

HSIN YUNG CHIEN CO., LTD.
INDIVIDUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2026 AND 2025

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of HSIN YUNG CHIEN CO.,LTD.

Introduction

We have reviewed the accompanying individual balance sheets of HSIN YUNG CHIEN CO.,LTD. as at March 31, 2026 and 2025, and the related individual statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the individual financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these individual financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of individual financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying individual financial statements do not present fairly, in all material respects, the individual financial position of the Group as at March 31, 2026 and 2025, and of its individual financial performance and its individual cash flows for the three-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” came into effect as endorsed by the Financial Supervisory Commission.

Wu, Sung-Yuan

Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

May 8, 2026

The accompanying individual financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying individual financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HSIN YUNG CHIEN CO., LTD.
INDIVIDUAL BALANCE SHEETS
MARCH 31, 2026, DECEMBER 31, 2025 AND MARCH 31, 2025
(Expressed in thousands of New Taiwan dollars)

Assets			March 31, 2026		December 31, 2025		March 31, 2025	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 582,780	15	\$ 546,149	14	\$ 459,314	12
1110	Financial assets at fair value							
	through profit or loss - current		-	-	8	-	-	-
1136	Current financial assets at	6(2) and 8						
	amortised cost, net		1,454,865	38	1,365,238	36	1,407,086	37
1150	Notes receivable, net	6(3)	4,003	-	5,612	-	11,018	-
1170	Accounts receivable, net	6(3)	160,061	4	149,687	4	220,710	6
1200	Other receivables		5,025	-	5,807	-	3,540	-
130X	Inventories	6(4)	227,001	6	263,723	7	210,790	5
1470	Other current assets	6(5)	13,451	-	24,813	1	23,407	1
11XX	Current Assets		2,447,186	63	2,361,037	62	2,335,865	61
Non-current assets								
1600	Property, plant and equipment	6(6) and 8	1,365,557	35	1,372,151	36	1,395,227	36
1780	Intangible assets		1,628	-	1,572	-	731	-
1840	Deferred income tax assets	6(22)	24,195	1	22,982	1	22,332	1
1900	Other non-current assets	6(7)(11)	33,937	1	47,777	1	91,141	2
15XX	Non-current assets		1,425,317	37	1,444,482	38	1,509,431	39
1XXX	Total assets		\$ 3,872,503	100	\$ 3,805,519	100	\$ 3,845,296	100

(Continued)

HSIN YUNG CHIEN CO., LTD.
INDIVIDUAL BALANCE SHEETS
MARCH 31, 2026, DECEMBER 31, 2025 AND MARCH 31, 2025
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			March 31, 2026		December 31, 2025		March 31, 2025	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2130	Current contract liabilities	6(16)	\$ 20,995	1	\$ 48,486	1	\$ 22,012	1
2150	Notes payable		28,086	1	28,507	1	21,030	-
2160	Notes payable - related parties	7(2)	43,483	1	57,557	2	51,402	1
2170	Accounts payable		19,930	1	25,827	1	29,973	1
2180	Accounts payable - related parties	7(2)	17,606	-	18,852	-	16,384	-
2200	Other payables	6(8)	69,902	2	75,093	2	59,827	2
2230	Current income tax liabilities	6(22)	95,188	2	66,127	2	67,005	2
2250	Provisions for liabilities - current	6(9)	3,587	-	3,587	-	3,587	-
2320	Long-term liabilities, current portion	6(10)	77,500	2	77,500	2	60,202	2
2399	Other current liabilities, others	6(16)	1,432	-	1,013	-	2,690	-
21XX	Current Liabilities		377,709	10	402,549	11	334,112	9
Non-current liabilities								
2540	Non-current borrowings	6(10)	180,833	4	200,209	5	258,274	6
2570	Deferred income tax liabilities	6(22)	30,944	1	31,127	1	33,284	1
2600	Other non-current liabilities		9	-	-	-	8	-
25XX	Non-current liabilities		211,786	5	231,336	6	291,566	7
2XXX	Total Liabilities		589,495	15	633,885	17	625,678	16
Equity								
Equity attributable to owners of parent								
	Share capital	6(13)						
3110	Share capital - common stock		779,918	20	779,918	20	779,918	20
	Capital surplus	6(14)						
3200	Capital surplus		269,071	7	268,039	7	263,068	7
	Retained earnings	6(15)						
3310	Legal reserve		783,241	20	783,241	21	743,233	20
3350	Unappropriated retained earnings		1,450,778	38	1,340,436	35	1,433,399	37
3XXX	Total equity		3,283,008	85	3,171,634	83	3,219,618	84
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		\$ 3,872,503	100	\$ 3,805,519	100	\$ 3,845,296	100

The accompanying notes are an integral part of these individual financial statements.

