

**HSIN YUNG CHIEN CO., LTD.**  
**INDIVIDUAL FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REVIEW REPORT**  
**MARCH 31, 2025 AND 2024**

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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.

HSIN YUNG CHIEN CO.,LTD.  
MARCH 31, 2025 AND 2024 INDIVIDUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
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## 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, 2025 and 2024, 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, 2025 and 2024, 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-Yun

Liu, Mei-Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

May 8, 2025

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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, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	March 31, 2025		December 31, 2024		March 31, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 459,314	12	\$ 713,641	19	\$ 833,934	22
1136	Current financial assets at amortised cost, net	6(2) and 8	1,407,086	37	1,066,186	29	1,103,998	28
1150	Notes receivable, net	6(3)	11,018	-	15,889	-	3,627	-
1170	Accounts receivable, net	6(3)	220,710	6	204,469	5	160,865	4
1200	Other receivables		3,540	-	5,314	-	7,535	-
130X	Inventories	6(4)	210,790	5	180,017	5	194,222	5
1470	Other current assets	6(5)	23,407	1	21,616	1	22,949	1
11XX	<b>Current Assets</b>		<u>2,335,865</u>	<u>61</u>	<u>2,207,132</u>	<u>59</u>	<u>2,327,130</u>	<u>60</u>
<b>Non-current assets</b>								
1600	Property, plant and equipment	6(6) and 8	1,395,227	36	1,404,671	38	1,369,141	35
1780	Intangible assets		731	-	939	-	1,388	-
1840	Deferred income tax assets	6(22)	22,332	1	18,486	-	18,414	1
1900	Other non-current assets	6(7)(11)	91,141	2	94,921	3	157,621	4
15XX	<b>Non-current assets</b>		<u>1,509,431</u>	<u>39</u>	<u>1,519,017</u>	<u>41</u>	<u>1,546,564</u>	<u>40</u>
1XXX	<b>Total assets</b>		<u>\$ 3,845,296</u>	<u>100</u>	<u>\$ 3,726,149</u>	<u>100</u>	<u>\$ 3,873,694</u>	<u>100</u>

(Continued)

HSIN YUNG CHIEN CO., LTD.  
INDIVIDUAL BALANCE SHEETS  
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	March 31, 2025		December 31, 2024		March 31, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>								
2130	Current contract liabilities	6(16)	\$ 22,012	1	\$ 24,171	1	\$ 41,520	1
2150	Notes payable		21,030	-	23,092	1	18,222	1
2160	Notes payable - related parties	7(2)	51,402	1	50,342	1	44,753	1
2170	Accounts payable		29,973	1	20,577	1	13,849	-
2180	Accounts payable - related parties	7(2)	16,384	-	19,528	-	11,122	-
2200	Other payables	6(8)	59,827	2	63,679	2	55,764	2
2230	Current income tax liabilities	6(22)	67,005	2	37,262	1	68,972	2
2250	Provisions for liabilities - current	6(9)	3,587	-	3,587	-	5,147	-
2320	Long-term liabilities, current	6(10)						
	portion		60,202	2	66,254	2	76,786	2
2399	Other current liabilities, others	6(16)	<u>2,690</u>	<u>-</u>	<u>3,481</u>	<u>-</u>	<u>1,038</u>	<u>-</u>
21XX	<b>Current Liabilities</b>		<u>334,112</u>	<u>9</u>	<u>311,973</u>	<u>9</u>	<u>337,173</u>	<u>9</u>
<b>Non-current liabilities</b>								
2540	Non-current borrowings	6(10)	258,274	6	277,650	7	316,399	8
2570	Deferred income tax liabilities	6(22)	33,284	1	31,250	1	32,159	1
2600	Other non-current liabilities		<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108</u>	<u>-</u>
25XX	<b>Non-current liabilities</b>		<u>291,566</u>	<u>7</u>	<u>308,900</u>	<u>8</u>	<u>348,666</u>	<u>9</u>
2XXX	<b>Total Liabilities</b>		<u>625,678</u>	<u>16</u>	<u>620,873</u>	<u>17</u>	<u>685,839</u>	<u>18</u>
<b>Equity</b>								
<b>Equity attributable to owners of parent</b>								
	Share capital	6(13)						
3110	Share capital - common stock		779,918	20	779,918	21	779,918	20
	Capital surplus	6(14)						
3200	Capital surplus		263,068	7	261,493	7	256,683	6
	Retained earnings	6(15)						
3310	Legal reserve		743,233	20	743,233	20	696,315	18
3350	Unappropriated retained earnings		<u>1,433,399</u>	<u>37</u>	<u>1,320,632</u>	<u>35</u>	<u>1,454,939</u>	<u>38</u>
3XXX	<b>Total equity</b>		<u>3,219,618</u>	<u>84</u>	<u>3,105,276</u>	<u>83</u>	<u>3,187,855</u>	<u>82</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,845,296</u>	<u>100</u>	<u>\$ 3,726,149</u>	<u>100</u>	<u>\$ 3,873,694</u>	<u>100</u>

