

HSIN YUNG CHIEN CO., LTD.
INDIVIDUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2025 AND 2024

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

HSIN YUNG CHIEN CO.,LTD.

SEPTEMBER 30, 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 September 30, 2025 and 2024, and the related individual statements of comprehensive income for the three months and nine months then ended, as well as the individual statements of changes in equity and of cash flows for the nine months 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 "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 consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 September 30, 2025 and 2024, and of its individual financial performance for the three months and nine months then ended and its individual cash flows for the nine months then ended in accordance with “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.

Wu, Sung-Yuan

Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

November 6, 2025

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
SEPTEMBER 30, 2025, DECEMBER 31, 2024 AND SEPTEMBER 30, 2024
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	<u>September 30, 2025</u>		<u>December 31, 2024</u>		<u>September 30, 2024</u>	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
1100	Cash and cash equivalents	\$ 491,461	14	\$ 713,641	19	\$ 644,651	18
1136	Current financial assets at amortised cost, net	1,159,860	32	1,066,186	29	1,005,753	28
1150	Notes receivable, net	9,411	-	15,889	-	21,105	1
1170	Accounts receivable, net	209,841	6	204,469	5	191,514	5
1200	Other receivables	7,567	-	5,314	-	7,227	-
130X	Inventories	267,858	7	180,017	5	174,745	5
1470	Other current assets	24,757	1	21,616	1	33,681	1
11XX	Current Assets	<u>2,170,755</u>	<u>60</u>	<u>2,207,132</u>	<u>59</u>	<u>2,078,676</u>	<u>58</u>
Non-current assets							
1600	Property, plant and equipment	1,348,708	37	1,404,671	38	1,390,252	38
1780	Intangible assets	390	-	939	-	1,156	-
1840	Deferred income tax assets	24,151	-	18,486	-	15,068	-
1900	Other non-current assets	96,796	3	94,921	3	127,390	4
15XX	Non-current assets	<u>1,470,045</u>	<u>40</u>	<u>1,519,017</u>	<u>41</u>	<u>1,533,866</u>	<u>42</u>
1XXX	Total assets	<u>\$ 3,640,800</u>	<u>100</u>	<u>\$ 3,726,149</u>	<u>100</u>	<u>\$ 3,612,542</u>	<u>100</u>

(Continued)