HSIN YUNG CHIEN CO., LTD.
INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

Items		Notes	Three months ended March 31			
			2026		2025	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16)	\$ 388,362	100	\$ 354,881	100
5000	Operating costs	6(4)(20)(21) and 7(2)	(231,975)	(60)	(213,061)	(60)
5900	Net operating margin		156,387	40	141,820	40
	Operating expenses	6(20)(21)				
6100	Selling expenses		(15,352)	(4)	(19,723)	(5)
6200	General and administrative expenses		(14,554)	(4)	(13,123)	(4)
6300	Research and development expenses		(1,439)	-	(2,038)	(1)
6000	Total operating expenses		(31,345)	(8)	(34,884)	(10)
6900	Operating profit		125,042	32	106,936	30
	Non-operating income and expenses					
7100	Interest income	6(17)	6,875	2	6,399	2
7010	Other income	6(18)	2,486	-	1,807	1
7020	Other gains and losses	6(19)	4,365	1	26,405	7
7050	Finance costs		(483)	-	(588)	-
7000	Total non-operating income and expenses		13,243	3	34,023	10
7900	Profit before income tax		138,285	35	140,959	40
7950	Income tax expense	6(22)	(27,943)	(7)	(28,192)	(8)
8200	Profit for the period		\$ 110,342	28	\$ 112,767	32
8500	Total comprehensive income for the period		\$ 110,342	28	\$ 112,767	32
	Basic earnings per share	6(23)				
9750	Total basic earnings per share		\$ 1.41		\$ 1.45	
	Diluted earnings per share	6(23)				
9850	Total diluted earnings per share		\$ 1.41		\$ 1.44	

The accompanying notes are an integral part of these individual financial statements.

HSIN YUNG CHIEN CO.,LTD.
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

			Retained Earnings			
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total equity
<u>Three months ended March 31, 2025</u>						
Balance at January 1, 2025		\$ 779,918	\$ 261,493	\$ 743,233	\$ 1,320,632	\$ 3,105,276
Profit for the period		-	-	-	112,767	112,767
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income		-	-	-	112,767	112,767
Share-based payments	6(12)(14)	-	1,575	-	-	1,575
Balance at March 31, 2025		<u>\$ 779,918</u>	<u>\$ 263,068</u>	<u>\$ 743,233</u>	<u>\$ 1,433,399</u>	<u>\$ 3,219,618</u>
<u>Three months ended March 31, 2026</u>						
Balance at January 1, 2026		\$ 779,918	\$ 268,039	\$ 783,241	\$ 1,340,436	\$ 3,171,634
Profit for the period		-	-	-	110,342	110,342
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income		-	-	-	110,342	110,342
Share-based payments	6(12)(14)	-	1,032	-	-	1,032
Balance at March 31, 2026		<u>\$ 779,918</u>	<u>\$ 269,071</u>	<u>\$ 783,241</u>	<u>\$ 1,450,778</u>	<u>\$ 3,283,008</u>

The accompanying notes are an integral part of these individual financial statements.

HSIN YUNG CHIEN CO., LTD.
INDIVIDUAL STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

		Three months ended March 31	
	Notes	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 138,285	\$ 140,959
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(20)	28,627	24,574
Amortization expense	6(20)	1,571	623
Net loss on financial assets or liabilities at fair value through profit or loss	6(19)	8	-
Loss on disposal of property and equipment	6(19)	(17)	-
Interest income	6(17)	(6,875)	(6,399)
Interest expense		483	588
Share-based payments	6(12)	1,032	1,575
Unrealized foreign exchange loss (gain)		3,482	(14,208)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		1,609	4,871
Accounts receivable, net	(	44,026)	(8,791)
Other receivables		782	1,774
Inventories		36,722	(30,773)
Other current assets		11,443	(1,732)
Changes in operating liabilities			
Contract liabilities		8,709	(1,419)
Notes payable	(	421)	(2,062)
Notes payable - related parties	(	14,074)	1,060
Accounts payable	(	5,960)	9,409
Accounts payable - related parties	(	1,246)	(3,144)
Other payables	(	9,915)	(3,496)
Other current liabilities		419	(791)
Net defined benefit liability		9	8
Cash inflow generated from operations		150,647	112,626
Interest received	6(17)	6,875	6,399
Interest paid	(	489)	(488)
Income taxes paid	(	278)	(260)
Net cash flows from operating activities		156,755	118,277
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost	(	688,700)	(526,160)
Proceeds from repayments of financial assets at amortised cost		598,619	185,260
Acquisition of property and equipment	6(24)	(1,679)	(11,086)
Proceeds from disposal of property, plant and equipment		17	-
Increase in refundable deposits	6(7)	-	(348)
Acquisition of intangible assets	(	223)	-
Increase in other non-current assets	(	3,181)	(793)
Net cash flows used in investing activities	(	95,147)	(353,127)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term borrowings	6(24)	(19,376)	(25,428)
Net cash flows used in financing activities	(	19,376)	(25,428)
Effect of exchange rate changes on cash and cash equivalents	(	5,601)	5,951
Net increase (decrease) in cash and cash equivalents		36,631	(254,327)
Cash and cash equivalents at beginning of period		546,149	713,641
Cash and cash equivalents at end of period		\$ 582,780	\$ 459,314

The accompanying notes are an integral part of these individual financial statements.

