

Federal Corporation
Parent Company Only Financial Statements and
Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

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Notice to readers

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.

Federal Corporation
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of the Parent Company Only Financial Statement
For the Years Ended December 31, 2025 and 2024

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Independent Auditors' Report

NO. 23931140A

To the Board of Directors and Shareholders of Federal Corporation:

Opinion

We have audited the accompanying parent company only balance sheets of Federal Corporation (the “Company”) as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (IESBA Code), and have fulfilled our other responsibilities under these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's parent company only financial

statements for 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the audit of the Company's parent company only financial statements for 2025 are as follows:

Fair value assessment of investment property of Investments accounted for using equity method

For the accounting policies of Investments accounted for using equity method, please refer to Note 4(7) to the parent company only financial statements. For the accounting policies for investment property, please refer to Note 4(9) to the parent company only financial statements.

The investment property of the subsidiary, Taixin Construction Co., Ltd., is measured at fair value. To support management in making reasonable estimates, the Company uses valuation reports from independent appraisal firms. As the valuation methods and parameters selected for the valuation involve many significant judgments and estimates, the fair value measurement of investment property has been identified as one of the key audit matters.

Our principal audit procedures performed were as follows:

1. Assessed the competence, capabilities, and objectivity of the real estate appraisers appointed by management to be responsible for fair value measurements.
2. Reviewed the fair value appraisal report to understand whether the appraisal methods and assumptions comply with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Regulations on Real Estate Appraisal, etc., and evaluated the relevance and reliability of the data sources and significant parameters used in the appraisal report, as well as the reasonableness of the appraisal results.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

Those charged with governance of the Company (including the Audit Committee) are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error; design and perform audit

procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. As fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Baker Tilly Clock & CO

CPA: _____

Peng, Li-Chen

CPA: _____

Lin, Chi-Ping

Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1050025873

Jin-Guan-Zheng-Shen-Zi No. 1100377905

March 3, 2026

Federal Corporation
Parent Company Only Balance Sheets
As of December 31, 2025 and 2024

Unit: NTD thousand

Assets		Note	December 31, 2025		December 31, 2024	
Code	Accounting item		Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 2,502,028	22	\$ 371,998	3
1136	Financial assets at amortized cost – current	6(2), 8	–	–	24,016	–
1150	Notes receivable	6(3)	11,470	–	11,279	–
1170	Accounts receivable	6(3)	56,811	1	52,227	–
1200	Other receivables	6(4), 7	237,703	2	288,815	3
1220	Income tax assets for the period	6(26)	4,802	–	3,463	–
130x	Inventories	6(5)	12,221	–	31,692	–
1410	Prepayments		14,150	–	36,187	–
1460	Non-current assets held for sale	6(6)	25,659	–	–	–
1470	Guarantee deposits paid	6(8)	347,500	3	–	–
11xx	Total current assets		3,212,344	28	819,677	6
	Non-current assets					
1550	Investments accounted for using equity method	6(7)	6,091,234	52	6,131,280	48
1600	Property, plant and equipment	6(8), 7, 8	3,360	–	3,796,308	30
1755	Right-of-use assets	6(9)	23,967	–	5,247	–
1780	Intangible assets	6(11)	1,549	–	3,641	–
1840	Deferred tax assets	6(26)	103,990	1	68,853	–
1920	Guarantee deposits paid	8	30,693	–	34,140	–
1900	Other non-current assets	6(12)	2,181,991	19	2,006,740	16
15xx	Total non-current assets		8,436,784	72	12,046,209	94
1xxx	Total assets		\$ 11,649,128	100	\$ 12,865,886	100

(Continued on next page)

Federal Corporation
Parent Company Only Balance Sheets (Continued)
As of December 31, 2025 and 2024

Unit: NTD thousand

Liabilities and equity		Note	December 31, 2025		December 31, 2024	
Code	Accounting item		Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6(13)	\$ -	-	\$ 681,000	6
2130	Contract liabilities – current	6(21)	18,333	-	24,672	-
2170	Accounts payable	6(14), 7	27,908	-	30,781	-
2200	Other payables	6(15), 7	132,864	1	20,339	-
2250	Provisions for liabilities – current	6(16)	28,703	-	28,848	-
2280	Lease liabilities – current	6(9)	58,523	1	3,138	-
2320	Current portion of long-term borrowings	6(17)	-	-	117,100	1
2300	Other current liabilities	7	31,235	-	5,286	-
21xx	Total current liabilities		297,566	2	911,164	7
	Non-current liabilities					
2540	Long-term borrowings	6(17)	-	-	3,709,903	29
2570	Deferred income tax liabilities	6(26)	428,412	4	436,575	4
2580	Lease liabilities – non-current	6(9)	348	-	2,176	-
2645	Guarantee deposits received		1,131	-	3,158	-
2670	Other non-current liabilities	6(12)	1,274,107	11	1,060,099	8
25xx	Total non-current liabilities		1,703,998	15	5,211,911	41
2xxx	Total liabilities		2,001,564	17	6,123,075	48
	Equity	6(19)				
3110	Ordinary shares		4,733,292	41	4,733,292	36
3200	Capital surplus		164,214	1	164,214	1
	Retained earnings					
3310	Legal reserve		736,014	6	736,014	6
3320	Special reserve		1,912,816	16	1,912,816	15
3350	Unappropriated accumulated deficit		(2,488,592)	(21)	(5,373,224)	(42)
3400	Other equity		4,772,855	41	4,752,734	37
3500	Treasury shares		(183,035)	(1)	(183,035)	(1)
3xxx	Total equity		9,647,564	83	6,742,811	52
	Total liabilities and equity		\$ 11,649,128	100	\$ 12,865,886	100

(Please refer to the accompanying Notes to the Parent Company Only Financial Statements)

Chairman: Kuo, Lin-Liang

Manager: Chung, Cheng-Yen

Accounting Supervisor: Li, Hsin-Yu

Federal Corporation

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

Code	Item	Note	2025		2024	
			Amount	%	Amount	%
4000	Operating revenue	6(21), 7	\$ 240,205	100	\$ 253,368	100
5000	Operating costs	6(5, 27), 7	(202,613)	(84)	(238,954)	(94)
5900	Gross profit from operations		37,592	16	14,414	6
6000	Operating expenses	6(27), 7				
6100	Selling expenses		(47,764)	(20)	(66,955)	(26)
6200	Administrative expenses		(185,238)	(77)	(109,217)	(43)
6300	Research and development expenses		(8,060)	(3)	(24,123)	(10)
6450	Expected credit (loss) gain	6(3)	(3,239)	(2)	2,275	1
	Total operating expenses		(244,301)	(102)	(198,020)	(78)
6900	Operating loss		(206,709)	(86)	(183,606)	(72)
7000	Non-operating income and expenses					
7100	Interest income	6(22), 7	17,796	7	31,367	12
7010	Other income	6(23), 7	8,346	4	59,070	23
7020	Other gains and losses	6(8, 24, 27), 7	3,296,698	1,372	(277,219)	(109)
7050	Finance costs	6(25), 7	(93,235)	(39)	(94,422)	(37)
7070	Share of profit or loss of subsidiaries accounted for using the equity method		(142,878)	(59)	20,875	8
	Total non-operating income and expenses		3,086,727	1,285	(260,329)	(103)
7900	Net profit (loss) before tax		2,880,018	1,199	(443,935)	(175)
7950	Income tax benefit (expense)	6(26)	4,614	2	(21,219)	(8)
8200	Net profit (loss) for the period		2,884,632	1,201	(465,154)	(183)
8300	Other comprehensive income					
8310	Items that will not be reclassified subsequently to profit or loss					
8332	Revaluation surplus from property, plant and equipment of subsidiaries accounted for using the equity method	6(19)	21,234	9	–	–
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign financial statements	6(19)	(1,113)	(1)	18,349	7
	Other comprehensive income (loss), net of tax		20,121	8	18,349	7
8500	Total comprehensive income (loss)		\$ 2,904,753	1,209	\$ (446,805)	(176)
	Earnings (loss) per share (NTD)	6(20)				
9750	Basic earnings (loss) per share		\$ 6.28		\$ (1.01)	

(Please refer to the accompanying Notes to the Parent Company Only Financial Statements)

Chairman: Kuo, Lin-Liang

Manager: Chung, Cheng-Yen

Accounting Supervisor: Li, Hsin-Yu

Federal Corporation
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

Item	Ordinary shares	Capital surplus	Retained earnings			Other equity items		Treasury shares	Total equity
			Legal reserve	Special reserve	Unappropriated accumulated deficit	Exchange differences on translation of foreign financial statements	Revaluation surplus from property		
Balance as of January 1, 2024	\$ 4,733,292	\$ 164,221	\$ 736,014	\$ 1,912,816	\$ (4,908,070)	\$ (188,814)	\$ 4,923,199	\$ (183,035)	\$ 7,189,623
Return of shareholder donation	-	(7)	-	-	-	-	-	-	(7)
Net loss for the period	-	-	-	-	(465,154)	-	-	-	(465,154)
Other comprehensive income (loss) for the period	-	-	-	-	-	18,349	-	-	18,349
Total comprehensive income (loss)	-	-	-	-	(465,154)	18,349	-	-	(446,805)
Balance as of December 31, 2024	\$ 4,733,292	\$ 164,214	\$ 736,014	\$ 1,912,816	\$ (5,373,224)	\$ (170,465)	\$ 4,923,199	\$ (183,035)	\$ 6,742,811
Balance as of January 1, 2025	\$ 4,733,292	\$ 164,214	\$ 736,014	\$ 1,912,816	\$ (5,373,224)	\$ (170,465)	\$ 4,923,199	\$ (183,035)	\$ 6,742,811
Net profit for the period	-	-	-	-	2,884,632	-	-	-	2,884,632
Other comprehensive income (loss) for the period	-	-	-	-	-	(1,113)	21,234	-	20,121
Total comprehensive income (loss)	-	-	-	-	2,884,632	(1,113)	21,234	-	2,904,753
Balance as of December 31, 2025	\$ 4,733,292	\$ 164,214	\$ 736,014	\$ 1,912,816	\$ (2,488,592)	\$ (171,578)	\$ 4,944,433	\$ (183,035)	\$ 9,647,564

(Please refer to the accompanying Notes to the Parent Company Only Financial Statements)

Chairman: Kuo, Lin-Liang

Manager: Chung, Cheng-Yen

Accounting Supervisor: Li, Hsin-Yu

Federal Corporation
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

Item	2025	2024
Cash flow from operating activities:		
Net profit (loss) before tax for the period	\$ 2,880,018	\$ (443,935)
Adjustments:		
Income and expense items		
Depreciation expense	82,932	182,282
Amortization expense	2,092	2,916
Expected credit loss (gain)	3,239	(2,275)
Interest expense	93,235	94,422
Interest income	(17,796)	(31,367)
Share of profit or loss of subsidiaries accounted for using the equity method	142,878	(20,875)
Gain on disposal of property, plant and equipment	(7,559)	–
Gain on disposal of non-current assets held for sale	(94,427)	–
Impairment loss on non-financial assets	876,574	183,262
Gain on lease modification	(7)	–
Gain on rights transferred in sale and leaseback transactions	(4,202,401)	–
Changes in operating assets and liabilities		
Notes receivable	(191)	(5,928)
Accounts receivable	(7,823)	(8,595)
Other receivables	(4,930)	3,352
Inventories	19,471	40,035
Prepayments	22,037	(10,444)
Contract liabilities	(6,339)	2,700
Accounts payable	(2,873)	4,965
Other payables	115,598	(28,364)
Provisions for liabilities	(145)	(63,200)
Other current liabilities	4,307	372
Cash outflow generated from operations	(102,110)	(100,677)
Interest received	19,075	31,684
Interest paid	(96,308)	(93,972)
Income taxes paid	(40,025)	(2,100)
Net cash flows used in operating activities	(219,368)	(165,065)

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Federal Corporation
Parent Company Only Statements of Cash Flows (Continued)

For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

Item	2025	2024
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	\$ (8,250)	\$ (12,016)
Disposal of financial assets at amortized cost	32,266	382,491
Acquisition of investments accounted for using equity method	–	(16,198)
Disposal of non-current assets held for sale	7,161,818	–
Acquisition of property, plant and equipment	–	(1,755)
Disposal of property, plant and equipment	8,201	–
Increase in guarantee deposits paid	(352,425)	(24,214)
Decrease in guarantee deposits paid	8,372	25,179
(Increase) Decrease in other receivables – related parties	(21,240)	5,470
Increase in other non-current assets	(175,251)	(299,839)
Increase in other non-current liabilities	214,008	–
Net cash inflow from investing activities	6,867,499	59,118
Cash flows from financing activities:		
(Decrease) Increase in short-term borrowings	(681,000)	281,000
Repayments of long-term borrowings	(3,827,003)	(117,100)
Increase in guarantee deposits received	–	669
Decrease in guarantee deposits received	(2,027)	–
Repayments of lease liabilities	(8,071)	(3,367)
Return of shareholder donation	–	(7)
Net cash flows from (used in) financing activities	(4,518,101)	161,195
Increase in cash and cash equivalents for the period	2,130,030	55,248
Cash and cash equivalents at beginning of period	371,998	316,750
Cash and cash equivalents at end of period	\$ 2,502,028	\$ 371,998

(Please refer to the accompanying Notes to the Parent Company Only Financial Statements)

Chairman: Kuo, Lin-Liang

Manager: Chung, Cheng-Yen

Accounting Supervisor: Li, Hsin-Yu

Federal Corporation

Notes to the Parent Company Only Financial Statement

For the Years Ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

1. Company History

Federal Corporation (the "Company") was established in November 1955, originally named Federal Rubber Industrial Co., Ltd., and changed its name to Federal Corporation in October 1969. The Company's shares have been listed and traded on the Taiwan Stock Exchange (TWSE) since July 1979. The Company is primarily engaged in the sale of automobile tires and rubber, as well as real estate development and leasing.

These parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

2. Approval Date and Procedures of the Financial Statements

These parent company only financial statements were approved by the Board of Directors on March 3, 2026.

