

**NAK SEALING TECHNOLOGIES
CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Nak Sealing Technologies Corporation and subsidiaries (the "Group") as at September 30, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months and nine months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

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

Basis for qualified conclusion

As explained in Notes 4(3) and 6(5), the financial statements of certain insignificant consolidated subsidiaries and investment accounted for using equity method were not reviewed by independent auditors. Total assets of these subsidiaries amounted to

NT\$150,505 thousand and NT\$138,468 thousand, constituting 2.83% and 2.74% of the consolidated total assets as at September 30, 2025 and 2024, respectively, total liabilities amounted to NT\$17,613 thousand and NT\$15,799 thousand, constituting 1.35% and 1.45% of the consolidated total liabilities as at September 30, 2025 and 2024, respectively, and the total comprehensive income (loss) amounted to an income of NT\$8,525 thousand, an income of NT\$7,127 thousand, an income of NT\$11,326 thousand, and an income of NT\$23,071 thousand, respectively, constituting 3.26%, 3.77%, 2.68% and 3.91% of the consolidated total comprehensive income for the three months and nine months then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investment accounted for using equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2025 and 2024, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Wu, Sung-Yuan

Lai, Chih-Wei

For and on behalf of PricewaterhouseCoopers, Taiwan

November 11, 2025

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

Assets	Notes	<u>September 30, 2025</u>		<u>December 31, 2024</u>		<u>September 30, 2024</u>	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
1100	Cash and cash equivalents	\$ 336,776	6	\$ 433,850	8	\$ 300,192	6
1136	Current financial assets at amortised cost	141,169	3	237,599	5	119,715	2
1150	Notes receivable, net	431,946	8	346,439	7	361,326	7
1170	Accounts receivable, net	1,120,480	21	1,060,715	20	1,037,754	20
1180	Accounts receivable - related parties	28,348	1	33,024	1	35,922	1
1200	Other receivables	8,045	-	23,064	-	40,244	1
1210	Other receivables due from related parties	3,653	-	3,653	-	3,653	-
130X	Inventories	927,522	18	971,916	18	986,973	20
1470	Other current assets	69,256	1	57,655	1	65,921	1
11XX	Current Assets	<u>3,067,195</u>	<u>58</u>	<u>3,167,915</u>	<u>60</u>	<u>2,951,700</u>	<u>58</u>
Non-current assets							
1550	Investments accounted for under equity method	49,086	1	41,955	1	40,057	1
1600	Property, plant and equipment	2,009,809	38	1,915,943	36	1,899,974	38
1755	Right-of-use assets	47,884	1	49,975	1	51,119	1
1780	Intangible assets	18,910	-	30,311	-	25,713	-
1840	Deferred income tax assets	80,328	1	62,976	1	62,901	1
1900	Other non-current assets	49,882	1	47,109	1	29,939	1
15XX	Non-current assets	<u>2,255,899</u>	<u>42</u>	<u>2,148,269</u>	<u>40</u>	<u>2,109,703</u>	<u>42</u>
1XXX	Total assets	<u>\$ 5,323,094</u>	<u>100</u>	<u>\$ 5,316,184</u>	<u>100</u>	<u>\$ 5,061,403</u>	<u>100</u>

(Continued)