HSIN YUNG CHIEN CO.,LTD.
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Hsin Yung Chien Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in August 1969. The Company was formerly named as HSIN YUNG CHIEN CO., LTD. and changed its name to HSIN YUNG CHIEN CO., LTD. in 2003. The Company is primarily engaged in manufacturing, processing and sales of rubber conveyor belt, rubber sheet, oil resistant, acid resistant, heat resistant packer elements and other rubber products. The Company’s stocks have been approved and listed on the Taipei Exchange since September 28, 2006 and transferred to list in the Taiwan Stock Exchange starting from December 29, 2010 after approval.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on May 8, 2026.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of 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
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027(Note)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a Hyperinflationary Presentation Currency'	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment:

IFRS 18, 'Presentation and disclosure in financial statements', which replaces IAS 1, updates the structure of the statement of comprehensive income, introduces disclosures on management performance measurement, and strengthens the principles for aggregation and disaggregation in the primary financial statements and notes. The related impacts will be disclosed upon completion of the assessment.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B. These financial statements are to be read in conjunction with the financial statements for the year ended December 31, 2025.

(2) Basis of preparation

A. Except for the following items, the financial statements have been prepared under the historical cost convention:

Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(4) Income tax

Income tax expense for the interim period is calculated by applying the estimated annual average effective tax rate to the pre-tax profit or loss of the interim period, and relevant information is disclosed in accordance with the aforementioned policy.

5. Critical Accounting Judgements, Assumptions and Key Sources of Estimation Uncertainty

There have been no significant changes as of March 31, 2026. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2025.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand and revolving funds	\$ 540	\$ 614	\$ 610
Checking accounts	13,933	5,984	21,557
Demand deposits	58,802	79,527	102,322
Time deposits	479,505	460,024	334,825
Notes issued under repurchase agreement	30,000	-	-
	<u>\$ 582,780</u>	<u>\$ 546,149</u>	<u>\$ 459,314</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company’s time deposits that did not meet short-term cash commitments were classified as financial assets at amortised cost. Relevant information is provided in Note 6(2).

(2) Financial assets at amortised cost

Items	March 31, 2026	December 31, 2025	March 31, 2025
Current items:			
Time deposits maturing in excess of three months	<u>\$ 1,454,865</u>	<u>\$ 1,365,238</u>	<u>\$ 1,407,086</u>

- A. As at March 31, 2026, December 31, 2025 and March 31, 2025, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company were \$1,454,865 thousand, \$1,365,238 thousand and \$1,407,086 thousand, respectively.
- B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	March 31, 2026	December 31, 2025	March 31, 2025
Notes receivable	\$ 4,003	\$ 5,612	\$ 11,018
Accounts receivable	\$ 163,636	\$ 153,262	\$ 224,285
Less: Allowance for bad debts	(3,575)	(3,575)	(3,575)
	<u>\$ 160,061</u>	<u>\$ 149,687</u>	<u>\$ 220,710</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	March 31, 2026		December 31, 2025		March 31, 2025	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 139,427	\$ 4,003	\$ 143,030	\$ 5,612	\$ 210,299	\$ 11,018
Up to 30 days	24,008	-	10,232	-	13,434	-
31 to 90 days	201	-	-	-	552	-
	<u>\$ 163,636</u>	<u>\$ 4,003</u>	<u>\$ 153,262</u>	<u>\$ 5,612</u>	<u>\$ 224,285</u>	<u>\$ 11,018</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2026, December 31, 2025 and March 31, 2025, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2025, the balance of accounts receivable and notes receivable from contracts with customers amounted to \$204,469 thousand and \$15,889 thousand, respectively.
- C. As of March 31, 2026, December 31, 2025 and March 31, 2025, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were \$4,003 thousand, \$5,612 thousand and \$11,018 thousand ; and for accounts receivable were \$160,061 thousand, \$149,687 thousand and \$220,710 thousand, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

March 31, 2026			
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 106,480	(\$ 13,825)	\$ 92,655
Work in progress	16,069	(4,104)	11,965
Finished goods	130,469	(8,789)	121,680
Merchandises	2,168	(1,467)	701
	<u>\$ 255,186</u>	<u>(\$ 28,185)</u>	<u>\$ 227,001</u>
December 31, 2025			
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 114,140	(\$ 16,728)	\$ 97,412
Work in progress	16,914	(3,779)	13,135
Finished goods	160,242	(9,513)	150,729
Merchandises	3,819	(1,372)	2,447
	<u>\$ 295,115</u>	<u>(\$ 31,392)</u>	<u>\$ 263,723</u>
March 31, 2025			
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 86,721	(\$ 6,605)	\$ 80,116
Work in progress	16,583	(3,001)	13,582
Finished goods	126,567	(9,791)	116,776
Merchandises	795	(479)	316
	<u>\$ 230,666</u>	<u>(\$ 19,876)</u>	<u>\$ 210,790</u>

The cost of inventories recognised as expense for the period:

Three months ended March 31		
	2026	2025
Cost of goods sold	\$ 231,536	\$ 209,232
Loss on slow-moving inventories and (reversal gain) valuation loss	(3,207)	1,423
Underapplied overhead	3,646	2,406
	<u>\$ 231,975</u>	<u>\$ 213,061</u>

The Company reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of the sale of certain written-down inventories by the Company for the three months ended March 31, 2026.

