,963)	$ 315,405

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2025

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Loss carryforwards	$ 13,551	$ 19,023	$ -	$ 32,574
Unrealized loss on inventory	8,057	(1,135)	-	6,922
Unrealized gains on intercompany sales	16,675	(1,290)	-	15,385
Defined benefit obligations	-	-	-	-
Exchange differences on translation of the financial statements of foreign operations	-	-	27,062	27,062
Others	6,839	5,253	-	12,092
	$ 45,122	$ 21,851	$ 27,062	$ 94,035
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries	$ 119,482	$ -	$ -	$ 119,482
Reserve for land value increment tax	208,226	-	-	208,226
Defined benefit obligations	2,143	-	3,128	5,271
Exchange differences on translation of the financial statements of foreign operations	146,029	-	(146,029)	-
Others	47,682	(3,756)	-	43,926
	$ 523,562	$ (3,756)	$ (142,901)	$ 376,905

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Loss carryforwards	$ 13,017	$ 534	$ -	$ 13,551
Unrealized loss on inventory	5,585	2,472	-	8,057
Unrealized gains on intercompany sales	19,301	(2,626)	-	16,675
Defined benefit obligations	5,943	-	(5,943)	-
Exchange differences on translation of the financial statements of foreign operations	161,290	-	(161,290)	-
Others	16,536	(9,697)	-	6,839
	$ 221,672	$ (9,317)	$ (167,233)	$ 45,122
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries	$ 171,441	$ (51,959)	$ -	$ 119,482
Reserve for land value increment tax	208,226	-	-	208,226
Defined benefit obligations	-	-	2,143	2,143
Exchange differences on translation of the financial statements of foreign operations	-	-	146,029	146,029
Others	28,497	19,185	-	47,682
	$ 408,164	$ (32,774)	$ 148,172	$ 523,562

d. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2025 comprised:

Unused Amount	Expiry Year
$ 67,756	2033
95,115	2035
$162,871	

e. Income tax assessments

The Company’s income tax returns through 2023 have been assessed by the tax authorities.

19. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2025	**2024**
Basic and diluted earnings per share	$ 0.13	$ 1.30

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

Net Profit for the Year

	For the Year Ended December 31	
	2025	**2024**
Earnings used in the computation of basic and diluted earnings per share	$ 125,407	$ 1,240,953

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2025	**2024**
Weighted average number of ordinary shares used in the computation of basic earnings per share	954,890	954,890
Effect of potentially dilutive ordinary shares		
Compensation of employees	152	459
Weighted average number of ordinary shares used in the computation of diluted earnings per share	955,042	955,349

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

20. CAPITAL MANAGEMENT

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

21. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares	$ -	$ -	$ 308,927	$ 308,927

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares	$ -	$ -	$ 280,093	$ 280,093

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

	For the Year Ended December 31	
	2025	2024
Financial assets at FVTOCI		
Balance on January 1	$ 280,093	$ 354,155
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	28,834	(74,062)
Balance on December 31	$ 308,927	$ 280,093

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

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

c. Categories of financial instruments

	December 31	
	2025	2024
Financial assets		
Financial assets at amortized cost (Note 1)	$ 3,762,144	$ 4,348,534
Financial assets at FVTOCI		
Equity instruments	308,927	280,093
Financial liabilities		
Amortized cost (Note 2)	16,059,437	15,453,789

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

The Company have foreign currency denominated sales and purchases, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 25.

Sensitivity analysis

The Company is mainly exposed to USD.

The sensitivity analysis measures the effect of a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the USD. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. The pre-tax profit in 2025 and 2024 would have increased/decreased by $19,638 and $23,905 thousand had the New Taiwan dollar strengthened/weakened by 1% against USD.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrows at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings. The Company's interest rate risk is resulted from cash and cash equivalents and borrowings. Specifically, the Company is exposed to cash flow interest rate risk by holding cash and cash equivalents at floating rate. The risk is partially mitigated by borrowings at floating rates. Holding cash and cash equivalents and borrowings at fixed rate exposes the Company to fair value interest risk. The Company considers the overall interest rate trends and adjusts the portfolio of fixed and floating rate instruments accordingly.

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

	December 31	
	2025	**2024**
Fair value interest rate risk		
Financial assets	$ 356,742	$ 310,233
Financial liabilities	3,516,666	3,079,334
Lease liabilities	21,509	1,718
Cash flow interest rate risk		
Financial assets	1,510,826	2,018,252
Financial liabilities	10,639,405	10,449,478

Sensitivity analysis

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

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2025 and 2024 would have decreased/increased by $9,129 thousand and $8,431 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

The Company as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2025 and 2024 would have increased/decreased by $15,446 thousand and $14,005 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced. The Company writes off trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivable that have been written off, the Company 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 Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

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

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

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

December 31, 2025

	On Demand or Less than 1 Year	1-5 Years
Non-interest bearing	$ 1,900,235	$ -
Lease liabilities	5,160	18,490
Variable interest rate liabilities	1,209,405	9,430,000
Fixed interest rate liabilities	333,333	3,183,333
	$ 3,448,133	$ 12,631,823

December 31, 2024

	On Demand or Less than 1 Year	1-5 Years
Non-interest bearing	$ 1,922,906	$ -
Lease liabilities	1,720	-
Variable interest rate liabilities	1,704,073	8,745,405
Fixed interest rate liabilities	1,373,778	1,705,556
	$ 5,002,477	$ 10,450,961

b) Financing facilities

	December 31	
	2025	2024
Unsecured bank loan limit		
Amount used	$ 14,156,071	$ 13,528,812
Amount unused	12,610,817	11,645,075
	$ 26,766,888	$ 25,173,887

22. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
KIC	Subsidiary
KA	Subsidiary
KV	Subsidiary
KHK	Subsidiary
KE	Subsidiary
KF	Subsidiary
KI	Subsidiary
American Development, Inc. (ADI)	Subsidiary

(Continued)

Related Party Name	Related Party Category
Kenda Rubber (Shenzhen) Ltd. (KS)	Subsidiary
Kenda Rubber (Tianjin) Co., Ltd. (KT)	Subsidiary
Kenda Rubber (China) Ltd. (KC)	Subsidiary
Kenda Global (China) Investment Corporation (KGCI)	Subsidiary
KENDA Europe A/S (formerly known as STARCO Europe A/S)	Subsidiary
KENDA GB Rugeley Ltd (formerly known as STARCO GB Ltd.)	Subsidiary
KENDA Deutschland GmbH (formerly known as STARCO GmbH)	Subsidiary
KENDA Polska Sp.z.o.o. (formerly known as STARCO Polska Sp.z.o.o.)	Subsidiary
KENDA België NV (formerly known as STARCO NV)	Subsidiary
KENDA France SAS (formerly known as STARCO SAS)	Subsidiary
Kenlight Trading Corp.	Other related party
KenJou Industrial Co., Ltd.	Other related party
TotalEnergies Marketing Taiwan Ltd	Other related party
GronBla Co., Ltd.	Other related party
Yang Hsiu-Ya	Other related party

(Concluded)

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

b. Revenue

Item	Related Party Category/Name	For the Year Ended December 31 2025	For the Year Ended December 31 2024
Sales of goods	Subsidiaries		
	KF	$ 729,318	$ 738,442
	ADI	735,965	640,108
	KA	621,043	622,395
	Others	214,617	257,523
	Other related parties	2,408	2,185
		$ 2,303,351	$ 2,260,653

The credit term for related parties were similar to those for non-related parties. The credit terms is between 60 and 90 days.

Item	Related Party Category/Name	For the Year Ended December 31 2025	For the Year Ended December 31 2024
Rendering of services	Subsidiaries		
	KV	$ 183,551	$ 206,118
	KC	113,194	147,716
	KT	68,744	71,313
	KI	61,012	52,347
	KF	27,956	29,989
	KS	3,708	8,716
		$ 458,165	$ 516,199

c. Purchases

Related Party Category	For the Year Ended December 31 2025	2024
Subsidiaries	$ 9,134	$ 9,353
Other related parties	8,718	5,582
	$ 17,852	$ 14,935

The payment terms for related parties were similar to those for non-related parties. The payment terms are between 45 and 90 days.

d. Receivables from related parties

Item	Related Party Category/Name	December 31 2025	2024
Trade receivables	Subsidiaries		
	KA	$ 860,798	$ 1,130,385
	ADI	359,474	296,050
	Others	120,739	162,278
	Other related parties	985	82
		$ 1,341,996	$ 1,588,795
Other receivables	Subsidiaries		
	KV	$ 18,416	$ 18,513
	KI	17,330	11,839
	KC	11,620	15,761
	KT	11,608	12,554
	Others	10,589	9,396
		$ 69,563	$ 68,063

The outstanding trade receivable from related parties are unsecured. For the years ended December 31, 2025 and 2024, no impairment losses were recognized for trade receivable from related parties.

e. Payables to related parties

Item	Related Party Category/Name	December 31 2025	2024
Trade payables	Subsidiaries		
	KV	$ 1,041,500	$ 1,279,505
	Others	235,388	870
	Other related parties	-	671
		$ 1,276,888	$ 1,281,046

Item	Related Party Category/Name	December 31 2025	December 31 2024
Other payables	Subsidiaries		
	KA	$ 11,370	$ 18,214
	KENDA Europe A/S	1,407	-
	Others	268	543
	Other related parties	33	-
		$ 13,078	$ 18,757

The outstanding trade payable to related parties are unsecured.

f. Acquisitions of property, plant and equipment

Related Party Category	Purchase Price For the Year Ended December 31 2025	Purchase Price For the Year Ended December 31 2024
Subsidiaries	$ 1,634	$ 1,606

g. Disposals of property, plant and equipment

Related Party Category/Name	Proceeds For the Year Ended December 31 2025	Proceeds For the Year Ended December 31 2024	Gain on Disposal For the Year Ended December 31 2025	Gain on Disposal For the Year Ended December 31 2024
Subsidiaries				
KV	$ 4,611	$ 7,078	$ 649	$ 618
KC	333	1,832	210	694
KT	-	2,100	-	471
	$ 4,944	$ 11,010	$ 859	$ 1,783

h. Lease arrangements

Line Item	Related Party Category/Name	December 31 2025	December 31 2024
Lease liabilities	Subsidiary		
	KF	$ 21,509	$ 1,718

Related Party Category/Name	For the Year Ended December 31 2025	For the Year Ended December 31 2024
Financial costs		
Subsidiary		
KF	$ 283	$ 33

i. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category	December 31 2025	December 31 2024
Subsidiaries	$ 7,584,812	$ 6,696,416

j. Others

Item	Related Party Categories/Name	For the Year Ended December 31 2025	For the Year Ended December 31 2024
Service cost	Subsidiary		
	KE	$ 155,781	$ 140,175
Production overheads	Other related parties	$ 1,630	$ -
	Subsidiaries	58	57
		$ 1,688	$ 57
Operating expense	Subsidiaries	$ 34,309	$ 33,430
	Other related parties	1,152	1
		$ 35,461	$ 33,431
Other income	Subsidiaries	$ 18,905	$ 14,274

k. Remuneration of key management personnel

	For the Year Ended December 31 2025	For the Year Ended December 31 2024
Short-term employee benefits	$ 20,683	$ 36,976
Post-employment benefits	-	61
	$ 20,683	$ 37,037

The remuneration of directors and key executives, as determined by the remuneration committee, was based on individual performance and market trend.

23. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

Item	December 31 2025	December 31 2024
Machinery and equipment	$ 15,617	$ 69,636

b. As of December 31, 2025 and 2024, the amount of performance guarantee letters issued by banks for the Company's low-carbon upgrade and transformation plan was NT$24,000 thousand.

c. Contingencies

1) Products liability insurance

The Company has entered into a product liability insurance for the products manufactured by the Company and sold globally. The period of insurance agreement is from August 6, 2025 to August 6, 2026. The coverage of insurance policy is from August 6, 2004 to August 6, 2025. The maximum reparation of one single event is US$10,000 thousand.

2) The Company had entered into an exclusive agency contract with Gabjohn for the product distributed in Nigeria. Due to circumstances related to local sales, the Company switched to other agencies to distribute products in Nigeria. Consequently, Gabjohn filed a lawsuit against the Group for breach of exclusive agency contract and demanded NT$90,000 thousand (NGN500,000 thousand) as compensation. In 2025, the appointing authority informed the Company that the case had been transferred from the Federal High Court to the State High Court for hearing and adjudication. However, Gabjohn did not proceed with the transfer or initiate prosecution before the State High Court. Accordingly, the Company consider that the case has been pending for a prolonged period and, as Gabjohn has taken no further legal action. Therefore, the likelihood of loss or liability arising therefrom is remote.

24. OTHER ITEMS

The carbon fee provision

Starting from 2025, The Company recognizes the carbon fee provision in accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC. The Company assessed that it is highly probable to obtain approval from the competent authority for its self-determined reduction plan and is also highly probable to meet the designated target for 2025. The Company expects to submit the implementation progress report of the self-determined reduction plan for 2025 to the Ministry of Environment for review before April 30, 2026. If, upon review, the Company fails to meet the designated target for the applicable year, the standard rate would apply instead. The current carbon fee provision has therefore been calculated based on the preferential rate.

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

25. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2025

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 108,170	31.42 (USD:NTD)	$ 3,398,701
RMB	179	4.47 (RMB:NTD)	800
EUR	815	36.91 (EUR:NTD)	30,082
			$ 3,429,583
Financial assets			
Non-monetary items			
Investments accounted for using the equity method			
USD	850,460	31.42 (USD:NTD)	$ 26,721,428
Financial liabilities			
Monetary items			
USD	45,668	31.42 (USD:NTD)	$ 1,434,889

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 118,282	32.78 (USD:NTD)	$ 3,877,306
RMB	46	4.56 (RMB:NTD)	209
EUR	777	33.95 (EUR:NTD)	26,370
			$ 3,903,885
Financial assets			
Non-monetary items			
Investments accounted for using the equity method			
USD	832,220	32.78 (USD:NTD)	$ 27,280,162
Financial liabilities			
Monetary items			
USD	45,356	32.78 (USD:NTD)	$ 1,486,757

For the years ended December 31, 2025 and 2024, net foreign exchange loss of $(102,438) thousand and gain of $167,972 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

26. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

   1) Financing provided to others (Table 1)

   2) Endorsements/guarantees provided (Table 2)

   3) Significant marketable securities held (excluding investments in subsidiaries and associates) (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)

b. Information on investees (Table 6)

c. Information on investments in mainland China

   1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)

   2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses.

      a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (consolidated financial statements Table 6)

      b) The amount and percentage of sales and the balance and percentage of the related payables at the end of the year (consolidated financial statements Table 6)

      c) The amount of property transactions and the amount of the resultant gains or losses (None)

      d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (Table 2)

      e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (Table 1)