3. New Standards, Amendments, and Interpretations Adopted

- (1) Impact of the adoption of newly issued or amended International Financial Reporting Standards (IFRS) Accounting Standards endorsed and issued into effect by the Financial Supervisory Commission (FSC)
-

The following table summarizes the newly issued, amended, and revised standards and interpretations of IFRS Accounting Standards applicable in 2025 that have been endorsed and issued into effect by the FSC:

New, revised or amended standards and interpretations	Effective date issued by International Accounting Standards Board (IASB)
Amendments to IAS 21, <i>Lack of exchangeability</i>	January 1, 2025

The application of the above standards and interpretations has no material impact on the Company's financial position and financial performance.

(2) Effects of newly issued or amended IFRS Accounting Standards endorsed by FSC but not yet adopted

The following table summarizes the newly issued, amended, and revised standards and interpretations of IFRS Accounting Standards endorsed by the FSC that are applicable in 2026:

New, revised or amended standards and interpretations	Effective date issued by IASB
Amendments to IFRS 9 and IFRS 7, <i>Amendments to the Classification and Measurement of Financial Instruments</i>	January 1, 2026
Amendments to IFRS 9 and IFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>	January 1, 2026
IFRS 17, <i>Insurance Contracts</i>	January 1, 2023
Amendments to IFRS 17, <i>Insurance Contracts</i>	January 1, 2023
Amendments to IFRS 17, <i>Initial Application of IFRS 17 and IFRS 9—Comparative Information</i>	January 1, 2023
<i>Annual Improvements to IFRS Accounting Standards—Volume 11</i>	January 1, 2026

The Company has assessed that the aforementioned standards and interpretations have no material impact on the Company's financial position and financial performance.

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

The following table summarizes the newly issued, amended, and revised standards and interpretations that have been issued by the IASB but have not

yet been incorporated into the IFRS Accounting Standards endorsed by the FSC:

New, revised or amended standards and interpretations	Effective date issued by IASB
Amendments to IFRS 10 and IAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined by the IASB
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	January 1, 2027 (Note)
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	January 1, 2027
Amendments to IAS 21, <i>Translation to a Hyperinflationary Presentation Currency</i>	January 1, 2027

Note: The FSC announced in a press release on September 25, 2025, that public companies shall apply IFRS 18 starting from 2028; in addition, if a company has a need for early adoption of IFRS 18, it may also choose to do so once IFRS 18 is endorsed by the FSC.

Except as explained below, the Company has assessed that the above standards and interpretations have no material impact on the Company's financial position and financial performance.

IFRS 18, *Presentation and Disclosure in Financial Statements*, replaces IAS 1 and updates the structure in the statement of comprehensive income, adds disclosures for management performance measures, and strengthens the principles of aggregation and disaggregation applied to the primary financial statements and notes.

4. Summary of Significant Accounting Policies

(1) Compliance statement

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

These parent company only financial statements have been prepared on the historical cost basis.

The preparation of parent company only financial statements requires the use of certain critical accounting estimates. It also requires management to

exercise its judgment in the process of applying the Company's accounting policies. Items involving a high degree of judgment or complexity, or items involving significant assumptions and estimates relative to the parent company only financial statements, are disclosed in Note 5.

In preparing its parent company only financial statements, the Company accounts for its investments in subsidiaries using the equity method. To ensure that the profit or loss, other comprehensive income, and equity for the year in these parent company only financial statements are the same as the profit or loss, other comprehensive income, and equity attributable to owners of the Company for the year in the Company's consolidated financial statements, certain differences in accounting treatment between the parent company only basis and the consolidated basis are adjusted through "investments accounted for using equity method", "share of profit or loss of subsidiaries accounted for using the equity method", "share of other comprehensive income of subsidiaries accounted for using the equity method", and related equity items.

(3) Criteria for classifying assets and liabilities as current or non-current

i. Assets that meet any of the following conditions shall be classified as current assets; assets that do not belong to current assets are non-current assets:

(i) Expected to be realized, or is intended to be sold or consumed, in its normal operating cycle.

(ii) Held primarily for the purpose of trading.

(iii) Expected to be realized within 12 months after the balance sheet date.

(iv) Cash or Cash equivalents, unless restricted from being exchanged

or used to settle a liability for at least 12 months after the balance sheet date.

ii. Liabilities that meet any of the following conditions shall be classified as current liabilities; liabilities that do not belong to current liabilities are non-current liabilities:

(i) Expected to be settled in its normal operating cycle.

(ii) Held primarily for the purpose of trading.

(iii) Due to be settled within 12 months after the balance sheet date (even if a long-term refinancing or a rescheduling of payment agreement is completed after the balance sheet date and before the date the financial report is authorized for issue, it shall still be classified as current liabilities).

(iv) For which the entity does not have a substantive right to defer settlement for at least 12 months after the balance sheet date.

(4) Foreign currencies

In preparing the financial statements, transactions of the Company in currencies other than the Company's functional currency (foreign currencies) are recorded by converting them to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency monetary items are translated at the closing rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or from translating monetary items are recognized in profit or loss in the period in which they arise.

Foreign currency non-monetary items measured at fair value are translated at the exchange rate on the date when the fair value was determined, and the

resulting exchange differences are recognized in profit or loss for the period; however, for those whose changes in fair value are recognized in other comprehensive income, the resulting exchange differences are recognized in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction and are not retranslated.

In the preparation of the parent company only financial statements, the assets and liabilities of foreign operations (including subsidiaries in countries where the operations are located or whose currencies used are different from that of the Company) are translated into New Taiwan dollars at the exchange rates at each balance sheet date. Income and expense items are translated at the average exchange rates for the period, and the resulting exchange differences are recognized in Other comprehensive income.

(5) Inventories

Inventories are measured at the lower of cost and net realizable value. Inventories are calculated based on the weighted average method. Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

(6) Non-current assets held for sale

The carrying amount of non-current assets is classified as held for sale if it is expected to be recovered principally through a sale transaction rather than through continuing use. Non-current assets meeting this classification must be available for immediate sale in their present condition and their sale must be highly probable. A sale is considered highly probable when the

appropriate level of management is committed to a plan to sell the asset, and the sale is expected to be completed within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and depreciation of such assets is ceased.

(7) Investments accounted for using equity method

The Company accounts for its investments in subsidiaries using the equity method.

Subsidiaries are entities over which the Company has control. Under the equity method, an investment is initially recognized at cost. After the date of acquisition, the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary and to reflect distributions received. In addition, changes in the Company's share of the subsidiary's other equity are recognized in proportion to its shareholding.

Changes in the Company's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary (which includes the carrying amount of the investment in the subsidiary under the equity method and any other long-term interests that, in substance, form part of the Company's net

investment in the subsidiary), the Company continues to recognize its share of further losses.

The excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as Goodwill. Such goodwill is included in the carrying amount of the investment and is not amortized.

The excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition over the cost of acquisition is recognized as income for the current period.

When assessing for impairment, the Company considers the cash-generating unit on a financial statement-wide basis and compares its recoverable amount with its carrying amount. If the recoverable amount of an asset subsequently increases, the reversal of the Impairment loss is recognized as a gain, provided that the carrying amount of the asset after the reversal of the Impairment loss does not exceed the carrying amount that would have been determined, net of amortization, had no Impairment loss been recognized for the asset. Impairment loss attributable to goodwill shall not be reversed in subsequent periods.

When control of a subsidiary is lost, the Company measures any retained investment in the former subsidiary at its fair value on the date when control is lost. The difference between the fair value of the retained investment plus any proceeds from disposal and the carrying amount of the investment at the date control is lost is recognized in profit or loss for the period. In addition, the accounting treatment for all amounts recognized in other comprehensive income in relation to that subsidiary is the same as the basis that must be followed if the Company had directly disposed of the related assets or

liabilities.

Unrealized profits and losses from downstream transactions between the Company and its subsidiaries are eliminated in the parent company only financial statements. Profits and losses resulting from upstream and sidestream transactions between the Company and its subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

(8) Property, plant and equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated Impairment loss.

Property, plant and equipment under construction are recognized at cost less accumulated Impairment loss. Cost includes professional fees and borrowing costs that meet the capitalization criteria.

Samples produced while testing whether such assets are functioning properly before reaching their intended use state are measured at the lower of cost and net realizable value, and the sales proceeds and costs thereof are recognized in profit or loss.

When such assets are completed and reach their intended state of use, they are classified into the appropriate category of property, plant and equipment and depreciation begins to be recognized.

Except for land, which is not depreciated, other property, plant and equipment are depreciated on a straight-line basis over their useful lives for each significant part separately. The Company reviews the estimated useful lives, residual values, and depreciation methods at least at each financial year-end, and the effect of any changes in accounting estimates is accounted for on a prospective basis.

Upon derecognition of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized

in profit or loss.

(9) Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property also includes land held for a currently undetermined future use.

Owned investment properties are initially measured at cost (including transaction costs). Investment properties are subsequently measured using the fair value model, and changes in fair value are recognized in profit or loss in the period in which they arise.

When real estate of property, plant and equipment is reclassified from owner-occupied to investment property, the difference between the original carrying amount and the fair value is recognized in other comprehensive income and accumulated in equity under the revaluation surplus item, and is transferred directly to retained earnings upon derecognition of the asset.

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

(10) Intangible assets

i. Acquired separately

Acquired separately with finite useful lives are initially measured at cost, and subsequently measured at cost less accumulated amortization and accumulated Intangible assets. Intangible assets is amortized on a straight-line basis over its useful life. The Company reviews the estimated useful life, residual value, and amortization method at least at each financial year-end, and the effect of any changes in accounting estimates is

accounted for on a prospective basis.

ii. Derecognition

Upon derecognition of Intangible assets, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(11) Impairment of non-financial assets

At each balance sheet date, the Company assesses whether there is any indication that property, plant and equipment, right-of-use assets, and intangible assets may be impaired. If any indication of impairment exists, the recoverable amount of the asset shall be estimated. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an individual asset or a cash-generating unit is lower than its carrying amount, the carrying amount of the asset or cash-generating unit shall be reduced to its recoverable amount, and Impairment loss is recognized in profit or loss.

When impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined had no Impairment loss been recognized for the asset or cash-generating unit in prior years. Reversals of Impairment loss are recognized in profit or loss.

(12) Financial instruments

Financial assets and financial liabilities are recognized on the parent company only balance sheet when the Company becomes a party to the contractual provisions of the instrument.

When a financial asset or financial liability is recognized initially, it is measured at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

i. Financial assets

Regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

(i) Measurement categories

The types of financial assets held by the Company are financial assets at amortized cost.

Financial assets invested by the Company that simultaneously meet the following two conditions are classified as financial assets at amortized cost:

A. Held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

Financial assets at amortized cost (including cash and cash equivalents, notes receivable measured at amortized cost, accounts receivable, and other receivables) are, after initial recognition, measured at amortized cost, which is the gross carrying amount determined using the effective interest method less any Impairment loss. Any foreign exchange gains or losses are recognized in profit or loss.

Except for the following two circumstances, Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

A. For purchased or originated credit-impaired financial assets, Interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

B. For financial assets that are not purchased or originated credit-impaired but subsequently become credit-impaired, Interest revenue shall be calculated by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period after the credit impairment.

Cash equivalents includes time deposits and repurchase agreements with a maturity of three months or less from the date of acquisition, which are highly liquid, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments.

(ii) Impairment of financial assets

A. At each balance sheet date, the Company assesses the impairment loss for financial assets at amortized cost (including accounts receivable) based on expected credit losses.

B. A loss allowance is recognized for accounts receivable based on

lifetime expected credit losses (ECLs). For other financial assets, an assessment is first made as to whether credit risk has increased significantly since initial recognition. If it has not increased significantly, a loss allowance is recognized based on 12-month ECLs. If it has increased significantly, a loss allowance is recognized based on lifetime ECLs.

C. ECLs are a probability-weighted estimate of credit losses with the respective risks of a default occurring as the weights. 12-month ECLs represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date, whereas lifetime ECLs represents the ECLs that result from all possible default events over the expected duration of a financial instrument.

The Impairment loss of all financial assets is reduced by an allowance account to adjust their carrying amounts.

(iii) Derecognition of financial assets

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

On derecognition of a financial asset measured at amortized cost in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss.

ii. Financial liabilities and equity Instruments

(i) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance

of the contractual arrangements and the definitions of financial liabilities and equity.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the amount of consideration received, net of direct issuance costs.

The reacquisition of the Company's own equity instruments is recognized in and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the Company's own equity instruments.

(ii) Financial liabilities

Financial liabilities not held for trading and not designated as at fair value through profit or loss (including payables) are measured at fair value plus directly attributable transaction costs upon initial recognition; subsequent measurement is at amortized cost using the effective interest method.

(iii) Derecognition of financial liabilities

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

(13) Provisions for liabilities

The Company recognizes provisions for liabilities when it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as provisions for liabilities is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties

surrounding the obligation. Provisions for liabilities are measured by discounting the estimated cash flows required to settle the obligation.

(14) Revenue recognition

i. Revenue from the sale of goods

Revenue from the sale of goods is derived from the manufacture and sale of tire-related products. Sales revenue is recognized when control of the products is transferred to the customer, which occurs when the products are delivered to the customer and there are no unfulfilled performance obligations on the part of the Company that could affect the customer's acceptance of the products. Revenue and accounts receivable are recognized when the goods are delivered to the location designated by the customer, at which point the customer has the right to determine the price and use of the goods, bears the primary responsibility for resale, and assumes the risk of obsolescence. Advances received before the delivery of goods are recognized as contract liabilities.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of estimated customer returns, rebates, and other similar allowances. The Company estimates potential sales returns and allowances based on historical experience and other known factors, and recognizes refund liabilities and related rights to returned products accordingly.

The Company provides a standard warranty for the products sold and has an obligation to provide refunds for defective products, which is recognized as as provisions for liabilities at the time of sale.

ii. Rental revenue

Lease payments, net of lease incentives, are recognized as income on a

straight-line basis over the relevant lease term during the period of the lease agreement.

(15) Leases (as lessee)

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

Except for lease payments for leases of low-value underlying assets and short-term leases to which recognition exemptions are applied, which are recognized as an expense on a straight-line basis over the lease term, all other leases are recognized as right-of-use assets and lease liabilities at the commencement date of the lease.