(5) Other current assets

	March 31, 2026	December 31, 2025	March 31, 2025
Prepayments	\$ 13,009	\$ 24,375	\$ 22,975
Others	442	438	432
	<u>\$ 13,451</u>	<u>\$ 24,813</u>	<u>\$ 23,407</u>

(6) Property, plant and equipment

2026					
	At January 1	Addition	Decrease	Transfers during the period	At March 31
Cost					
Land	\$ 349,076	\$ -	\$ -	\$ -	\$ 349,076
Land improvements	2,519	-	-	-	2,519
Buildings and structures	847,091	-	-	-	847,091
Machinery and equipment	1,403,799	5,901	-	16,084	1,425,784
Transportation equipment	2,983	-	(508)	-	2,475
Office equipment	15,534	-	-	-	15,534
Other equipment	175,235	48	-	-	175,283
Unfinished construction/equipment under acceptance	37,279	-	-	-	37,279
Total	<u>2,833,516</u>	<u>\$ 5,949</u>	<u>(\$ 508)</u>	<u>\$ 16,084</u>	<u>2,855,041</u>
Accumulated depreciation					
Land improvements	(\$ 2,518)	\$ -	\$ -	\$ -	(\$ 2,518)
Buildings and structures	(228,798)	(6,991)	-	-	(235,789)
Machinery and equipment	(1,103,038)	(18,613)	-	-	(1,121,651)
Transportation equipment	(2,416)	(65)	508	-	(1,973)
Office equipment	(13,934)	(173)	-	-	(14,107)
Other equipment	(110,661)	(2,785)	-	-	(113,446)
	<u>(1,461,365)</u>	<u>(\$ 28,627)</u>	<u>\$ 508</u>	<u>\$ -</u>	<u>(1,489,484)</u>
	<u>\$ 1,372,151</u>				<u>\$ 1,365,557</u>

2025

				Transfers	
	At January 1	Addition	Decrease	during the period	At March 31
Cost					
Land	\$ 349,076	\$ -	\$ -	\$ -	\$ 349,076
Land improvements	2,519	-	-	-	2,519
Buildings and structures	810,102	505	-	22,250	832,857
Machinery and equipment	1,328,189	3,602	-	18,184	1,349,975
Transportation equipment	3,448	-	-	-	3,448
Office equipment	15,534	-	-	-	15,534
Other equipment	172,161	1,219	-	1,756	175,136
Unfinished construction/equipment under acceptance	82,391	-	-	(32,386)	50,005
Total	<u>2,763,420</u>	<u>\$ 5,326</u>	<u>\$ -</u>	<u>\$ 9,804</u>	<u>2,778,550</u>
Accumulated depreciation					
Land improvements	(\$ 2,518)	\$ -	\$ -	\$ -	(\$ 2,518)
Buildings and structures	(200,658)	(6,855)	-	-	(207,513)
Machinery and equipment	(1,041,509)	(14,272)	-	-	(1,055,781)
Transportation equipment	(2,556)	(85)	-	-	(2,641)
Office equipment	(13,034)	(270)	-	-	(13,304)
Other equipment	(98,474)	(3,092)	-	-	(101,566)
	<u>(1,358,749)</u>	<u>(\$ 24,574)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,383,323)</u>
	<u>\$ 1,404,671</u>				<u>\$ 1,395,227</u>

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(7) Other non-current assets

	March 31, 2026	December 31, 2025	March 31, 2025
Prepayments for business facilities and construction	\$ 20,123	\$ 35,740	\$ 76,857
Guarantee deposits paid	6,899	6,899	8,064
Others	6,915	5,138	6,220
	<u>\$ 33,937</u>	<u>\$ 47,777</u>	<u>\$ 91,141</u>

(8) Other payables

	March 31, 2026	December 31, 2025	March 31, 2025
Wages and salaries payable	\$ 34,635	\$ 46,251	\$ 25,341
Accrued compensation due to directors	10,935	8,763	10,006
Freight payable	2,691	4,721	4,453
Payable on machinery and equipment	4,937	200	2,396
Other accrued expenses	16,704	15,158	17,631
	<u>\$ 69,902</u>	<u>\$ 75,093</u>	<u>\$ 59,827</u>

(9) Current provisions

	Three months ended March 31	
	2026	2025
Balance at beginning of period	\$ 3,587	\$ 3,587
Provision reversal	-	-
Balance at end of period	<u>\$ 3,587</u>	<u>\$ 3,587</u>

The Company's provision is mainly related to the quality of rubber products sold. Provision is estimated based on historical data of rubber products.