      f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

TABLE 1

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	KENDA EUROPE A/S	KENDA Manufacturing GB Ltd	Finance receivables	Yes	$ 35,641	$ -	$ -	6.00%	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	Note 2	Note 2
		KENDA Schweiz AG	Finance receivables	Yes	73,656	-	-	6.00%	The need for short-term financing	-	Operating capital	-	-	-	Note 2	Note 2
		KENDA Polska Sp. z.o.o.	Finance receivables	Yes	123,462	-	-	6.00%	The need for short-term financing	-	Operating capital	-	-	-	Note 2	Note 2
		KENDA Deutschland GmbH	Finance receivables	Yes	94,102	-	-	6.00%	The need for short-term financing	-	Operating capital	-	-	-	Note 2	Note 2
2	KENDA Manufacturing HR d.o.o	Jelshoj Imovina	Finance receivables	Yes	7,074	-	-	2.68%	The need for short-term financing	-	Operating capital	-	-	-	80% of the financing company's net worth $ 313,551	90% of the financing company's net worth $ 352,744
3	KENDA GB Rugeley Ltd	KENDA Manufacturing GB Ltd	Finance receivables	Yes	68,365	-	-	6.00%	The need for short-term financing	-	Operating capital	-	-	-	80% of the financing company's net worth $ 249,487	90% of the financing company's net worth $ 280,673
4	KENDA Deutschland GmbH	KENDA Schweiz AG	Finance receivables	Yes	3,691	3,691	3,691	4.00%	The need for short-term financing	-	Operating capital	-	-	-	80% of the financing company's net worth $ 123,933	90% of the financing company's net worth $ 139,424
		KENDA Polska Sp. z.o.o.	Finance receivables	Yes	99,655	99,655	99,655	4.00%	The need for short-term financing	-	Operating capital	-	-	-	80% of the financing company's net worth $ 123,933	90% of the financing company's net worth $ 139,424
5	KC	Kunshan Taiyuan	Finance receivables	Yes	134,105	134,105	67,535	3.00%	The need for short-term financing	-	Operating capital	-	-	-	50% of the financing company's net worth $ 3,725,526	60% of the financing company's net worth $ 4,470,632
		KT	Finance receivables	Yes	979,993	947,678	947,678	2.8565%~2.9565%	The need for short-term financing	-	Operating capital	-	-	-	50% of the financing company's net worth $ 3,725,526	60% of the financing company's net worth $ 4,470,632

(Continued)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
6	KE	KENDA Deutschland GmbH	Finance receivables	Yes	$ 81,200	$ 81,200	$ 81,200	4.00%	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	200% of the financing company's net worth $ 529,842	200% of the financing company's net worth $ 529,842
		KENDA Polska Sp. z.o.o.	Finance receivables	Yes	61,315	53,629	53,629	4.00%	The need for short-term financing	-	Operating capital	-	-	-	200% of the financing company's net worth $ 529,842	200% of the financing company's net worth $ 529,842
		KENDA Schweiz AG	Finance receivables	Yes	57,283	57,283	57,283	4.00%	The need for short-term financing	-	Operating capital	-	-	-	200% of the financing company's net worth $ 529,842	200% of the financing company's net worth $ 529,842
		KENDA Manufacturing HR d.o.o	Finance receivables	Yes	132,873	132,873	132,873	4.38%	The need for short-term financing	-	Operating capital	-	-	-	200% of the financing company's net worth $ 529,842	200% of the financing company's net worth $ 529,842

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

Note 2: Following the review, the reduction in net assets caused the amount to exceed the threshold; therefore, the Company has prepared a corrective plan.

(Concluded)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsements/ Guarantees Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Year	Outstanding Endorsements/ Guarantees at the End of the Year (Note 5)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsements/ Guarantee Limit (Note 3)	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
0	The Company	KENDA EUROPE A/S	a	$ 7,823,596	$ 2,625,828	$ 2,047,319	$ 1,545,726	$ -	10.47	$ 15,647,192	Yes	No	No	-
		KENDA Deutschland GmbH	a	7,823,596	593,006	593,006	214,442	-	3.03	15,647,192	Yes	No	No	-
		KENDA Manufacturing GB Ltd	a	7,823,596	147,636	147,636	70,127	-	0.75	15,647,192	Yes	No	No	-
		KENDA Polska Sp. z.o.o.	a	7,823,596	260,156	110,727	-	-	0.57	15,647,192	Yes	No	No	-
		KENDA Schweiz AG	a	7,823,596	157,100	157,100	-	-	0.80	15,647,192	Yes	No	No	-
		KENDA België NV	a	7,823,596	217,517	157,100	-	-	0.80	15,647,192	Yes	No	No	-
		KENDA GB Rugeley Ltd	a	7,823,596	267,827	267,827	-	-	1.37	15,647,192	Yes	No	No	-
		ADI	a	7,823,596	199,092	188,520	125,680	-	0.96	15,647,192	Yes	No	No	-
		KA	a	7,823,596	497,730	471,300	219,940	-	2.41	15,647,192	Yes	No	No	-
		KI	a	7,823,596	2,687,742	2,545,020	1,018,008	-	13.01	15,647,192	Yes	No	No	-
		KT	a	7,823,596	365,002	345,620	-	-	1.77	15,647,192	Yes	No	Yes	-
		KE	a	7,823,596	553,637	553,637	317,418	-	2.83	15,647,192	Yes	No	No	-
1	KHK	KS	a	1,113,595	924,521	894,036	-	-	80.28	1,113,595	No	No	Yes	Note 4
2	KGCI	KS	a	4,161,176	1,849,043	1,788,072	-	-	17.19	8,322,353	No	No	Yes	Note 4
3	KENDA EUROPE A/S	KENDA GB Rugeley Ltd	a	Note 6	107,128	105,862	-	-	Note 6	Note 6	No	No	No	-
		KENDA België NV	a	Note 6	166,091	166,091	-	-	Note 6	Note 6	No	No	No	-
		KENDA Schweiz AG	a	Note 6	15,863	15,863	7,409	-	Note 6	Note 6	No	No	No	-
		KENDA Deutschland GmbH	a	Note 6	62,075	38,185	-	-	Note 6	Note 6	No	No	No	-
		KENDA Manufacturing HR d.o.o	a	Note 6	80,263	74,687	74,687	-	Note 6	Note 6	No	No	No	-

Note 1: Relationships between the guarantee provider and guaranteed party:
a. The Company holds directly and indirectly over 90% of an equity interest.