Right-of-use assets are initially measured at cost (including the initial measurement amount of the lease liability, lease payments made at or before the commencement date less any lease incentives received, initial direct costs, and an estimate of costs to be incurred in restoring the underlying asset), and subsequently measured at cost less any accumulated depreciation and accumulated Impairment loss, and adjusted for any remeasurement of the lease liability.

Right-of-use assets are presented separately in the parent company only balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments. If the interest rate implicit in the lease is readily determinable, the lease payments shall be discounted using that rate. If that rate cannot be readily determined, the lessee's incremental borrowing rate shall be used.

Subsequently, lease liabilities are measured on an amortized cost basis using

the effective interest method, and Interest expense is allocated over the lease term. If a change in the lease term or a change in an index or rate used to determine lease payments results in a change in future lease payments, the Company remeasures the lease liability and makes a corresponding adjustment to right-of-use assets; however, if the carrying amount of the right-of-use assets has been reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that are not accounted for as a separate lease, the remeasurement of the lease liability resulting from a decrease in the scope of the lease reduces right-of-use assets, and the gain or loss relating to the partial or full termination of the lease is recognized; the remeasurement of the lease liability resulting from other modifications adjusts right-of-use assets. Lease liabilities are presented separately in the parent company only balance sheet. A sale-and-leaseback transaction is assessed in accordance with the requirements of IFRS 15 to determine whether the transfer of an asset to a buyer-lessor satisfies the requirements to be accounted for as a sale. If the transfer is determined to be a sale, the asset is derecognized, and the gain or loss related to the rights transferred to the buyer-lessor is recognized. The leaseback transaction is subject to the lessee accounting model, and the right-of-use assets is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained; if the transfer is determined not to satisfy the requirements for treatment as a sale, the transferred asset continues to be recognized and the consideration received is recognized as a financial liability.

(16) Employee benefits

i. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount expected to be paid and are recognized as an expense when the related

service is provided.

ii. Pension

For defined contribution plans, the amount of retirement funds to be contributed is recognized as pension expense for the current period on an accrual basis. Prepaid contributions are recognized as an asset to the extent that they are refundable in cash or available as a reduction in future payments.

iii. Termination benefits

Termination benefits are benefits provided in exchange for the termination of an employee's employment as a result of either the Company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Company recognizes an expense at the earlier of when it can no longer withdraw the offer of termination benefits or when it recognizes the related restructuring costs, whichever comes first. Benefits that are not expected to be settled wholly within 12 months after the balance sheet date are discounted.

(17) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset until substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

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

Except as described above, all other borrowing costs are recognized in profit

or loss in the period in which they are incurred.

(18) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

i. Current income tax

The Company determines current income (loss) in accordance with the Income Tax Act of the Republic of China to calculate the income tax payable (recoverable).

The additional income tax on unappropriated retained earnings calculated in accordance with the provisions of the Income Tax Act of the Republic of China (ROC) is recognized in the year of the shareholders' resolution.

Adjustments to income tax payable for prior years are included in current income tax.

ii. Deferred income tax

Deferred income tax is calculated based on the temporary differences arising between the carrying amounts of assets and liabilities in the accounts and their tax bases used in the computation of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or loss carryforwards can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the timing of the reversal of the temporary

difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments are recognized as deferred income tax assets only to the extent that it is probable that sufficient taxable profit will be available against which the temporary differences can be utilized, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. Items previously not recognized as deferred income tax assets are also re-examined at each balance sheet date, and the carrying amount is increased to the extent that it becomes probable that future taxable income will be available to allow all or part of the asset to be recovered.

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

iii. Current and deferred income tax

Current and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the current and deferred income tax are also recognized in other comprehensive income or directly in

equity, respectively.

5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

In applying the accounting policies described in Note 4, management must make judgments, estimates, and assumptions regarding the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. If a revision to an accounting estimate affects only the current period, it is recognized in the period of the revision. If a revision to an accounting estimate affects both the current and future periods, it is recognized in the period of the revision and in future periods.

The significant accounting assumptions and judgments, and major sources of estimation uncertainty of the Company are as follows:

(1) Valuation of inventories

As inventories must be measured at the lower of cost and net realizable value, the Company must exercise judgment and estimation to determine the net realizable value of inventories at the end of the financial reporting period.

Due to the rapid pace of change in the industry, the Company assesses the amount of inventory for normal wear and tear, obsolescence, or lack of market value at the end of the financial reporting period, and writes down the cost of inventory to its net realizable value. This inventory valuation is primarily based on estimates of product demand within a specific future period; therefore, material changes may occur.

(2) Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Company's

assumptions regarding default rates and expected loss rates. The Company considers historical experience, current market conditions, and forward-looking information to make assumptions and select inputs for impairment assessment. Please refer to Note 6(3) for the significant assumptions and inputs adopted. If actual future cash flows are less than expected, a material Impairment loss may arise.

(3) Impairment assessment of non-financial assets

In the process of assessing asset impairment, the Company must rely on subjective judgment and, based on asset usage patterns and industry characteristics, determine the independent cash flows, useful lives of assets, and future potential income and expenses of specific asset groups. Any changes in estimates resulting from changes in economic conditions or corporate strategy may cause material impairment or reversal of a previously recognized Impairment loss in the future.

6. Details of Significant Accounting Items

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Demand and checking deposits	\$ 2,338,510	\$ 33,394
Cash equivalents (investments with maturities within 3 months)		
Time deposits	143,210	333,686
Bills under repurchase agreements	20,308	4,918
Total	<u>\$ 2,502,028</u>	<u>\$ 371,998</u>

The financial institutions with which the Company deals are of good credit quality, and the Company deals with a number of financial institutions to diversify credit risk; the possibility of default is expected to be very low.

(2) Financial assets at amortized cost

	December 31, 2025	December 31, 2024
<u>Current</u>		
Domestic investment		
Bank deposits in	\$ -	\$ 24,016
Interest rate range	—	0.705%

For information on current financial assets at amortized cost provided as collateral, please refer to Note 8.

(3) Notes and accounts receivable

	December 31, 2025	December 31, 2024
<u>Notes receivable</u>		
Arising from operations	\$ 11,470	\$ 11,279
<u>Accounts receivable</u>		
Measured at amortized cost		
Gross carrying amount	\$ 63,484	\$ 59,174
Less: Loss allowance	(6,673)	(6,947)
	<u>\$ 56,811</u>	<u>\$ 52,227</u>

- i. The Company considers that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. A default is considered to have occurred when contractual payments are more than 90 days past due. To mitigate credit risk, the Company's management has assigned a dedicated team to be responsible for determining credit limits, approving credit, and other monitoring procedures to ensure that appropriate actions are taken to recover overdue accounts receivable. In addition, at the balance sheet date, the Company reviews the recoverable amount of each accounts receivable individually to ensure that an appropriate Impairment loss has been provided for uncollectible accounts receivable.
- ii The Company recognizes loss allowance for notes and accounts receivable in accordance with lifetime ECLs. Lifetime ECLs is calculated using a provision matrix. The Company considers customers' past default records and current financial positions, as well as industrial and economic conditions, while also taking into account macroeconomic and industry outlooks, to categorize individual customers into different risk groups and recognize a loss allowance based on the expected loss rate of each group.
- iii If there is evidence that a counterparty is in severe financial difficulty and the Company cannot reasonably expect to recover the amount, the Company directly writes off the relevant accounts receivable. However, it will continue its recourse activities, and any amounts recovered from such activities are recognized in profit or loss.
- iv The Company's loss allowance for accounts receivable is as follows:

December 31, 2025							
	Not past due	1–30 days past due	31–90 days past due	91–180 days past due	181–365 days past due	More than 366 days past due	Total
ECL rate	0.51%	4.3%	16.79%– 27.82%	38.53%– 53.89%	61.18%– 79.43%	100%	
Gross carrying amount	\$ 44,246	\$ 8,483	\$ 3,849	\$ -	\$ 5,107	\$ 1,799	\$ 63,484
Loss allowance (lifetime ECLs)	(227)	(365)	(646)	-	(3,636)	(1,799)	(6,673)
Amortized cost	\$ 44,019	\$ 8,118	\$ 3,203	\$ -	\$ 1,471	\$ -	\$ 56,811

December 31, 2024							
	Not past due	1–30 days past due	31–90 days past due	91–180 days past due	181–365 days past due	More than 366 days past due	Total
ECL rate	0.36%	3.01%	13.68%– 23.62%	33.42%– 46.47%	53.30%– 75.75%	100%	
Gross carrying amount	\$ 46,346	\$ 171	\$ 5,694	\$ 1,448	\$ -	\$ 5,515	\$ 59,174
Loss allowance (lifetime ECLs)	(164)	(5)	(779)	(484)	-	(5,515)	(6,947)
Amortized cost	\$ 46,182	\$ 166	\$ 4,915	\$ 964	\$ -	\$ -	\$ 52,227

v. The information on changes in the loss allowance for notes and accounts receivable is as follows:

	2025	
	Notes receivable	Accounts receivable
Balance at January 1	\$ -	\$ 6,947
Impairment loss recognized for the period	-	3,239

Write-offs for the period	–	(3,513)
Balance at December 31	\$ -	\$ 6,673

	2024	
	Notes receivable	Accounts receivable
Balance at January 1	\$ -	\$ 40,443
Reversal of impairment loss for the period	–	(2,275)
Write-offs for the period	–	(31,221)
Balance at December 31	\$ -	\$ 6,947

(4) Other receivables

	December 31, 2025	December 31, 2024
Accrued revenue	\$ 577	\$ 1,856
VAT refundable	3,005	337
Receivables from disposal of equipment	8,763	–
Other receivables – others	1,936	1,729
Other receivables – related parties	223,422	284,893
Total	\$ 237,703	\$ 288,815

(5) Inventories

	December 31, 2025	December 31, 2024
Merchandise inventory	\$ 12,221	\$ 31,692

Inventory-related expenses and losses recognized in the period are as follows:

	2025	2024
Cost of sales of inventories	\$ 219,157	\$ 224,446
Loss on inventory write-down (reversal gain)	(49,683)	7,638
Others	33,139	6,870

Total	\$ 202,613	\$ 238,954
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i. The reversal of the net realizable value of the Company's inventories for 2025 was primarily due to the sale of inventories for which a write-down had been recognized in prior years.

ii. Other inventory-related gains and losses include gains from the sale of raw materials, gains and losses on physical inventory counts, and inventory scrap.

(6) Non-current assets held for sale

	December 31, 2025	December 31, 2024
Machinery and equipment	\$ 853,618	\$ -
Office equipment	89,183	-
Other equipment	19,980	-
Less: Accumulated depreciation	(566,346)	-
Less: Accumulated impairment	(370,776)	-
Total	\$ 25,659	\$ -

The Company entered into an equipment sale and purchase agreement with Hong Kong Fortune Genesis Limited on July 24, 2025, to sell Guanyin Plant production equipment for a total transaction amount of US\$6,383 thousand, with payments to be collected in installments in accordance with the terms of the agreement.

(7) Investments accounted for using equity method

Investment in subsidiaries

	December 31, 2025	December 31, 2024
Non-publicly traded companies		
Taixin Construction Co., Ltd.	\$ 5,203,810	\$ 5,347,780
Rongcheng Development Co.,	170,204	170,584

Fu Cheng Development Co.,	84,329	84,391
Federal International Holding	632,891	528,525
Total	<u>\$ 6,091,234</u>	<u>\$ 6,131,280</u>

The Company's ownership interests and percentages of voting rights in its subsidiaries as of the balance sheet date are as follows:

Subsidiary	Ownership interest held by the Company (%)	
	December 31, 2025	December 31, 2024
Taixin Construction Co., Ltd.	100%	100%
Rongcheng Development Co., Ltd.	100%	100%
Fu Cheng Development Co., Ltd.	100%	100%
Federal International Holding Inc.	100%	100%

For information on the business nature, principal business location, and country of incorporation of the above-mentioned investee subsidiaries and associates, please refer to Table 5, "Investee, Location and Other Related Information," and Table 6, "Information on Investments in Mainland China".

(8) Property, plant and equipment

Item	2025					Balance at December 31
	Balance at January 1	Additions	Disposal	Reclassification		
<u>Cost</u>						
Land	\$ 1,410,177	\$ -	\$ -	\$(1,410,177)	\$ -	
Buildings and structures	1,356,403	-	-	(1,356,403)	-	
Machinery and equipment	4,356,469	-	-	(4,356,469)	-	
Transportation equipment	86,793	-	(46,394)	(40,399)	-	
Office equipment	182,378	-	-	(182,378)	-	
Other equipment	871,435	-	(171,888)	-	699,547	
Construction in progress	110,383	-	-	(110,383)	-	
Subtotal	<u>8,374,038</u>	<u>-</u>	<u>(218,282)</u>	<u>(7,456,209)</u>	<u>699,547</u>	
<u>Accumulated depreciation</u>						
Buildings and structures	215,936	15,173	-	(231,109)	-	
Machinery and equipment	1,775,002	53,260	-	(1,828,262)	-	
Transportation equipment	79,750	2,314	(45,605)	(36,459)	-	
Office equipment	155,273	1,879	-	(157,152)	-	

and the Extraordinary Shareholders' Meeting on July 1, 2025, that based on considerations of operational strategy adjustments and production capacity allocation, it has decided to permanently close the Guanyin Plant and proceed with asset revitalization and disposal, while simultaneously authorizing the Board of Directors with full authority to handle relevant matters.

Due to the aforementioned permanent closure of the Guanyin Plant and in consideration of asset revitalization and disposal, the Company recognized an impairment loss of NT\$876,574 thousand for the period from January 1, 2025 to June 30, 2025, based on the expected recoverable amount from an external independent expert's appraisal report. The expected recoverable amount in the appraisal report is based on the cost approach, which first estimates the reproduction cost (or replacement cost) and then considers the current usage status, physical wear and tear, functional depreciation, and economic obsolescence of the subject matter to calculate the depreciated reproduction cost (or replacement cost), based on which the reasonable asset value is estimated.

iii. The Company entered into the Guanyin Plant Real Estate Sale and Purchase Agreement with Delta Electronics, Inc. on July 1, 2025, and subsequently entered into the Guanyin Plant Production Equipment Sale and Purchase Agreement with Hong Kong Fortune Genesis Limited on July 24, 2025. Upon assessment that the land, plant, and equipment met the criteria for being held for sale, the Company classified the aforementioned related assets as non-current assets held for sale in July 2025. As the sale proceeds are expected to exceed the carrying amount of the relevant net assets, no Impairment loss was required to be recognized

when such assets were classified as non-current assets held for sale.