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, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Three months ended March 31				
		2025		2024		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(16)	\$ 354,881	100	\$ 336,803	100
5000	Operating costs	6(4)(20)(21) and 7(2)	( 213,061)	( 60)	( 198,621)	( 59)
5900	Net operating margin		141,820	40	138,182	41
	Operating expenses	6(20)(21)				
6100	Selling expenses		( 19,723)	( 5)	( 18,316)	( 5)
6200	General and administrative expenses		( 13,123)	( 4)	( 11,915)	( 4)
6300	Research and development expenses		( 2,038)	( 1)	( 3,583)	( 1)
6000	Total operating expenses		( 34,884)	( 10)	( 33,814)	( 10)
6900	Operating profit		106,936	30	104,368	31
	Non-operating income and expenses					
7100	Interest income	6(17)	6,399	2	7,575	2
7010	Other income	6(18)	1,807	1	3,255	1
7020	Other gains and losses	6(19)	26,405	7	7,292	2
7050	Finance costs		( 588)	-	( 605)	-
7000	Total non-operating income and expenses		34,023	10	17,517	5
7900	<b>Profit before income tax</b>		140,959	40	121,885	36
7950	Income tax expense	6(22)	( 28,192)	( 8)	( 24,377)	( 7)
8200	<b>Profit for the period</b>		\$ 112,767	32	\$ 97,508	29
8500	<b>Total comprehensive income for the period</b>		\$ 112,767	32	\$ 97,508	29
	Basic earnings per share	6(23)				
9750	Total basic earnings per share		\$ 1.45		\$ 1.25	
	Diluted earnings per share	6(23)				
9850	Total diluted earnings per share		\$ 1.44		\$ 1.24	

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, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Retained Earnings		Total equity
				Legal reserve	Unappropriated retained earnings	
<u>2024</u>						
Balance at January 1, 2024		\$ 779,918	\$ 254,929	\$ 696,315	\$ 1,357,431	\$ 3,088,593
Profit for the period		-	-	-	97,508	97,508
Other comprehensive profit for the period		-	-	-	-	-
Total comprehensive income		-	-	-	97,508	97,508
Ddividends not received by shareholders	6(14)	-	162	-	-	162
Share-based payments	6(12)(14)	-	1,592	-	-	1,592
Balance at March 31, 2024		\$ 779,918	\$ 256,683	\$ 696,315	\$ 1,454,939	\$ 3,187,855
<u>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		\$ 779,918	\$ 263,068	\$ 743,233	\$ 1,433,399	\$ 3,219,618