Note 2: Limit on endorsements to a single company is 40% of the Company's net worth.
Limit on endorsements to a single company is 40% of KHK's net worth. However, the limit on endorsements to a single company, in which KHK and the Company holds directly and indirectly 100% of an equity interest, is 100% of KHK's net worth.
Limit on endorsements to a single company is 40% of KGCI's net worth.
Limit on endorsements to a single company is 25 times the net worth of KENDA Europe A/S.

Note 3: Limit on aggregate endorsements is 80% of the Company's net worth.
Limit on aggregate endorsements is 100% of KHK's net worth.
Limit on aggregate endorsements is 80% of KGCI's net worth.
Limit on aggregate endorsements is 30 times of KENDA Europe A/S's net worth.

Note 4: KGCI and KHK jointly provided endorsement/guarantee for KS of RMB400 million, but the limit for KHK is RMB200 million.

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

Note 6: Following the review, the decrease in net assets caused the amount to exceed the threshold; accordingly, The Company has formulated a remedial plan.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Shares/Units	Carrying Amount	Percentage of Ownership %	Fair Value (Note)	
The Company	Shares and equity							
	Kenjou Industrial. Co., Ltd.	The chairman of Kenjou Ind. Co., Ltd. and the chairman of the Company are second-degree relatives	Equity instruments at FVTOCI - non-current	7,382	$ 257,372	10.86	$ 257,372	-
	Chang Hwa Golf Co., Ltd.	-	Equity instruments at FVTOCI - non-current	30	471	0.08	471	-
	TotalEnergies Marketing Taiwan Ltd.	The chairman of Total Lubricants Taiwan Ltd. and the chairman of the Company are second-degree relatives	Equity instruments at FVTOCI - non-current	81	37,318	6.80	37,318	-
	BOMY (BVI) CO., LTD.	-	Equity instruments at FVTOCI - non-current	2,000	13,766	9.73	13,766	-
KGI	Shares and equity							
	Kenjou Investment Co., Ltd.	The chairman of Kenjou Investment Co., Ltd. and the chairman of the Company are second-degree relatives	Equity instruments at FVTOCI - non-current	1,703	146,513	13.00	146,513	-

Note: Fair value of domestic listed shares is determined based on its closing price on December 31, 2025.

TABLE 4

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Amount	% to Total	
The Company	KA	Subsidiary	Sales	$ 621,043	13.88	In accordance with mutual agreements	Agreed by both parties	-	$ 860,798	47.71	-
	KF	Subsidiary	Sales	729,318	16.29	In accordance with mutual agreements	Agreed by both parties	-	64,743	3.59	-
	ADI	Indirectly owned subsidiary	Sales	735,965	16.44	In accordance with mutual agreements	Agreed by both parties	-	359,475	19.93	-
KC	KA	Subsidiary of ultimate parent company	Sales	250,401	3.48	In accordance with mutual agreements	Agreed by both parties	-	76,339	6.17	-
	ADI	Subsidiary of ultimate parent company	Sales	155,153	2.16	In accordance with mutual agreements	Agreed by both parties	-	62,918	5.08	-
	KENDA België NV	Subsidiary of ultimate parent company	Sales	201,347	2.80	In accordance with mutual agreements	Agreed by both parties	-	47,762	3.86	-
	KENDA GB Rugeley Ltd	Subsidiary of ultimate parent company	Sales	120,784	1.68	In accordance with mutual agreements	Agreed by both parties	-	37,677	3.04	-
	KS	Subsidiary of ultimate parent company	Sales	803,176	11.16	In accordance with mutual agreements	Agreed by both parties	-	218,629	17.66	-
	The Company	Parent Company	Sales	804,393	12.13	In accordance with mutual agreements	Agreed by both parties	-	235,489	12.72	-
	STARCO Huanmei	Associate	Sales	110,455	1.67	In accordance with mutual agreements	Agreed by both parties	-	76,463	4.13	-
KV	ADI	Subsidiary of ultimate parent company	Sales	1,033,994	15.59	In accordance with mutual agreements	Agreed by both parties	-	502,756	27.16	-
	The Company	Parent company	Sales	2,504,810	37.77	In accordance with mutual agreements	Agreed by both parties	-	1,041,667	56.28	-
KT	KS	Subsidiary of ultimate parent company	Sales	729,894	20.18	In accordance with mutual agreements	Agreed by both parties	-	147,932	24.35	-
	KC	Subsidiary of ultimate parent company	Sales	104,511	2.89	In accordance with mutual agreements	Agreed by both parties	-	32,337	5.32	-
KENDA Manufacturing HR d.o.o.	KENDA Deutschland GmbH	Subsidiary of ultimate parent company	Sales	135,540	3.76	In accordance with mutual agreements	Agreed by both parties	-	-	0.00	-
	KENDA Polska Sp. z.o.o.	Subsidiary of ultimate parent company	Sales	105,288	2.92	In accordance with mutual agreements	Agreed by both parties	-	-	0.00	-
KENDA Europe A/S	KENDA België NV	Subsidiary of ultimate parent company	Sales	141,750	3.93	In accordance with mutual agreements	Agreed by both parties	-	-	0.00	-
	STARCO Huanmei	Associate	Purchases	(322,675)	(12.35)	In accordance with mutual agreements	Agreed by both parties	-	(132,332)	(22.57)	-