In order to effectively revitalize assets and generate income, the Company entered into a real estate sale and purchase agreement with Delta Electronics, Inc. on July 1, 2025, to sell the land and plant located at Guanyin Plant, for a total transaction amount of NT\$6,950,000 thousand (including tax). The consideration is collected in installments according to the agreement and remitted into the designated bank trust account; the registration of the transfer of rights for the relevant land and buildings was completed in December 2025. In addition, on December 15, 2025, the Company leased back a portion of the aforementioned land and plant for a term of 6.5 months, with monthly lease payments of NT\$1,000 thousand, and paid a guarantee deposit of NT\$347,500 thousand in accordance with the agreement. The gains recognized from the aforementioned sale-and-leaseback transactions based on the rights transferred totaled NT\$4,202,401 thousand, which are presented under the item "other gains and losses".

iv. For information on property, plant and equipment pledged as collateral, please refer to Note 8.

(9) Lease agreements (as lessee)

i. Right-of-use assets

(i) The information on carrying amount of right-of-use assets and recognized depreciation expense are as follows:

	December 31, 2025	December 31, 2024
Carrying amount of right-of-use assets		
Buildings and structures	\$ 22,934	\$ 2,706
Transportation equipment	1,033	2,541
Total	<u>\$ 23,967</u>	<u>\$ 5,247</u>

	2025	2024
Depreciation expense of right-of-use assets		
Buildings and structures	\$ 3,594	\$ 1,761
Transportation equipment	1,128	1,625
Total	<u>\$ 4,722</u>	<u>\$ 3,386</u>

(ii) The additions to right-of-use assets of the Company for 2025 and 2024 were NT\$23,822 thousand and NT\$924 thousand, respectively.

(iii) Except for the additions and depreciation expense listed above, there were no material subleases or impairments of the Company's right-of-use assets in 2025 and 2024.

ii. Lease liabilities

	December 31, 2025	December 31, 2024
Carrying amount of lease liabilities		
Current	\$ 58,523	\$ 3,138
Non-current	<u>\$ 348</u>	<u>\$ 2,176</u>

The range of discount rates for lease liabilities is as follows:

	December 31, 2025	December 31, 2024
Buildings and structures	2.04%–2.46%	2.04%
Transportation equipment	1.55%–2.51%	1.55%–2.51%

iii. Significant leasing activities and terms

The underlying assets leased by the Company include buildings and official vehicles, with lease terms typically ranging from 6.5 months to 6 years. Lease contracts are negotiated on an individual basis and contain a wide variety of terms and conditions; no other restrictions are imposed, except that the leased assets may not be used as security for borrowing purposes.

iv. Other lease information

	2025	2024
Expenses on short-term leases	\$ 642	\$ 559
Expenses on leases of low-value assets	\$ -	\$ -
Total cash outflows for leases	\$ 8,846	\$ 4,052

The Company has elected to apply the recognition exemption to leases of land, buildings, and transportation equipment that qualify as short-term leases, and to certain office equipment leases that qualify as low-value asset leases, and does not recognize the related right-of-use assets and lease liabilities for such leases.

v. Sale-and-leaseback

In July 2025, the Company entered into a contract to sell the Guanyin Plant it held and partially lease it back for a term of 6.5 months. This transaction allows the Company to retain the right-of-use of the plant while also replenishing its working capital.

(10) Lease agreements (as lessor)

i. The assets leased out by the Company are buildings. The terms of the lease contracts range from less than 1 year to 1 year. The lease contracts are negotiated on an individual basis and contain a variety of different terms and conditions. To preserve the usage status of the leased assets, lessees are typically required to comply with restrictions and covenants such as not subleasing, sub-letting, or pledging the whole or any part of the leased subject matter.

ii. The income recognized by the Company under operating lease contracts is as follows:

	2025	2024
Rental income	\$ 2,003	\$ 6,634

iii. A maturity analysis of the total lease payments receivable by the Company under operating leases is as follows:

	December 31, 2025	December 31, 2024
Year 1	\$ 30	\$ 260

(11) Intangible assets

2025					
Item	Balance at January 1	Additions	Disposal	Reclassification	Balance at December 31
<u>Cost</u>					
Computer software	\$ 117,638	\$ -	\$ -	\$ -	\$ 117,638
<u>Accumulated amortization</u>					
Computer software	113,997	2,092	-	-	116,089
Net amount	\$ 3,641	\$ (2,092)	\$ -	\$ -	\$ 1,549
2024					
Item	Balance at January 1	Additions	Disposal	Reclassification	Balance at December 31
<u>Cost</u>					
Computer software	\$ 117,638	\$ -	\$ -	\$ -	\$ 117,638
<u>Accumulated amortization</u>					
Computer software	111,381	2,616	-	-	113,997
Net amount	\$ 6,257	\$ (2,616)	\$ -	\$ -	\$ 3,641

i. The aforementioned Intangible assets with finite useful lives are recognized as amortized on a straight-line basis over the following useful lives:

Computer software 2–5 years

ii. Details of amortization expense on intangible assets are as follows:

	2025	2024
Administrative expenses	\$ 2,092	\$ 2,616

(12) Other non-current assets

	December 31, 2025	December 31, 2024
Land held for sale	\$ 2,181,991	\$ 2,006,740

The Company's Board of Directors resolved on February 10, 2023, to pre-sell a portion of the readjusted land obtained after the completion of land readjustment by the Company and its subsidiaries Rongcheng and Fu Cheng, and authorized the Chairmen of the Company and the involved land subsidiaries to handle matters related to pre-sale and bidding planning. The Company, by resolution of the Board of Directors on March 14, 2023, has commissioned Cushman & Wakefield Limited to handle the public auction procedures and related matters.

The tender was opened on April 24, 2023, and Bai Fong Construction Co., Ltd. was the winning bidder. The final award amount was NT\$2,140,080 thousand. Both parties have agreed to proceed with the title transfer and conveyance upon the completion of the urban land readjustment. The Company entered into a real estate sale and purchase agreement on May 12, 2023 and has collected payments in installments according to the agreement . As of December 31, 2025 and 2024, the payments collected, net of directly related costs, amounted to NT\$1,274,107 thousand and NT\$1,060,099 thousand, respectively, which are presented as "other non-current liabilities". Pursuant to the provisions of the aforementioned real estate sale and purchase agreement, the Company has created a maximum limit mortgage in

favor of Bai Fong Construction Co., Ltd. over the land in the Industrial and Commercial Comprehensive Zone in Zhongli District held by its subsidiary, Taixin, in an amount equal to 1.2 times the total sum of the first through third installments of the sale and purchase agreement, to serve as security for claims for compensation.

As the land in the self-governed land readjustment area held by the Company cannot be sold until the urban land readjustment is completed, and considering the readjustment schedule is expected to exceed two years, the land held for sale was reclassified as other non-current assets in the first quarter of 2023.

(13) Short-term borrowings

	December 31, 2025	December 31, 2024
Unsecured bank borrowings	\$ -	\$ 282,000
Secured bank borrowings	-	399,000
Total	\$ -	\$ 681,000
Interest rate range	-	2.325%–2.530%

For information regarding assets pledged as collateral for short-term borrowings, please refer to Note 8.

(14) Accounts payable

	December 31, 2025	December 31, 2024
Accounts payable	\$ 27,908	\$ 30,781

For disclosures related to the Company's payables and other payables exposed to foreign exchange and liquidity risks, please refer to Note 6(30).

(15) Other payables

	December 31, 2025	December 31, 2024
Salaries and bonuses payable	\$ 3,909	\$ 4,719
Interest payable	–	3,073
Tax payable	–	5,270
Service fees payable	79,733	1,875
Insurance expense payable	394	436
Penalties payable	42,258	–
Others	6,570	4,966
Total	<u>\$ 132,864</u>	<u>\$ 20,339</u>

i. Penalties payable are amounts required to be paid in accordance with the contract due to the early termination of lease agreements.

ii. Others under other payables primarily consist of items such as utilities expense and pension.

(16) Provisions for liabilities

	2025		
	Warranty liabilities	Liabilities pending legal proceedings	Total
<u>Current</u>			
Balance at January 1	\$ 28,848	\$ -	\$ 28,848
Unused amounts reversed during the period	–	–	–
Provisions for liabilities used during the period	(145)	–	(145)
Balance at December 31	<u>\$ 28,703</u>	<u>\$ -</u>	<u>\$ 28,703</u>
	2024		
	Warranty liabilities	Liabilities pending legal proceedings	Total
<u>Current</u>			
Balance at January 1	\$ 29,491	\$ 62,557	\$ 92,048
Unused amounts reversed during the period	–	(52,838)	(52,838)
Provisions for liabilities used during the period	(643)	(9,719)	(10,362)
Balance at December 31	<u>\$ 28,848</u>	<u>\$ -</u>	<u>\$ 28,848</u>

i. Warranty liabilities

The Company's provisions for warranty liabilities is primarily related to the sale of tire products. The amount represents management's best estimate of the present value of the future outflow of economic benefits resulting from warranty obligations. The estimate is based on historical warranty experience and adjusted by considering factors such as new raw materials, process changes, or other factors affecting product quality.

ii. Liabilities pending legal proceedings

On January 6, 2015, the Company was sued in the United States by Jose Eduardo Gonzalez, who claimed that a sudden failure of the rear tire of the vehicle he was riding in caused an accident, and therefore filed a lawsuit against the Company for compensation.

On July 31, 2014, the Company was sued in the United States by Jeramy Truhlar. The injured party and his insurance company claimed that the accident was caused by the use of defective tires sold by the Company, and therefore filed a lawsuit against the Company for compensation.

The insurance company underwriting the Company's product liability insurance agreed on December 20, 2022, to a settlement offer jointly proposed by the plaintiffs' retained counsel in these two cases, proposing to use the entire remaining coverage limit of the Company's product liability insurance policy as the settlement amount. Jose Eduardo Gonzalez completed the settlement with the Company and withdrew the lawsuit on October 3, 2023, and Jeramy Truhlar completed the settlement with the Company and withdrew the lawsuit on December 18, 2023. The scope of the aforementioned settlements does not cover claims by the co-defendants

in this case against the Company for indemnification of their potential future liabilities and defense costs already incurred or to be incurred, nor does it cover claims by defendants in the aforementioned cases, for which the litigation has been withdrawn, for indemnification from the Company for their defense costs already incurred.

Tire Club USA, Inc., a co-defendant in the Jeremy Truhlar case, has reached a settlement with the plaintiff and has filed a lawsuit for indemnification against the Company, requesting the Company to pay the settlement amount and the defense costs incurred. The Company has estimated a potential loss of NT\$62,557 thousand. The two parties reached a settlement on June 26, 2024. The Company paid a compensation of NT\$9,719 thousand, and the remaining estimated provisions for liabilities of NT\$52,838 thousand was reclassified to "other income" in June 2024.

(17) Long-term borrowings

	December 31, 2025	December 31, 2024
Secured bank borrowings	\$ -	\$ 3,827,003
Less: Current portion	-	(117,100)
Long-term borrowings	\$ -	\$ 3,709,903
Interest rate range	-	1.925%–2.575%

i. The Company renewed its long-term borrowing contract with Hua Nan Bank in January 2018 for a term of 20 years, with a total facility of NT\$3,250,000 thousand, and drew down NT\$3,250,000 thousand. As of December 31, 2025 and 2024, the outstanding amounts were NT\$0

thousand and NT\$3,044,816 thousand, respectively.

The Company entered into a long-term incremental borrowing agreement with Hua Nan Bank in June 2020 for a term of 7 to 10 years, with a total facility of NT\$2,541,000 thousand. As of December 31, 2025 and 2024, the outstanding amounts were NT\$0 thousand and NT\$182,187 thousand, respectively.

The Company entered into a medium-term borrowing agreement with Hua Nan Bank in December 2022 for a term of 5 years, with a total facility of NT\$2,400,000 thousand. The borrowing is secured by land of Zhongli Plant of the subsidiary, Taixin. As of December 31, 2025 and 2024, the outstanding amounts were NT\$0 thousand and NT\$600,000 thousand, respectively.

ii. For information regarding assets pledged as collateral for long-term borrowings, please refer to Note 8.

(18) Pension

Defined contribution plan

Since July 1, 2005, the Company established a policy on defined contribution retirement plans in accordance with the Labor Pension Act, which applies to its employees of local nationality. For employees who have opted for the labor pension system under the Labor Pension Act, the Company contributes 6% of their monthly salary to their individual labor pension accounts at the Bureau of Labor Insurance. The payment of employee pension is made in the form of a monthly pension or a lump sum pension payments based on the amount in the employee's individual pension

account and the accumulated earnings. The pension expenses related to the defined contribution plan recognized by the Company for 2025 and 2024 were NT\$1,780 thousand and NT\$2,192 thousand, respectively.

(19) Equity

i. Ordinary shares

	December 31, 2025	December 31, 2024
Authorized share capital	\$ 10,000,000	\$ 10,000,000
Share capital of issued shares	\$ 4,733,292	\$ 4,733,292

As of December 31, 2025 and 2024, the Company's authorized shares were both 1,000,000 thousand shares, with a par value of NT\$10 per share, and the issued shares were both 473,329 thousand shares.

ii. Capital surplus

	2025			
	Premium on ordinary shares	Treasury share transactions	Donated assets	Total
Balance as of January 1 and December 31, 2025	\$ 37,860	\$ 115,192	\$ 11,162	\$ 164,214
	2024			
	Premium on ordinary shares	Treasury share transactions	Donated assets	Total
Balance as of January 1, 2024	\$ 37,860	\$ 115,192	\$ 11,169	\$ 164,221
Return of donated assets	-	-	(7)	(7)
Balance as of December 31, 2024	\$ 37,860	\$ 115,192	\$ 11,162	\$ 164,214

(i) Pursuant to the provisions of Company Act, the premium resulting from the issuance of shares in excess of the par value and the capital surplus from donations received, in addition to being used to offset deficits, may be distributed as new shares or cash in proportion to the

shareholders' original shares when the Company has no accumulated deficits. Furthermore, pursuant to the relevant regulations of Securities and Exchange Act, when capitalizing the aforementioned capital surplus, the annual amount shall be limited to no more than 10% of the total aggregate thereof. The Company shall not use capital surplus to make up for capital deficits unless there is still a deficiency after using surplus reserve to make up for such deficits.