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, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31	
		2025	2024
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 140,959	\$ 121,885
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(20)	24,574	21,603
Amortization expense	6(20)	623	2,608
Interest income	6(17)	( 6,399 )	( 7,575 )
Interest expense		588	605
Share-based payments	6(12)(14)	1,575	1,592
Unrealized foreign exchange (gain) loss		( 14,208 )	( 7,920 )
Reversal of provision for sales returns and discounts	6(9)	-	( 2,300 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		4,871	5,269
Accounts receivable, net		( 8,791 )	65,658
Other receivables		1,774	( 982 )
Inventories		( 30,773 )	2,528
Other current assets		( 1,732 )	( 1,213 )
Changes in operating liabilities			
Contract liabilities		( 1,419 )	929
Notes payable		( 2,062 )	2,872
Notes payable - related parties		1,060	( 2,012 )
Accounts payable		9,409	( 3,706 )
Accounts payable - related parties		( 3,144 )	( 5,364 )
Other payables		( 3,496 )	( 8,021 )
Other current liabilities		( 791 )	( 110 )
Net defined benefit liability		8	8
Cash inflow generated from operations		112,626	186,354
Interest received	6(17)	6,399	7,575
Interest paid		( 488 )	( 495 )
Income taxes paid		( 260 )	( 451 )
Net cash flows from operating activities		<u>118,277</u>	<u>192,983</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		( 526,160 )	( 62,766 )
Proceeds from repayments of financial assets at amortised cost		185,260	76,500
Acquisition of property and equipment	6(24)	( 11,086 )	( 74,633 )
(Increase) decrease in refundable deposits	6(7)	( 348 )	1
Increase in other operating assets		( 793 )	( 769 )
Net cash flows used in investing activities		<u>( 353,127 )</u>	<u>( 61,667 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Repayments of long-term borrowings	6(24)	( 25,428 )	( 19,196 )
Dividends not received by shareholders	6(14)	-	162
Net cash flows used in financing activities		<u>( 25,428 )</u>	<u>( 19,034 )</u>
Effect of exchange rate changes on cash and cash equivalents		5,951	( 1,426 )
Net (decrease) increase in cash and cash equivalents		( 254,327 )	110,856
Cash and cash equivalents at beginning of period		713,641	723,078
Cash and cash equivalents at end of period		<u>\$ 459,314</u>	<u>\$ 833,934</u>

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, 2025 AND 2024  
(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, 2025.

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<sup>®</sup>”) 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 2025 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 IAS 21, ‘Lack of exchangeability’	January 1, 2025

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
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
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 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
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
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.

#### 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, 2024.

##### (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

If a change in tax rate is enacted or substantively enacted in an interim period, the Company recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

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

There have been no significant changes as of March 31, 2025. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2024.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Cash on hand and revolving funds	\$ 610	\$ 669	\$ 738
Checking accounts	21,557	5,889	27,457
Demand deposits	102,322	184,167	167,819
Time deposits	334,825	522,916	637,920
	<u>\$ 459,314</u>	<u>\$ 713,641</u>	<u>\$ 833,934</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

<u>Items</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Current items:			
Time deposits maturing in excess of three months	<u>\$ 1,407,086</u>	<u>\$ 1,066,186</u>	<u>\$ 1,103,998</u>

A. As at March 31, 2025, December 31, 2024 and March 31, 2024, 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 was \$1,407,086 thousand, \$1,066,186 thousand and \$1,103,998 thousand, respectively.

B. Details of the Company's financial assets at amortised cost pledged to others as collateral are

provided in Note 8.

C. 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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Notes receivable	\$ 11,018	\$ 15,889	\$ 3,627
Accounts receivable	\$ 224,285	\$ 208,044	\$ 164,440
Less: Allowance for bad debts	( 3,575)	( 3,575)	( 3,575)
	<u>\$ 220,710</u>	<u>\$ 204,469</u>	<u>\$ 160,865</u>

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

	<u>March 31, 2025</u>		<u>December 31, 2024</u>		<u>March 31, 2024</u>	
	<u>Accounts</u>	<u>Notes</u>	<u>Accounts</u>	<u>Notes</u>	<u>Accounts</u>	<u>Notes</u>
	<u>receivable</u>	<u>receivable</u>	<u>receivable</u>	<u>receivable</u>	<u>receivable</u>	<u>receivable</u>
Not past due	\$ 210,299	\$ 11,018	\$ 204,902	\$ 15,889	\$ 147,635	\$ 3,627
Up to 30 days	13,434	-	2,448	-	16,440	-
31 to 90 days	552	-	694	-	23	-
91 to 180 days	-	-	-	-	342	-
Over 180 days	-	-	-	-	-	-
	<u>\$ 224,285</u>	<u>\$ 11,018</u>	<u>\$ 208,044</u>	<u>\$ 15,889</u>	<u>\$ 164,440</u>	<u>\$ 3,627</u>

The above ageing analysis was based on past due date.