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

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 3)	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	ADI	Indirectly owned subsidiary	$ 359,475	2.25	$ 115,370	-	$ 42,590	$ -
	KA	Subsidiary	860,798	0.62	235,940	-	314,425	-
KC	The Company	parent company	235,489	6.80	-	-	130,467	-
	KS	Subsidiary of ultimate parent company	218,629	3.97	-	-	160,036	-
	KT	Subsidiary of ultimate parent company	947,678	Note	-	-	35,761	-
KV	ADI	Subsidiary of ultimate parent company	502,756	2.26	140,890	-	171,918	-
	The Company	Parent company	1,041,667	2.16	372,770	-	412,549	-
KT	KS	Subsidiary of ultimate parent company	147,932	4.41	-	-	147,932	-
KE	KENDA Manufacturing HR d.o.o.	Subsidiary of ultimate parent company	132,873	Note	-	-	-	-

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

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

Note 3: Amounts received as of February 28, 2026.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars; In Thousands of Foreign Currency)

Investor	Investee	Location	Main Business Activities	Original Investment Amount		As of December 31, 2025			Net Income (Losses) of the Investee	Share of Profits (Losses) of Investee	Note
				December 31, 2025	December 31, 2024	Shares (In Thousands)	% of Ownership	Carrying Value			
The Company	KA	United States	Trade and investment	US$ 9,000	US$ 9,000	-	100.00	NT$ 3,715,132	NT$ 222,462	NT$ 222,462	Note 3
	KHK	Hong Kong	Trade and investment	HK$ 100	HK$ 100	-	100.00	NT$ 1,113,532	NT$ 35,188	NT$ 34,974	Note 3
				US$ 30,600	US$ 30,600						
	KV	Vietnam	Manufacturing various types of tires	US$ 67,680	US$ 67,680	-	100.00	NT$ 10,144,920	NT$ 224,110	NT$ 229,430	Notes 2 and 3
	KIC	Cayman Islands	Investment	US$ 81,753	US$ 81,753	-	100.00	NT$ 11,030,538	NT$ (134,771)	NT$ (134,771)	Note 3
	KE	Germany	Marketing planning and R&D	EUR 6,471	EUR 5,608	-	100.00	NT$ 264,920	NT$ (1,952)	NT$ (1,952)	Note 3
	KF	Taiwan	Selling various types of tires	NT$ 199,000	NT$ 199,000	19,900	100.00	NT$ 283,199	NT$ 44,310	NT$ 44,310	Note 3
	KI	Indonesia	Manufacturing various types of tires	US$ 52,999	US$ 52,999	-	99.99	NT$ 519,926	NT$ (50,462)	NT$ (50,461)	Note 3
KF	KI	Indonesia	Manufacturing various types of tires	US$ 1	US$ 1	-	0.01	NT$ 8	NT$ (50,462)	NT$ (1)	Note 3
KA	ADI	United States	Manufacturing, distribution and selling of wheels and rims	US$ 20,000	US$ 20,000	1	100.00	US$ 82,241	US$ 3,908	Note 1	Note 3
KIC	KGH	Cayman Islands	Investment	US$ 112,050	US$ 112,050	-	100.00	US$ 345,847	US$ (615)	Note 1	Note 3
	KGI	Mauritius	Investment	US$ 1,703	US$ 1,703	-	100.00	US$ 4,943	US$ (3,716)	Note 1	Note 3
KGI	KENDA Europe A/S	Denmark	Investment	EUR 6,936	EUR 6,936	-	100.00	US$ (1,909)	US$ (4,451)	Note 1	Note 3
KENDA Europe A/S	KENDA GB Rugeley Ltd	United Kingdom	Distribution and selling of various types of tires and rims	EUR 552	EUR 552	-	100.00	EUR 8,449	EUR 557	Note 1	Note 3
	KENDA Deutschland GmbH	Germany	Distribution and selling of various types of tires and rims	EUR 511	EUR 511	-	100.00	EUR 4,197	EUR 192	Note 1	Note 3
	KENDA Polska Sp.z.o.o.	Poland	Distribution and selling of various types of tires and rims	EUR 30	EUR 30	-	100.00	EUR 4,206	EUR 515	Note 1	Note 3
	KENDA België NV	Belgium	Distribution and selling of various types of tires and rims	EUR 2,810	EUR 2,810	-	100.00	EUR 5,225	EUR 556	Note 1	Note 3
	KENDA Schweiz AG	Switzerland	Distribution and selling of various types of tires and rims	EUR 355	EUR 355	-	100.00	EUR 1,864	EUR 209	Note 1	Note 3
	KENDA Baltic OÜ	Estonia	Distribution and selling of various types of tires and rims	EUR 3	EUR 3	-	100.00	EUR 1,502	EUR 242	Note 1	Note 3
	KENDA France SAS	France	Distribution and selling of various types of tires and rims	EUR 183	EUR 183	-	100.00	EUR 824	EUR 61	Note 1	Note 3
	KENDA Manufacturing HR d.o.o	Croatia	Manufacturing of various types of rims	EUR 9,614	EUR 9,614	-	100.00	EUR 10,619	EUR 266	Note 1	Note 3
	KENDA Manufacturing GB Ltd	United Kingdom	Manufacturing, distribution and selling of wheels and rims	EUR 1,031	EUR 1,031	-	100.00	EUR 810	EUR 55	Note 1	Note 3
	Jelshøj Imovina	Croatia	Investment	EUR 3	EUR 3	-	100.00	EUR 1,974	EUR 40	Note 1	Note 3