HSIN YUNG CHIEN CO., LTD.
INDIVIDUAL BALANCE SHEETS
SEPTEMBER 30, 2025, DECEMBER 31, 2024 AND SEPTEMBER 30, 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	September 30, 2025		December 31, 2024		September 30, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2130	Current contract liabilities	6(16)	\$ 32,186	1	\$ 24,171	1	\$ 36,000	1
2150	Notes payable		34,308	1	23,092	1	25,111	1
2160	Notes payable - related parties	7(2)	55,112	1	50,342	1	46,397	1
2170	Accounts payable		23,666	1	20,577	1	20,652	1
2180	Accounts payable - related parties	7(2)	23,152	-	19,528	-	15,119	-
2200	Other payables	6(8)	59,880	2	63,679	2	57,723	2
2230	Current income tax liabilities	6(22)	34,957	1	37,262	1	7,196	-
2250	Provisions for liabilities - current	6(9)	3,587	-	3,587	-	3,947	-
2320	Long-term liabilities, current	6(10)						
	portion		77,500	2	66,254	2	72,306	2
2399	Other current liabilities, others	6(16)	1,042	-	3,481	-	1,038	-
21XX	Current Liabilities		<u>345,390</u>	<u>9</u>	<u>311,973</u>	<u>9</u>	<u>285,489</u>	<u>8</u>
Non-current liabilities								
2540	Non-current borrowings	6(10)	219,583	6	277,650	7	297,024	8
2570	Deferred income tax liabilities	6(22)	32,239	1	31,250	1	31,808	1
2600	Other non-current liabilities		25	-	-	-	23	-
25XX	Non-current liabilities		<u>251,847</u>	<u>7</u>	<u>308,900</u>	<u>8</u>	<u>328,855</u>	<u>9</u>
2XXX	Total Liabilities		<u>597,237</u>	<u>16</u>	<u>620,873</u>	<u>17</u>	<u>614,344</u>	<u>17</u>
Equity								
Equity attributable to owners of parent								
	Share capital	6(13)						
3110	Share capital - common stock		779,918	22	779,918	21	779,918	22
	Capital surplus	6(14)						
3200	Capital surplus		266,430	7	261,493	7	259,884	7
	Retained earnings	6(15)						
3310	Legal reserve		783,241	22	743,233	20	743,233	20
3350	Unappropriated retained earnings		1,213,974	33	1,320,632	35	1,215,163	34
3XXX	Total equity		<u>3,043,563</u>	<u>84</u>	<u>3,105,276</u>	<u>83</u>	<u>2,998,198</u>	<u>83</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		<u>\$ 3,640,800</u>	<u>100</u>	<u>\$ 3,726,149</u>	<u>100</u>	<u>\$ 3,612,542</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 AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2025		2024		2025		2024		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(16)	\$ 406,994	100	\$ 363,757	100	\$ 1,157,877	100	\$ 1,063,111	100
5000	Operating costs	6(4)(20)(21)								
		and 7(2)	(246,741)	(61)	(217,598)	(60)	(695,283)	(60)	(639,873)	(60)
5900	Net operating margin		160,253	39	146,159	40	462,594	40	423,238	40
	Operating expenses	6(20)(21)								
6100	Selling expenses		(20,152)	(5)	(25,214)	(7)	(56,720)	(5)	(61,079)	(6)
6200	General and administrative expenses		(12,216)	(3)	(10,483)	(3)	(38,263)	(3)	(34,799)	(3)
6300	Research and development expenses		(2,296)	-	(3,898)	(1)	(5,344)	-	(9,766)	(1)
6000	Total operating expenses		(34,664)	(8)	(39,595)	(11)	(100,327)	(8)	(105,644)	(10)
6900	Operating profit		125,589	31	106,564	29	362,267	32	317,594	30
	Non-operating income and expenses									
7100	Interest income	6(17)	6,917	2	5,879	2	20,835	2	20,277	2
7010	Other income	6(18)	2,445	-	1,586	-	6,406	-	9,521	1
7020	Other gains and losses	6(19)	17,019	4	15,591	4	11,424	1	21,941	2
7050	Finance costs		(550)	-	(688)	-	(1,693)	-	(2,018)	-
7000	Total non-operating income and expenses		25,831	6	22,368	6	36,972	3	49,721	5
7900	Profit before income tax		151,420	37	128,932	35	399,239	35	367,315	35
7950	Income tax expense	6(22)	(30,284)	(7)	(25,787)	(7)	(75,929)	(7)	(72,705)	(7)
8200	Profit for the period		\$ 121,136	30	\$ 103,145	28	\$ 323,310	28	\$ 294,610	28
8500	Total comprehensive income for the period		\$ 121,136	30	\$ 103,145	28	\$ 323,310	28	\$ 294,610	28
	Basic earnings per share	6(23)								
9750	Total basic earnings per share		\$ 1.55		\$ 1.32		\$ 4.15		\$ 3.78	
	Diluted earnings per share	6(23)								
9850	Total diluted earnings per share		\$ 1.55		\$ 1.32		\$ 4.13		\$ 3.76	

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

HSIN YUNG CHIEN CO.,LTD.
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 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>Nine months ended September 30, 2024</u>						
Balance at January 1, 2024		\$ 779,918	\$ 254,929	\$ 696,315	\$ 1,357,431	\$ 3,088,593
Profit for the period		-	-	-	294,610	294,610
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income		-	-	-	294,610	294,610
Appropriation and distribution of 2023 earnings:	6(15)					
Legal reserve appropriated		-	-	46,918	(46,918)	-
Cash dividends of ordinary share		-	-	-	(389,960)	(389,960)
Ddividends not received by shareholders	6(14)	-	162	-	-	162
Share-based payments	6(12)(14)	-	4,793	-	-	4,793
Balance at September 30, 2024		\$ 779,918	\$ 259,884	\$ 743,233	\$ 1,215,163	\$ 2,998,198
<u>Nine months ended September 30, 2025</u>						
Balance at January 1, 2025		\$ 779,918	\$ 261,493	\$ 743,233	\$ 1,320,632	\$ 3,105,276
Profit for the period		-	-	-	323,310	323,310
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income		-	-	-	323,310	323,310
Appropriation and distribution of 2024 earnings:	6(15)					
Legal reserve appropriated		-	-	40,008	(40,008)	-
Cash dividends of ordinary share		-	-	-	(389,960)	(389,960)
Ddividends not received by shareholders	6(14)	-	161	-	-	161
Share-based payments	6(12)(14)	-	4,776	-	-	4,776
Balance at September 30, 2025		\$ 779,918	\$ 266,430	\$ 783,241	\$ 1,213,974	\$ 3,043,563