B. As of March 31, 2025, December 31, 2024 and March 31, 2024, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2024, the balance of accounts receivable and notes receivable from contracts with customers amounted to \$198,496 thousand and \$8,896 thousand, respectively.

C. As of March 31, 2025, December 31, 2024 and March 31, 2024, 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 and accounts receivable was \$11,018 thousand, \$15,889 thousand and \$3,627 thousand ; \$220,710 thousand, \$204,469 thousand and \$160,865 thousand, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	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>

	December 31, 2024		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 70,844	(\$ 6,723)	\$ 64,121
Work in progress	17,627	( 2,780)	14,847
Finished goods	109,204	( 8,471)	100,733
Merchandises	795	( 479)	316
	<u>\$ 198,470</u>	<u>(\$ 18,453)</u>	<u>\$ 180,017</u>

	March 31, 2024		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 79,227	(\$ 5,283)	\$ 73,944
Work in progress	20,195	( 2,805)	17,390
Finished goods	111,034	( 8,146)	102,888
Merchandises	479	( 479)	-
	<u>\$ 210,935</u>	<u>(\$ 16,713)</u>	<u>\$ 194,222</u>

The cost of inventories recognised as expense for the period:

	Three months ended March 31	
	2025	2024
Cost of goods sold	\$ 209,232	\$ 195,261
Loss on slow-moving inventories and valuation loss	1,423	30
Underapplied overhead	2,406	3,330
	<u>\$ 213,061</u>	<u>\$ 198,621</u>

(5) Other current assets

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Prepayments	\$ 22,975	\$ 21,166	\$ 22,476
Others	432	450	473
	<u>\$ 23,407</u>	<u>\$ 21,616</u>	<u>\$ 22,949</u>

(6) Property, plant and equipment

	2025					
	<u>At January 1</u>	<u>Addition</u>	<u>Decrease</u>	<u>Transfers during the period</u>	<u>Net exchange differences</u>	<u>At March 31</u>
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	9,804	-	(42,190)	-	50,005
Total	<u>2,763,420</u>	<u>\$ 15,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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>\$ -</u>	<u>( 1,383,323)</u>
	<u>\$ 1,404,671</u>					<u>\$ 1,395,227</u>

2024

	<u>At January 1</u>	<u>Addition</u>	<u>Decrease</u>	<u>Transfers during the period</u>	<u>Net exchange differences</u>	<u>At March 31</u>
Cost						
Land	\$ 347,857	\$ 1,219	\$ -	\$ -	\$ -	\$ 349,076
Land improvements	2,519	-	-	-	-	2,519
Buildings and structures	805,910	260	-	-	-	806,170
Machinery and equipment	1,252,286	-	-	62,683	( 518)	1,314,451
Transportation equipment	3,933	-	-	-	-	3,933
Office equipment	15,534	-	-	-	-	15,534
Other equipment	115,812	1,679	-	1,390	-	118,881
Unfinished construction/equipment under acceptance	52,506	63,813	-	( 64,073)	-	52,246
Total	<u>2,596,357</u>	<u>\$ 66,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 518)</u>	<u>2,662,810</u>
Accumulated depreciation						
Land improvements	(\$ 2,518)	\$ -	\$ -	\$ -	\$ -	(\$ 2,518)
Buildings and structures	( 173,838)	( 6,661)	-	-	-	( 180,499)
Machinery and equipment	( 990,664)	( 12,893)	-	-	-	( 1,003,557)
Transportation equipment	( 2,681)	( 84)	-	-	-	( 2,765)
Office equipment	( 11,954)	( 270)	-	-	-	( 12,224)
Other equipment	( 90,411)	( 1,695)	-	-	-	( 92,106)
	<u>( 1,272,066)</u>	<u>(\$ 21,603)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>( 1,293,669)</u>
	<u>\$ 1,324,291</u>					<u>\$ 1,369,141</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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Prepayments for business facilities and construction	\$ 76,857	\$ 81,363	\$ 148,543
Guarantee deposits paid	8,064	7,716	6,221
Others	6,220	5,842	2,857
	<u>\$ 91,141</u>	<u>\$ 94,921</u>	<u>\$ 157,621</u>

