

**NAK SEALING TECHNOLOGIES  
CORPORATION AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2024 AND 2023**

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Nak Sealing Technologies Corporation

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Nak Sealing Technologies Corporation and subsidiaries (the “Group”) as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent auditors, 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 Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

#### **Timing of sales revenue recognition**

##### Description

Please refer to Notes 4(26) and 6(16) for accounting policies on revenue recognition. For the year ended December 31, 2024, the Group had operating revenue amounting to NT\$3,923,456 thousand.

The Group is primarily engaged in the manufacture and sales of various types of sealing components, the marketing channels of products spread over the globe, and sales to customers involves different kinds of transaction terms. The Group recognised sales revenue in accordance with the transaction terms of individual customer and after delivery and confirming the control was transferred. Thus, the procedure of revenue recognition usually involved highly manual judgment and works, and which financial report period will the sales revenue be recognised in would be affected by whether the control of goods were transferred to buyers in accordance with the performance obligations which were regulated in the contracts before the final date of reporting period. Thus, we consider the timing of sales revenue recognition a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Understood and assessed the working procedures and internal control system of the Group's timing of sales revenue recognition, and tested for the efficiency of such controls.
2. Performed sales cut-off test for a certain period around balance sheet date and reviewed evidence in relation to subsequent significant sales returns and discounts to assess the adequacy of revenue cut-off.

#### **Adequacy of accounting estimates of allowance for inventory valuation losses**

##### Description

Please refer to Notes 4(12), 5(2) and 6(5) for a description of accounting policy on inventory valuation, accounting estimates and assumptions in relation to loss allowance and details of loss allowance. As of December 31, 2024, the Group's total amount of inventories and allowance for inventory valuation losses were NT\$1,028,898 thousand and NT\$56,982 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of various types of sealing components. Such inventories were affected by highly competitive market and the price fluctuation of international raw materials, such as glue, fossil oil and steel, thus, there were higher risk in inventories valuation loss and obsolescence. In addition, the Group's allowance for valuation loss on inventories primarily came from individually identified obsolete or damaged inventories. Since the cash amount of inventories was significant, types of items were many, and the net realisable value adopted usually involved subjective judgment, therefore, there was estimates uncertainty. Thus, we consider the estimates of allowance for inventory valuation losses a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the Group's operations and industry in order to assess the reasonableness of the policy on recognition of allowance for inventory valuation losses.
2. Obtained an understanding on the warehouse management processes, reviewed the annual physical inventory count plan, participated in and observed the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
3. Obtained inventory ageing report statements which management used in valuation and related supporting documents to verify the date of inventory change, and test the accuracy and reasonableness of program logic of report statements.
4. Obtained the inventory cost and net realisable value estimation data which was prepared by management to verify individual inventory item with sales evidences and its accounting records, and tested the calculation of statements for accuracy to assess the basis of net realisable value and its reasonableness.

#### ***Other matter – Parent company only financial reports***

We have audited and expressed an unmodified opinion and unmodified opinion with emphasis of matter on the parent company only financial statements of Nak Sealing Technologies Corporation as at and for the years ended December 31, 2024 and 2023.

***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 consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

### ***Auditors' responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
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 Group's internal controls.
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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group 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 consolidated financial statements of the current period 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.

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Wu, Sung-Yuan

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Lai, Chih-Wei

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2025

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

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

**NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 433,850	8	\$ 519,086	10
1136	Current financial assets at amortised cost	6(2)	237,599	5	163,482	3
1150	Notes receivable, net	6(3)	346,439	7	292,711	5
1170	Accounts receivable, net	6(3)	1,060,715	20	1,093,010	21
1180	Accounts receivable - related parties	7(2)	33,024	1	34,321	1
1200	Other receivables	6(4)	23,064	-	16,006	-
1210	Other receivables due from related parties	7(2)	3,653	-	3,653	-
130X	Inventories	6(5)	971,916	18	1,041,309	20
1470	Other current assets		57,655	1	68,632	1
11XX	Current Assets		3,167,915	60	3,232,210	61
Non-current assets						
1550	Investments accounted for under equity method	6(6)	41,955	1	33,215	1
1600	Property, plant and equipment	6(7) and 8	1,915,943	36	1,843,053	35
1755	Right-of-use assets	6(8)	49,975	1	51,907	1
1780	Intangible assets		30,311	-	21,195	-
1840	Deferred income tax assets	6(19)	62,976	1	84,153	2
1900	Other non-current assets	7(2)	47,109	1	26,521	-
15XX	Non-current assets		2,148,269	40	2,060,044	39
1XXX	Total assets		\$ 5,316,184	100	\$ 5,292,254	100

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**NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2150	Notes payable		\$ 109	-	\$ 1,339	-
2170	Accounts payable		143,411	3	122,728	2
2200	Other payables	6(9)	450,640	8	477,888	9
2230	Current income tax liabilities		49,522	1	230,307	5
2280	Current lease liabilities		1,189	-	2,504	-
2320	Long-term liabilities, current portion	6(10)	11,320	-	11,320	-
2399	Other current liabilities, others	6(16)	8,991	-	13,075	-
21XX	Current Liabilities		665,182	12	859,161	16
Non-current liabilities						
2540	Long-term borrowings	6(10)	56,600	1	67,920	1
2570	Deferred income tax liabilities	6(19)	413,965	8	368,510	7
2580	Non-current lease liabilities		-	-	922	-
2600	Other non-current liabilities	6(11)	787	-	30,991	1
25XX	Non-current liabilities		471,352	9	468,343	9
2XXX	Total Liabilities		1,136,534	21	1,327,504	25
Equity attributable to owners of parent						
	Share capital	6(12)				
3110	Share capital - common stock		831,613	16	831,613	16
	Capital surplus	6(13)				
3200	Capital surplus		214,743	4	214,743	4
	Retained earnings	6(14)				
3310	Legal reserve		983,793	19	884,775	17
3320	Special reserve		197,664	4	166,780	3
3350	Unappropriated retained earnings		2,089,059	39	2,060,482	39
	Other equity interest	6(15)				
3400	Other equity interest		( 141,419 )	( 3 )	( 197,664 )	( 4 )
31XX	Equity attributable to owners of the parent		4,175,453	79	3,960,729	75
36XX	Non-controlling interest		4,197	-	4,021	-
3XXX	Total equity		4,179,650	79	3,964,750	75
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
	Significant Disasters Loss	10				
3X2X	Total liabilities and equity		\$ 5,316,184	100	\$ 5,292,254	100

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

			Year ended December 31			
			2024		2023	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16) and 7(2)	\$ 3,923,456	100	\$ 4,786,526	100
5000	Operating costs	6(5)(18)	( 2,342,050)	( 60)	( 2,810,271)	( 59)
5900	Net operating margin		1,581,406	40	1,976,255	41
5920	Realized profit (loss) from sales		436	-	( 5,053)	-
5950	Net operating margin		1,581,842	40	1,971,202	41
	Operating expenses	6(18)				
6100	Selling expenses		( 189,366)	( 5)	( 214,028)	( 4)
6200	General and administrative expenses		( 322,584)	( 8)	( 371,788)	( 8)
6300	Research and development expenses		( 77,979)	( 2)	( 79,303)	( 2)
6450	Expected credit loss	12(2)	( 12,581)	-	-	-
6000	Total operating expenses		( 602,510)	( 15)	( 665,119)	( 14)
6900	Operating profit		979,332	25	1,306,083	27
	Non-operating income and expenses					
7100	Interest income		10,316	-	5,628	-
7010	Other income		14,766	-	8,327	-
7020	Other gains and losses	6(17)	22,172	1	13,348	1
7050	Finance costs		( 2,996)	-	( 6,118)	-
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(6)	14,295	-	1,634	-
7000	Total non-operating income and expenses		58,553	1	22,819	1
7900	Profit before income tax		1,037,885	26	1,328,902	28
7950	Income tax expense	6(19)	( 317,060)	( 8)	( 348,391)	( 8)

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**NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

	Items	Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
8200	<b>Profit for the year</b>		<u>\$ 720,825</u>	<u>18</u>	<u>\$ 980,511</u>	<u>20</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(11)	\$ 24,742	1	\$ 13,719	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(19)	( 4,948)	-	( 2,744)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>19,794</u>	<u>1</u>	<u>10,975</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(15)	70,986	2	( 33,029)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method	6(15)	( 515)	-	( 5,568)	-
8399	Income tax relating to the components of other comprehensive income	6(19)	( 14,061)	( 1)	<u>7,721</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>56,410</u>	<u>1</u>	<u>( 30,876)</u>	<u>-</u>
8300	<b>Total other comprehensive income for the year</b>		<u>\$ 76,204</u>	<u>2</u>	<u>( \$ 19,901)</u>	<u>-</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 797,029</u>	<u>20</u>	<u>\$ 960,610</u>	<u>20</u>
	Profit, attributable to:					
8610	Owners of the parent		\$ 720,814	18	\$ 979,206	20
8620	Non-controlling interest		<u>11</u>	<u>-</u>	<u>1,305</u>	<u>-</u>
			<u>\$ 720,825</u>	<u>18</u>	<u>\$ 980,511</u>	<u>20</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 796,853	20	\$ 959,297	20
8720	Non-controlling interest		<u>176</u>	<u>-</u>	<u>1,313</u>	<u>-</u>
			<u>\$ 797,029</u>	<u>20</u>	<u>\$ 960,610</u>	<u>20</u>
	Basic earnings per share	6(20)				
9750	Total basic earnings per share		<u>\$ 8.67</u>		<u>\$ 11.77</u>	
9850	Total diluted earnings per share		<u>\$ 8.62</u>		<u>\$ 11.70</u>	