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

HSIN YUNG CHIEN CO.,LTD.
INDIVIDUAL STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 399,239	\$ 367,315
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(20)	74,542	67,393
Amortization expense	6(20)	5,280	5,214
Loss on disposal of property and equipment	6(19)	26	446
Interest income	6(17)	(20,835)	(20,277)
Interest expense		1,693	2,018
Share-based payments	6(12)	4,776	4,793
Unrealized foreign exchange (gain) loss		(8,979)	6,156
Reversal of provision for sales returns and discounts	6(9)	-	(3,500)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		6,478	(12,209)
Accounts receivable, net		170	24,613
Other receivables		(2,254)	(674)
Inventories		(87,841)	22,005
Other current assets		(3,027)	(12,195)
Changes in operating liabilities			
Contract liabilities		(3,984)	3,757
Notes payable		11,216	9,761
Notes payable - related parties		4,770	(368)
Accounts payable		3,187	2,945
Accounts payable - related parties		3,624	(1,367)
Other payables		(2,069)	(6,518)
Other current liabilities		(2,440)	(110)
Net defined benefit liability		25	23
Cash inflow generated from operations		383,597	459,221
Interest received	6(17)	20,835	20,277
Interest paid		(1,722)	(1,909)
Income taxes paid		(82,910)	(107,562)
Net cash flows from operating activities		<u>319,800</u>	<u>370,027</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(1,380,896)	(448,360)
Proceeds from repayments of financial assets at amortised cost		1,287,222	561,255
Acquisition of property and equipment	6(24)	(23,021)	(106,948)
Proceeds from disposal of property, plant and equipment		-	33
Decrease (increase) in refundable deposits	6(7)	2,227	(2,484)
(Increase) decrease in other non-current assets		(6,114)	124
Net cash flows (used in) from investing activities		<u>(120,582)</u>	<u>3,620</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term debt	6(24)	-	27,000
Repayments of long-term borrowings	6(24)	(46,821)	(70,051)
Decrease in guarantee deposits received	6(24)	-	(100)
Cash dividends paid	6(15)(24)	(389,960)	(389,960)
Dividends not received by shareholders	6(14)	161	162
Net cash flows used in financing activities		<u>(436,620)</u>	<u>(432,949)</u>
Effect of exchange rate changes on cash and cash equivalents		15,222	(19,125)
Net decrease in cash and cash equivalents		(222,180)	(78,427)
Cash and cash equivalents at beginning of period		713,641	723,078
Cash and cash equivalents at end of period		<u>\$ 491,461</u>	<u>\$ 644,651</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 NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

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 November 6, 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[®]”) 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’- the amendments to the partial content	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

New standards, interpretations and amendments endorsed by the FSC 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.

(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 (Noted)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027

Noted: The Financial Supervisory Commission (FSC), in its press release dated September 25, 2025, announced that publicly listed companies will be required to apply International Financial Reporting Standard 18 (collectively referred herein as the “IFRS 18”) starting from fiscal year 2028. Additionally, companies with the need for early adoption may choose to apply IFRS 18 in advance upon the FSC’s approval of the standard.

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, 2024.

(2) Basis of preparation

- A. Except for the defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the financial statements have been prepared under the historical cost convention.
- 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 September 30, 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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Cash on hand and revolving funds	\$ 647	\$ 669	\$ 720
Checking accounts	10,341	5,889	12,861
Demand deposits	77,179	184,167	180,504
Time deposits	403,294	522,916	450,566
	<u>\$ 491,461</u>	<u>\$ 713,641</u>	<u>\$ 644,651</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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Current items:			
Time deposits maturing in excess of three months	<u>\$ 1,159,860</u>	<u>\$ 1,066,186</u>	<u>\$ 1,005,753</u>

A. As at September 30, 2025, December 31, 2024 and September 30, 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 were \$1,159,860 thousand, \$1,066,186 thousand and \$1,005,753 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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Notes receivable	\$ 9,411	\$ 15,889	\$ 21,105
Accounts receivable	\$ 213,416	\$ 208,044	\$ 195,089
Less: Allowance for bad debts	(3,575)	(3,575)	(3,575)
	<u>\$ 209,841</u>	<u>\$ 204,469</u>	<u>\$ 191,514</u>

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

	September 30, 2025		December 31, 2024		September 30, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 194,960	\$ 9,411	\$ 204,902	\$ 15,889	\$ 181,548	\$ 21,105
Up to 30 days	18,456	-	2,448	-	7,376	-
31 to 90 days	-	-	694	-	5,761	-
91 to 180 days	-	-	-	-	65	-
Over 180 days	-	-	-	-	339	-
	<u>\$ 213,416</u>	<u>\$ 9,411</u>	<u>\$ 208,044</u>	<u>\$ 15,889</u>	<u>\$ 195,089</u>	<u>\$ 21,105</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2025, December 31, 2024 and September 30, 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 September 30, 2025, December 31, 2024 and September 30, 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 receivable were \$9,411 thousand, \$15,889 thousand and \$21,105 thousand ; and for accounts receivable were \$209,841 thousand, \$204,469 thousand and \$191,514 thousand, respectively.