(ii) Due to donated assets received are dividends that have not been collected by shareholders for more than five years.

iii. Retained earnings and dividend policy

(i) In accordance with the Company's Articles of Incorporation, the distribution of earnings or offsetting of deficits of the Company may be conducted after the end of each semi-annual accounting period. If there is a surplus in the semi-annual and annual final accounts, after deducting taxes in accordance with the law, offsetting accumulated deficits of previous years, and setting aside 10% for legal reserve and special reserve appropriated in accordance with regulations, any remaining balance shall first be distributed as dividends to preferred shares distributable for the year; the remaining balance, together with the unappropriated retained earnings at the beginning of the period (including adjusted unappropriated retained earnings), shall then be used by the Board of Directors to prepare earnings appropriation proposals. If cash dividends is to be distributed, it shall be resolved by a majority of the directors present at a Board meeting attended by two-thirds or more of the total number of directors, and reported to the

shareholders' meeting; if new shares are issued, it shall be submitted to the shareholders' meeting for resolution before distribution.

(ii) The Company's current industry is in a mature stage; therefore, the distribution of earnings must consider future capital requirements and financial planning, while simultaneously taking into account the interests of shareholders. The Board of Directors shall, based on operational conditions, prepare a proposal for the distribution of earnings within the range of 5% to 100% and submit it to the general shareholders' meeting. Priority shall be given to the distribution of earnings in the form of cash dividends, and they may also be distributed in the form of share dividends; in principle, share dividends shall not exceed 80% of the total dividends. However, in the event of factors such as major investment plans and future development, earnings may be retained.

(iii) Legal reserve shall not be used except to offset the deficits of the Company and to issue new shares or cash in proportion to the shareholders' original shareholdings; provided that the issuance of new shares or cash shall be limited to the portion of such reserve exceeding 25% of paid-in capital.

(iv) Special reserve

		2025			
		Unrealized revaluation surplus	Exchange differences on translation of foreign financial statements	Amount recognized for investment property using fair value model	Total
Balance as of January 1 and December 31, 2025		\$ 1,545,548	\$ 361,927	\$ 5,341	\$ 1,912,816
		2024			
		Unrealized revaluation surplus	Exchange differences on translation of foreign financial statements	Amount recognized for investment property using fair value model	Total

Balance as of January 1 and December 31, 2024.	\$ 1,545,548	\$ 361,927	\$ 5,341	\$ 1,912,816
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Upon the first-time adoption of IFRSs, for the special reserve recognized in accordance with the Letter No. 1010012865 issued by the FSC on April 6, 2012, the Company shall, upon the subsequent use, disposal, or reclassification of the relevant assets, reverse the proportion of the original special reserve appropriated. If the aforementioned relevant assets are land, the reversal shall occur upon disposal or reclassification; for portions other than land, the reversal shall be made periodically over the period of use. When distributing earnings, an additional amount shall be provided to cover the difference between the net reduction of other equity items recorded on the balance sheet date of the year and the special reserve recognized upon the first-time adoption of IFRSs to supplement special reserve appropriated. Where there is a subsequent reversal of the net deductions from other equity, earnings may be distributed from the reversed portion of special reserve.

- (v) On March 3, 2026, the Company's Board of Directors resolved and approved the 2025 deficit compensation proposal. In addition to the net profit for the period, it is proposed to offset accumulated deficits with legal reserve of NT\$736,014 thousand and special reserve of NT\$164,214 thousand. For relevant information, please refer to the TWSE's Market Observation Post System (MOPS) and other channels.
- (vi) The Company's deficit compensation proposals for 2024 and 2023 were approved by resolutions at the General Shareholders' Meetings on May 19, 2025 and May 24, 2024, respectively. For information regarding the resolutions of the General Shareholders' Meetings, please refer to the TWSE's MOPS and other channels.

iv. Other equity items

	Exchange differences on translation of foreign financial statements	Revaluation surplus from property	Total
Balance as of January 1, 2025	\$ (170,465)	\$ 4,923,199	\$ 4,752,734
Arising during the period			
Revaluation surplus from property, plant and equipment of subsidiaries accounted for using the equity method	–	21,234	21,234
Exchange differences on translation of foreign financial statements	(1,113)	–	(1,113)
Balance as of December 31, 2025	<u>\$ (171,578)</u>	<u>\$ 4,944,433</u>	<u>\$ 4,772,855</u>

	Exchange differences on translation of foreign financial statements	Revaluation surplus from property	Total
Balance as of January 1, 2024	\$ (188,814)	\$ 4,923,199	\$ 4,734,385
Arising during the period			
Exchange differences on translation of foreign financial statements	18,349	–	18,349
Balance as of December 31, 2024	<u>\$ (170,465)</u>	<u>\$ 4,923,199</u>	<u>\$ 4,752,734</u>

v. Treasury shares

(i) Reasons for share repurchase and changes in the quantity thereof:

(Unit: thousands of shares)

2025				
Reason for repurchase	Shares at January 1	Increase during the period	Decrease during the period	Shares at December 31
Acquired through merger	13,755	–	–	13,755
2024				
Reason for repurchase	Shares at January 1	Increase during the period	Decrease during the period	Shares at December 31
Acquired through merger	13,755	–	–	13,755

(ii) Information related to treasury shares is as follows:

December 31, 2025			
Reason for repurchase	Shares ('000)	Carrying amount of treasury shares	Market price of treasury shares
Acquired through merger	13,755	\$ 183,035	\$ 268,922
December 31, 2024			
Reason for repurchase	Shares ('000)	Carrying amount of treasury shares	Market price of treasury shares
Acquired through merger	13,755	\$ 183,035	\$ 260,669

(iii) The treasury shares held by the Company may not be pledged, nor may they be entitled to rights such as the distribution of dividends and voting rights, in accordance with the provisions of Securities and Exchange Act.

(20) Earnings (Loss) per share

	2025	2024
Basic earnings (loss) per share (NTD)	\$ 6.28	\$ (1.01)

The weighted average number of ordinary shares used in the calculation of basic earnings (loss) per share is as follows

	2025	2024
Net profit (loss) for the period (NTD '000)	\$ 2,884,632	\$ (465,154)
Weighted average number of ordinary shares ('000 shares)	459,574	459,574
Basic earnings (loss) per share (NTD)	\$ 6.28	\$ (1.01)

(21) Operating revenue

	2025	2024
Revenue from contracts with customers		
Revenue from sale of goods	\$ 236,235	\$ 246,734
Rental income	2,003	6,634
Others	1,967	–
Total	\$ 240,205	\$ 253,368

i. Please refer to Note 4(14) for details of the Company's revenue.

ii. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes and accounts	\$ 68,281	\$ 63,506	\$ 46,708
Contract liabilities – current			
Sales of goods	\$ 18,333	\$ 24,672	\$ 21,972

The amount of operating revenue recognized in 2025 and 2024 that was included in the contract liability balance at the beginning of the year was NT\$ 4,413 thousand and NT\$ 1,367 thousand, respectively.

(22) Interest income

	2025	2024
Interest from bank deposits	\$ 9,577	\$ 23,088
Other interest	8,219	8,279
Total	\$ 17,796	\$ 31,367

(23) Other income

	2025	2024
Provisions for liabilities reclassified as income	\$ -	\$ 52,838
Others	8,346	6,232
Total	\$ 8,346	\$ 59,070

For information regarding the amount of provisions for liabilities reclassified as income, please refer to Note 6(16).

(24) Other gains and losses

	2025	2024
	<hr/>	<hr/>
Gain on disposal of property, plant and equipment	\$ 7,559	\$ -
Gain on rights transferred in sale and leaseback transactions	4,202,401	-
Gain on disposal of non-current assets held for sale	94,427	-
Gain on lease modification	7	-
Foreign exchange (loss) gain	(20,814)	43,446
Impairment loss for property, plant and equipment	(876,574)	(183,262)
Depreciation	(66,771)	(146,201)
Others	(43,537)	8,798
Total	<hr/> \$ 3,296,698	<hr/> \$ (277,219)

(25) Finance costs

	2025	2024
	<hr/>	<hr/>
Interest expense		
Bank loan	\$ 93,098	\$ 94,284
Lease liabilities	133	126
Others	4	12
Total	<hr/> \$ 93,235	<hr/> \$ 94,422

(26) Income tax

i. The reconciliation of income tax (benefit) expense recognized in profit or loss by the Company for 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Income tax calculated on net profit (loss) before tax at statutory tax rate	\$ 576,003	\$ (88,787)
Tax effect of non-deductible expenses under tax laws	(139,404)	(12,421)
Tax-exempt gain on sale of land	(691,556)	–
Tax effect of loss carryforwards	–	101,208
Tax effect of current temporary differences	(43,300)	21,239
Overestimation of income tax for prior years	–	(20)
Land value increment tax	38,686	–
Tax effect of deductible items and tax exemptions	254,957	–
Income tax (benefit) expense	<u>\$ (4,614)</u>	<u>\$ 21,219</u>

The main components of income tax (benefit) expense recognized in profit or loss are as follows:

	<u>2025</u>	<u>2024</u>
Current income tax		
Arising during the period	\$ 38,686	\$ (20)
Deferred income tax		
Occurrence and reversal of temporary differences	(43,300)	21,239
Income tax (benefit) expense recognized in profit or loss	<u>\$ (4,614)</u>	<u>\$ 21,219</u>

ii. Income tax assets for the period

	December 31, 2025	December 31, 2024
Tax refund receivable	\$ 4,802	\$ 3,463

iii. Deferred income tax assets and liabilities

(i) Analysis of deferred income tax assets is as follows:

	2025		
	Balance at January 1	Recognized in profit or loss	Balance at December 31
Temporary differences			
Unrealized exchange loss	\$ -	\$ 4,280	\$ 4,280
Unrealized loss on inventory write-down	-	9,468	9,468
Allowance for doubtful accounts in excess of tax limit	1,249	(64)	1,185
Estimated product warranty expenses	5,769	(28)	5,741
Unpaid year-end bonuses	105	147	252
Unrealized impairment loss on assets	61,730	21,334	83,064
	<u>\$ 68,853</u>	<u>\$ 35,137</u>	<u>\$ 103,990</u>
	2024		
	Balance at January 1	Recognized in profit or loss	Balance at December 31
Temporary differences			
Unrealized exchange loss	\$ 897	\$ (897)	\$ -
Allowance for doubtful accounts in excess of tax limit	7,915	(6,666)	1,249
Estimated product warranty expenses	5,898	(129)	5,769
Unpaid year-end bonuses	309	(204)	105
Unrealized impairment loss on assets	54,399	7,331	61,730
Provisions for litigation compensation	12,511	(12,511)	-
	<u>\$ 81,929</u>	<u>\$ (13,076)</u>	<u>\$ 68,853</u>

(ii) Analysis of deferred income tax liabilities is as follows:

	2025		
	Balance at January 1	Recognized in profit or loss	Balance at December 31
Temporary differences			
Reserve for land value increment tax	\$ 428,142	\$ -	\$ 428,412
Unrealized exchange gain	8,163	(8,163)	-
	<u>\$ 436,575</u>	<u>\$ (8,163)</u>	<u>\$ 428,412</u>
	2024		
	Balance at January 1	Recognized in profit or loss	Balance at December 31
Temporary differences			
Reserve for land value increment tax	\$ 428,412	\$ -	\$ 428,412
Unrealized exchange gain	-	8,163	8,163
	<u>\$ 428,412</u>	<u>\$ 8,163</u>	<u>\$ 436,575</u>

iv. Items not recognized as deferred income tax assets

	December 31, 2025	December 31, 2024
Unused loss carryforwards	\$ 5,256,994	\$ 5,236,998
Temporary differences	\$ 911,589	\$ 2,244,745

The Company's unused tax loss carryforwards will expire in 2034.

v. The Company's profit-seeking enterprise income tax returns have been assessed by the tax authorities up to 2023. Pursuant to the Income Tax Act, losses of the preceding ten years as assessed by the tax authorities may be deducted from the net profit of the current year before the assessment of income tax. As of December 31, 2025, the Company's unused tax loss carryforwards and their respective expiry dates are as follows:

Year of occurrence	Reported/Approved amount	Expiry year	Loss carryforward
2017	Approved amount	2027	\$ 144,915
2018	Approved amount	2028	378,220
2019	Approved amount	2029	469,305
2021	Approved amount	2031	1,627,622
2022	Approved amount	2032	978,154
2023	Approved amount	2033	1,132,322
2024	Reported amount	2034	526,456
			<u>\$ 5,256,994</u>

(27) Additional information on the nature of expenses

- i. Summary of employee benefits, depreciation and amortization expense for the period by function is as follows:

Nature \ Function	2025			
	Operating costs	Operating expenses	Non-operating expenses	Total
Employee benefits expenses				
Salary expenses	\$ -	\$ 30,814	\$ -	\$ 30,814
Labor and health insurance expenses	-	3,567	-	3,567
Pension expenses	-	1,780	-	1,780
Director remuneration	-	4,250	-	4,250
Other employee benefit expenses	-	2,048	-	2,048
Depreciation expense	-	16,161	66,771	82,932
Amortization expense	-	2,092	-	2,092

Nature \ Function	2024			
	Operating costs	Operating expenses	Non-operating expenses	Total
Employee benefits expenses				
Salary expenses	\$ -	\$ 36,606	\$ -	\$ 36,606
Labor and health insurance expenses	-	4,273	-	4,273
Pension expenses	-	2,192	-	2,192
Director remuneration	-	4,220	-	4,220
Other employee benefit expenses	-	2,637	-	2,637
Depreciation expense	-	36,081	146,201	182,282
Amortization expense	-	2,916	-	2,916

(i) The average number of employees of the Company for 2025 and 2024 was 48 and 56, respectively. The number of directors who were not concurrently serving as employees was 8 in both years.