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

**NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent									
	Capital surplus			Retained earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
	Share capital - common stock	Additional paid-in capital	Premium from merger	Legal reserve	Special reserve	Unappropriated retained earnings				
<b>Year 2023</b>										
Balance at January 1, 2023	\$ 831,613	\$ 208,642	\$ 6,101	\$ 820,541	\$ 191,973	\$ 1,575,045	(\$ 166,780 )	\$ 3,467,135	\$ 16,562	\$ 3,483,697
Profit for the year	-	-	-	-	-	979,206	-	979,206	1,305	980,511
Other comprehensive income (loss)	6(15)	-	-	-	-	10,975	( 31,475 )	( 20,500 )	8	( 20,492 )
Total comprehensive income (loss)		-	-	-	-	990,181	( 31,475 )	958,706	1,313	960,019
Appropriation and distribution of 2022 earnings	6(14)									
Legal reserve appropriated		-	-	-	64,234	( 64,234 )	-	-	-	-
Special reserve appropriated		-	-	-	( 25,193 )	25,193	-	-	-	-
Cash dividends		-	-	-	-	( 465,703 )	-	( 465,703 )	-	( 465,703 )
Deregistration of subsidiary		-	-	-	-	-	591	591	( 13,854 )	( 13,263 )
Balance at December 31, 2023	<u>\$ 831,613</u>	<u>\$ 208,642</u>	<u>\$ 6,101</u>	<u>\$ 884,775</u>	<u>\$ 166,780</u>	<u>\$ 2,060,482</u>	<u>(\$ 197,664 )</u>	<u>\$ 3,960,729</u>	<u>\$ 4,021</u>	<u>\$ 3,964,750</u>
<b>Year 2024</b>										
Balance at January 1, 2024	\$ 831,613	\$ 208,642	\$ 6,101	\$ 884,775	\$ 166,780	\$ 2,060,482	(\$ 197,664 )	\$ 3,960,729	\$ 4,021	\$ 3,964,750
Profit for the year	-	-	-	-	-	720,814	-	720,814	11	720,825
Other comprehensive income	6(15)	-	-	-	-	19,794	56,245	76,039	165	76,204
Total comprehensive income		-	-	-	-	740,608	56,245	796,853	176	797,029
Appropriation and distribution of 2023 earnings	6(14)									
Legal reserve appropriated		-	-	-	99,018	( 99,018 )	-	-	-	-
Special reserve appropriated		-	-	-	30,884	( 30,884 )	-	-	-	-
Cash dividends		-	-	-	-	( 582,129 )	-	( 582,129 )	-	( 582,129 )
Balance at December 31, 2024	<u>\$ 831,613</u>	<u>\$ 208,642</u>	<u>\$ 6,101</u>	<u>\$ 983,793</u>	<u>\$ 197,664</u>	<u>\$ 2,089,059</u>	<u>(\$ 141,419 )</u>	<u>\$ 4,175,453</u>	<u>\$ 4,197</u>	<u>\$ 4,179,650</u>

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 1,037,885	\$ 1,328,902
Adjustments			
Adjustments to reconcile profit (loss)			
Realized loss from sales		( 436 )	5,053
Expected credit loss	12(2)	12,581	-
Depreciation expense-property, plant and equipment	6(7)(18)	167,385	159,645
Depreciation expense-right-of-use assets	6(8)(18)	3,849	5,672
Amortization expense	6(18)	25,308	19,479
Loss on disposal of property, plant and equipment	6(17)	1,982	2,245
Disaster loss	6(17)	5,210	-
Loss on disposal of investments	6(17)	-	739
Grant revenue		-	( 4,940 )
Share of profit of associates and joint ventures accounted for using equity method	6(6)	( 14,295 )	( 1,634 )
Interest revenue		( 10,316 )	( 5,628 )
Financial cost-bank loan		2,996	6,118
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 42,304 )	( 7,737 )
Accounts receivable(include related parties)		21,011	( 3,177 )
Other receivables		1,008	12,940
Inventories		69,214	201,183
Other current assets		10,977	( 15,669 )
Changes in operating liabilities			
Notes payable		( 1,230 )	( 1,904 )
Accounts payable		20,683	( 95,863 )
Other payables		( 34,326 )	56,875
Other current liabilities		( 4,084 )	( 6,859 )
Net defined benefit liability		( 4,096 )	( 7,364 )
Cash inflow generated from operations		1,269,002	1,648,076
Dividend income		2,090	2,981
Interest received		10,245	5,614
Interest paid		( 1,799 )	( 6,187 )
Income taxes paid		( 451,000 )	( 232,813 )
Net cash flows from operating activities		828,538	1,417,671

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**NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>Year ended December 31</u>	
		<u>2024</u>	<u>2023</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		( \$ 74,117 )	( \$ 111,983 )
Increase in other receivables due from related parties		-	( 489 )
Proceeds from liquidation of investees accounted for using equity method		-	2,760
Acquisition of property, plant and equipment	6(21)	( 258,565 )	( 193,826 )
Proceeds from disposal of property, plant and equipment		2,225	548
Acquisition of intangible assets		( 30,098 )	( 21,452 )
(Increase) decrease in other non-current assets		( 183 )	337
Net cash flows used in investing activities		( 360,738 )	( 324,105 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from short-term loans	6(22)	50,000	2,020,000
Repayments of short-term loans	6(22)	( 50,000 )	( 2,510,000 )
Repayments of long-term debt	6(22)	( 11,320 )	( 11,320 )
Payments of lease liabilities	6(22)	( 2,285 )	( 4,087 )
Cash dividends paid	6(14)(22)	( 582,129 )	( 465,703 )
Payments to non-controlling interest for deregistration of subsidiary	4(3)	-	( 13,319 )
Increase in guarantee deposits received	6(22)	600	-
Net cash flows used in financing activities		( 595,134 )	( 984,429 )
Effect of exchange rate changes on cash and cash equivalents		42,098	( 28,044 )
Net (decrease) increase in cash and cash equivalents		( 85,236 )	81,093
Cash and cash equivalents at beginning of year		519,086	437,993
Cash and cash equivalents at end of year		<u>\$ 433,850</u>	<u>\$ 519,086</u>

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



NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

The Nak Sealing Technologies Corporation (the “Company”) was established in August 1976. The Company and subsidiaries (the “Group”) are primarily engaged in the processing and manufacturing of each kind of oil seal, manufacturing rubber machinery and metal modules, and import and export businesses.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 13, 2025.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘ Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘ Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature- dependent electricity’	January 1, 2026
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the Group expects that the above standards and interpretations have no significant impact to the Group’s consolidated financial statements.

IFRS 18, ‘Presentation and disclosure in financial statements’

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes. The quantitative impact will be disclosed when the assessment is complete.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements

are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

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

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

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

(d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2024	December 31, 2023	
NAK SEALING TECHNOLOGIES CORPORATION	SMOOTH TRACK ASSOCIATES LIMITED (“SMOOTH”)	Engaged in general investment activities.	100	100	Note 1
NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING PRODUCTS (THAILAND) CO., LTD.	Expanding market share in Southeast Asia through sales of seals and accessories.	100	100	
NAK SEALING TECHNOLOGIES CORPORATION	SHOWMOST INTERNATIONAL CO., LTD. (“SHOWMOST”)	Engaged in general investment activities.	100	100	
NAK SEALING TECHNOLOGIES CORPORATION	Song Quan International Co., Ltd.	Manufacturing of rubber products.	100	100	Notes 3
SHOWMOST INTERNATIONAL CO., LTD. (“SHOWMOST”)	NAK SEALING TECHNOLOGIES INDIA PRIVATE LIMITED	Selling seals and accessories.	60	60	
SMOOTH TRACK ASSOCIATES LIMITED (“SMOOTH”)	NAK HONGKONG CO., LTD.	Engaged in general investment activities.	100	100	Note 1
SMOOTH TRACK ASSOCIATES LIMITED (“SMOOTH”)	Guangzhou Mt. Port Automotive Technology Limited Company	Professional technical services industry.	-	-	Notes 2
NAK HONGKONG CO., LTD.	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	Production and manufacturing of various types of seals and accessories.	100	100	Note 1

Note 1: Significant subsidiaries.

Note 2: Given market factors and business strategies, on August 4, 2022, the Board of Directors of the Group resolved to liquidate Guangzhou Mt. Port Automotive Technology Limited Company. The subsidiary was deregistered and dissolved on June 12, 2023.

Note 3: Song Quan International Co., Ltd. increased its cash capital amounting to \$15,000 thousand for the years ended December 31, 2024 and 2023. The effective date was set on April 22, 2024 and April 10, 2023, respectively. The registration for the change had been completed.

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

## B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (c) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

## (5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;

- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method / subsidiaries, associates and joint ventures

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' or 'retained earnings' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.



(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Land improvement	6 ~ 11 years
Buildings and structures	3 ~ 56 years
Machinery equipment	3 ~ 12 years
Transportation equipment	3 ~ 9 years
Office equipment	3 ~ 6 years
Other equipment	2 ~ 26 years

(15) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.  
The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 1 ~ 11 year(s).

(17) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 10 year(s).