(8) Other payables

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Wages and salaries payable	\$ 25,341	\$ 32,937	\$ 23,929
Other accrued expenses	17,631	14,459	12,356
Accrued compensation due to directors	10,006	7,792	10,970
Freight payable	4,453	5,633	4,410
Payable on machinery and equipment	2,396	2,858	4,099
	<u>\$ 59,827</u>	<u>\$ 63,679</u>	<u>\$ 55,764</u>

(9) Current provisions

	<u>Three months ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Balance at beginning of period	\$ 3,587	\$ 7,447
Provision reversal	-	(2,300)
Balance at end of period	<u>\$ 3,587</u>	<u>\$ 5,147</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.

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(10) Long-term borrowings

<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
			<u>318,476</u>
Less: Current portion			( <u>60,202</u> )
			<u>\$ 258,274</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Collateral</u>	<u>December 31, 2024</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	\$ 3,429
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	22,167
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	8,308
			<u>343,904</u>
Less: Current portion			( <u>66,254</u> )
			<u>\$ 277,650</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Collateral</u>	<u>March 31, 2024</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	\$ 72,042
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	11,143
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
			393,185
Less: Current portion			( 76,786)
			<u>\$ 316,399</u>

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, 2025 and 2024, were \$209 thousand and \$179 thousand, respectively.
  - (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 amount to \$695 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, 2025 and 2024, were \$613 thousand and \$525 thousand, respectively.

(12) Share-based payment

- A. For the three-month periods ended March 31, 2025 and 2024, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (shares in thousand)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
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:

	2025		2024	
	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	<u>2,000</u>		<u>2,000</u>	
Options exercisable at March 31	<u>-</u>		<u>-</u>	

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, 2025 and 2024, the compensation costs were \$1,575 thousand and \$1,592 thousand, respectively.

(13) Share capital

As of March 31, 2025, 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.

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Share premium	\$ 225,374	\$ 225,374	\$ 225,374
Treasury share transactions	8,236	8,236	8,236
Employee stock options	27,779	26,204	21,394
Donated assets received	1,679	1,679	1,679
	<u>\$ 263,068</u>	<u>\$ 261,493</u>	<u>\$ 256,683</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 2024 and 2023 earnings as approved by the shareholders during their meeting on February 26, 2025 and May 15, 2024, respectively, are as follows:

	<u>Year ended December 31</u>			
	<u>2024</u>		<u>2023</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 40,008		\$ 46,918	
Cash dividends	389,960	5.0	389,960	5.0
	<u>\$ 429,968</u>		<u>\$ 436,878</u>	

As of May 8, 2025, the appropriation of 2024 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	
	2025	2024
Revenue from contracts with customers	\$ 354,881	\$ 336,803

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:

Revenue from	Three months ended March 31, 2025				
	Northern America region	Europe region	Asia region	Other regions	Total
external customer contracts					
Rubber products	\$ 153,763	\$ 71,748	\$ 123,244	\$ 3,606	\$ 352,361
Other products	\$ -	\$ -	\$ 2,520	\$ -	\$ 2,520
Timing of revenue recognition					
At a point in time	\$ 153,763	\$ 71,748	\$ 125,764	\$ 3,606	\$ 354,881

  