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2025, DECEMBER 31, 2024 AND SEPTEMBER 30, 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	September 30, 2025		December 31, 2024		September 30, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Current borrowings	6(8)	\$ 150,000	3	\$ -	-	\$ 50,000	1
2150	Notes payable		70	-	109	-	324	-
2170	Accounts payable		172,722	3	143,411	3	136,618	3
2200	Other payables	6(9)	404,978	8	450,640	8	359,366	7
2230	Current income tax liabilities		39,720	1	49,522	1	24,598	1
2280	Current lease liabilities		754	-	771	-	1,773	-
2320	Long-term liabilities, current portion	6(10)	11,320	-	11,320	-	11,320	-
2399	Other current liabilities, others	6(16)	15,480	-	8,991	-	13,176	-
21XX	Current Liabilities		<u>795,044</u>	<u>15</u>	<u>664,764</u>	<u>12</u>	<u>597,175</u>	<u>12</u>
Non-current liabilities								
2540	Long-term borrowings	6(10)	48,110	1	56,600	1	59,430	1
2570	Deferred income tax liabilities		458,815	8	413,965	8	406,713	8
2580	Non-current lease liabilities		1,139	-	418	-	-	-
2600	Other non-current liabilities	6(11)	601	-	787	-	25,148	1
25XX	Non-current liabilities		<u>508,665</u>	<u>9</u>	<u>471,770</u>	<u>9</u>	<u>491,291</u>	<u>10</u>
2XXX	Total Liabilities		<u>1,303,709</u>	<u>24</u>	<u>1,136,534</u>	<u>21</u>	<u>1,088,466</u>	<u>22</u>
Equity attributable to owners of parent								
Share capital								
3110	Share capital - common stock	6(12)	831,613	16	831,613	16	831,613	16
Capital surplus								
3200	Capital surplus	6(13)	214,743	4	214,743	4	214,743	4
Retained earnings								
3310	Legal reserve	6(14)	1,057,854	20	983,793	19	983,793	20
3320	Special reserve		141,419	3	197,664	4	197,664	4
3350	Unappropriated retained earnings		1,990,793	37	2,089,059	39	1,874,173	37
Other equity interest								
3400	Other equity interest	6(15)	(220,965)	(4)	(141,419)	(3)	(133,930)	(3)
31XX	Equity attributable to owners of the parent		<u>4,015,457</u>	<u>76</u>	<u>4,175,453</u>	<u>79</u>	<u>3,968,056</u>	<u>78</u>
36XX	Non-controlling interest		3,928	-	4,197	-	4,881	-
3XXX	Total equity		<u>4,019,385</u>	<u>76</u>	<u>4,179,650</u>	<u>79</u>	<u>3,972,937</u>	<u>78</u>
Significant Contingent Liabilities and Unrecognised Contract Commitments								
Significant Disasters Loss								
3X2X	Total liabilities and equity	10	<u>\$ 5,323,094</u>	<u>100</u>	<u>\$ 5,316,184</u>	<u>100</u>	<u>\$ 5,061,403</u>	<u>100</u>

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2025		2024		2025		2024	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(16) and 7(2)	\$ 1,007,587	100	\$ 980,868	100	\$ 2,978,376	100	\$ 2,924,784	100
5000 Operating costs	6(4)(18)	(605,153)	(60)	(577,703)	(59)	(1,815,844)	(61)	(1,739,026)	(59)
5900 Net operating margin		402,434	40	403,165	41	1,162,532	39	1,185,758	41
5920 Realized profit (loss) from sales		(831)	-	(9,258)	(1)	7,801	-	(230)	-
5950 Net operating margin		401,603	40	393,907	40	1,170,333	39	1,185,528	41
Operating expenses	6(18)								
6100 Selling expenses		(55,296)	(6)	(46,874)	(5)	(150,871)	(5)	(138,452)	(5)
6200 General and administrative expenses		(88,253)	(9)	(80,238)	(8)	(236,141)	(8)	(242,863)	(8)
6300 Research and development expenses		(14,800)	(1)	(19,559)	(2)	(46,093)	(1)	(58,316)	(2)
6450 Expected credit loss	12(2)	(2,780)	-	(84)	-	(2,780)	-	(13,281)	(1)
6000 Total operating expenses		(161,129)	(16)	(146,755)	(15)	(435,885)	(14)	(452,912)	(16)
6900 Operating profit		240,474	24	247,152	25	734,448	25	732,616	25
Non-operating income and expenses									
7100 Interest income		1,281	-	1,048	-	5,701	-	8,122	-
7010 Other income		461	-	379	-	4,001	-	1,364	-
7020 Other gains and losses	6(17)	22,649	3	(3,386)	-	(16,413)	-	21,660	1
7050 Finance costs		(748)	-	(859)	-	(2,199)	-	(1,683)	-
7060 Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(5)	1,378	-	217	-	7,035	-	11,875	-
7000 Total non-operating income and expenses		25,021	3	(2,601)	-	(1,875)	-	41,338	1
7900 Profit before income tax		265,495	27	244,551	25	732,573	25	773,954	26
7950 Income tax expense	6(19)	(78,690)	(8)	(73,540)	(8)	(230,724)	(8)	(247,447)	(8)
8200 Profit for the period		\$ 186,805	19	\$ 171,011	17	\$ 501,849	17	\$ 526,507	18
Other comprehensive income									
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations	6(15)	\$ 90,581	9	\$ 23,203	2	(\$ 100,849)	(4)	\$ 80,560	3
8370 Share of other comprehensive income of associates and joint ventures accounted for under equity method	6(15)	2,492	-	(830)	-	977	-	(818)	-
8399 Income tax relating to the components of other comprehensive income	6(19)	(18,613)	(2)	(4,506)	-	19,887	1	(15,933)	(1)
8360 Components of other comprehensive income that will be reclassified to profit or loss		74,460	7	17,867	2	(79,985)	(3)	63,809	2
8300 Total other comprehensive (loss) income for the period		\$ 74,460	7	\$ 17,867	2	(\$ 79,985)	(3)	\$ 63,809	2
8500 Total comprehensive income for the period		\$ 261,265	26	\$ 188,878	19	\$ 421,864	14	\$ 590,316	20
Profit, attributable to:									
8610 Owners of the parent		\$ 186,615	19	\$ 170,537	17	\$ 501,679	17	\$ 525,722	18
8620 Non-controlling interest		190	-	474	-	170	-	785	-
		\$ 186,805	19	\$ 171,011	17	\$ 501,849	17	\$ 526,507	18
Comprehensive (loss) income attributable to:									
8710 Owners of the parent		\$ 261,070	26	\$ 188,563	19	\$ 422,133	14	\$ 589,456	20
8720 Non-controlling interest		195	-	315	-	(269)	-	860	-
		\$ 261,265	26	\$ 188,878	19	\$ 421,864	14	\$ 590,316	20
Basic earnings per share	6(20)								
9750 Total basic earnings per share		\$ 2.24		\$ 2.05		\$ 6.03		\$ 6.32	
9850 Total diluted earnings per share		\$ 2.24		\$ 2.04		\$ 6.00		\$ 6.29	