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

(4) Inventories

	September 30, 2025		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 117,536	(\$ 7,104)	\$ 110,432
Work in progress	20,651	(3,597)	17,054
Finished goods	147,596	(8,727)	138,869
Merchandises	2,140	(637)	1,503
	<u>\$ 287,923</u>	<u>(\$ 20,065)</u>	<u>\$ 267,858</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>

September 30, 2024			
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 82,464	(\$ 4,634)	\$ 77,830
Work in progress	17,315	(2,812)	14,503
Finished goods	90,510	(8,098)	82,412
Merchandises	479	(479)	-
	<u>\$ 190,768</u>	<u>(\$ 16,023)</u>	<u>\$ 174,745</u>

The cost of inventories recognised as expense for the period:

	Three months ended September 30	
	2025	2024
Cost of goods sold	\$ 245,883	\$ 217,694
Loss on slow-moving inventories and reversal gain	(188)	(1,220)
Underapplied overhead	1,046	1,124
	<u>\$ 246,741</u>	<u>\$ 217,598</u>
	Nine months ended September 30	
	2025	2024
Cost of goods sold	\$ 689,089	\$ 633,554
Loss on slow-moving inventories and valuation loss (reversal gain)	1,612	(660)
Underapplied overhead	4,582	6,979
	<u>\$ 695,283</u>	<u>\$ 639,873</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 September 30, 2025 and 2024 and for the nine months ended September 30, 2024.

(5) Other current assets

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Prepayments	\$ 24,319	\$ 21,166	\$ 33,261
Others	438	450	420
	<u>\$ 24,757</u>	<u>\$ 21,616</u>	<u>\$ 33,681</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>At September 30</u>
Cost					
Land	\$ 349,076	\$ -	\$ -	\$ -	\$ 349,076
Land improvements	2,519	-	-	-	2,519
Buildings and structures	810,102	2,012	-	34,977	847,091
Machinery and equipment	1,328,189	5,609	-	18,184	1,351,982
Transportation equipment	3,448	-	(465)	-	2,983
Office equipment	15,534	-	-	-	15,534
Other equipment	172,161	1,179	-	1,756	175,096
Unfinished construction/equipment under acceptance	82,391	-	-	(45,112)	37,279
Total	<u>\$ 2,763,420</u>	<u>\$ 8,800</u>	<u>(\$ 465)</u>	<u>\$ 9,805</u>	<u>\$ 2,781,560</u>
Accumulated depreciation					
Land improvements	(\$ 2,518)	\$ -	\$ -	\$ -	(\$ 2,518)
Buildings and structures	(200,658)	(21,149)	-	-	(221,807)
Machinery and equipment	(1,041,509)	(43,148)	-	-	(1,084,657)
Transportation equipment	(2,556)	(233)	439	-	(2,350)
Office equipment	(13,034)	(718)	-	-	(13,752)
Other equipment	(98,474)	(9,294)	-	-	(107,768)
	<u>(1,358,749)</u>	<u>(\$ 74,542)</u>	<u>\$ 439</u>	<u>\$ -</u>	<u>(1,432,852)</u>
	<u>\$ 1,404,671</u>				<u>\$ 1,348,708</u>

	2024				
	At January 1	Addition	Decrease	Transfers during the period	At September 30
Cost					
Land	\$ 347,857	\$ 1,219	\$ -	\$ -	\$ 349,076
Land improvements	2,519	-	-	-	2,519
Buildings and structures	805,910	3,132	-	260	809,302
Machinery and equipment	1,252,286	9,012	(5,116)	71,528	1,327,710
Transportation equipment	3,933	-	-	-	3,933
Office equipment	15,534	-	-	-	15,534
Other equipment	115,812	5,444	-	9,950	131,206
Unfinished construction/equipment under acceptance	52,506	15,108	-	18,180	85,794
Total	<u>\$ 2,596,357</u>	<u>\$ 33,915</u>	<u>(\$ 5,116)</u>	<u>\$ 99,918</u>	<u>\$ 2,725,074</u>
Accumulated depreciation					
Land improvements	(\$ 2,518)	\$ -	\$ -	\$ -	(\$ 2,518)
Buildings and structures	(173,838)	(20,052)	-	-	(193,890)
Machinery and equipment	(990,664)	(41,107)	4,637	-	(1,027,134)
Transportation equipment	(2,681)	(251)	-	-	(2,932)
Office equipment	(11,954)	(810)	-	-	(12,764)
Other equipment	(90,411)	(5,173)	-	-	(95,584)
	<u>(1,272,066)</u>	<u>(\$ 67,393)</u>	<u>\$ 4,637</u>	<u>\$ -</u>	<u>(1,334,822)</u>
	<u>\$ 1,324,291</u>				<u>\$ 1,390,252</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