(ii) The Company's average employee benefit expenses for 2025 and 2024 were NT\$955 thousand and NT\$952 thousand, respectively; the average employee salary expenses were NT\$770 thousand and NT\$763 thousand, respectively; and the change in average employee salary expenses was 0.92%.

(iii) The Company's remuneration policy is as follows:

A. The overall employee salary and compensation levels for employees take external competitiveness and internal equity as key considerations, and are capable of effectively attracting and retaining talent.

B. Employee salary and compensation are linked through the performance management system to provide motivation for

employee development and drive the positive development of the Company.

C. Linking the achievement of the Company's long-term and short-term goals, the time invested by the individual, the position held, and overall work performance, to achieve the purpose of motivating employees.

D. A Remuneration Committee has been established to effectively measure the overall remuneration of the Company's directors and managers.

ii. Employee benefits expense

(i) In accordance with the Articles of Incorporation, if there is profit for the year (referring to profit before tax before deduction of employee compensation and director remuneration), an allocation of not less than 0.1% to 1% shall be made for employee compensation and not more than 3% for director remuneration. Of the amount of employee compensation in the preceding paragraph, no less than 20% shall be allocated for distribution as compensation to non-managerial employees; provided, however, that if the Company still has accumulated deficits, an amount shall be reserved in advance to offset such deficits. Employee compensation may be in the form of shares or cash, and the recipients of such payments include employees of subsidiaries who meet the conditions set by the Board of Directors; the aforementioned director remuneration may only be in the form of cash. Employee compensation and director remuneration shall be distributed as resolved by the Board of Directors and reported to the shareholders'

meeting.

(ii) The Company incurred losses in 2024 and 2023; therefore, no employee compensation or director remuneration was estimated.

(iii) If the amounts change after the date of approval and issuance of the annual financial statements, such changes shall be treated as changes in accounting estimates and adjusted in the accounts of the following year.

(iv) Information regarding the employee compensation and director remuneration approved by the Board of Directors of the Company is available for inquiry at MOPS.

(28) Cash flow information

i. Investing activities with both cash and non-cash effects

Non-current assets held for sale

	2025	2024
Disposals for the period	\$ 7,146,884	\$ -
Add: Ending balance of advances received for equipment	21,642	-
Less: Ending balance of receivables from disposal of equipment	(6,708)	-
Cash received during the period	<u>\$ 7,161,818</u>	<u>\$ -</u>

ii. Changes in liabilities arising from financing activities

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities arising from financing activities
January 1, 2025	\$ 681,000	\$ 3,827,003	\$ 3,158	\$ 5,314	\$ 4,516,475
Changes in cash flows from financing activities	(681,000)	(3,827,003)	(2,027)	(8,071)	(4,518,101)
Changes in lease liabilities	-	-	-	61,628	61,628
December 31, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,131</u>	<u>\$ 58,871</u>	<u>\$ 60,002</u>

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities arising from financing activities
January 1, 2024	\$ 400,000	\$ 3,944,103	\$ 2,489	\$ 7,757	\$ 4,354,349
Changes in cash flows from financing activities	281,000	(117,100)	669	(3,367)	161,202
Changes in lease liabilities	-	-	-	924	924
December 31, 2024	<u>\$ 681,000</u>	<u>\$ 3,827,003</u>	<u>\$ 3,158</u>	<u>\$ 5,314</u>	<u>\$ 4,516,475</u>

(29) Capital management

The capital management objectives of the Company are to safeguard the Company's ability to continue as a going concern, maintain an optimal capital structure to reduce the cost of capital, and provide returns for shareholders. 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, so as to support business operations and maximize shareholders' equity.

(30) Financial instruments

i. Financial instruments by category

	December 31, 2025	December 31, 2024
	<hr/>	<hr/>
<u>Financial assets</u>		
Cash and cash equivalents	\$ 2,502,028	\$ 371,998
Current financial assets at amortized cost	–	24,016
Notes receivable	11,470	11,279
Accounts receivable	56,811	52,227
Other receivables	237,703	288,815
Guarantee deposits paid	378,193	34,140
<u>Financial liabilities</u>		
Short-term borrowings	–	681,000
Accounts payable	27,908	30,781
Other payables	128,243	9,573
Long-term borrowings (including current portion)	–	3,827,003
Guarantee deposits received	1,131	3,158

ii. Financial risk management policies

The Company's financial risks are primarily risks associated with investing

in financial instruments themselves. The Company has always adopted strictest control standards for the financial risks of its investments in various financial instruments. All financial investments and operations undergo a comprehensive assessment of their potential market risk, credit risk, liquidity risk, and cash flow risk, with the imperative to select those with lower risk.

iii. Market risk

(i) Exchange risk

The Company operates internationally and is therefore exposed to exchange risk arising from transactions denominated in currencies other than the Company's functional currency, primarily the US dollar. Relevant exchange risks arise from future commercial transactions and recognized assets and liabilities.

A. The Company's business operations involve several non-functional currencies and are therefore affected by exchange rate fluctuations. Information on financial assets and liabilities denominated in foreign currencies significantly affected by exchange rate fluctuations is as follows:

Unit: USD thousand / NTD thousand

(Foreign currency: Functional currency)	Foreign currency	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		
				Extent of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:TWD	\$ 4,206	31.43	\$ 132,207	1%	\$ 1,322	\$ -
<u>Non-monetary items</u>						
USD:TWD	956	31.4307	30,033			
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:TWD	878	31.43	27,595	1%	276	-
<u>Non-monetary items</u>						
USD:TWD	1,550	31.4382	48,719			

December 31, 2024						
(Foreign currency: Functional currency)	Foreign currency	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		
				Extent of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:TWD	\$ 14,019	32.785	\$ 459,597	1%	\$ 4,596	\$ -
<u>Non-monetary items</u>						
USD:TWD	1,063	31.3844	33,350			
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:TWD	703	32.755	23,021	1%	230	-
<u>Non-monetary items</u>						
USD:TWD	896	32.7391	29,324			

B. The aggregate amount of exchange (losses) gains (including realized and unrealized) recognized by the Company for 2025 and 2024 due to the significant impact of exchange rate fluctuations on monetary items was NT\$(20,814) thousand and NT\$43,446 thousand, respectively.

(ii) Interest rate risk

Interest rate risk refers to the risk of fluctuations in the cash flows and fair value of financial instruments caused by changes in market interest rates. The Company's interest rate risk primarily arises from long-term borrowings. Borrowings issued at floating rates expose the Company to cash flow interest rate risk, a portion of which is offset by cash and cash equivalents held at floating rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. In 2025 and 2024, the Company's borrowings at floating interest rates were denominated in NTD. A 1% increase in market interest rates would increase cash outflows by NT\$40,965 thousand and NT\$43,814 thousand, respectively.

iv. Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual

obligations. This risk arises principally from the counterparty's inability to settle accounts receivable in accordance with the payment terms. The Company manages credit risk from a corporate-wide perspective. With respect to correspondent banks and financial institutions, it is stipulated that only those with an independent credit rating of at least "A" may be accepted as transaction counterparty. In accordance with internally specified credit policies, each operating entity within the Company must conduct management and credit risk analysis on every new customer before establishing terms and conditions for payment and delivery. Internal risk control assesses the credit quality of customers by considering their financial position, past experience, and other factors. Limits for individual risks are established by the Board of Directors based on internal or external ratings, and the utilization of credit limits is monitored regularly. At the time of sale, the Company has already assessed the credit status of the counterparty and does not expect the counterparty to default; therefore, the probability of credit risk is extremely low.

v. Liquidity risk management

- (i) Cash flow forecasts are monitored by the Company's Finance Department to project the Company's liquidity requirements and ensure it has sufficient funds to meet operational needs.
- (ii) Surplus cash held by each operating entity, when in excess of working capital management requirements, is transferred back to the Company's Finance Department. The Company's Finance Department invests surplus funds in interest-bearing demand deposits, time deposits, money market deposits, and marketable securities; the instruments selected possess appropriate maturities or sufficient liquidity to meet

the aforementioned forecasts and provide adequate liquidity levels for deployment. As of December 31, 2025 and 2024, the Company held money market positions of NT\$2,502,028 thousand and NT\$371,998 thousand, respectively, and financial assets at amortized cost – current of NT\$0 thousand and NT\$24,016 thousand, respectively, which are expected to generate immediate cash flows to manage liquidity risk.

(iii) The details of the Company's unused line of credit are as follows:

	December 31, 2025	December 31, 2024
Floating interest rate		
Due after one year	\$ 1,800,000	\$ 1,800,000

(iv) The following table presents the Company's non-derivative financial liabilities, grouped by relevant maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The Contractual cash flows amounts disclosed in the table below are undiscounted amounts.

	December 31, 2025				
	< 1 year	2–3 years	4–5 years	> 5 years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$ 27,908	\$ -	\$ -	\$ -	\$ 27,908
Other payables	128,243	-	-	-	128,243
Lease liabilities (including non-current)	58,836	351	-	-	59,187
Total	<u>\$ 214,987</u>	<u>\$ 351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,338</u>
	December 31, 2024				
	< 1 year	2–3 years	4–5 years	> 5 years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 686,815	\$ -	\$ -	\$ -	\$ 686,815
Accounts payable	30,781	-	-	-	30,781
Other payables	9,573	-	-	-	9,573
Lease liabilities (including non-current)	3,218	2,202	-	-	5,420

Long-term borrowings (including current portion)	118,307	830,117	970,338	2,412,399	4,331,161
Total	<u>\$ 848,694</u>	<u>\$ 832,319</u>	<u>\$ 970,338</u>	<u>\$ 2,412,399</u>	<u>\$ 5,063,750</u>

(31) Fair value information

i. The carrying amounts of the Company's financial instruments measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, and guarantee deposits received) are reasonable approximations of their fair values.

ii. The definitions of each level of the valuation techniques adopted to measure the fair value of financial and non-financial instruments are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable inputs for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices), other than quoted prices included in Level 1.

Level 3: Inputs for assets or liabilities that are not based on observable market data.

7. Related Party Transactions

(1) Names of related parties and their relationships

<u>Name of related party</u>	<u>Relationship with the Company</u>
Taixin Construction Co., Ltd.(Taixin)	Subsidiary
Rongcheng Development Co., Ltd. (Rongcheng)	Subsidiary
Fu Cheng Development Co., Ltd. (Fu Cheng)	Subsidiary
Federal International Holding.Inc.(FIH)	Subsidiary

Federal Tire North America LLC. (FTNA) (Note)	Sub-subsidiary
Amberg Investments Pte.Ltd.(Amberg)	Sub-subsidiary
Hong Kong Karroy Development Limited (KDL)	Sub-subsidiary
Federal Tire (Jiangxi) Co., Ltd. (Federal Jiangxi)	Sub-subsidiary
Nankang Rubber Tire Corp., Ltd. (Nankang Rubber Tire)	Investors with significant influence
CMGNK Co., Ltd. (CMGNK)	Other related party (subsidiary of investors with significant influence)

Note: Federal Tire North America LLC. (FTNA) completed its dissolution and liquidation in March 2025.

(2) Significant transactions with related parties

i. Operating revenue

Accounting item	Related party	2025	2024
Rental income	Taixin	\$ 23	\$ 24
Rental income	Rongcheng	23	24
Rental income	Fu Cheng	23	24
		<u>\$ 69</u>	<u>\$ 72</u>

Credit periods for related parties are approximately 120 to 150 days after month-end, while those for general customers are approximately 30 to 120 days after month-end.

ii. Operating costs

Accounting item	Related party	2025	2024
Deductions from operating costs – Proceeds from sale of raw materials	Nankang Rubber Tire	\$ -	\$ 1,174
Net purchases	Nankang Rubber Tire	<u>\$ 69,824</u>	<u>\$ 107,462</u>

There are no other comparable transactions for the sale of raw materials

between the Company and the aforementioned related party. Purchase transactions with the aforementioned related party are conducted under general purchasing terms.

3. Other receivables-Loans to others

Related party	December 31, 2025			
	Actual amount drawn down	Interest rate range	Interest income	Interest receivable at end of period
FTNA	\$ -	-	\$ 343	\$ -
Taixin	220,000	2.5%	5,185	3,422
	<u>\$ 220,000</u>		<u>\$ 5,528</u>	<u>\$ 3,422</u>

Related party	December 31, 2024			
	Actual amount drawn down	Interest rate range	Interest income	Interest receivable at end of period
FTNA	\$ 79,706	2.5%–3.5%	\$ 3,208	\$ 2,574
Taixin	200,000	2.25%	4,390	2,613
	<u>\$ 279,706</u>		<u>\$ 7,598</u>	<u>\$ 5,187</u>

iv. Accounts payable

Related party	December 31, 2025	December 31, 2024
Nankang Rubber Tire	<u>\$ 174</u>	<u>\$ 7,045</u>

v. Rent received in advance

Related party	December 31, 2025	December 31, 2024
Taixin	\$ 10	\$ 18
Rongcheng	10	18
Fu Cheng	10	18
Total	<u>\$ 30</u>	<u>\$ 54</u>

vi. Proceeds from disposal of property, plant and equipment

Related party	2025	
	Proceeds from disposal	Gain on disposal
Nankang Rubber Tire	\$ 26,680	\$ 501

vii. Endorsements and guarantees received

Related party	December 31, 2025	
	Guaranteed amount	Actual amount drawn down
Taixin	\$ 2,880,000	\$ 600,000

Related party	December 31, 2024	
	Guaranteed amount	Actual amount drawn down
Taixin	\$ 2,880,000	\$ 600,000

(iii) Remuneration of key management personnel

Information on the remuneration of directors and other key management personnel is as follows:

	2025	2024
Salaries and other short-term benefits	\$ 8,681	\$ 8,627
Post-employment benefits	149	149
Total	\$ 8,830	\$ 8,776

8. Pledged Assets

Item	Description	Carrying value	
		December 31, 2025	December 31, 2024
Current financial assets at amortized cost	Bank deposits, and collaterals provided to financial institutions for borrowings	\$ -	\$ 24,016
Property, plant and equipment	Collaterals provided to financial institutions for borrowings	-	2,558,231

Guarantee deposits paid	Participation in tenders, lease deposits, electricity deposits, after-sales service deposits, and customs deposits	378,193	34,140
Total		\$ 378,193	\$ 2,616,387

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

Except as described in Note 6(16) and other notes, the significant commitments and contingent events of the Company as of the balance sheet date are as follows:

- (1) On March 14, 2025, the Company entered into a contracting agreement with Liang-Ji Construction Co., Ltd. for the urban land readjustment project. The total contract price is NT\$305,324 thousand, which will be paid based on the construction progress. As of December 31, 2025, NT\$124,245 thousand has been paid.
- (2) After deducting payments already made, the remaining amount payable by the Company under signed equipment purchase contracts as of December 31, 2025 and 2024 were both NT\$13,650 thousand.
- (3) As of December 31, 2025 and 2024, the unpaid amounts for which the Company had signed contracts and opened letters of credit for the purchase of raw materials, goods, and machinery and equipment were NT\$19,022 thousand and NT\$20,832 thousand, respectively.
- (4) On February 8, 2018, the Company was sued by 176 persons, including Wu Cheng-Kuei. These individuals claim that a fire at the Company's Zhongli Plant on January 17, 2017 significantly affected the health of local residents, and have therefore filed a civil lawsuit for damages against the Company. As the case is currently still under trial, it is difficult to assess the impact on the Company. If any additional impacts subsequently arise from this event, the

Company will assess and record them in accordance with accounting principles and disclose them in the financial statements.