(10) Long-term borrowings

Type of borrowings	Borrowing period	Collateral	March 31, 2026
Long-term bank borrowings			
Secured borrowings	Borrowing period is from August 5, 2022 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	\$ 55,833
Secured borrowings	Borrowing period is from August 3, 2023 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	
			<u>202,500</u>
			258,333
Less: Current portion			(77,500)
			<u>\$ 180,833</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Collateral</u>	<u>December 31, 2025</u>
Long-term bank borrowings			
Secured borrowings	Borrowing period is from August 5, 2022 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	\$ 60,021
Secured borrowings	Borrowing period is from August 3, 2023 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	
			217,688
			277,709
Less: Current portion			(77,500)
			\$ 200,209
<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Collateral</u>	<u>March 31, 2025</u>
Long-term bank borrowings			
Secured borrowings	Borrowing period is from August 5, 2022 to April 15, 2025; interest payable monthly; principal is repayable monthly from May 15, 2023.	Machinery and equipment	\$ 857
Secured borrowings	Borrowing period is from August 5, 2022 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	67,000
Secured borrowings	Borrowing period is from August 3, 2023 to April 15, 2025; interest payable monthly; principal is repayable monthly from August 15, 2023.	Machinery and equipment	5,542
Secured borrowings	Borrowing period is from August 3, 2023 to July 15, 2029; interest payable monthly; principal is repayable monthly from August 15, 2025.	Plant	243,000
Secured borrowings	Borrowing period is from April 1, 2024 to April 15, 2025; interest payable monthly; principal is repayable monthly from April 15, 2024.	Machinery and equipment	
			2,077
			318,476
Less: Current portion			(60,202)
			\$ 258,274

Details of the Company's assets pledged as collateral for the purpose of long-term borrowings are provided in Note 8.

(11) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. In addition, 4% is allocated to the retirement fund for the appointed manager.
- (b) The pension costs under defined contribution pension plans of the Company for the three-month periods ended March 31, 2026 and 2025, were \$217 thousand and \$209 thousand, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2026 amount to \$822 thousand.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Company for the three-month periods ended March 31, 2026 and 2025, were \$655 thousand and \$613 thousand, respectively.

(12) Share-based payment

- A. For the three-month periods ended March 31, 2026 and 2025, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousand)	Contract period	Vesting conditions
Employee stock options	2020.11.24	2,000	10 years	Note

Note: The lifetime of the issued employee stock options is 10 years. After 6 years from the date that employee stock options were granted, employees can exercise the options in accordance with the regulation.

B. Details of the share-based payment arrangements are as follows:

	2026		2025	
	No. of options (shares in thousand)	Weighted-average exercise price (in dollars)	No. of options (shares in thousand)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	2,000	\$ -	2,000	\$ -
Options granted	-	-	-	-
Options outstanding at March 31	2,000		2,000	
Options exercisable at March 31	-		-	

C. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee stock	2020.11.24	82.6	82.6	20.1737% (Note)	8 years	-	0.2375%	19.1635

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

D. For the three-month periods ended March 31, 2026 and 2025, the compensation costs were \$1,032 thousand and \$1,575 thousand, respectively.

(13) Share capital

As of March 31, 2026, the Company's authorised capital was \$1,000,000 thousand, consisting of 100,000 thousand shares of ordinary stock, and the paid-in capital was \$779,918 thousand with a par value of \$10 (in dollars) per share. There was no change in the reporting period. All proceeds from shares issued have been collected.

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	March 31, 2026	December 31, 2025	March 31, 2025
Share premium	\$ 225,374	\$ 225,374	\$ 225,374
Treasury share transactions	8,236	8,236	8,236
Employee stock options	33,621	32,589	27,779
Donated assets received	1,840	1,840	1,679
	<u>\$ 269,071</u>	<u>\$ 268,039</u>	<u>\$ 263,068</u>

(15) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. As the Company is in the growth stage, and taking into consideration of shareholders' interest, the Company's financial structure and long-term development, total amount of bonus distributed to shareholders shall be over 20% of accumulated unappropriated earnings. The ratio of cash dividends shall be at least 10% of the total amount of bonus distributed to shareholders.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2025 and 2024 earnings as approved by the shareholders during their meetings on March 4, 2026 and May 22, 2025, respectively, are as follows:

	Year ended December 31			
	2025		2024	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 44,977		\$ 40,008	
Cash dividends	389,960	5.0	389,960	5.0
	<u>\$ 434,937</u>		<u>\$ 429,968</u>	

As of May 8, 2026, the appropriation of 2025 earnings has not yet been reported to the shareholders.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(21).