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

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

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

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025	Note
					Outward	Inward							
KS	Manufacturing and selling of various types of tires	$ 785,500 (US$ 25,000)	Note 1	$ 785,500 (US$ 25,000)	$ -	$ -	$ 785,500 (US$ 25,000)	$ 123,689	100.00	$ 123,689	$ 1,146,854	$ 8,441,926	-
KC	Manufacturing and selling of various types of tires	2,199,400 (US$ 70,000)	Notes 1 and 7	2,199,400 (US$ 70,000)	-	-	2,199,400 (US$ 70,000)	211,102	100.00	Note 4	Note 4	Note 4	-
KT	Manufacturing and selling of various types of tires	6,912,400 (US$ 220,000)	Notes 1, 2 and 7	490,152 (US$ 15,600)	-	-	490,152 (US$ 15,600)	(295,975)	100.00	(293,462)	2,884,808	-	Note 10
KGCI	Investment	5,058,620 (US$ 161,000)	Notes 1 and 2	-	-	-	-	(66,832)	100.00	(66,832)	10,402,955	-	-
Shanghai Bomy Foodstuff Co., Ltd.	Manufacturing and selling of various types of foods and drinks	650,518 (US$ 20,704)	Note 1	62,840 (US$ 2,000)	-	-	62,840 (US$ 2,000)	-	9.66	-	13,766	-	-
Ningbo Jingshang Huaxiang Auto Parts Co., Ltd.	Internal and external parts for automobiles	821,099 (US$ 26,133)	Note 1	53,508 (US$ 1,703)	-	-	53,508 (US$ 1,703)	-	2.60	-	146,513	159,268	-
STARCO Huanmei	Manufacturing of rims	184,546 (EUR 5,000)	Note 1	Note 9	-	-	Note 9	22,187	33.00	7,366	149,373	-	Note 9
Kunshan Taiyuan New Energy Co., Ltd.	Research and Development and Services in Emerging Energy Technologies	-	Note 1	Note 9	-	-	Note 9	(432)	100.00	(432)	(442)	-	Note 9

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2025	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 5)
$ 3,591,400 (US$ 114,303) (Note 5)	$ 10,106,337 (US$ 319,703) (EUR 1,660) (Note 5)	Note 6

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

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

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

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

Note 5: The difference of US$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 operational headquarters issued by Industrial Development Bureau of MOEA, the Company has no limitation on the accumulated remittance for investments in mainland China.

(Continued)

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

Note 8: Foreign currencies were translated into NTD using spot rates as of December 31, 2025 or average exchange rates for the year.

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

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

KENDA RUBBER IND. CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

KENDA RUBBER IND. CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Item	Amount
Cash and cash on hand	$ 300
Cash in banks	
Checking accounts deposits	64
Demand deposits	138,708
Foreign deposits (Note 1)	1,372,118
	1,510,890
Cash equivalents	
Foreign time deposits with original maturities of less than three months (Note 2)	348,342
	348,342
	$ 1,859,532

Note 1: Including US$43,335 thousand (US$1=NT$31.42), JPY361 thousand (JPY1=NT$0.2005), GBP55 thousand (GBP1=NT$42.33), EUR198 thousand (EUR1=NT$36.91) and RMB179 thousand (RMB1=NT$4.47).

Note 2: Including US$11,086 thousand (US$1=NT$31.42).

KENDA RUBBER IND. CO., LTD.

STATEMENT OF INVENTORIES - MANUFACTURING
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Market Value (Note)
Finished goods	$ 375,164	$ 440,080
Raw materials	226,892	222,019
Work in progress	107,551	194,643
Supplies	49,441	49,436
Merchandise	3,544	7,251
Inventory in transit	51,005	53,268
	813,597	$ 966,697
Less: Allowance for impairment loss	(34,612)	
	$ 778,985	

Note: Inventories are individually measured at the lower of cost or net realizable value.

KENDA RUBBER IND. CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Name	Beginning Balance		Increase	Decrease (Note 1)	Share of Profit or Loss	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Others (Note 2)	Ending Balance		Marker Value or Net Assets Value
	%	Amount						%	Amount	
Investee companies										
Investment in subsidiaries										
KIC	100.00	$ 11,388,701	$ -	$ (19,841)	$ (134,771)	$ (254,427)	$ 50,876	100.00	$ 11,030,538	$ 11,035,963
KV	100.00	10,348,017	-	-	229,430	(433,619)	1,092	100.00	10,144,920	10,145,944
KA	100.00	3,635,224	-	-	222,462	(151,686)	9,132	100.00	3,715,132	3,767,874
KHK	100.00	1,099,743	-	-	34,974	(21,616)	431	100.00	1,113,532	1,113,595
KI	99.99	598,538	-	-	(50,461)	(25,275)	(2,876)	99.99	519,926	520,601
KF	100.00	286,038	-	(46,362)	44,310	-	(787)	100.00	283,199	285,014
KE	100.00	216,288	29,417	-	(1,952)	21,167	-	100.00	264,920	264,921
		$ 27,572,549	$ 29,417	$ (66,203)	$ 343,992	$ (865,456)	$ 57,868		$ 27,072,167	$ 27,133,912

Note 1: Decrease in investments refer to receipt of cash dividends.

Note 2: Others refer to unrealized gains (losses) on investments in equity instruments at FVTOCI, remeasurement of defined benefit plans, adjustments for realized and unrealized gains (losses) on downstream transactions with subsidiaries and associates and change in percentage of ownership interest in subsidiaries.