- (5) Yuanta Commercial Bank (hereinafter, "Yuanta Bank"), due to litigation with New Site Industries., Inc. (hereinafter, "New Site"), Hsieh, Kuo-Ching, and others (hereinafter, the "New Site case"), filed a civil lawsuit against the Company on October 19, 2020. Yuanta Bank contends that Hsieh, Kuo-Ching is an employee of the Company and that the Company should bear joint and several liability for damages, claiming NT\$39,550 thousand plus interest at an annual rate of five percent from the day following the service of the complaint.

The Company asserts that New Site and the other individuals, without the Company's consent, used the Company's name to create fictitious transactions starting in 2016, falsely claiming to have accounts receivable from the Company and using these claims to apply for loans from Yuanta Bank, which resulted in Yuanta Bank filing a civil lawsuit against the Company. Therefore, on May 6, 2021, the Company filed a civil complaint against a total of 9 persons involved in the New Site case, including New Site and Hsieh, Kuo-Ching, demanding payment of NT\$39,550 thousand plus interest at an annual rate of five percent from the day following the service of the complaint until the date of full settlement.

On December 10, 2025, the civil court of first instance ruled that the claim of Yuanta Bank against the Company, based on the assertion of "damages caused by employee Hsieh, Kuo-Ching", was without legal merit. Therefore, the court of first instance ruled against Yuanta Bank and in favor of the Company. As neither party filed an appeal within the statutory period, this

case was finalized and concluded on January 28, 2026.

Given that the civil court of first instance has confirmed that the Company bears no liability for damages to Yuanta Bank in respect of the New Site case, no loss has been incurred. Under these circumstances, the Company expects to withdraw the civil complaint previously filed against New Site and the other individuals.

10. Significant Disaster Losses: None.

11. Significant Subsequent Events: None.

12. Others: None.

13. Supplementary Disclosures

(1) Information on significant transactions:

i. Loans to others: Table 1.

ii. Endorsements and guarantees provided to others: Table 2.

iii. Significant marketable securities held at end of period (excluding investment in subsidiaries, associates, and joint ventures): None.

iv. Purchases from or sales to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

v. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Table 3.

vi. Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Table 4.

(2) Information on investees:

Information on the investees, including name and location (excluding investment in Mainland China): Table 5.

(3) Information on investments in Mainland China:

- i. Information on the investees in Mainland China, including name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, profit or loss for the period and recognized investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in Mainland China: Table 6.
- ii. Information on significant transactions with investees in Mainland China, either directly or indirectly through a third region, including prices, payment terms, unrealized gains or losses: None.

14. Segment Information

Please refer to the consolidated financial statements for 2025.

Table 1

Loans to Others

Unit: NTD thousand

Code (Note 1)	Lender	Borrower	General ledger account (Note 2)	Related party (Y/N)	Maximum balance during the period (Note 3)	Closing balance (Note 8)	Actual amount drawn down	Interest rate range	Nature of loan (Note 4)	Amount for business transaction (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans to a single borrower (Notes 7 & 9)	Aggregate limit on all loans (Notes 7 & 9)
													Item	Value		
0	The Company	Taixin Construction Co., Ltd.	Other receivables	Y	\$ 420,000	\$ 220,000	\$ 220,000	2.5%	Short-term financing	-	For working capital turnover	\$ -	None	None	\$ 1,929,513	\$ 3,859,026

Note 1: The number indicates the following:

- A. "0" for the issuer.
- B. Each subsidiary is sequentially numbered starting from "1".

Note 2: Fill in this column if it is a loan in nature, including accounting items such as accounts receivable from associates, accounts receivable from related parties, current account with stockholders, prepayments, and temporary payments.

Note 3: Fill in the highest balance of the loans to others for the year.

Note 4: In the "Nature of loan" column, fill in "Business transaction" or "Short-term financing".

Note 5: If the nature of the loan is "business transaction", fill in the "Amount for business transactions" column, which refers to the transaction amount between the creditor and borrower from the start of the transaction until the end of the previous year.

Note 6: If the nature of the loan is "short-term financing", specify the concrete reason for the necessity of the loan and the borrower's purpose for the funds, e.g., repayment of borrowings, purchase of equipment, working capital, etc.

Note 7: Fill in the limit on the amount of loans to a single borrower and the aggregate limit on all loans as prescribed in the issuer's Operational Procedures for Lending Funds to Others, and in the "Remarks" field state the method of calculation of the limit on loans to a single borrower and of the aggregate limit.

Note 8: If a public company submits loans for approval on a case by case basis by the Board of Directors in accordance with Paragraph 1, Article 14 of the Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies, then even if the funds have not yet been disbursed, the amounts approved should still be included in the reported balances of loans to disclose the risk the issuer bears. However, when such loans are subsequently repaid, the balances after repayment should be disclosed to reflect the adjustment to the risk. If the Board of Directors of a public company has authorized the chairman to loan funds in installments or grant revolving credit lines within certain monetary limits and within a period not exceeding one year in accordance with Paragraph 2, Article 14 of the Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies, the reported balances of loans should include the amount of credit available under such installment loans or credit

lines approved by the Board, and such credit should not be excluded from the balances even when the funds are subsequently repaid, considering that they could still be drawn down again.

Note 9: The Company's Procedures for Lending Funds to Others are as follows:

The aggregate amount of funds lent by the Company to others shall not exceed 40% of the Company's net worth. The limits for a single borrower are as follows:

A. Where there is a necessity for short-term financing to a subsidiary: the amount shall be limited to no more than twenty percent of the Company's net worth.

B. Companies or firms having business dealings with the Company: Limited to not more than 20% of the borrower's net worth, and shall not exceed the total amount of business dealings between both parties in the most recent year ("transaction amount" refers to the higher of the purchase or sales amount between both parties).

C. When the Company lends funds to a subsidiary and the amount does not exceed 10% of the net worth in the Company's most recent financial statements, the Chairman may be authorized to make loans in installments or provide a revolving credit line within the loan period.

The total amount of funds lent between foreign companies in which the Company directly and indirectly holds 100% of the voting shares, regardless of whether the reason for financing is funding needs or business dealings, shall not exceed 200% of the net worth of the lending company's most recent financial statements.

Table 2

Provision of Endorsements/Guarantees to Others

Unit: NTD thousand

Code (Note 1)	Endorser /guarantor	Entity being endorsed/guaranteed		Limit on endorsements/ guarantees provided to a single entity (Notes 3 & 8)	Maximum balance of endorsements/ guarantees for the period (Note 4)	Closing balance of endorsements/ guarantees (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees with property pledged as collateral	Ratio of accumulated endorsement / guarantee to net worth on most recent financial statements (%)	Aggregate limit on endorsements/ guarantees (Notes 3 & 8)	Endorsements/ guarantees by parent for subsidiary (Note 7)	Endorsements/ guarantees by subsidiary for parent (Note 7)	Endorsements/ Guarantees for company in Mainland China (Note 7)
		Name	Relationship (Note 2)										
1	Taixin Construction Co., Ltd.	The Company	3	\$ 52,038,000	\$ 2,880,000	\$ 2,880,000	\$ -	\$ 2,880,000	55.34%	\$ 52,038,000	-	Y	-

Note 1: The number indicates the following:

1. "0" for the issuer.
2. Each subsidiary is sequentially numbered starting from "1".

Note 2: Relationships between an endorser/guarantor and the counterparty that receives the endorsement/guarantee fall into the following 7 categories; indicate the category into which the relationship falls:

1. A company with which the Company does business.
2. A company in which the Company directly or indirectly holds more than 50% of the voting shares.
3. A company that directly or indirectly holds more than 50% of the Company's voting shares.
4. A company in which the Company directly or indirectly holds more than 90% of the voting shares.
5. Companies providing mutual endorsements/guarantees under contractual agreements due to construction contract requirements among peers or co-developers.
6. A company that is endorsed/guaranteed by all capital-contributing shareholders in proportion to their shareholding ratios due to a joint investment.
7. Industry peers providing joint and several guarantees for the performance of pre-sale housing sales contracts in accordance with the Consumer Protection Act.

Note 3: Fill in the limit on endorsements/guarantees to a single party and the aggregate limit on all endorsements/guarantees to others as prescribed in the issuer's Operational Procedures for Endorsements Guarantees, and in the "Remarks" field, state the method of calculation of the limit on endorsements/guarantees to a single party and of the aggregate limit.

Note 4: Fill in the maximum balance of endorsements/guarantees for the year.

Note 5: Fill in the amount approved by the Board of Directors. However, if the Board of Directors, in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies authorizes the Chairman to decide the amount, it refers to the amount decided by the Chairman.

Note 6: Fill in the actual amount drawn down by the endorsed/guaranteed company within the endorsement/guarantee amount made available.

Note 7: Fill in "Y" in the respective column if it is an endorsement/guarantee by a TWSE/TPEX-listed parent company to its subsidiary, endorsement/guarantee by a subsidiary to its

TWSE/TPEX-listed parent company, or endorsement/guarantee to a company in Mainland China.

Note 8: Procedures for Endorsements and Guarantees of Taixin Construction Co., Ltd. are as follows:

The total amount of the Company's endorsements and guarantees to others shall be limited to ten times the net worth of the Company's most recent financial statements; the Company's limit on endorsements/guarantees to a single company is as follows:

- A. For a parent company holding 100% of the shares of the Company, the limit shall not exceed ten times the net worth on the Company's most recent financial statements.
- B. Endorsements/Guarantees for other affiliates shall be limited to no more than the net worth on the Company's most recent financial statements.
- C. For non-related parties with business dealings, the amount shall be limited to no more than the total amount of business dealings between the two parties in the most recent year, and shall also not exceed the net worth on the Company's most recent financial statements ("transaction amount" refers to the higher of the purchase or sales amount between the two parties).

Table 3

Receivables from Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More

Unit: NTD thousand

Company recorded as having accounts receivable	Counterparty	Relationship	Balance of accounts receivable from related parties (Note 1)	Turnover (Times)	Overdue accounts receivable from related parties		Subsequent collections of receivables from related parties	Allowance for doubtful accounts
					Amount	Action taken		
The Company	Taixin Construction Co., Ltd.	Parent to subsidiary	Other receivables \$ 223,422	–	\$	–	\$ -	\$ -
Amberg Investments Pte. Ltd.	Federal Tire (Jiangxi) Co., Ltd.	Subsidiary to subsidiary	Receivables from capital reduction \$ 157,148	–		–	–	–

Note 1: Please fill in separately for accounts receivable from related parties, notes receivable from related parties, other receivables, etc.

Note 2: "Paid-in capital" refers to the paid-in capital of the parent company. Where the issuer's shares have no par value or a par value per share other than NT\$10, the provision regarding the transaction amount of 20% of the paid-in capital shall be calculated as 10% of equity attributable to owners of parent on the balance sheet.

Table 4

Intercompany Business Relationships and Significant Transactions

For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

Code (Note 1)	Name of transacting party	Counterparty	Relationship (Note 2)	Transaction details				Remarks
				Accounting item	Amount	Transaction terms	Ratio to consolidated operating revenue or total assets (%) (Notes 3 & 4)	
0	The Company	Taixin Construction Co., Ltd.	1	Other receivables	\$ 223,422	Note 5	2%	
				Interest income	5,185	Note 5	2%	
1	Amberg Investments Pte. Ltd.	Federal Tire (Jiangxi) Co., Ltd.	3	Other receivables	157,148	Note 6	1%	

Note 1: Number the transactions between the parent and subsidiaries and between subsidiaries in the Code field as follows:

1. "0" for the parent company.
2. Each subsidiary is sequentially numbered starting from "1".

Note 2: The related party transactions are divided into three categories, which are indicated by the numbers listed below. (Each transaction should be disclosed only once. For example: for a transaction from the parent to a subsidiary, if the parent has already disclosed it, the subsidiary does not need to disclose it again; for a transaction between subsidiaries, if one subsidiary has already disclosed it, the other subsidiary does not need to disclose it again):

1. "1" for parent to subsidiary.
2. "2" for subsidiary to parent.
3. "3" for subsidiary to subsidiary.

Note 3: The calculation of a transaction as a percentage of consolidated total operating revenue or total assets is done as follows: For a balance sheet item, it is calculated as the ratio of the closing balance to consolidated total assets; for an income item, it is calculated as the ratio of the cumulative amount to consolidated total operating revenue.

Note 4: Individual transaction amounts that do not reach 1% of the consolidated total operating revenue or consolidated total assets will not be disclosed; furthermore, the disclosure is presented from the perspective of assets and income.

Note 5: The transaction is primarily a fund loan in nature, and is therefore not applicable.