(16) Operating revenue

	Three months ended March 31	
	2026	2025
Revenue from contracts with customers	<u>\$ 388,362</u>	<u>\$ 354,881</u>

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following major product lines and geographical regions:

	Three months ended March 31, 2026				
	America region	Europe region	Asia region	Other regions	Total
Revenue from external customer contracts					
Rubber products	<u>\$ 183,151</u>	<u>\$ 104,560</u>	<u>\$ 92,852</u>	<u>\$ 4,518</u>	<u>\$ 385,081</u>
Other products	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,281</u>	<u>\$ -</u>	<u>\$ 3,281</u>
	Three months ended March 31, 2025				
	America region	Europe region	Asia region	Other regions	Total
Revenue from external customer contracts					
Rubber products	<u>\$ 153,763</u>	<u>\$ 71,748</u>	<u>\$ 123,244</u>	<u>\$ 3,606</u>	<u>\$ 352,361</u>
Other products	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,520</u>	<u>\$ -</u>	<u>\$ 2,520</u>

B. Contract liability and refund liability (shown as other current liabilities)

The Company has recognized the following revenue-related contract liabilities:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>	<u>January 1, 2025</u>
Contract liabilities:				
Contract liabilities -				
advance sales receipts	<u>\$ 20,995</u>	<u>\$ 48,486</u>	<u>\$ 22,012</u>	<u>\$ 24,171</u>
Refund liability (that				
is cash discounts on				
sales discounts and				
allowances, shown				
as 'other current				
liabilities')	<u>\$ 1,364</u>	<u>\$ 919</u>	<u>\$ 2,617</u>	<u>\$ 3,402</u>

	<u>Three months ended March 31</u>	
	<u>2026</u>	<u>2025</u>
Revenue recognised that was included		
in the contract liability balance at the		
beginning of the period	<u>\$ 42,489</u>	<u>\$ 16,673</u>

(17) Interest income

	<u>Three months ended March 31</u>	
	<u>2026</u>	<u>2025</u>
Interest income from bank deposits	<u>\$ 6,875</u>	<u>\$ 6,399</u>

(18) Other income

	<u>Three months ended March 31</u>	
	<u>2026</u>	<u>2025</u>
Rent income	<u>\$ 34</u>	<u>\$ 37</u>
Other income, others	<u>2,452</u>	<u>1,770</u>
	<u>\$ 2,486</u>	<u>\$ 1,807</u>

(19) Other gains and losses

	<u>Three months ended March 31</u>	
	<u>2026</u>	<u>2025</u>
Net loss on financial assets at fair value	<u>(\$ 8)</u>	<u>\$ -</u>
through profit or loss		
Gains on disposal of property, plant and	<u>17</u>	<u>-</u>
equipment		
Foreign exchange gains	<u>4,356</u>	<u>26,405</u>
	<u>\$ 4,365</u>	<u>\$ 26,405</u>

(20) Expenses by nature

	Three months ended March 31	
	2026	2025
Employee benefit expense	\$ 29,397	\$ 28,667
Depreciation charges on property, plant and equipment	28,627	24,574
Amortisation expense	1,571	623
Operating cost and operating expenses	<u>\$ 59,595</u>	<u>\$ 53,864</u>

(21) Employee benefit expense

	Three months ended March 31, 2026		
	Cost	Expenses	Total
Wages and salaries	\$ 14,495	\$ 6,987	\$ 21,482
Employee stock options	547	485	1,032
Labor and health insurance fees	1,676	641	2,317
Pension costs	497	375	872
Directors' remuneration	-	2,566	2,566
Other personnel expenses	929	199	1,128
	<u>\$ 18,144</u>	<u>\$ 11,253</u>	<u>\$ 29,397</u>

	Three months ended March 31, 2025		
	Cost	Expenses	Total
Wages and salaries	\$ 14,117	\$ 6,639	\$ 20,756
Employee stock options	835	740	1,575
Labor and health insurance fees	1,528	585	2,113
Pension costs	474	348	822
Directors' remuneration	-	2,608	2,608
Other personnel expenses	640	153	793
	<u>\$ 17,594</u>	<u>\$ 11,073</u>	<u>\$ 28,667</u>

- A. In accordance with the Articles of Incorporation of the Company, the profit before deducting from tax and employees' compensation and directors' remuneration shall be used to offset operating losses. The remainder, if any, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation, including no less than 1% allocated to grassroots employees and shall not be higher than 3% for directors' remuneration.

- B. The accrued amounts of employees' compensation and directors' and supervisors' remuneration are as follows:

	Three months ended March 31	
	2026	2025
Employees' compensation	\$ 4,344	\$ 4,428
Directors' and supervisors' remuneration	2,172	2,214
	<u>\$ 6,516</u>	<u>\$ 6,642</u>

The above-mentioned amounts were recognized in salary expenses.

For the three months ended March 31, 2026 and 2025, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on distributable profit of current year as of the end of reporting period, and the estimated and accrued ratios are as follows:

	Three months ended March 31	
	2026	2025
Employees' compensation ratio	3.00%	3.00%
Directors' and supervisors' remuneration ratio	1.50%	1.50%

- C. Employees' compensation and directors' and supervisors' remuneration for 2025 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2025 financial statements, and the employees' compensation will be distributed in the form of cash.
- D. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

- A. Income tax expense

- (a) Components of income tax expense:

	Three months ended March 31	
	2026	2025
Current tax:		
Current tax on profits for the year	\$ 29,053	\$ 30,004
Prior year income tax underestimation	286	-
Total current tax	29,339	30,004
Deferred tax:		
Origination and reversal of temporary differences	(1,396)	(1,812)
Income tax expense	<u>\$ 27,943</u>	<u>\$ 28,192</u>

- B. The Company's income tax returns through 2024 have been assessed and approved by the Tax Authority.