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent									
		Capital Reserves			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				
Nine months ended September 30, 2024											
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		-	-	-	-	-	525,722	-	525,722	785	526,507
Other comprehensive income	6(15)	-	-	-	-	-	-	63,734	63,734	75	63,809
Total comprehensive income		-	-	-	-	-	525,722	63,734	589,456	860	590,316
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 September 30, 2024		\$ 831,613	\$ 208,642	\$ 6,101	\$ 983,793	\$ 197,664	\$ 1,874,173	(\$ 133,930)	\$ 3,968,056	\$ 4,881	\$ 3,972,937
Nine months ended September 30, 2025											
Balance at January 1, 2025		\$ 831,613	\$ 208,642	\$ 6,101	\$ 983,793	\$ 197,664	\$ 2,089,059	(\$ 141,419)	\$ 4,175,453	\$ 4,197	\$ 4,179,650
Profit for the period		-	-	-	-	-	501,679	-	501,679	170	501,849
Other comprehensive loss	6(15)	-	-	-	-	-	-	(79,546)	(79,546)	(439)	(79,985)
Total comprehensive income (loss)		-	-	-	-	-	501,679	(79,546)	422,133	(269)	421,864
Appropriation and distribution of 2024 earnings 6(14)											
Legal reserve appropriated		-	-	-	74,061	-	(74,061)	-	-	-	-
Special reserve appropriated		-	-	-	-	(56,245)	56,245	-	-	-	-
Cash dividends		-	-	-	-	-	(582,129)	-	(582,129)	-	(582,129)
Balance at September 30, 2025		\$ 831,613	\$ 208,642	\$ 6,101	\$ 1,057,854	\$ 141,419	\$ 1,990,793	(\$ 220,965)	\$ 4,015,457	\$ 3,928	\$ 4,019,385

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 732,573	\$ 773,954
Adjustments			
Adjustments to reconcile profit (loss)			
Realized (profit) loss on from sales		(7,801)	230
Expected credit loss	12(2)	2,780	13,281
Depreciation expense-property, plant and equipment	6(6)(18)	130,043	124,685
Depreciation expense-right-of-use assets	6(7)(18)	2,423	2,897
Amortization expense	6(18)	21,360	18,183
Loss on disposal of property, plant and equipment	6(17)	3,395	2,034
Disaster loss	6(17)	-	2,353
Share of profit of associates and joint ventures accounted for using equity method	6(5)	(7,035)	(11,875)
Interest revenue		(5,701)	(8,122)
Financial cost-bank loan		2,199	1,609
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(103,152)	(55,723)
Accounts receivable (including related parties)		(90,136)	40,374
Other receivables		14,738	(3,688)
Inventories		21,123	73,532
Other current assets		(12,265)	3,163
Changes in operating liabilities			
Notes payable		(39)	(1,015)
Accounts payable		29,311	13,890
Other payables		(40,630)	(115,065)
Other current liabilities		6,489	101
Net defined benefit liability		(186)	(5,843)
Cash inflow generated from operations		699,489	868,955
Interest received		5,827	8,184
Interest paid		(2,112)	(1,240)
Income taxes paid		(191,555)	(410,484)
Net cash flows from operating activities		<u>511,649</u>	<u>465,415</u>