Revenue from	Three months ended March 31, 2024				
	Northern America region	Europe region	Asia region	Other regions	Total
external customer contracts					
Rubber products	\$ 190,943	\$ 71,539	\$ 57,285	\$ 7,913	\$ 327,680
Other products	\$ -	\$ -	\$ 9,123	\$ -	\$ 9,123
Timing of revenue recognition					
At a point in time	\$ 190,943	\$ 71,539	\$ 66,408	\$ 7,913	\$ 336,803

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

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

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Contract liabilities:				
Contract liabilities - advance sales receipts	\$ 22,012	\$ 24,171	\$ 41,520	\$ 17,055
Refund liability (that is cash discounts on sales discounts and allowances, shown as 'other current liabilities')	\$ 2,617	\$ 3,402	\$ 953	\$ 1,027

	Three months ended March 31	
	2025	2024
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 16,673	\$ 9,826
<b>(17) <u>Interest income</u></b>		
	Three months ended March 31	
	2025	2024
Interest income from bank deposits	\$ 6,399	\$ 7,575
<b>(18) <u>Other income</u></b>		
	Three months ended March 31	
	2025	2024
Dividend income	\$ 37	\$ 43
Other income, others	1,770	3,212
	\$ 1,807	\$ 3,255
<b>(19) <u>Other gains and losses</u></b>		
	Three months ended March 31	
	2025	2024
Net gain or loss on financial assets at fair value through profit	\$ -	\$ 7
Foreign exchange gains	26,405	7,285
	\$ 26,405	\$ 7,292
<b>(20) <u>Expenses by nature</u></b>		
	Three months ended March 31	
	2025	2024
Employee benefit expense	\$ 28,667	\$ 25,164
Depreciation charges on property, plant and equipment	24,574	21,603
Amortisation expense	623	2,608
Operating cost and operating expenses	\$ 53,864	\$ 49,375

(21) Employee benefit expense

	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
Labour 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>

	Three months ended March 31, 2024		
	Cost	Expenses	Total
Wages and salaries	\$ 11,800	\$ 6,142	\$ 17,942
Employee stock options	844	748	1,592
Labour and health insurance fees	1,313	500	1,813
Pension costs	416	288	704
Directors' remuneration	-	2,308	2,308
Other personnel expenses	686	119	805
	<u>\$ 15,059</u>	<u>\$ 10,105</u>	<u>\$ 25,164</u>

- A. In accordance with the Articles of Incorporation of the Company, the profit before deducting 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 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	
	2025	2024
Employees' compensation	\$ 4,428	\$ 3,829
Directors' and supervisors' remuneration	2,214	1,914
	<u>\$ 6,642</u>	<u>\$ 5,743</u>

The above-mentioned amounts were recognised in salary expenses.

For the three months ended March 31, 2025 and 2024, 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	
	2025	2024
Employees' compensation ratio	3.00%	3.00%
Directors' and supervisors' remuneration ratio	1.50%	1.50%

C. Employees' compensation and directors' and supervisors' remuneration of 2024 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2024 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	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 30,004	\$ 20,598
Total current tax	30,004	20,598
Deferred tax:		
Origination and reversal of temporary differences	( 1,812)	3,779
Income tax expense	\$ 28,192	\$ 24,377

B. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

(23) Earnings per share

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

	<u>Three months ended March 31, 2024</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit for the period	<u>\$ 97,508</u>	<u>77,992</u>	<u>\$ 1.25</u>
<u>Diluted earnings per share</u>			
Profit for the period	\$ 97,508	77,992	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	292	
Employees' compensation	<u>-</u>	<u>100</u>	
Profit plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 97,508</u>	<u>78,384</u>	<u>\$ 1.24</u>

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	
	2025	2024
Purchase of property, plant and equipment	\$ 15,130	\$ 66,971
Add: Opening balance of payable on equipment	2,858	42,211
Less: Ending balance of payable on equipment	( 2,396)	( 4,099)
Add: Ending balance of prepayment for equipment and construction	76,857	148,543
Less: Opening balance of prepayment for equipment and construction	( 81,363)	( 178,993)
Cash paid during the period	<u>\$ 11,086</u>	<u>\$ 74,633</u>