(23) Earnings per share

Three months ended March 31, 2026			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the period	\$ 110,342	77,992	\$ 1.41
<u>Diluted earnings per share</u>			
Profit for the period	\$ 110,342	77,992	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	104	
Employees' compensation	-	186	
Profit plus assumed conversion of all dilutive potential ordinary shares	\$ 110,342	78,282	\$ 1.41

Three months ended March 31, 2025			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the period	\$ 112,767	77,992	\$ 1.45
<u>Diluted earnings per share</u>			
Profit for the period	\$ 112,767	77,992	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	84	
Employees' compensation	-	153	
Profit plus assumed conversion of all dilutive potential ordinary shares	\$ 112,767	78,229	\$ 1.44

The diluted earnings per share computation shall assume that distribution will be in the form of stocks in the calculation of the weighted-average number of common shares outstanding during the current year, taking into account the dilutive effects of employees' compensation on potential common share.

(24) Supplemental cash flow information

A. Investing activities with partial cash payments for property, plant and equipment:

	Three months ended March 31	
	2026	2025
Purchase of property, plant and equipment	\$ 22,033	\$ 15,130
Add: Opening balance of payable on equipment	200	2,858
Less: Ending balance of payable on equipment	(4,937)	(2,396)
Add: Ending balance of prepayment for equipment and construction	20,123	76,857
Less: Opening balance of prepayment for equipment and construction	(35,740)	(81,363)
Cash paid during the period	<u>\$ 1,679</u>	<u>\$ 11,086</u>

B. Changes in liabilities from financing activities

	2026	
	Long-term borrowings	Liabilities from financing activities-gross
At January 1	\$ 277,709	\$ 277,709
Changes in cash flow from financing activities	(19,376)	(19,376)
Changes in other non-cash items	-	-
At March 31	<u>\$ 258,333</u>	<u>\$ 258,333</u>
	2025	
	Long-term borrowings	Liabilities from financing activities-gross
At January 1	\$ 343,904	\$ 343,904
Changes in cash flow from financing activities	(25,428)	(25,428)
At March 31	<u>\$ 318,476</u>	<u>\$ 318,476</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
CLEP ENTERPRISE CO., LTD.	The chairman of the entity is the second-degree relative of the chairman of the Company (other related party)

(2) Significant related party transactions

A. Purchases

	Three months ended March 31	
	2026	2025
Raw materials purchased:		
CLEP ENTERPRISE CO., LTD.	\$ 40,255	\$ 46,187

The above price of purchase transactions is based on the market price in mutual agreement. The payment terms were approximately the same as those with general suppliers. The payment to the general suppliers is 60 to 95 days after monthly billings, L/C or T/T based on the different transaction terms.

B. Payables to related parties:

	March 31, 2026	December 31, 2025	March 31, 2025
Notes payable:			
CLEP ENTERPRISE CO., LTD.	\$ 43,483	\$ 57,557	\$ 51,402
Accounts payable:			
CLEP ENTERPRISE CO., LTD.	\$ 17,606	\$ 18,852	\$ 16,384

The payables to related parties arose mainly from purchase transactions.

(3) Key management compensation

	Three months ended March 31	
	2026	2025
Short-term employee benefits	\$ 3,296	\$ 3,337
Post-employment benefits	9	8
	\$ 3,305	\$ 3,345

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value	Book value	Book value	Purpose
	March 31, 2026	December 31, 2025	March 31, 2025	
Property, plant and equipment	\$ 769,315	\$ 773,650	\$ 786,654	Long-term and short-term borrowings (Noted)

Noted: The Company has fully repaid certain secured long-term loans; however, the cancellation of the related collateral has not yet been processed.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Property, plant and equipment	\$ <u>21,670</u>	\$ <u>19,063</u>	\$ <u>25,210</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>-</u>	\$ <u>8</u>	\$ <u>-</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 582,780	\$ 546,149	\$ 459,314
Current financial assets at amortised cost	1,454,865	1,365,238	1,407,086
Notes receivable	4,003	5,612	11,018
Accounts receivable	160,061	149,687	220,710
Other receivables	5,025	5,807	3,540
Guarantee deposits paid	6,899	6,899	8,064
	<u>\$ 2,213,633</u>	<u>\$ 2,079,392</u>	<u>\$ 2,109,732</u>

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Notes payable (including related parties)	\$ 71,569	\$ 86,064	\$ 72,432
Accounts payable (including related parties)	37,536	44,679	46,357
Other payables	69,902	75,093	59,827
Long-term borrowings	<u>258,333</u>	<u>277,709</u>	<u>318,476</u>
	<u>\$ 437,340</u>	<u>\$ 483,545</u>	<u>\$ 497,092</u>

B. Financial risk management policies

- (a) The Company's daily sales expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units and chairman's office, and implements in accordance with the Company's internal management regulation and internal control system. The process and results of the implementation shall comply with the regulations of the law.