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(23) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(26) Revenue recognition

Sales of goods

The Group manufactures and sells a range of oil seal related products. Sales are recognised when control of the products has transferred. Delivery occurs when the products have been shipped to the specific location, significant risks and returns have been transferred to the sales counterparty, and either the sales counterparty has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(28) Reorganisation

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the strong competition market and the effect of price fluctuation of international raw materials, such as glue, fossil oil and steel, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2024, the carrying amount of inventories was \$971,916 thousand.

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and petty cash	\$ 1,384	\$ 1,446
Demand deposits	394,674	472,202
Foreign currency deposit	37,478	45,257
Checking accounts	314	181
	<u>\$ 433,850</u>	<u>\$ 519,086</u>

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

B. The Group has no cash and cash equivalents pledged to others.

### (2) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Time deposits (with maturity date over three months)	<u>\$ 237,599</u>	<u>\$ 163,482</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Interest income	<u>\$ 6,395</u>	<u>\$ 809</u>

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

### (3) Notes and accounts receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable	<u>\$ 346,439</u>	<u>\$ 292,711</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	\$ 1,087,548	\$ 1,106,874
Less: Allowance for uncollectible accounts	( 26,833)	( 13,864)
	<u>\$ 1,060,715</u>	<u>\$ 1,093,010</u>

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

	December 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 922,562	\$ 346,439	\$ 927,752	\$ 292,711
1 to 30 days	90,192	-	111,685	-
31 to 90 days	43,102	-	43,074	-
91 to 180 days	8,722	-	11,789	-
181 to 360 days	8,221	-	5,263	-
Over 361 days	14,749	-	7,311	-
	<u>\$ 1,087,548</u>	<u>\$ 346,439</u>	<u>\$ 1,106,874</u>	<u>\$ 292,711</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2024, December 31 2023 and January 1, 2023, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$1,406,479 thousand.
- C. The Group assesses some of the notes receivable (which are bank drafts) discounted to the bank meets the requirements for the exclusion of financial assets, provided that the receiver (the accepting bank) refuses to pay and the Group is liable to pay, although the credit rating of the receiver (the accepting bank) mentioned above is good, in general, the Group does not expect the accepting bank to refuse payment. The Group has posted to the bank, but it has not yet matured, the following summary information is available:

	December 31, 2024	December 31, 2023
Amount derecognized	<u>\$ 50,301</u>	<u>\$ 50,491</u>

- D. As at December 31, 2024, the Group had outstanding discounted notes receivable amounting to \$42,480 thousand, wherein the Group has payment obligation when the drawers of the notes refuse to pay for the notes at maturity. However, in general, the Group does not expect that the drawers of the notes would refuse to pay for the notes at maturity. The liabilities arising on discounted notes receivable were presented as is provided in Note 6(9).
- E. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$346,439 thousand and \$292,711 thousand ; \$1,060,715 thousand and \$1,093,010 thousand, respectively.
- F. The Group has no notes and accounts receivable pledged to others as collateral.
- G. Information relating to credit risk is provided in Note 12(2).

(4) Other receivable

	Year ended December 31, 2024	Year ended December 31, 2023
Tax refund receivable	\$ 9,327	\$ 10,014
Claims receivable	7,995	-
Other receivables amount	5,742	5,992
	<u>\$ 23,064</u>	<u>\$ 16,006</u>

On May 30, 2024, the Sixth Plant owned by the Group absorbed some fire damage, and the damaged equipment and inventory were fully covered by property insurance. The insurance company, along with an appointed third-party notary, assisted in processing the insurance compensation. The insurance company issued the final settlement for the fire damage, and in 2024, the insurance compensation income of \$7,995 thousand was recognized. The compensation was received in January 2025. The related losses and actual insurance claims income are presented in net amount and are shown as losses under other gains and losses. Information relating to the fire damage is provided in Note 10.

(5) Inventories

	December 31, 2024		
	Cost	Allowance for obsolescence and valuation loss	Book value
Raw materials	\$ 221,407	(\$ 6,388)	\$ 215,019
Work in progress	239,473	( 5,630)	233,843
Finished goods	568,018	( 44,964)	523,054
	<u>\$ 1,028,898</u>	<u>(\$ 56,982)</u>	<u>\$ 971,916</u>

  

	December 31, 2023		
	Cost	Allowance for obsolescence and valuation loss	Book value
Raw materials	\$ 322,160	(\$ 5,758)	\$ 316,402
Work in progress	227,253	( 6,023)	221,230
Finished goods	552,396	( 48,719)	503,677
	<u>\$ 1,101,809</u>	<u>(\$ 60,500)</u>	<u>\$ 1,041,309</u>



The cost of inventories recognised as expense for the period:

	Year ended December 31	
	2024	2023
Cost of goods sold	\$ 2,348,096	\$ 2,811,657
Gain on reversal of market value decline and obsolete and slow-moving inventories	( 3,935)	( 1,231)
Others	( 2,111)	( 155)
	<u>\$ 2,342,050</u>	<u>\$ 2,810,271</u>

A. The Group reversed a previous inventory write-down because it sold certain inventories which were previously provided with allowance for the years ended December 31, 2024 and 2023.

B. On May 30, 2024, the Sixth Plant owned by the Group absorbed some fire damage, and a portion of the inventory in the plant was damaged. The Group has conducted a review and derecognized the inventory which were damaged by the fire amounting to \$179 thousand. The related losses and actual insurance claims income are presented in net amount and are shown as losses under other gains and losses. Information relating to the fire damage is provided in Note 10.

(6) Investments accounted for using equity method

The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

	December 31, 2024	December 31, 2023	Shareholding ratio
KISH NAK OIL SEAL MFG.CO.,LTD. ("KISH NAK")	\$ -	(\$ 2,668)	49%
NAK TOTAL SEALING SOLUTIONS PTY LTD. ("NAK TOTAL")	13,993	10,395	49%
BUSINESS FRIEND LIMITED ("BUSINESS FRIEND")	1,000	946	33.34%
NAK INTERNATIONAL LTD. ("NAK INTERNATIONAL")	<u>26,962</u>	<u>21,874</u>	33.33%
	41,955	30,547	
Add:Transfer to "other non- current liabilities"	<u>-</u>	<u>2,668</u>	
	<u>\$ 41,955</u>	<u>\$ 33,215</u>	

A. Share of profit of associates and joint ventures accounted for using equity method are as follows:

	Year ended December 31	
	2024	2023
Share of profit/(loss) of associates and accounted for under equity method:		
KISH NAK OIL SEAL MFG.CO.,LTD.	\$ 2,668	(\$ 3,635)
NAK TOTAL SEALING SOLUTIONS PTY LTD.	4,701	( 2,856)
BUSINESS FRIEND LIMITED	( 9)	( 57)
NAK INTERNATIONAL LTD. (“NAK INTERNATIONAL”)	6,935	8,182
	14,295	1,634
Other comprehensive loss, net of tax	( 412)	( 4,455)
Total comprehensive income (loss)	\$ 13,883	(\$ 2,821)

B. Long-term equity investments accounted for using equity method for the years ended December 31, 2024 and 2023 were based on each investee’s audited financial statements.

C. The carrying amount of KISH NAK OIL SEAL MFG.CO., LTD. had become negative as its operation incurred loss for the year ended December 31, 2023. Therefore, the carrying amount was reversed to other non-current liabilities of \$2,668 thousand and the balance became \$0.

(7) Property, plant and equipment

Year ended December 31, 2024						
	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land	\$ 615,184	\$ -	\$ -	\$ -	\$ 203	\$ 615,387
Land improvements	10,047	-	-	-	-	10,047
Buildings and structures	1,026,004	9,662	( 704)	3,065	13,352	1,051,379
Machinery and equipment	1,209,420	144,493	( 68,322)	20,615	15,055	1,321,261
Transportation equipment	37,043	909	( 170)	284	362	38,428
Office equipment	86,132	8,046	( 2,890)	2,400	481	94,169
Other equipment	623,782	44,729	( 27,354)	1,855	1,658	644,670
Unfinished construction and equipment under acceptance	32,180	33,079	-	( 28,219)	439	37,479
	<u>\$ 3,639,792</u>	<u>\$ 240,918</u>	<u>(\$ 99,440)</u>	<u>\$ -</u>	<u>\$ 31,550</u>	<u>3,812,820</u>
Accumulated depreciation and impairment						
Land improvements	\$ 7,056	\$ 401	\$ -	\$ -	\$ -	\$ 7,457
Buildings and structures	439,676	34,071	( 649)	-	4,339	477,437
Machinery and equipment	830,182	74,448	( 61,884)	-	8,949	851,695
Transportation equipment	30,030	2,901	( 170)	-	324	33,085
Office equipment	72,187	10,179	( 2,860)	-	411	79,917
Other equipment	417,608	45,385	( 16,644)	-	937	447,286
	<u>\$ 1,796,739</u>	<u>\$ 167,385</u>	<u>(\$ 82,207)</u>	<u>\$ -</u>	<u>\$ 14,960</u>	<u>\$ 1,896,877</u>
Book value	<u>\$ 1,843,053</u>					<u>\$ 1,915,943</u>