B. Changes in liabilities from financing activities

	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>
	2024	
	Long-term borrowings	Liabilities from financing activities-gross
At January 1	\$ 412,381	\$ 412,381
Changes in cash flow from financing activities	( 19,196)	( 19,196)
At March 31	<u>\$ 393,185</u>	<u>\$ 393,185</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
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	
	2025	2024
Raw materials purchased:		
CLEP ENTERPRISE CO., LTD.	\$ 46,187	\$ 38,938

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, 2025	December 31, 2024	March 31, 2024
Notes payable:			
CLEP ENTERPRISE CO., LTD.	\$ 51,402	\$ 50,342	\$ 44,753
Accounts payable:			
CLEP ENTERPRISE CO., LTD.	\$ 16,384	\$ 19,528	\$ 11,122

The payables to related parties arose mainly from purchase transactions.

(3) Key management compensation

	Three months ended March 31	
	2025	2024
Short-term employee benefits	\$ 3,337	\$ 3,054
Post-employment benefits	8	8
	\$ 3,345	\$ 3,062

8. Pledged Assets

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

Pledged asset	Book value	Book value	Book value	Purpose
	March 31, 2025	December 31, 2024	March 31, 2024	
Property, plant and equipment	\$ 786,654	\$ 790,988	\$ 419,311	Long-term and short-term borrowings

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:

	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment	\$ 25,210	\$ 32,681	\$ 51,785

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Assessment of Tariff Impact

The Company has factored in the impact of the tariff policy announced by the U.S. government in April, 2025, into our business operations. Sales to U.S. customers accounted for 42% of our total revenue in the first quarter of this year. If equivalent tariff policies are applied in the future, there may be potential operational impacts. However, as of May 8, 2025, the U.S. government is still negotiating tariff agreements with other governments.

(2) 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.

(3) Financial instruments

A. Financial instruments by category

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Cash and cash equivalents	\$ 459,314	\$ 713,641	\$ 833,934
Current financial assets at amortised cost	1,407,086	1,066,186	1,103,998
Notes receivable	11,018	15,889	3,627
Accounts receivable	220,710	204,469	160,865
Other receivables	3,540	5,314	7,535
Guarantee deposits paid	8,064	7,716	6,221
	<u>\$ 2,109,732</u>	<u>\$ 2,013,215</u>	<u>\$ 2,116,180</u>

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Notes payable (including related parties)	\$ 72,432	\$ 73,434	\$ 62,975
Accounts payable (including related parties)	46,357	40,105	24,971
Other payables	59,827	63,679	55,764
Long-term borrowings	318,476	343,904	393,185
Guarantee deposits received	-	-	100
	<u>\$ 497,092</u>	<u>\$ 521,122</u>	<u>\$ 536,995</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 recognised 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 minimise 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, 2025						
(Foreign currency: functional currency)	<u>Sensitivity analysis</u>					
	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	-

December 31, 2024

**(Foreign  
currency:  
functional  
currency)**

	<u>Sensitivity analysis</u>					
	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	\$ 732,588	0.21	\$ 153,843	1%	\$ 1,538	-
USD:NTD	3,103	32.74	101,592	1%	1,016	-
EUR:NTD	5,566	33.94	188,910	1%	1,889	-
AUD:NTD	276	20.29	5,600	1%	56	-
GBP:NTD	757	40.99	31,029	1%	310	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 369	32.74	\$ 12,081	1%	\$ 121	-

March 31, 2024

**(Foreign  
currency:  
functional  
currency)**

	<u>Sensitivity analysis</u>					
	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	\$ 531,689	0.21	\$ 111,655	1%	\$ 1,117	-
USD:NTD	7,222	31.95	230,743	1%	2,307	-
EUR:NTD	3,295	34.26	112,887	1%	1,129	-
AUD:NTD	236	20.72	4,890	1%	49	-
GBP:NTD	664	40.19	26,686	1%	267	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 271	31.95	\$ 8,658	1%	\$ 87	-