	September 30, 2025	December 31, 2024	September 30, 2024
Prepayments for business facilities and construction	\$ 84,081	\$ 81,363	\$ 114,378
Guarantee deposits paid	5,489	7,716	8,706
Others	7,226	5,842	4,306
	<u>\$ 96,796</u>	<u>\$ 94,921</u>	<u>\$ 127,390</u>

(8) Other payables

	September 30, 2025	December 31, 2024	September 30, 2024
Wages and salaries payable	\$ 30,375	\$ 32,937	\$ 27,582
Other accrued expenses	18,175	14,459	15,470
Accrued compensation due to directors	6,271	7,792	5,769
Freight payable	3,899	5,633	4,421
Payable on machinery and equipment	1,160	2,858	4,481
	<u>\$ 59,880</u>	<u>\$ 63,679</u>	<u>\$ 57,723</u>

(9) Current provisions

	Nine months ended September 30	
	2025	2024
Balance at beginning of period	\$ 3,587	\$ 7,447
Provision reversal	-	(3,500)
Balance at end of period	<u>\$ 3,587</u>	<u>\$ 3,947</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

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Collateral</u>	<u>September 30, 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	\$ 64,208
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>232,875</u>
			297,083
Less: Current portion			(77,500)
			<u>\$ 219,583</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>September 30, 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	\$ 6,000
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	38,792
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	14,538
			<u>369,330</u>
Less: Current portion			(<u>72,306</u>)
			<u>\$ 297,024</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 months and nine months ended September 30, 2025 and 2024, were \$211 thousand, \$179 thousand, \$630 thousand and \$539 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 months and nine months ended September 30, 2025 and 2024, were \$620 thousand, \$528 thousand, \$1,860 thousand and \$1,573 thousand, respectively.

(12) Share-based payment

- A. For the nine months ended September 30, 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 September 30	<u>2,000</u>		<u>2,000</u>	
Options exercisable at September 30	<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 months and nine months ended September 30, 2025 and 2024, the compensation costs were \$1,609 thousand, \$1,609 thousand, \$4,776 thousand and \$4,793 thousand, respectively.

(13) Share capital

As of September 30, 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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Share premium	\$ 225,374	\$ 225,374	\$ 225,374
Treasury share transactions	8,236	8,236	8,236
Employee stock options	30,980	26,204	24,595
Donated assets received	1,840	1,679	1,679
	<u>\$ 266,430</u>	<u>\$ 261,493</u>	<u>\$ 259,884</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 May 22, 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>	

- 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 September 30	
	2025	2024
Revenue from contracts with customers	\$ 406,994	\$ 363,757
Nine months ended September 30		
	2025	2024
Revenue from contracts with customers	\$ 1,157,877	\$ 1,063,111

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 September 30, 2025				
	Northern America region	Europe region	Asia region	Other regions	Total
Revenue from external customer contracts					
Rubber products	\$ 197,824	\$ 117,173	\$ 72,589	\$ 12,100	\$ 399,686
Other products	\$ -	\$ -	\$ 7,308	\$ -	\$ 7,308
Three months ended September 30, 2024					
	Northern America region	Europe region	Asia region	Other regions	Total
Revenue from external customer contracts					
Rubber products	\$ 179,775	\$ 102,033	\$ 69,773	\$ 7,590	\$ 359,171
Other products	\$ -	\$ -	\$ 4,586	\$ -	\$ 4,586
Nine months ended September 30, 2025					
	Northern America region	Europe region	Asia region	Other regions	Total
Revenue from external customer contracts					
Rubber products	\$ 566,693	\$ 292,424	\$ 258,347	\$ 22,508	\$ 1,139,972
Other products	\$ -	\$ -	\$ 17,905	\$ -	\$ 17,905
Nine months ended September 30, 2024					
	Northern America region	Europe region	Asia region	Other regions	Total
Revenue from external customer contracts					
Rubber products	\$ 554,880	\$ 257,164	\$ 204,838	\$ 22,320	\$ 1,039,202
Other products	\$ -	\$ -	\$ 23,909	\$ -	\$ 23,909