Note 6: The transaction is primarily receivables from capital reduction in nature, and is therefore not applicable.

Table 5

Information of Investees, Including Name and Location (Excluding Investment in Mainland China)

Unit: NTD thousand

Investor	Investee (Notes 1 & 2)	Location	Primary business activities	Initial investment		Holding at end of period			Current profit or loss of investee (Note 2(2))	Current investment income (loss) recognized (Note 2(3))	Remarks
				End of period	End of last year	Shares	Shareholding (%)	Carrying amount			
The Company	Taixin Construction Co., Ltd.	Taiwan	Commissioning contractors for the construction of residential and commercial buildings for lease and sale	\$ 330,000	\$ 330,000	33,000,000	100%	\$ 5,203,810	\$ (143,970)	\$ (143,970)	Subsidiary
"	Rongcheng Development Co., Ltd.	Taiwan	Commissioning contractors for the construction of residential and commercial buildings for lease and sale	10,000	10,000	1,000,000	100%	170,204	(380)	(380)	Subsidiary
"	Fu Cheng Development Co., Ltd.	Taiwan	Commissioning contractors for the construction of residential and commercial buildings for lease and sale	8,000	8,000	800,000	100%	84,329	(62)	(62)	Subsidiary
"	Federal International Holding Inc.	British Cayman Islands	General investment	1,641,825	1,641,825	49,900,000	100%	632,891	1,534	1,534	Subsidiary
Federal International Holding Inc.	Amberg Investments Pte. Ltd.	Singapore	General investment	1,716,239	1,716,239	85,762,738	100%	580,012	2,263	2,263	Sub-subsidiary
"	Karroy Development Limited	Hong Kong	Commercial building leasing business	74,566	74,566	2,000,000	100%	42,141	966	966	Sub-subsidiary

Note 1: If a public company has a foreign holding company and is required by local laws and regulations to use consolidated financial statements as its primary financial reports, the disclosure of information regarding

foreign investees may be limited to the relevant information of such holding company.

Note 2: For those not falling under the circumstances described in Note 1, fill in according to the following rules:

- (1) The columns "Investee", "Location", "Primary business activities", "Initial investment", and "Holding at end of Period" shall be filled in sequentially based on the reinvestment status of this (publicly issued) company and the further reinvestment status of each directly or indirectly controlled investee, and the relationship of each investee company to this (publicly issued) company (e.g., subsidiary or sub-subsidiary) shall be specified in the "Remark" column.
- (2) For the "Current profit or (loss of investee)" column, the current profit and loss amount of each investee shall be filled in.
- (3) For the "Current investment income (loss) recognized" column, only the profit and loss amounts of each subsidiary recognized as a direct investment and each investee accounted for using the equity method by the (publicly issued) Company shall be filled in; the remainder may be omitted. When filling in the "Amount of current profit and loss for each subsidiary recognized through direct equity investment", it shall be confirmed that the amount of current profit and loss for each subsidiary already includes the investment gains or losses to be recognized for its further equity investments in accordance with regulations.

Table 6

Information on Investment in Mainland China

Unit: NTD thousand

Investees in Mainland China	Primary business activities	Paid-in capital	Investment method	Accumulated investment outflow from Taiwan as of January 1	Investment remitted or recovered during the period		Accumulated investment outflow from Taiwan as of December 31	Current profit or loss of investee	Direct/Indirect shareholding ratio	Current investment income (loss) recognized (Note 2)	Carrying value of investment as of December 31	Investment income remitted as of December 31
					Remitted	Recovered						
Federal Tire (Jiangxi) Co., Ltd.	Sale of various tires and rubber products, and leasing and sales business	\$ 1,732,815	Note 1	\$1,752,068	\$ -	\$ (19,253)	\$1,732,815	\$ 10,350	100%	\$ 10,350	\$ 380,476	\$ -

Cumulative amount of investments remitted from Taiwan to Mainland China as of December 31	Investment amount authorized by Investment Commission, Ministry of Economic Affairs (MOEA)	Upper limit on investment in Mainland China stipulated by the Investment Commission, MOEA (Note 3)
\$ 1,732,815	\$ 1,732,815	\$ 5,788,538

Note 1: Investment in companies in Mainland China through Amberg Investments Pte. Ltd.

Note 2: Obtained based on the financial reports of the investee for the same period, which have been audited by the certified public accountants of the parent company in Taiwan.

Note 3: Pursuant to the provisions of the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China by Investment Commission, MOEA, the ceiling on the cumulative amount of investment in Mainland China is NT\$80 million, or 60% of the net worth or consolidated net worth, whichever is higher.

Federal Corporation

List of Schedules of Major Accounting Items in 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

<u>No./Index</u>	<u>Name of Statement</u>
1	Statement of Cash and Cash Equivalents
2	Statement of Accounts Receivable
3	Statement of Other Receivables
4	Statement of Inventories
5	Statement of Prepayments
Note 6(6)	Statement of Non-current Assets Held for Sale
6	Statement of Changes in Investments Accounted for Using Equity Method
Note 6(8)	Statement of Property, Plant, and Equipment
Note 6(8)	Statement of Changes in Accumulated Depreciation of Property, Plant, and Equipment
7	Statement of Changes in Right-of-use Assets
7	Statement of Changes in Accumulated Depreciation of Right-of-use Assets
Note 6(11)	Statement of Intangible Assets
Note 6(26)	Statement of Deferred Income Tax Assets
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8	Statement of Accounts Payable
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9	Statement of Lease Liabilities
10	Statement of Other Current Liabilities
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10	Statement of Other Non-current Liabilities
11	Statement of Operating Revenue
12	Statement of Operating Costs
13	Statement of Operating Expenses
Note 6(22)	Statement of Interest Income
Note 6(23)	Statement of Other Income
Note 6(24)	Statement of Other Gains and Losses
Note 6(25)	Statement of Finance Costs
Note 6(27)	Summary Statement of Current Period Employee Benefits, Depreciation, Depletion, and Amortization Expenses by Function

Statement of Cash and Cash Equivalents

December 31, 2025

Schedule 1

Item	Summary	Amount
Bank deposits		
Checking deposits		\$ 10,012
Demand deposits		2,321,126
Foreign currency demand deposits	US\$234,532.47	7,372
Cash equivalents		
NTD time deposits	Maturity dates: March 3, 2026–March 15, 2026 Interest rate: 1.66%	80,350
Foreign currency time deposits	Maturity dates: January 11, 2026–February 6, 2026 Interest rates: 3.85%–3.90% US\$2,000,000.00	62,860
Bills under repurchase agreements	Maturity dates: January 16, 2026–November 22, 2026 Interest rate: 3.80% US\$646,149.90	20,308
Total		\$ 2,502,028

Exchange rate: USD31.43

Statement of Accounts Receivable

December 31, 2025

Schedule 2

Customer	Summary	Amount	Remarks
Non-related parties:			
Company A		\$ 18,529	
Company B		10,919	
Company C		5,053	
Company D		4,552	
Others	(Amount less than 5%)	24,431	
Total		63,484	
Less: Loss allowance		(6,673)	
Net amount		\$ 56,811	

Statement of Other Receivables

December 31, 2025

Schedule 3

Item	Summary	Amount
Non-related parties:		
Interest receivable		\$ 577
VAT refundable		3,005
Receivables from disposal of equipment		8,763
Other receivables – others		1,936
Subtotal		14,281
Related parties:		
Taixin Construction Co., Ltd.		223,422
Subtotal		223,422
Total		\$ 237,703

Statement of Inventories

December 31, 2025

Schedule 4

Item	Summary	Amount		Remarks
		Cost	Net realizable value	
Finished goods		\$ 254	\$ 167	
Raw materials		6,728	—	
Supplies		38,912	—	
Merchandise inventory		13,670	12,764	
Subtotal		59,564	\$ 12,931	
Allowance for inventory write-downs		(47,343)		
Total		\$ 12,221		

Statement of Prepayments

December 31, 2025

Schedule 5

Item	Summary	Amount
Prepaid insurance premiums	Global product liability insurance	\$ 5,184
Other prepaid expenses	Others	6,853
Excess business tax paid		2,113
Total		\$ 14,150

Statement of Changes In Investments Accounted for Using Equity Method

For the Years Ended December 31, 2025 and 2024

Schedule 6

Name	Opening balance		Increase (decrease) during the period		Investment income (loss) accounted for using equity method	Exchange differences on translation accounted for using equity method	Others	Closing balance			Market price or net asset value		Collaterals or pledges	Remarks
	Number of shares	Amount	Number of shares	Amount				Number of shares	Shareholding (%)	Amount	Unit price (NTD)	Total price		
Taixin Construction Co., Ltd.	33,000,000	\$ 5,347,780	-	\$ -	\$ (143,970)	\$ -	\$ -	33,000,000	100%	\$5,203,810	-	\$5,203,810	None	
Rongcheng Development Co., Ltd.	1,000,000	170,584	-	-	(380)	-	-	1,000,000	100%	170,204	-	170,204	"	
Fu Cheng Development Co., Ltd.	800,000	84,391	-	-	(62)	-	-	800,000	100%	84,329	-	84,329	"	
Federal International Holding. Inc.	49,400,000	528,525	-	82,711	1,534	(1,113)	21,234	49,400,000	100%	632,891	-	632,891	"	Note
Total		\$ 6,131,280		\$ 82,711	\$ (142,878)	\$ (1,113)	\$ 21,234			\$6,091,234		\$6,091,234		

Notes: 1. The increase for the current period was due to Federal Tire North America LLC's inability to settle its debts to the Company with existing funds. On March 3, 2025, the Board of Directors approved the waiver of the aforementioned receivables in their entirety, totaling NT\$82,711 thousand.

2. Other items consist of revaluation surplus on property of subsidiaries accounted for using equity method to NT\$21,234 thousand.

Statement of Changes In Right-of-use Assets

For the Years Ended December 31, 2025 and 2024

Schedule 7

Item	Opening balance	Additions	Disposal	Reclassification	Closing balance
Cost:					
Buildings and structures	\$ 5,277	\$ 23,822	\$ -	\$ -	\$ 29,099
Transportation equipment	5,525	-	(921)	-	4,604
Subtotal	10,802	23,822	(921)	-	33,703
Accumulated depreciation:					
Buildings and structures	2,571	3,594	-	-	6,165
Transportation equipment	2,984	1,128	(541)	-	3,571
Subtotal	5,555	4,722	(541)	-	9,736
Net amount	\$ 5,247	\$ 19,100	\$ (380)	\$ -	\$ 23,967

Statement of Accounts Payable

December 31, 2025

Schedule 8

Customer	Summary	Amount	Remarks
Related parties:			
Nankang Rubber Tire Corp.,		\$ 174	
Non-related parties:			
Company A		19,022	
Company B		7,149	
Others	Payables for goods (amount less than 5%)	1,563	
Total		\$ 27,908	

Statement of Lease Liabilities

December 31, 2025

Schedule 9

Item	Lease term	Discount rate	Amount
Buildings and structures	10 months–3 years	2.04%–2.46%	\$ 57,820
Transportation equipment	3–6 years	1.55%–2.51%	1,051
Total			58,871
Less: Current portion			58,523
Lease liabilities – non-current			\$ 348

Statement of Other Liabilities

December 31, 2025

Schedule 10

Item	Summary	Amount
Current		
Advances received		\$ 21,672
Temporary receipts		9,231
Receipts under custody		332
Total		\$ 31,235
Non-current		
Advances received from pre-sale of land		
Land payments received in advance		\$ 1,284,048
Public auction service fees		(8,400)
Land mortgage registration fee		(1,541)
Total		\$ 1,274,107

Statement of Operating Revenue

For the Years Ended December 31, 2025 and 2024

Schedule 11

Item	Summary	Amount	Remarks
Revenue from sale of goods	Outer tires	\$ 235,807	
	Inner tubes	248	
	Tire flaps	79	
	Engine oil	90	
	Others	11	
Rental income	Real estate	2,003	
Other income	Royalties	1,732	
	Technical services	235	
Total		\$ 240,205	

Statement of Operating Costs

For the Years Ended December 31, 2025 and 2024

Schedule 12

Item	Amount	Remarks
Merchandise inventory, beginning of period	\$ 32,492	
Add: Net purchases for the period	192,047	
Less: Merchandise inventory, end of period	(13,670)	
Reclassified as expenses	(31)	
Inventory physical count loss	(178)	
Inventory scrap	(71)	
Cost of goods sold – merchandise	210,589	
Direct raw materials consumed		
Raw materials, beginning of period	24,166	
Less: Supplies, end of period	(6,728)	
Inventory physical count loss	(26)	
Disposal of raw materials	(17,412)	
	–	
Indirect materials consumed		
Indirect materials, beginning of period	61,906	
Less: Supplies, end of period	(38,912)	
Inventory physical count loss	(59)	
Scrap	(2)	
Sale of supplies	(22,852)	
Reclassified as expenses	(81)	
	–	
Cost of finished goods		
Add: Finished goods, beginning of period	10,153	
Less: Finished goods, end of period	(254)	
Inventory physical count loss	(3)	
Inventory scrap	(1,291)	
Others	(37)	
Cost of goods sold – manufactured products	8,568	
Loss on inventory write-downs	(49,683)	
Inventory physical count gain	266	
Inventory scrap	1,364	
Loss on sale of inventories	31,509	
Operating costs	\$ 202,613	

Statement of Operating Expenses

For the Years Ended December 31, 2025 and 2024

Schedule 13

Item	Summary	Selling expenses	Administrative expenses	Research and development expenses	Expected credit loss	Remarks
Salaries		\$ 7,398	\$ 25,293	\$ 4,718	\$ -	
Freight		8,171	-	-	-	
Utilities expense		56	9,442	-	-	
Insurance expense		12,531	11,873	500	-	
Taxes		-	10,088	-	-	
Depreciation		11,738	4,423	-	-	
Service fees		257	92,024	-	-	
Export expenses		3,343	-	-	-	
Expected credit loss	Accounts receivable	-	-	-	3,239	
Other expenses	(Individual amount less than 5%)	4,270	32,095	2,842	-	
Total		\$ 47,764	\$ 185,238	\$ 8,060	\$ 3,239	