- iv The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the three months ended March 31, 2025 and 2024 amounted to gain of \$26,405 thousand and gain of \$7,285 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, 2025, 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 amortised 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 analysing 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 utilisation 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 recognises 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, 2025, December 31, 2024 and March 31, 2024, the accumulated amount of loss allowance for the above-mentioned individual provision for receivables were all recognised amounting to \$0 thousand. 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:

	<u>2025</u>	<u>2024</u>
	<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, 2025

	<u>Less than 3</u>	<u>Between 3</u>	<u>Between 1</u>	<u>Over 5 years</u>	<u>Total</u>
	<u>months</u>	<u>months and</u>	<u>and 5 years</u>		
		<u>1 year</u>			
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

Non-derivative financial liabilities

December 31, 2024

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Notes payable	\$ 23,092	\$ -	\$ -	\$ -	\$ 23,092
Notes payable to related parties	50,342	-	-	-	50,342
Accounts payable	20,577	-	-	-	20,577
Accounts payable to related parties	19,528	-	-	-	19,528
Other payables	55,887	7,792	-	-	63,679
Long-term borrowings	25,923	42,164	274,142	-	342,229

Non-derivative financial liabilities

March 31, 2024

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Notes payable	\$ 18,222	\$ -	\$ -	\$ -	\$ 18,222
Notes payable to related parties	44,753	-	-	-	44,753
Accounts payable	13,849	-	-	-	13,849
Accounts payable to related parties	11,122	-	-	-	11,122
Other payables	44,794	10,970	-	-	55,764
Guarantee deposits received	-	-	-	100	100
Long-term borrowings	19,764	59,119	314,227	-	393,110

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 periods: 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

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. Business organisation is divided into rubber products and other segments based on the products. There is no material change in the basis for formation of entities and division of segments in the Company or in the measurement basis for segment information during this period.

(2) Measurement of segment information

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

(3) Information about segment profit or loss, assets and liabilities

A. The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

<u>Three months ended March 31, 2025</u>	<u>Rubber products</u>	<u>Other products</u>	<u>Total</u>
Revenue from external customers	<u>\$ 352,361</u>	<u>\$ 2,520</u>	<u>\$ 354,881</u>
Segment income (loss) before tax	<u>\$ 118,537</u>	<u>(\$ 11,601)</u>	<u>\$ 106,936</u>
<u>Three months ended March 31, 2024</u>	<u>Rubber products</u>	<u>Other products</u>	<u>Total</u>
Revenue from external customers	<u>\$ 327,680</u>	<u>\$ 9,123</u>	<u>\$ 336,803</u>
Segment income (loss) before tax	<u>\$ 111,376</u>	<u>(\$ 7,008)</u>	<u>\$ 104,368</u>

B. The Company's reportable operating segments are the result of the organisation divided by products.

C. The Company generates revenue primarily by manufacturing and selling rubber products.

D. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. Segment (profit) loss refers to the profit or loss of each segment, excluding allocated interest income, other income, other expenditures, profit or loss from outside investments, currency exchange gains (losses) and gains (losses) on disposal of property, plant and equipment. The income (loss) before tax is used as a basis for the Company in assessing the performance of the operating segments.

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A. The total revenue for the three months ended March 31, 2025 and 2024 is the same as the total revenue of continuing operating segments, and there is no reconciling items.

	Three months ended March 31	
	2025	2024
Revenue of reportable operating segments	\$ 354,881	\$ 336,803

B. A reconciliation item of reportable segment income or loss to the income/(loss) before tax from continuing operations for the three months ended March 31, 2025 and 2024 is provided as follows:

	Three months ended March 31	
	2025	2024
Reportable segments (loss) / income before tax	\$ 106,936	\$ 104,368
Interest income	6,399	7,575
Other income	1,807	3,255
Other expenditures	( 588)	( 605)
Non-industry investment profit	-	7
Currency exchange gains	26,405	7,285
Total profit from the continuing operations in the current period	\$ 140,959	\$ 121,885

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