Year ended December 31, 2023						
	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land	\$ 350,356	\$ -	\$ -	\$ 264,802	\$ 26	\$ 615,184
Land improvements	10,047	-	-	-	-	10,047
Buildings and structures	1,010,341	14,442	-	7,934	( 6,713)	1,026,004
Machinery and equipment	1,113,547	100,987	( 27,826)	30,363	( 7,651)	1,209,420
Transportation equipment	35,749	1,440	( 480)	513	( 179)	37,043
Office equipment	75,757	11,827	( 1,517)	-	65	86,132
Other equipment	572,360	46,625	( 2,609)	8,203	( 797)	623,782
Unfinished construction and equipment under acceptance	46,235	26,086	-	( 39,913)	( 228)	32,180
	<u>\$ 3,214,392</u>	<u>\$ 201,407</u>	<u>(\$ 32,432)</u>	<u>\$ 271,902</u>	<u>(\$ 15,477)</u>	<u>3,639,792</u>
Accumulated depreciation and impairment						
Land improvements	\$ 6,652	\$ 404	\$ -	\$ -	\$ -	\$ 7,056
Buildings and structures	404,325	32,928	-	4,382	( 1,959)	439,676
Machinery and equipment	795,585	64,354	( 25,052)	-	( 4,705)	830,182
Transportation equipment	27,225	3,449	( 480)	-	( 164)	30,030
Office equipment	64,515	9,144	( 1,517)	-	45	72,187
Other equipment	370,942	49,366	( 2,590)	332	( 442)	417,608
	<u>\$ 1,669,244</u>	<u>\$ 159,645</u>	<u>(\$ 29,639)</u>	<u>\$ 4,714</u>	<u>(\$ 7,225)</u>	<u>\$ 1,796,739</u>
Book value	<u>\$ 1,545,148</u>					<u>\$ 1,843,053</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows: None.
- B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- C. The aforementioned property, plant and equipment are all for own use.
- D. The investment property held by the Company's subsidiary, Song Quan International Co., Ltd., has been leased by the Company from 2023 and transferred as property, plant and equipment.
- E. On May 30, 2024, the Sixth Plant owned by the Group absorbed some fire damage, and a portion of the equipment in the plant was damaged. The Group has conducted a review and derecognized the buildings and equipment which were damaged by the fire amounting to \$13,026 thousand. The related losses and actual insurance claims income are presented in net amount and are shown as losses under other gains and losses. Information relating to the fire damage is provided in Note 10.

(8) Lease transactions — lessee

- A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 1 to 50 year(s). Land has the rights of possession, use and income according to the agreement and the use of land shall not be changed arbitrarily. Other lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The lease period of some transportation equipment leased by the Group does not exceed 12 months, and the underlying assets leased with low value are photocopiers and AED equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Land-use right	\$ 48,827	\$ 48,301
Buildings	391	2,505
Transportation equipment (business vehicle)	757	1,101
	<u>\$ 49,975</u>	<u>\$ 51,907</u>

  

	Year ended December 31	
	2024	2023
	Depreciation charge	Depreciation charge
Land-use right	\$ 1,346	\$ 1,328
Buildings	2,114	4,196
Transportation equipment (business vehicle)	389	148
	<u>\$ 3,849</u>	<u>\$ 5,672</u>

- D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets amounted to \$0 thousand and \$3,628 thousand, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
Items affecting profit or loss	2024	2023
Interest expense on lease liabilities	\$ 92	\$ 108
Expense on short-term lease contracts	674	481
Expense on variable lease payments	220	256
Expense on leases of low-value assets	31	31

- F. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were \$3,302 thousand and \$4,963 thousand, respectively.

(9) Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Wages and bonus payable	\$ 163,638	\$ 234,093
Employees' compensation and directors' remuneration payable	57,569	71,438
Processing fees payable	47,853	51,288
Discounted notes receivable liability	42,480	-
Payable on machinery and equipment	37,913	31,239
Consumables expenses payable	28,320	31,121
Utility payable	7,356	6,199
Insurance payable	4,894	4,889
Repair and maintenance payable	3,502	4,100
Other accrued expenses	57,115	43,521
	<u>\$ 450,640</u>	<u>\$ 477,888</u>

(10) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Collateral</u>	<u>December 31, 2024</u>
Secured borrowings	2015.09.24~2030.10.20, the borrowing is repayable starting from the 24th month based on annuity method	Land and structures	\$ 67,920
Less: Current portion			( 11,320)
			<u>\$ 56,600</u>
Interest rate range			<u>2.22%</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Secured borrowings	2015.09.24~2030.10.20, the borrowing is repayable starting from the 24th month based on annuity method	Land and structures	\$ 79,240
Less: Current portion			( 11,320)
			<u>\$ 67,920</u>
Interest rate range			<u>2.09%</u>

For information on guarantees provided for land and buildings, please refer to Note 8.

(11) Pensions

A (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and two unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are

based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 6% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	(\$ 126,025)	(\$ 142,058)
Fair value of plan assets	125,839	113,734
Net defined benefit liability	<u>(\$ 186)</u>	<u>(\$ 28,324)</u>

(c) Movements in net defined benefit liabilities are as follows:

	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 142,058)	\$ 113,734	(\$ 28,324)
Current service cost	( 396)	-	( 396)
Interest (expense) income	( 1,674)	1,370	( 304)
Past service cost	-	-	-
	<u>( 144,128)</u>	<u>115,104</u>	<u>( 29,024)</u>
Remeasurements:			
Change in demographic assumptions	4,675	-	4,675
Return on plan assets (excluding amounts included in interest income or expense)	-	10,127	10,127
Experience adjustments	9,940	-	9,940
	<u>14,615</u>	<u>10,127</u>	<u>24,742</u>
Pension fund contribution	-	4,096	4,096
Paid pension	3,488	( 3,488)	-
At December 31	<u>(\$ 126,025)</u>	<u>\$ 125,839</u>	<u>(\$ 186)</u>

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 154,890)	\$ 106,519	(\$ 48,371)
Current service cost	( 504)	-	( 504)
Interest (expense) income	( 1,980)	1,394	( 586)
Past service cost	54	-	54
	<u>( 157,320)</u>	<u>107,913</u>	<u>( 49,407)</u>
Remeasurements:			
Change in demographic assumptions	( 1,235)	-	( 1,235)
Return on plan assets (excluding amounts included in interest income or expense)	-	902	902
Experience adjustments	<u>14,052</u>	<u>-</u>	<u>14,052</u>
	<u>12,817</u>	<u>902</u>	<u>13,719</u>
Pension fund contribution	-	7,364	7,364
Paid pension	<u>2,445</u>	<u>( 2,445)</u>	<u>-</u>
At December 31	<u>(\$ 142,058)</u>	<u>\$ 113,734</u>	<u>(\$ 28,324)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.



(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2024	2023
Discount rate	1.65%	1.20%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience for the years ended December 31, 2024 and 2023 are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

(f) Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2024				
Effect on present value of defined benefit obligation	(\$ 2,490)	\$ 2,566	\$ 2,551	(\$ 2,488)
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 3,057)	\$ 3,156	\$ 3,123	(\$ 3,040)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period

(g) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 amount to \$5,538 thousand.

(h) As of December 31, 2024, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 3,830
1-2 year(s)	13,684
2-5 years	26,702
Over 5 years	99,927
	<u>\$ 144,143</u>

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension

accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The Company's mainland China subsidiaries, KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD. and Guangzhou Mt. Port Automotive Technology Limited Company, have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of the contribution base for payments which is announced by the local government. Other than the monthly contributions, the Group has no further obligations. The contribution percentage for the years ended December 31, 2024 and 2023, was as follows:

	Year ended December 31	
	2024	2023
KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	16%	16%

- (c) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023 were \$31,503 thousand and \$38,112 thousand, respectively.

(12) Share capital

As of December 31, 2024, the Company's authorised capital was \$1,000,000 thousand, and the paid-in capital was \$831,613 thousand with a par value of \$10 per share. All proceeds from shares issued have been collected.

(13) Capital reserve

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

(14) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be proposed by the Board of Directors and resolved by the stockholders.
- B. The Company's dividend policy was summarised below: for the appropriation of earnings as proposed by the Board of Directors, the shareholders' total dividends should be more than 50% of accumulated distributable earnings, and the cash dividends should be more than 20% of the shareholders' total dividends. However, the appropriation ratio of retained earnings and the

shareholders' dividends ratio could be adjusted by the resolution of the shareholders based on the actual profit and capital conditions of current year.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. According to Jin-Guan-Zheng-Fa-Zi Letter No.1010012865, dated April 6, 2012, the net deduction of other shareholders' equity in the account that occurs in the current year, the same amount of special surplus reserve set aside from the current profit and loss as the undistributed earnings of the previous period shall not be distributed; however, the company has set aside a special surplus reserve when applying IFRS for the first time. As for the surplus reserve, the difference between the amount already set aside and the net deduction of other equity items should be set aside as a special surplus reserve.
- E. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amount previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be the same as the amount reclassified from accumulated translation adjustment under shareholders' equity to retained earnings for the exemptions elected by the Company. The special reserve increased as a result of retained earnings arising from the conversion adoption of IFRS by \$6,326 thousand.
- F. The dividend distributions for the years 2023 and 2022, which was approved by the shareholders' meeting on June 20, 2024 and June 15, 2023, respectively, are as follows:

	Year ended December 31			
	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 99,018		\$ 64,234	
Provision for (reversal of)				
special reserve	30,884	(	25,193)	
Cash dividends	582,129	\$ 7.0	465,703	\$ 5.6

G. The appropriation of 2024 earnings as proposed and approved by the Board of Directors in March 13, 2025 are as follows:

	Year ended December 31	
	2024	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 74,061	
Reversal of special reserve	( 56,245)	
Cash dividends	582,129	\$ 7.0

The aforementioned distribution of 2024 would be effective after the resolution of the shareholders.