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

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>	<u>January 1, 2024</u>
Contract liabilities:				
Contract liabilities - advance sales receipts	\$ 32,186	\$ 24,171	\$ 36,000	\$ 17,055
Refund liability (that is cash discounts on sales discounts and allowances, shown as 'other current liabilities')	\$ 947	\$ 3,402	\$ 948	\$ 1,027
	<u>Three months ended September 30</u>			
	2025		2024	
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ -	\$ -		
	<u>Nine months ended September 30</u>			
	2025		2024	
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 19,114	\$ 96,826		
(17) <u>Interest income</u>				
	<u>Three months ended September 30</u>			
	2025		2024	
Interest income from bank deposits	\$ 6,917	\$ 5,879		
	<u>Nine months ended September 30</u>			
	2025		2024	
Interest income from bank deposits	\$ 20,835	\$ 20,277		
(18) <u>Other income</u>				
	<u>Three months ended September 30</u>			
	2025		2024	
Rent income	\$ 96	\$ 52		
Other income, others	2,349	1,534		
	\$ 2,445	\$ 1,586		
	<u>Nine months ended September 30</u>			
	2025		2024	
Rent income	\$ 162	\$ 131		
Other income, others	6,244	9,390		
	\$ 6,406	\$ 9,521		

(19) Other gains and losses

	Three months ended September 30	
	2025	2024
Losses on disposal of property, plant and equipment	(\$ 26)	\$ -
Foreign exchange gains	17,045	15,591
	<u>\$ 17,019</u>	<u>\$ 15,591</u>
	Nine months ended September 30	
	2025	2024
Net gain or loss on financial assets at fair value through profit	\$ -	\$ 7
Losses on disposal of property, plant and equipment	(26)	(446)
Foreign exchange gains	11,450	22,380
	<u>\$ 11,424</u>	<u>\$ 21,941</u>

(20) Expenses by nature

	Three months ended September 30	
	2025	2024
Employee benefit expense	\$ 27,869	\$ 24,955
Depreciation charges on property, plant and equipment	24,972	23,112
Amortisation expense	2,238	1,954
Operating cost and operating expenses	<u>\$ 55,079</u>	<u>\$ 50,021</u>
	Nine months ended September 30	
	2025	2024
Employee benefit expense	\$ 81,916	\$ 73,397
Depreciation charges on property, plant and equipment	74,542	67,393
Amortisation expense	5,280	5,214
Operating cost and operating expenses	<u>\$ 161,738</u>	<u>\$ 146,004</u>

(21) Employee benefit expense

	Three months ended September 30, 2025		
	Cost	Expenses	Total
Wages and salaries	\$ 13,761	\$ 6,193	\$ 19,954
Employee stock options	853	756	1,609
Labour and health insurance fees	1,406	543	1,949
Pension costs	465	366	831
Directors' remuneration	-	2,591	2,591
Other personnel expenses	763	172	935
	<u>\$ 17,248</u>	<u>\$ 10,621</u>	<u>\$ 27,869</u>
	Three months ended September 30, 2024		
	Cost	Expenses	Total
Wages and salaries	\$ 11,617	\$ 5,865	\$ 17,482
Employee stock options	852	757	1,609
Labour and health insurance fees	1,273	478	1,751
Pension costs	401	306	707
Directors' remuneration	-	2,237	2,237
Other personnel expenses	969	200	1,169
	<u>\$ 15,112</u>	<u>\$ 9,843</u>	<u>\$ 24,955</u>
	Nine months ended September 30, 2025		
	Cost	Expenses	Total
Wages and salaries	\$ 40,421	\$ 18,401	\$ 58,822
Employee stock options	2,531	2,245	4,776
Labour and health insurance fees	4,334	1,654	5,988
Pension costs	1,406	1,084	2,490
Directors' remuneration	-	7,211	7,211
Other personnel expenses	2,132	497	2,629
	<u>\$ 50,824</u>	<u>\$ 31,092</u>	<u>\$ 81,916</u>
	Nine months ended September 30, 2024		
	Cost	Expenses	Total
Wages and salaries	\$ 34,346	\$ 17,405	\$ 51,751
Employee stock options	2,540	2,253	4,793
Labour and health insurance fees	3,811	1,386	5,197
Pension costs	1,236	876	2,112
Directors' remuneration	-	6,709	6,709
Other personnel expenses	2,381	454	2,835
	<u>\$ 44,314</u>	<u>\$ 29,083</u>	<u>\$ 73,397</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 September 30	
	2025	2024
Employees' compensation	\$ 4,757	\$ 4,050
Directors' and supervisors' remuneration	2,379	2,025
	<u>\$ 7,136</u>	<u>\$ 6,075</u>
	Nine months ended September 30	
	2025	2024
Employees' compensation	\$ 12,542	\$ 11,538
Directors' and supervisors' remuneration	6,271	5,769
	<u>\$ 18,813</u>	<u>\$ 17,307</u>

The above-mentioned amounts were recognised in salary expenses.