KENDA RUBBER IND. CO., LTD.

STATEMENT OF SHORT-TERM BANK BORROWINGS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Creditor Type and Bank	Loan Period	Annual Interest Rates (%)	Amount	Collateral or Pledge
Unsecured loans				
The Export-Import Bank of the Republic of China	2026.01.03	1.83	$ 100,000	None
UOB limited Co.	2026.01.05	1.83	200,000	None
			$ 300,000	

KENDA RUBBER IND. CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Creditor Bank	Maturity Date (Note 1)	Amount	Collateral or Pledge
Unsecured loans			
Bank of Taiwan	2028.09.26	$ 1,800,000	None
MEGA International commercial bank Co., Ltd.	2030.05.17	1,795,000	None
Hua Nan Commercial Bank, Ltd.	2026.09.24	240,000	None
Cathay United Bank	2027.09.17	970,000	None
First Bank	2027.03.21	1,000,000	None
Taishin International Bank Co., Ltd.	2028.03.31	1,600,000	None
Mizuho Bank Co., Ltd.	2027.02.09	800,000	None
Taiwan Shin Kong Commercial Bank	2027.02.16	550,000	None
E.SUN Bank	2027.03.26	500,000	None
The Shanghai Commercial & Saving Bank, Ltd.	2030.03.07	1,000,000	None
Yuanta Commercial Bank Co., Ltd.	2028.12.16	1,250,000	None
HSBC Bank Taiwan Limited	2027.02.27	900,000	None
EnTie Commercial Bank	2026.09.28	100,000	None
CTBC Bank Co., Ltd.	2027.12.29	466,666	None
O-Bank Co., Ltd.	2026.08.01	84,405	None
The Export-Import Bank of the Republic of China	2028.07.10	100,000	None
Agricultural Bank of Taiwan	2027.03.11	200,000	None
Bank Sinopac Company Limited	2028.10.28	500,000	None
		13,856,071	
Less: Current portion of long-term borrowings		(1,242,738)	
		$ 12,613,333	

Note: The maturity date listed above is the last maturity date of multiple borrowings.

STATEMENT 6

KENDA RUBBER IND. CO., LTD.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Quantity (In Thousands of Units)	Amount
Bicycle tires	1,584	$ 354,108
Motorcycle and bias tires	3,460	1,942,314
Tubes	6,429	352,011
Radial tires	1,265	1,229,357
Others	11,193	606,431
		4,484,221
Less: Sales return		(793)
Sales allowance		(7,678)
Sales revenue		4,475,750
Service revenue		458,599
Operating revenue		$ 4,934,349

KENDA RUBBER IND. CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Amount	
Cost of merchandise		
Merchandise at the beginning of the year	$ 4,018	
Purchase	60,497	
Merchandise at the end of the year	(2,976)	
Inventory scraps	(220)	
Others	(67)	
Total merchandise sold		$ 61,252
Cost of goods manufactured		
Raw materials at the beginning of the year	232,417	
Material purchased	1,959,360	
Less: Raw material at the end of the year	(224,389)	
Raw material sold	(91,346)	
Inventory scraps	(128)	
Others	(230)	
Raw material consumed		1,875,684
Direct labor		541,160
Manufacturing overhead		845,077
Manufacturing cost		3,261,921
Add: Work in progress at the beginning of the year	108,756	
Inventory overage	2,131	
Less: Work in process at the end of the year	(96,032)	
Inventory shortage	(41)	
Transfer to manufacturing cost	(2,893)	
Transfer to operating expense	(8,535)	
Others	(2,827)	
		559
Cost of goods manufactured		3,262,480
Add: Finished goods at the beginning of the year	304,124	
Inventory overage	13	
Less: Finished goods at the end of the year	(355,280)	
Inventory scraps	(2,029)	
Inventory shortage	(23)	
Transfer to operating expense	(1,203)	
Others	(2,106)	
		(56,504)
Total cost of revenue		3,267,228
Other cost of revenue		
Cost of raw material sold	91,346	
Cost of supplies sold	5,520	
Unallocated fixed manufacturing overhead	10,681	
Inventory shortage (overage)	298	
Others	(1,398)	
Total other cost of revenue		106,447
Service cost		331,752
Cost of revenue		$ 3,705,427

KENDA RUBBER IND. CO., LTD.

STATEMENT OF MANUFACTURING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Amount
Depreciation	$ 192,291
Utilities	168,084
Fuel expense	127,538
Indirect labor	117,030
Repairs and maintenance	66,979
Others (Note)	183,836
	$ 855,758

Note: The balance for each items did not exceed 5% of the account balance.

KENDA RUBBER IND. CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Marketing	General and Administrative	Research and Development	Expected Credit Reversed	Total
Salary	$ 165,895	$ 188,710	$ 291,603	$ -	$ 646,208
Advertisement	135,180	137	272	-	135,589
Taxes	106,879	2,144	2,460	-	111,483
Insurance	28,840	19,659	27,155	-	75,655
Depreciation	25,421	8,412	32,443	-	66,276
Others (Note)	150,898	53,479	98,611	7,140	310,127
Service costs	(17,501)	(96,234)	(21,691)	-	(135,426)
	$ 595,612	$ 176,307	$ 430,853	$ 7,140	$ 1,209,912

Note: The balance for each item did not exceed 5% of the account balance.