H. Please refer to Note 6(18) for information regarding employees' compensation and directors' remuneration.

(15) Other equity items

	2024	
	Foreign currency translation	Total
At January 1	(\$ 197,664)	(\$ 197,664)
Currency translation differences:		
- Group	70,821	70,821
- Taxes	( 14,164)	( 14,164)
- Associates	( 515)	( 515)
- Taxes	103	103
At December 31	(\$ 141,419)	(\$ 141,419)

  

	2023	
	Foreign currency translation	Total
At January 1	(\$ 166,780)	(\$ 166,780)
Currency translation differences:		
- Group	( 33,037)	( 33,037)
- Taxes	6,607	6,607
- Associates	( 5,568)	( 5,568)
- Taxes	1,114	1,114
At December 31	(\$ 197,664)	(\$ 197,664)

(16) Operating revenue

	Year ended December 31	
	2024	2023
Revenue from contracts with customers	\$ 3,923,456	\$ 4,786,526

## A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

Year ended December 31, 2024													
	Asia			America			Europe			Others			Total
	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	
Revenue from contracts with customers	\$ 2,341,647	\$ 343,754	\$ 95,162	\$ 519,816	\$ -	\$ 38,640	\$ 803,158	\$ -	\$ 95,233	\$ 29,129	\$ -	\$ 4,573	\$ 4,271,112
Inter-segment revenue	( 97,241)	( 250,415)	-	-	-	-	-	-	-	-	-	-	( 347,656)
Revenue from contracts with customers	<u>\$ 2,244,406</u>	<u>\$ 93,339</u>	<u>\$ 95,162</u>	<u>\$ 519,816</u>	<u>\$ -</u>	<u>\$ 38,640</u>	<u>\$ 803,158</u>	<u>\$ -</u>	<u>\$ 95,233</u>	<u>\$ 29,129</u>	<u>\$ -</u>	<u>\$ 4,573</u>	<u>\$ 3,923,456</u>
Timing of revenue recognition													
At a point in time	<u>\$ 2,244,406</u>	<u>\$ 93,339</u>	<u>\$ 95,162</u>	<u>\$ 519,816</u>	<u>\$ -</u>	<u>\$ 38,640</u>	<u>\$ 803,158</u>	<u>\$ -</u>	<u>\$ 95,233</u>	<u>\$ 29,129</u>	<u>\$ -</u>	<u>\$ 4,573</u>	<u>\$ 3,923,456</u>

  

Year ended December 31, 2023													
	Asia			America			Europe			Others			Total
	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	
Revenue from contracts with customers	\$ 2,389,288	\$ 333,133	\$ 115,429	\$ 743,648	\$ -	\$ 51,179	\$ 1,239,865	\$ -	\$ 158,336	\$ 49,806	\$ -	\$ 3,153	\$ 5,083,837
Inter-segment revenue	( 105,434)	( 191,877)	-	-	-	-	-	-	-	-	-	-	( 297,311)
Revenue from contracts with customers	<u>\$ 2,283,854</u>	<u>\$ 141,256</u>	<u>\$ 115,429</u>	<u>\$ 743,648</u>	<u>\$ -</u>	<u>\$ 51,179</u>	<u>\$ 1,239,865</u>	<u>\$ -</u>	<u>\$ 158,336</u>	<u>\$ 49,806</u>	<u>\$ -</u>	<u>\$ 3,153</u>	<u>\$ 4,786,526</u>
Timing of revenue recognition													
At a point in time	<u>\$ 2,283,854</u>	<u>\$ 141,256</u>	<u>\$ 115,429</u>	<u>\$ 743,648</u>	<u>\$ -</u>	<u>\$ 51,179</u>	<u>\$ 1,239,865</u>	<u>\$ -</u>	<u>\$ 158,336</u>	<u>\$ 49,806</u>	<u>\$ -</u>	<u>\$ 3,153</u>	<u>\$ 4,786,526</u>

B. Contract liabilities (shown as other current liabilities)

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

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities:			
Contract liabilities-advance sales receipts	\$ 6,112	\$ 10,025	\$ 16,229

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Year ended December 31	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ 8,585	\$ 15,345

(17) Other gains and losses

	Year ended December 31	
	2024	2023
Foreign exchange gains, net	\$ 30,295	\$ 18,389
Disaster losses	( 5,210)	-
Losses on disposals of property, plant and equipment	( 1,982)	( 2,245)
Losses on disposals of investments	-	( 739)
Other losses	( 931)	( 2,057)
	<u>\$ 22,172</u>	<u>\$ 13,348</u>

(18) Expenses by nature

	Year ended December 31	
	2024	2023
Employee benefit expense		
Wages and salaries	\$ 762,203	\$ 937,183
Labour and health insurance fees	76,233	91,289
Pension costs	32,203	39,148
Directors' remuneration	6,880	6,832
Other employee benefit expenses	59,634	62,267
	<u>\$ 937,153</u>	<u>\$ 1,136,719</u>
Depreciation charge	<u>\$ 171,234</u>	<u>\$ 165,317</u>
Amortisations	<u>\$ 25,308</u>	<u>\$ 19,479</u>

A. In accordance with the Articles of Incorporation of the Company, the Company shall distribute profits and ensure that the ratio shall not be lower than 3% for employees' compensation and shall not be higher than 3% for directors' remuneration.

- B. The accrual of employees' compensation and directors' remuneration for the years ended December 31, 2024 and 2023, were as follows:

	Year ended December 31	
	2024	2023
Employees' compensation	\$ 46,041	\$ 58,506
Directors' remuneration	5,000	5,000
	<u>\$ 51,041</u>	<u>\$ 63,506</u>

The abovementioned amounts are shown under wages and salaries expense. For the years ended December 31, 2024 and 2023, the employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current year as of the end of reporting period:

	Year ended December 31	
	2024	2023
Employees' compensation ratio	4.76%	4.54%
Directors' remuneration ratio	0.52%	0.39%

- C. Employees' compensation and directors' remuneration for 2023 amounting to \$58,506 thousand and \$5,000 thousand, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2023 financial statements.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 258,609	\$ 324,878
Tax on undistributed surplus earnings	9,420	43
Prior year income tax underestimate (overestimation)	1,408	(8,869)
Total current tax	<u>269,437</u>	<u>316,052</u>
Deferred tax:		
Origination and reversal of temporary differences	47,623	32,339
Total deferred tax	<u>47,623</u>	<u>32,339</u>
Income tax expense	<u>\$ 317,060</u>	<u>\$ 348,391</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2024	2023
Currency translation differences	\$ 14,061	(\$ 7,721)
Remeasurements of defined benefit plans	4,948	2,744
	<u>\$ 19,009</u>	<u>(\$ 4,977)</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	\$ 313,402	\$ 362,526
Expenses disallowed by tax regulation	1,817	3,493
Income Exempt from Taxation According to Tax Laws	(248)	-
Prior year income tax underestimation (overestimation)	1,408 (	8,869)
Tax on undistributed earnings	9,420	43
Others (Note 1)	( 8,739)	( 8,802)
Income tax expense	<u>\$ 317,060</u>	<u>\$ 348,391</u>

Note1: Others refer to the deduction of research and development expenses incurred in developing new technologies, new products and new crafts.



C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2024			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
–Temporary differences:				
Unrealised gain on inter affiliate sales	\$ 16,235	(\$ 2,270)	\$ -	\$ 13,965
Allowance for inventory valuation losses	9,958	(787)	-	9,171
Allowance for bad debts	5,503	87	-	5,590
Undistributed pensions	8,872	(679)	-	8,193
Provisions	-	-	-	-
Revenue from export sales	2,220	(79)	-	2,141
Compensation for land acquisition	2,234	24	-	2,258
Unused employees’ compensated absence	4,723	272	-	4,995
Unrealised foreign exchange loss	3,684	(3,684)	-	-
Cumulative translation adjustment of long-term equity investments	30,724	-	(14,061)	16,663
Remeasurement of defined benefit plan	-	-	-	-
Subtotal	<u>\$ 84,153</u>	<u>(\$ 7,116)</u>	<u>(\$ 14,061)</u>	<u>\$ 62,976</u>
Deferred tax liabilities:				
–Temporary differences:				
Benefits of factory relocation	(\$ 22,235)	\$ 290	\$ -	(\$ 21,945)
Recognised investment profit which is adopting equity method	( 338,634)	( 40,464)	-	( 379,098)
Provision for land increment tax	( 7,165)	-	-	( 7,165)
Unrealised foreign exchange profit	-	( 333)	-	( 333)
Remeasurement of defined benefit plan	( 476)	-	( 4,948)	( 5,424)
	<u>(\$ 368,510)</u>	<u>(\$ 40,507)</u>	<u>(\$ 4,948)</u>	<u>(\$ 413,965)</u>
		<u>(\$ 47,623)</u>	<u>(\$ 19,009)</u>	