For the nine months ended September 30, 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:

	Nine months ended September 30	
	2025	2024
Employees' compensation ratio	<u>3.00%</u>	<u>3.00%</u>
Directors' and supervisors' remuneration ratio	<u>1.50%</u>	<u>1.50%</u>

- 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 September 30	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 29,502	\$ 23,943
Prior year income tax underestimation (overestimation)	-	-
Total current tax	29,502	23,943
Deferred tax:		
Origination and reversal of temporary differences	782	1,844
Income tax expense	<u>\$ 30,284</u>	<u>\$ 25,787</u>
	Nine months ended September 30	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 84,543	\$ 66,731
Prior year income tax underestimation (overestimation)	(3,938)	(798)
Total current tax	80,605	65,933
Deferred tax:		
Origination and reversal of temporary differences	(4,676)	6,772
Income tax expense	<u>\$ 75,929</u>	<u>\$ 72,705</u>

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 September 30,2025</u>		
	<u>Amount after</u>	<u>Weighted</u> <u>average number</u> <u>of ordinary</u> <u>shares outstanding</u> <u>(share in thousands)</u>	<u>Earnings per</u> <u>share (in dollars)</u>
	<u>tax</u>		
<u>Basic earnings per share</u>			
Profit for the period	<u>\$ 121,136</u>	<u>77,992</u>	<u>\$ 1.55</u>
<u>Diluted earnings per share</u>			
Profit for the period	\$ 121,136	77,992	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	96	
Employees' compensation	<u>-</u>	<u>139</u>	
Profit plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 121,136</u>	<u>78,227</u>	<u>\$ 1.55</u>
	<u>Three months ended September 30,2024</u>		
	<u>Amount after</u>	<u>Weighted</u> <u>average number</u> <u>of ordinary</u> <u>shares outstanding</u> <u>(share in thousands)</u>	<u>Earnings per</u> <u>share (in dollars)</u>
	<u>tax</u>		
<u>Basic earnings per share</u>			
Profit for the period	<u>\$ 103,145</u>	<u>77,992</u>	<u>\$ 1.32</u>
<u>Diluted earnings per share</u>			
Profit for the period	\$ 103,145	77,992	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	189	
Employees' compensation	<u>-</u>	<u>123</u>	
Profit plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 103,145</u>	<u>78,304</u>	<u>\$ 1.32</u>

	Nine months ended September 30, 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	\$ 323,310	77,992	\$ 4.15
<u>Diluted earnings per share</u>			
Profit for the period	\$ 323,310	77,992	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	102	
Employees' compensation	-	176	
Profit plus assumed conversion of all dilutive potential ordinary shares	\$ 323,310	78,270	\$ 4.13

	Nine months ended September 30, 2024		
	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	\$ 294,610	77,992	\$ 3.78
<u>Diluted earnings per share</u>			
Profit for the period	\$ 294,610	77,992	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	278	
Employees' compensation	-	146	
Profit plus assumed conversion of all dilutive potential ordinary shares	\$ 294,610	78,416	\$ 3.76

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:

	Nine months ended September 30	
	2025	2024
Purchase of property, plant and equipment	\$ 18,605	\$ 133,833
Add: Opening balance of payable on equipment	2,858	42,211
Less: Ending balance of payable on equipment	(1,160)	(4,481)
Add: Ending balance of prepayment for equipment and construction	84,081	114,378
Less: Opening balance of prepayment for equipment and construction	(81,363)	(178,993)
Cash paid during the period	<u>\$ 23,021</u>	<u>\$ 106,948</u>

B. Changes in liabilities from financing activities

	2025			
	Long-term borrowings	Guarantee deposits received	Cash dividends paid	Liabilities from financing activities-gross
At January 1	\$ 343,904	\$ -	\$ -	\$ 343,904
Changes in cash flow from financing activities	(46,821)	-	(389,960)	(436,781)
Changes in other non-cash items	-	-	389,960	389,960
At September 30	<u>\$ 297,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,083</u>
	2024			
	Long-term borrowings	Guarantee deposits received	Cash dividends paid	Liabilities from financing activities-gross
At January 1	\$ 412,381	\$ 100	\$ 389,960	\$ 802,441
Changes in cash flow from financing activities	(43,051)	(100)	(389,960)	(433,111)
At September 30	<u>\$ 369,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,330</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 September 30	
	2025	2024
Raw materials purchased:		
CLEP ENTERPRISE CO., LTD.	\$ 59,403	\$ 46,472
	Nine months ended September 30	
	2025	2024
Raw materials purchased:		
CLEP ENTERPRISE CO., LTD.	\$ 159,228	\$ 128,156

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:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Notes payable:			
CLEP ENTERPRISE CO., LTD.	\$ 55,112	\$ 50,342	\$ 46,397
Accounts payable:			
CLEP ENTERPRISE CO., LTD.	\$ 23,152	\$ 19,528	\$ 15,119

The payables to related parties arose mainly from purchase transactions.