The Board of Directors of the Company supervises the management's compliance with financial risk policies and procedures, and reviews the appropriateness of the Company's financial risk framework. Internal auditors assist the board of directors of the Company in its supervisory role by conducting regular and exception reviews and reporting the results to the Board of Directors.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i The Company sells internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, GBP, JPY, AUD and EUR. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency. Exchange rate risk is measured through a forecast of highly probable USD expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of sales revenue.

- iii The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2026						
(Foreign currency: functional currency)				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
JPY:NTD	\$ 821,519	0.20	\$ 163,072	1%	\$ 1,631	-
USD:NTD	3,132	31.95	100,067	1%	1,001	-
EUR:NTD	3,140	36.51	114,641	1%	1,146	-
GBP:NTD	333	42.07	14,009	1%	140	-
AUD:NTD	3	21.86	66	1%	1	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 243	31.95	\$ 7,763	1%	\$ 78	-
December 31, 2025						
(Foreign currency: functional currency)				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
JPY:NTD	\$ 662,121	0.20	\$ 131,630	1%	\$ 1,316	-
USD:NTD	2,120	31.38	66,526	1%	665	-
EUR:NTD	2,568	36.70	94,246	1%	942	-
GBP:NTD	184	42.13	7,752	1%	78	-
AUD:NTD	11	20.91	230	1%	2	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 196	31.38	\$ 6,150	1%	\$ 62	-

March 31, 2025

**(Foreign currency:
functional currency)**

functional currency)	Sensitivity analysis					
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
JPY:NTD	\$ 354,866	0.22	\$ 78,071	1%	\$ 781	-
USD:NTD	2,568	33.16	85,155	1%	852	-
EUR:NTD	3,694	35.77	132,134	1%	1,321	-
AUD:NTD	238	20.71	4,929	1%	49	-
GBP:NTD	202	42.85	8,656	1%	87	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 283	33.16	\$ 9,384	1%	\$ 94	-

- iv The total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the three months ended March 31, 2026 and 2025 amounted to gain of \$4,356 thousand and gain of \$26,405 thousand, respectively.

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the three months ended March 31, 2026, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

(b) Credit risk

- i Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- ii The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization

of credit limits is regularly monitored.

- iii The Company is in line with credit risk management procedure to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were highly unrecoverable, there has been a significant increase in credit risk on that instrument since initial recognition, and the specific identification was adopted.
- iv The Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.
- v The Company first evaluates and recognizes impairment losses for individual receivables that have objective evidence that they cannot be collected. For the rest of receivables, the loss rate is established based on historical and timely information for a specific period, and future forward-looking considerations are made to assess the loss allowance for receivables. As of March 31, 2026, December 31, 2025 and March 31, 2025, there was no loss allowance for the above-mentioned individual provision for receivables. The rest of receivables were assessed using expected loss approach, the accumulated loss allowance were all recognised amounting to \$3,575 thousand.
- vi Movements in relation to the Company applying the modified approach to provide loss allowance for receivables are as follows:

	2026	2025
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 3,575	\$ 3,575
Reversal of impairment loss	-	-
At March 31	<u>\$ 3,575</u>	<u>\$ 3,575</u>

(c) Liquidity risk

- i Cash flow forecasting is performed in the operating segments of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- ii The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

March 31, 2026

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Notes payable	\$ 28,086	\$ -	\$ -	\$ -	\$ 28,086
Notes payable to related parties	43,483	-	-	-	43,483
Accounts payable	19,930	-	-	-	19,930
Accounts payable to related parties	17,606	-	-	-	17,606
Other payables	58,967	10,935	-	-	69,902
Long-term borrowings	19,828	59,276	182,407	-	261,511

Non-derivative financial liabilities

December 31, 2025

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Notes payable	\$ 28,507	\$ -	\$ -	\$ -	\$ 28,507
Notes payable to related parties	57,557	-	-	-	57,557
Accounts payable	25,827	-	-	-	25,827
Accounts payable to related parties	18,852	-	-	-	18,852
Other payables	66,330	8,763	-	-	75,093
Long-term borrowings	19,863	59,380	202,130	-	281,373

Non-derivative financial liabilities

March 31, 2025

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Notes payable	\$ 21,030	\$ -	\$ -	\$ -	\$ 21,030
Notes payable to related parties	51,402	-	-	-	51,402
Accounts payable	29,973	-	-	-	29,973
Accounts payable to related parties	16,384	-	-	-	16,384
Other payables	59,827	-	-	-	59,827
Long-term borrowings	8,941	59,393	254,373	-	322,707

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- F. Significant inter-company transactions during the reporting period: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): None.

(3) Information on investments in Mainland China

- A. Basic information: None.
- B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None.

14. Segment Information

(1) General information

The Company operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of the operating segments based on income (loss) before tax.

(3) Reconciliation for segment income (loss)

For the three months ended March 31, 2026 and 2025, the total segment profit (loss) was the same as the profit (loss) before tax from continuing operations, and there were no reconciling items.

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