2023				
			Recognised in other comprehensive income	
	January 1	Recognised in profit or loss		December 31
Deferred tax assets:				
–Temporary differences:				
Unrealised gain on inter affiliate sales	\$ 13,195	\$ 3,040	\$ -	\$ 16,235
Allowance for inventory valuation losses	10,160	(202)	-	9,958
Allowance for bad debts	5,503	-	-	5,503
Undistributed pensions	10,137	(1,265)	-	8,872
Provisions	-	-	-	-
Revenue from export sales	2,656	(436)	-	2,220
Compensation for land acquisition	2,342	(108)	-	2,234
Unused employees’ compensated absence	4,601	122	-	4,723
Unrealised foreign exchange loss	770	2,914	-	3,684
Cumulative translation adjustment of long-term equity investments	23,003	-	7,721	30,724
Remeasurement of defined benefit plan	2,268	-	(2,268)	-
Subtotal	<u>\$ 74,635</u>	<u>\$ 4,065</u>	<u>\$ 5,453</u>	<u>\$ 84,153</u>
Deferred tax liabilities:				
–Temporary differences:				
Benefits of factory relocation	(\$ 23,831)	\$ 1,596	\$ -	(\$ 22,235)
Recognised investment profit which is adopting equity method	( 300,634)	( 38,000)	-	( 338,634)
Provision for land increment tax	( 7,165)	-	-	( 7,165)
Remeasurement of defined benefit plan	-	-	( 476)	( 476)
	<u>(\$ 331,630)</u>	<u>(\$ 36,404)</u>	<u>(\$ 476)</u>	<u>(\$ 368,510)</u>
		<u>(\$ 32,339)</u>	<u>\$ 4,977</u>	

B. The table below listed the year which the Company and its domestic subsidiaries' income tax returns have been assessed and approved by the Tax Authority:

Company name	Approval year
NAK SEALING TECHNOLOGIES CORPORATION	2022
Song Quan International Co., Ltd.	2022

C. Situation of applicable tax rate:

Subsidiaries and affiliates	Application of income tax law	Applicable tax rate:
KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	Enterprise Income Tax Law of the People's Republic of China	25%
NAK SEALING PRODUCTS (THAILAND) CO., LTD.	Corporate Income Tax Act of Thailand	20%
NAK SEALING TECHNOLOGIES INDIA PRIVATE LIMITED	Corporate Tax Law	25%
Song Quan International Co., Ltd.	Profit-seeking Enterprise Income Tax	20%

(20) Earnings per share

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 720,814	83,161	\$ 8.67
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	720,814	83,161	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	508	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 720,814	83,669	\$ 8.62

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 979,206	83,161	\$ 11.77
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	979,206	83,161	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	538	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 979,206	83,699	\$ 11.70

When calculated the diluted earnings per share, potential ordinary shares will be included in the number of weighted-average outstanding shares if potential ordinary shares had diluted effects, based on the assumption that employees' bonus will be distributed in the form of shares.

(21) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31	
	2024	2023
Purchase of property, plant and equipment	\$ 240,918	\$ 201,407
Add: Opening balance of payable on equipment	31,239	16,123
Ending balance of prepayments for business facilities	( 37,913)	17,928
Less: Ending balance of payable on equipment	42,249 (	31,239)
Opening balance of prepayments for business facilities	( 17,928)	( 10,393)
Cash paid during the period	\$ 258,565	\$ 193,826

(22) Changes in liabilities from financing activities

	Long-term borrowings	Lease liability	Dividends payable	Deposit received	Liabilities from financing activities-gross
January 1, 2024	\$ 79,240	\$ 3,426	\$ -	\$ -	\$ 82,666
Changes in cash flow from financing activities	( 11,320)	( 2,285)	( 582,129)	600	( 595,134)
Changes in other non-cash items	-	48	582,129	-	582,177
December 31, 2024	<u>\$ 67,920</u>	<u>\$ 1,189</u>	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 69,709</u>

  

	Short-term borrowings	Long-term borrowings	Lease liability	Dividends payable	Liabilities from financing activities-gross
January 1, 2023	\$ 490,000	\$ 90,560	\$ 4,285	\$ -	\$ 584,845
Changes in cash flow from financing activities	( 490,000)	( 11,320)	( 4,087)	( 465,703)	( 971,110)
Changes in other non-cash items	-	-	3,228	465,703	468,931
December 31, 2023	<u>\$ -</u>	<u>\$ 79,240</u>	<u>\$ 3,426</u>	<u>\$ -</u>	<u>\$ 82,666</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
KISH NAK OIL SEAL MFG. CO., LTD. (“KISH NAK”)	Affiliated Companies
NAK INTERNATIONAL LTD. (“NAK INTERNATIONAL”)	Affiliated Companies
NAK TOTAL SEALING SOLUTIONS PTY LTD. (“NAK TOTAL”)	Affiliated Companies

(2) Significant related party transactions

A. Operating revenue:

	Year ended December 31	
	2024	2023
Sales of goods:		
- Associates	<u>\$ 150,325</u>	<u>\$ 147,911</u>

Goods are sold to related parties at the same price to general customers. The collection term usually was 45~90 days after delivery, and 30~180 days after delivery for general customers.

B. Receivables from related parties:

	December 31, 2024	December 31, 2023
Accounts receivable:		
- Associates	\$ 35,825	\$ 37,122
Less: Allowance for uncollectible accounts	( 2,801)	( 2,801)
	<u>\$ 33,024</u>	<u>\$ 34,321</u>
Long-term receivables (shown as other non-current assets):		
- Associates	\$ 24,426	\$ 24,426
Less: Allowance for uncollectible accounts	( 24,426)	( 24,426)
	<u>\$ -</u>	<u>\$ -</u>

- (a) The receivables from related parties arise mainly from sales. The receivables are due 180 days after the date of sales. The receivables are unsecured in nature and bear no interest.
- (b) For the year ended December 31, 2020, loss allowance for accounts receivable due from related parties of \$24,426 thousand was transferred into loss allowance for long-term receivables due from related parties, and past due credit loss had been provisioned in full amount for the receivables of the related party-Iran.
- (c) The aforementioned past due accounts transferred to other receivables was a reclassification of accounts receivable which had exceeded the credit term. The ageing analysis is as follows:

		December 31, 2024	December 31, 2023
	Aging distribution	Overdue aging	Overdue aging
- Associates	More than 360 days	\$ 24,426	\$ 24,426

C. Loans to/from related parties: Refer to Note 13(1) A. for details.

(3) Key management compensation

	Year ended December 31	
	2024	2023
Short-term employee benefits	\$ 51,918	\$ 69,708
Post-employment benefits	851	652
Total	<u>\$ 52,769</u>	<u>\$ 70,360</u>

8. Pledged Assets

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

	Book value		
Pledged asset	December 31, 2024	December 31, 2023	Purpose
Property, plant and equipment	<u>\$ 846,843</u>	<u>\$ 854,961</u>	Long-term and short-term borrowings

## 9. Significant Contingent Liabilities and Unrecognised Contract Commitments

### (1) Contingencies

None.

### (2) Commitments

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Property, plant and equipment	\$ 101,092	\$ 33,660
Intangible assets	1,600	-
	<u>\$ 102,692</u>	<u>\$ 33,660</u>

B. As of December 31, 2024 and 2023, the Company's total unused letters of credit for the import of raw materials and machinery equipment were \$4,076 thousand and \$1,945 thousand, respectively.

## 10. Significant Disaster Loss

On May 30, 2024, the Sixth Plant owned by the Group absorbed some fire damage, and a portion of the inventory in the plant was damaged. The Group has conducted a review and derecognized the equipment and inventory which were damaged by the fire amounting to \$13,026 thousand and \$179 thousand, respectively. The damaged equipment and inventory were fully covered by property insurance. The insurance company, along with an appointed third-party notary, assisted in processing the insurance compensation. The insurance company issued the final settlement for the fire damage, and in 2024, the insurance compensation income of \$7,995 thousand was recognized. The compensation was received in January 2025. The related losses and actual insurance claims income are presented in net amount and are shown as losses under other gains and losses.

## 11. Significant Events after the Balance Sheet Date

The distribution of 2024 earnings was proposed and approved by the Company's Board of Directors on March 13, 2025. Please refer to Note 6(14)G for more details.

## 12. Others

### (1) Capital management

The Group's objectives when managing capital are based on the industrial scale of the industry the Group operated in, considering industrial future growth and product development, to set appropriate market share in order to plan the corresponding capital expenditure. Accordingly, the Group calculates the needed operating capital based on the financial operation plan, considering operating profit and cash inflows arising from product competitiveness, and determines the appropriate capital structure.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 433,850	\$ 519,086
Financial assets at amortised cost-current	237,599	163,482
Notes receivable	346,439	292,711
Accounts receivable (including related parties)	1,093,739	1,127,331
Other receivables	26,717	29,752
Guarantee deposits paid (shown as other non-current assets)	1,237	1,591
	<u>\$ 2,139,581</u>	<u>\$ 2,133,953</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 109	\$ 1,339
Accounts payable	143,411	122,728
Other accounts payable	450,640	477,888
Long-term borrowings (including current portion)	67,920	79,240
	<u>\$ 662,080</u>	<u>\$ 681,195</u>
Lease liability	<u>\$ 1,189</u>	<u>\$ 3,426</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) For the risk management, the Group's treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of current residual capital.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR, JPY, AUD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.



- ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: RMB, THD and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2024			
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 11,579	32.7850	\$ 379,618
EUR:NTD	5,076	34.1400	173,295
JPY:NTD	160,379	0.2100	33,680
AUD:NTD	501	20.3900	10,215
<u>Non-monetary items</u>			
USD:NTD	\$ 853	32.7850	\$ 27,962
AUD:NTD	686	20.3900	13,993
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	\$ 1,341	7.3020	\$ 43,965
December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 14,658	30.7050	\$ 450,074
EUR:NTD	6,134	33.9800	208,433
JPY:NTD	248,389	0.2170	53,900
AUD:NTD	670	20.9800	14,057
<u>Non-monetary items</u>			
USD:NTD	743	30.7050	22,820
AUD:NTD	495	20.9800	10,395
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	\$ 1,694	7.1040	\$ 52,014

- iii. Due to various types of foreign currency, the total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2024 and 2023, aggregately amounted to \$30,295 thousand and \$18,389 thousand, respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2024					
Sensitivity analysis					
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income		
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	2%	\$	7,592	\$	-
EUR:NTD	2%		3,466		-
JPY:NTD	2%		674		-
AUD:NTD	2%		204		-
<u>Non-monetary items</u>					
USD:NTD	2%	\$	-	NA	
AUD:NTD	2%		-	NA	
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:RMB	2%	\$	879	\$	-
Year ended December 31, 2023					
Sensitivity analysis					
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income		
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	2%	\$	9,001	\$	-
EUR:NTD	2%		4,169		-
JPY:NTD	2%		1,078		-
AUD:NTD	2%		281		-
<u>Non-monetary items</u>					
USD:NTD	2%		-	NA	
AUD:NTD	2%		-	NA	
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:RMB	2%	\$	1,040	\$	-

### Price risk

The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group continuously observes the future development and market trends of investees.

### Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings which were issued at variable rates let the Group be exposed to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. For the years ended December 31, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. If the borrowing interest rate had increased/decreased by 10 basis points with all other variables held constant, profit after tax for the years ended December 31, 2024 and 2023, would have increased/decreased by \$54 thousand and \$63 thousand, respectively.

### **(b) Credit risk**

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the notes receivable and accounts receivable (including related parties) based on the agreed terms, other receivables and guarantee deposits paid and the contract cash flows of time deposits stated at amortised cost.
- ii. The Group manages their credit risk taking into consideration the entire company's concern. Examined credit of banks, only banks assessed with good credit rating would be accepted as transaction counterparty. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The following indicators are used to determine whether the credit impairment of financial assets has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments; and
  - (iv) Adverse changes in national or regional economic conditions that are expected to

cause a default.

- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The default occurs when the contract payments are past due over 1 year.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group applies the modified approach on notes receivable and accounts receivable based on the loss rate methodology to estimate the expected credit loss.
- viii. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, thus, the provision matrix did not further distinguish customer segments, the expected credit losses were calculated from the past due date of accounts receivable.
- ix. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2024 and 2023, the loss rate methodology is as follows:

	Not	1 to 30	31 to 90	91 to	181 to	Over 361	
December 31, 2024	past due	days	days	180 days	360 days	days	Total
Expected loss rate	0.12%	1.03%	4.77%	33.52%	61.25%	100.00%	
Total book value	\$ 922,562	\$ 90,192	\$ 43,102	\$ 8,722	\$ 8,221	\$ 14,749	\$ 1,087,548
Loss allowance	(\$ 1,140)	(\$ 928)	(\$ 2,057)	(\$ 2,924)	(\$ 5,035)	(\$ 14,749)	(\$ 26,833)

  

	Not	1 to 30	31 to 90	91 to	181 to	Over 361	
December 31, 2023	past due	days	days	180 days	360 days	days	Total
Expected loss rate	0.04%	0.32%	1.50%	16.26%	61.96%	100.00%	
Total book value	\$ 927,752	\$ 111,685	\$ 43,074	\$ 11,789	\$ 5,263	\$ 7,311	\$ 1,106,874
Loss allowance	(\$ 376)	(\$ 355)	(\$ 644)	(\$ 1,917)	(\$ 3,261)	(\$ 7,311)	(\$ 13,864)

- x. The Group assessed the expected loss rate of financial assets at amortised cost, notes receivable, other accounts (excluding receivables due from related parties) receivable and guarantee deposits paid was remote, thus, the balances of loss allowance as of December 31, 2024 and 2023 were not significant.

- xi. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2024
	Allowance for uncollectible accounts
At January 1	\$ 13,864
Provision of impairment loss	12,581
Effect of foreign exchange	388
At December 31	<u>\$ 26,833</u>
	2023
	Allowance for uncollectible accounts
At January 1	\$ 14,026
Provision of impairment loss	-
Effect of foreign exchange	( 162)
At December 31	<u>\$ 13,864</u>

- xii. The Group transferred past due accounts receivable due from related parties into other accounts receivable due from related parties (long-term receivables due from related parties) and provisioned credit losses, the table of changes in loss allowance was as follows:

	December 31, 2024
	Loss allowance for accounts receivable due from related parties
At January 1 (December 31)	<u>\$ 2,801</u>
	December 31, 2024
	Loss allowance for long-term receivable due from related parties
At January 1 (December 31)	<u>\$ 24,426</u>
	December 31, 2023
	Loss allowance for accounts receivable due from related parties
At January 1 (December 31)	<u>\$ 2,801</u>
	December 31, 2023
	Loss allowance for long-term receivable due from related parties
At January 1 (December 31)	<u>\$ 24,426</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling capital requirement forecasts of the Group to ensure it has sufficient capital to meet operational requirements while

maintaining sufficient headroom on its undrawn committed borrowing facilities at any time.

- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Floating rate:		
Expiring within one year	\$ 1,730,000	\$ 1,243,000
Expiring beyond one year	-	-
Fixing rate:		
Expiring within one year	\$ -	\$ -
Expiring beyond one year	-	-

- iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2024</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 2 year(s)</u>	<u>Over 2 years</u>	<u>Total</u>
Notes payable	\$ 109	\$ -	\$ -	\$ -	\$ 109
Accounts payable	125,865	17,546	-	-	143,411
Other payables	175,356	275,284	-	-	450,640
Lease liability	507	313	173	288	1,281
Long-term borrowings (including current portion)	3,196	9,495	12,440	47,248	72,379

<u>December 31, 2023</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 2 year(s)</u>	<u>Over 2 years</u>	<u>Total</u>
Notes payable	\$ 1,189	\$ 150	\$ -	\$ -	\$ 1,339
Accounts payable	98,019	24,709	-	-	122,728
Other payables	246,272	231,616	-	-	477,888
Lease liability	730	2,021	883	524	4,158
Long-term borrowings (including current portion)	3,234	9,613	12,610	59,505	84,962

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investments in listed stocks and beneficiary certificates were included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of refundable deposits, short-term borrowings, notes payable, accounts payable, other payables, financial assets at amortised cost, long-term borrowings (including current portion) and guarantee deposits paid are approximate to their fair values.

C. The related information on financial and nonfinancial instruments at fair value by level on the basis of nature:

None.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

(4) Major shareholders information

Please refer to table 6.

14. Operating segments information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

There were no significant changes in the composition of the Group's businesses, the basis for segment division, and the measurement basis for segment information during the current period.

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

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

Year ended December 31, 2024	Taiwan	China	All other segments	Offset	Total
Revenue from external customers	\$ 2,100,818	\$ 1,712,109	\$ 110,529	\$ -	\$ 3,923,456
Inter-segment revenue	346,707	949	-	( 347,656)	-
Total segment revenue	<u>\$ 2,447,525</u>	<u>\$ 1,713,058</u>	<u>\$ 110,529</u>	<u>(\$ 347,656)</u>	<u>\$ 3,923,456</u>
Segment income	<u>\$ 720,814</u>	<u>\$ 393,088</u>	<u>\$ 4,182</u>	<u>(\$ 397,259)</u>	<u>\$ 720,825</u>
Segment income including :					
Financial cost	\$ 162	\$ 1,224	\$ 1,665	(\$ 55)	\$ 2,996
Depreciation and amortisation	139,535	59,296	2,816	( 5,105)	196,542
Expense of income tax	195,529	119,452	2,079	-	317,060
Year ended December 31, 2023	Taiwan	China	All other segments	Offset	Total
Revenue from external customers	\$ 3,153,538	\$ 1,513,877	\$ 119,111	\$ -	\$ 4,786,526
Inter-segment revenue	293,899	3,412	-	( 297,311)	-
Total segment revenue	<u>\$ 3,447,437</u>	<u>\$ 1,517,289</u>	<u>\$ 119,111</u>	<u>(\$ 297,311)</u>	<u>\$ 4,786,526</u>
Segment income	<u>\$ 979,206</u>	<u>\$ 386,237</u>	<u>\$ 17,991</u>	<u>(\$ 402,923)</u>	<u>\$ 980,511</u>
Segment income including :					
Financial cost	\$ 4,268	\$ 160	\$ 1,741	(\$ 51)	\$ 6,118
Depreciation and amortisation	138,378	49,431	2,096	( 5,109)	184,796
Expense of income tax	245,453	100,210	2,728	-	348,391



A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2024 and 2023 is provided as follows:

	Year ended December 31	
	2024	2023
Reportable segments revenue	\$ 4,271,112	\$ 5,083,837
Inter segment revenue	( 347,656)	( 297,311)
Consolidated operating income	<u>\$ 3,923,456</u>	<u>\$ 4,786,526</u>
	Year ended December 31	
	2024	2023
Reportable segments income	\$ 1,118,084	\$ 1,383,434
Inter segment income	( 397,259)	( 402,923)
Income from continuing operations	<u>\$ 720,825</u>	<u>\$ 980,511</u>

(3) Information on products and services

The Group's revenue primarily comes from the production and sales of various products, including oil seals and mixed rubber compounds.