(3) Key management compensation

	Three months ended September 30	
	2025	2024
Short-term employee benefits	\$ 3,320	\$ 2,956
Post-employment benefits	8	8
	\$ 3,328	\$ 2,964
	Nine months ended September 30	
	2025	2024
Short-term employee benefits	\$ 9,398	\$ 8,907
Post-employment benefits	25	24
	\$ 9,423	\$ 8,931

8. Pledged Assets

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

<u>Pledged asset</u>	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>	<u>Purpose</u>
	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>	
Property, plant and equipment	\$ <u>777,985</u>	\$ <u>790,988</u>	\$ <u>795,323</u>	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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Property, plant and equipment	\$ <u>25,358</u>	\$ <u>32,681</u>	\$ <u>34,969</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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Cash and cash equivalents	\$ 491,461	\$ 713,641	\$ 644,651
Current financial assets at amortised cost	1,159,860	1,066,186	1,005,753
Notes receivable	9,411	15,889	21,105
Accounts receivable	209,841	204,469	191,514
Other receivables	7,567	5,314	7,227
Guarantee deposits paid	5,489	7,716	8,706
	<u>\$ 1,883,629</u>	<u>\$ 2,013,215</u>	<u>\$ 1,878,956</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Notes payable (including related parties)	\$ 89,420	\$ 73,434	\$ 71,508
Accounts payable (including related parties)	46,818	40,105	35,771
Other payables	59,880	63,679	57,723
Long-term borrowings	297,083	343,904	369,330
	<u>\$ 493,201</u>	<u>\$ 521,122</u>	<u>\$ 534,332</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:

September 30, 2025						
(Foreign currency: functional)	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
JPY:NTD	400,721	0.20	\$ 81,667	1%	\$ 817	-
USD:NTD	7,529	30.40	228,844	1%	2,288	-
EUR:NTD	2,830	35.57	100,663	1%	1,007	-
AUD:NTD	762	20.01	15,248	1%	152	-
GBP:NTD	380	40.77	15,493	1%	155	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 297	30.40	\$ 9,027	1%	\$ 90	-

December 31, 2024

**(Foreign currency:
functional**

	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		
				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	-

September 30, 2024

**(Foreign currency:
functional**

	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
JPY:NTD	\$ 518,824	0.22	\$ 114,141	1%	\$ 1,141	-
USD:NTD	4,339	31.60	137,112	1%	1,371	-
EUR:NTD	3,398	35.18	119,542	1%	1,195	-
AUD:NTD	149	21.83	3,253	1%	33	-
GBP:NTD	614	42.23	25,929	1%	259	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 212	31.60	\$ 6,699	1%	\$ 67	-

- 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 and nine months ended September 30, 2025 and 2024 amounted to gain of \$17,045 thousand, gain of \$15,591 thousand, gain of \$11,450 thousand and gain of \$22,380 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 nine months ended September 30, 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 September 30, 2025, December 31, 2024 and September 30, 2024, 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:

	<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 September 30	<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

September 30, 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	\$ 34,308	\$ -	\$ -	\$ -	\$ 34,308
Notes payable to related parties	55,112	-	-	-	55,112
Accounts payable	23,666	-	-	-	23,666
Accounts payable to related parties	23,152	-	-	-	23,152
Other payables	53,609	6,271	-	-	59,880
Long-term borrowings	19,899	59,485	221,889	-	301,273

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

September 30, 2024

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	Total
Notes payable	\$ 25,111	\$ -	\$ -	\$ -	\$ 25,111
Notes payable to related parties	46,397	-	-	-	46,397
Accounts payable	20,652	-	-	-	20,652
Accounts payable to related parties	15,119	-	-	-	15,119
Other payables	57,723	-	-	-	57,723
Guarantee deposits received	-	-	-	-	-
Long-term borrowings	25,968	28,913	293,939	-	348,820

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: Please refer to statement 1.
- 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

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

For the three months and nine months ended September 30, 2025 and 2024, the total segment profit (loss) was the same as the profit (loss) before tax from continuing operations, and there were no reconciling items.

Hsin Yung Chien Co., Ltd.

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Nine months ended September 30, 2025

Statement 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
HSIN YUNG CHIEN CO., LTD.	CLEP ENTERPRISE CO., LTD.	Other related parties	Purchases	\$ 159,228	28.03%	60 to 95 days after monthly billings	Note 3	Note 3	\$ 78,264	57.45%	

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Please refer to Note 7(2) for purchase transaction information with Hsin Yung Chien Co., Ltd.