Details of revenue are as follows:

	Year ended December 31	
	2024	2023
Oil Seal	\$ 3,596,509	\$ 4,317,173
Mixed rubber compounds	93,339	141,256
Others	233,608	328,097
	<u>\$ 3,923,456</u>	<u>\$ 4,786,526</u>

(4) Geographical information

The Group's geographic revenue is calculated based on continents where sales incur. Non-current assets are classified based on geographic location of assets and included property, plant and equipment, right-of-use asset, investment property, intangible asset and other non-current asset, but exclude financial assets at amortised cost, investments accounted for using equity method and deferred tax assets.

	Year ended December 31, 2024		Year ended December 31, 2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Asia	\$ 2,432,907	\$ 2,042,101	\$ 2,540,539	\$ 1,941,085
Europe	898,391	-	1,398,201	-
America	558,456	-	794,827	-
Africa	33,702	-	52,959	-
	<u>\$ 3,923,456</u>	<u>\$ 2,042,101</u>	<u>\$ 4,786,526</u>	<u>\$ 1,941,085</u>

NAK SEALING TECHNOLOGIES CORPORATION

Loans to others

Year ended December 31, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2024				Nature of loan (Note 2)	Amount of transactions with the borrower (Note 1)	Reason for short-term financing	Allowance for creditor counterparty doubtful accounts		Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Footnote
					Equity at end of year	Actual amount drawn down	Interest rate					Item	Value					
0	NAK SEALING TECHNOLOGIES CORPORATION	KISH NAK OIL SEAL MFG. CO., LTD.	Other receivables	Y	\$ 24,426	\$ 24,426	\$ 24,426	0%	(1)	\$ -	-	\$ 24,426	-	-	\$ -	\$ 417,545	Note 3、Note 4 and Note 5	

Note 1: (1) For whom having business relationship with the Company, limit on total loans granted was 10% of the Company's net assets, limit on loans granted for a single party is the amount of transactions with the

Linit on loans graneted to total party should not be in excess of 4% of the Company's net assets.

(2) For short-term financing, total financing activities should not be in excess of 20% of the Company's net assets. Limit on loans granted to a single party should not be in excess of 10% of the Company's net assets.

(3) Information for the nine months ended December 31, 2024.

Note 2: (1) Having business relationship.

(2)Short-term financing.

Note 3: According to the Accounting Research And Development Foundation Interpretation 93-167, past due accounts receivable were transferred to other receivables.

Note 4: The amount the Company loans to KISH NAK OIL SEAL MFG. CO., LTD. had exceeded the amount of transactions with the borrower in 1 year, thus, the Company did not meet "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the Company had set a improvement plan and sent it to the audit committee, and the Company's Board of Directors.

Note 5: The Company had receivables due from related parties to KISH NAK OIL SEAL MFG. CO., LTD. in the amount of \$24,426 thousand which had provisioned past due credit loss in full amount. Please refer to Note 7(2) for information in relation to receivables due from related parties.

Note 6: The Company had recorded accounts receivable interest of \$2,654 thounds from KISH NAK OIL SEAL MFG. CO., LTD. under Other receivables - related parties.

NAK SEALING TECHNOLOGIES CORPORATION

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

Year ended December 31, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

		Transaction					Compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance at December 31, 2024	Percentage of total notes/accounts receivable (payable)	Footnote
NAK SEALING TECHNOLOGIES CORPORATION	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	Subsidiary	Sales	\$ 296,561	7.6%	Collection in 90 days after delivery	Note 1	Collection in 90 days after delivery	\$ 60,589	4.2%	Note 3
NAK SEALING TECHNOLOGIES CORPORATION	NAK INTERNATIONAL LTD.	Associates	Sales	\$ 122,193	3.1%	Collection in 45 days after delivery	Note 2	Collection in 45 days after delivery	\$ 26,443	1.8%	

Note 1: The price of finished goods sold to KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD. was slightly lower than general customers.

Note 2: The sales price of finished products sold to NAK INTERNATIONAL LTD. by the Company was conducted at normal pricing.

Note 3: The transactions were eliminated when preparing the consolidated financial statements.

NAK SEALING TECHNOLOGIES CORPORATION  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2024

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

				Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
(Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount (Note 4)	
0	NAK SEALING TECHNOLOGIES CORPORATION	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	1	Sales revenue	\$ 296,561	The price of finished goods was slightly lower than general suppliers and collection in 90 days after delivery 7.6%
0	NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING PRODUCTS (THAILAND) CO., LTD.	1	Sales revenue	27,582	The sales price was in consistent with general suppliers and collection in 90 days after delivery 0.7%
0	NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING TECHNOLOGIES (INDIA) PRIVATE LIMITED	1	Sales revenue	22,564	The sales price was in consistent with general suppliers and collection in 90 days after delivery 0.6%
0	NAK SEALING TECHNOLOGIES CORPORATION	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	2	Accounts receivable	60,589	The price of finished goods was slightly lower than general suppliers and collection in 90 days after delivery 1.1%

Note 1: Information regarding business transactions between the parent company and its subsidiaries should be separately noted in the numbering column, with the numbering method as follows:

(1) The parent company is assigned the number 0.

(2) Subsidiaries are numbered sequentially starting from 1 using Arabic numerals according to the company.

Note 2: This refers to transactions between the parent company and its subsidiaries.

Note 3: The calculation of the transaction amounts as a percentage of total consolidated revenue or total assets is as follows: For balance sheet items, the calculation is based on the ending balance as a percentage of total consolidated assets; for income statement items, the calculation is based on the cumulative amount for the period as a percentage of total consolidated revenue.

Note 4: Only transaction amount exceeds NT\$10 million will be disclosed.

NAK SEALING TECHNOLOGIES CORPORATION

Information on investees

Year ended December 31, 2024

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net income of investee as of December 31, 2024	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
NAK SEALING TECHNOLOGIES CORPORATION	SMOOTH TRACK ASSOCIATES LIMITED	British Virgin Islands	General investments business	\$ 155,266	\$ 155,266	4,697,463	100	\$ 1,880,263	\$ 382,670	\$ 382,670	
NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING PRODUCTS (THAILAND) CO., LTD.	Thailand	Oil seal sales	12,815	12,815	15,000	100	53,271	6,522	6,522	
NAK SEALING TECHNOLOGIES CORPORATION	KISH NAK OIL SEAL MFG. CO., LTD.	Iran	Oil seal production and sales	4,865	4,865	150,548	49	- (	4,315)	2,668	
NAK SEALING TECHNOLOGIES CORPORATION	SHOWMOST INTERNATIONAL CO., LTD.	Mauritius	General investments business	17,890	17,890	577,859	100	31,756	6,825	6,825	
NAK SEALING TECHNOLOGIES CORPORATION	BUSINESS FRIEND LIMITED	Hong Kong	General investments business	-	-	-	33.34	1,000 (	28) (	9)	
NAK SEALING TECHNOLOGIES CORPORATION	NAK TOTAL SEALING SOLUTIONS PTY LTD.	Australia	Oil seal sales	13,957	13,957	4,900	49	13,993	9,595	4,701	
NAK SEALING TECHNOLOGIES CORPORATION	Song Quan International Co., LTD	Taiwan	Manufacture industry of rubber products	212,560	197,560	16,500	100	220,032	1,241	1,241	Note 2
SMOOTH TRACK ASSOCIATES LIMITED	NAK HONGKONG CO., LTD.	Hong Kong	General investments business	149,289	149,289	7,320,000	100	1,920,776	393,121	-	Note 1
SHOWMOST INTERNATIONAL CO., LTD.	NAK INTERNATIONAL LTD.	Russia	Oil seal sales	3,561	3,561	-	33.33	35,398	20,808	-	Note 1
SHOWMOST INTERNATIONAL CO., LTD.	NAK SEALING TECHNOLOGIES INDIA PRIVATE LIMITED	India	Oil seal sales	1,149	1,149	2,097,865	60	6,290	27	-	Note 1

Note 1: The Company's reinvested second-tier subsidiary, and investment income (loss) recognised by the Company are not presented.

Note 2: The subsidiary, Song Quan International Co., Ltd., increased its cash capital amounting to \$15,000 thousand in 2024. The effective date was set on April 22, 2024. The registration for the change had been completed.

NAK SEALING TECHNOLOGIES CORPORATION

Information on investments in Mainland China

Year ended December 31, 2024

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	Production and manufacture kinds of sealing products and its component	\$ 462,365	2	\$ 148,385	\$ -	\$ -	\$ 148,385	\$ 393,088	100	\$ 393,088	\$ 1,920,015	\$ 1,805,193	Note 1 and Note 3

Note 1: Above amount involved foreign currency and was converted into New Taiwan dollar at the exchange rate on the balance sheet date.

Note 2: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

Note 3: The financial statements that are reviewed and attested by R.O.C. parent company’s CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Department of Investment Review of the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Department of Investment Review of MOEA
		Investment amount	approved by the Department of Investment Review of the Ministry of Economic Affairs (MOEA)	
NAK SEALING TECHNOLOGIES CORPORATION	\$ 148,385	\$ 311,458	\$ 2,505,272	

Note 1: Above amount involved foreign currency and was converted into New Taiwan dollar at the exchange rate on the balance sheet date.

Note 2:Investment amount approved by the Department of Investment Review of the Ministry of Economic Affairs (MOEA) is US\$9,500 thousand and the US dollar exchange rate is 32.7850.

NAK SEALING TECHNOLOGIES CORPORATION

Major shareholders information

December 31, 2024

Table 6

Name of major shareholders	Shares		Ownership (%)
	Name of shares held		
Fu Mao Mei Investment Co., Ltd.		9,409,488	11.31%
SHIH, CHENG-FU		4,500,000	5.41%