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NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 722,383)	(\$ 687,374)
Proceeds from disposal of financial assets at amortised cost		812,935	735,592
Acquisition of property, plant and equipment	6(21)	(261,899)	(201,749)
Proceeds from disposal of property, plant and equipment		103	1,878
Acquisition of intangible assets		(9,486)	(22,241)
Decrease in refundable deposits		257	-
Decrease in other non-current assets		663	5,557
Dividend income		-	2,090
Net cash flows used in investing activities		<u>(179,810)</u>	<u>(166,247)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds of short-term loans	6(22)	150,000	50,000
Repayments of long-term debt	6(22)	(8,490)	(8,490)
Payments of lease liabilities	6(22)	(1,977)	(1,727)
Cash dividends paid	6(14)(22)	<u>(582,129)</u>	<u>(582,129)</u>
Net cash flows used in financing activities		<u>(442,596)</u>	<u>(542,346)</u>
Effect of exchange rate changes on cash and cash equivalents		<u>13,683</u>	<u>24,284</u>
Net decrease in cash and cash equivalents		(97,074)	(218,894)
Cash and cash equivalents at beginning of period		<u>433,850</u>	<u>519,086</u>
Cash and cash equivalents at end of period		<u>\$ 336,776</u>	<u>\$ 300,192</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
NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

(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 its 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 November 11, 2025.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

(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 IFRS 9 and IFRS 7, ‘Contracts referencing nature- dependent electricity’	January 1, 2026

New Standards, Interpretations and Amendments	Effective date 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
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027 (Note)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027

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

Except for the following, the 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 adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2024, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the

Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2024.

(2) Basis of preparation

A. Except for the defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements of the Group have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2024.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Description
			September 30, 2025	December 31, 2024	September 30, 2024	
NAK SEALING TECHNOLOGIES CORPORATION	SMOOTH TRACK ASSOCIATES LIMITED (“SMOOTH”)	Engaged in general investment activities.	100	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	100	Note 3
NAK SEALING TECHNOLOGIES CORPORATION	SHOWMOST INTERNATIONAL CO., LTD. (“SHOWMOST”)	Engaged in general investment activities.	100	100	100	Note 3
NAK SEALING TECHNOLOGIES CORPORATION	Song Quan International Co., Ltd.	Manufacturing of rubber products.	100	100	100	Notes 2 and 4
SHOWMOST INTERNATIONAL CO., LTD. (“SHOWMOST”)	NAK SEALING TECHNOLOGIES INDIA PRIVATE LIMITED	Selling seals and accessories.	60	60	60	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Description
			September 30, 2025	December 31, 2024	September 30, 2024	
SMOOTH TRACK ASSOCIATES LIMITED (“SMOOTH”)	NAK HONGKONG CO., LTD.	Engaged in general investment activities.	100	100	100	Note 1
NAK HONGKONG CO., LTD.	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	Production and manufacturing of various types of seals and accessories.	100	100	100	Note 1

Note 1: Significant subsidiaries.

Note 2: Song Quan International Co., Ltd. increased its cash capital amounting to \$15,000 thousand for the years ended December 31, 2025 and 2024. The effective date was set on February 3, 2025 and April 22, 2024, respectively. The registration for the change had been completed.

Note 3: The financial statements of the entity as of and for the nine months ended September 30, 2025 and 2024 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 4: Although the financial statements of the entity as of and for the nine months ended September 30, 2025 and 2024 did not meet the definition of a significant subsidiary, its financial statements were reviewed by the independent auditors.

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) 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 that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
- (b) Assets that are held primarily for the purpose of trading;
- (c) Assets that are expected to be realised within twelve months after the reporting period;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

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 in the normal operating cycle;
- (b) Liabilities that are held primarily for the purpose of trading;
- (c) Liabilities that are due to be settled within twelve months after the reporting period;
- (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.

(5) 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.

(6) Employee benefits

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

(7) Current and deferred tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

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

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2024.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Cash on hand and petty cash	\$ 932	\$ 1,384	\$ 867
Demand deposits	316,293	394,674	268,085
Foreign currency deposit	19,271	37,478	30,920
Checking accounts	280	314	320
	<u>\$ 336,776</u>	<u>\$ 433,850</u>	<u>\$ 300,192</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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Current items:			
Time deposits (with maturity date over three months)	<u>\$ 141,169</u>	<u>\$ 237,599</u>	<u>\$ 119,715</u>

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

	<u>Three months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
Interest income	<u>\$ 1,126</u>	<u>\$ 780</u>
	<u>Nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
Interest income	<u>\$ 4,326</u>	<u>\$ 5,484</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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Notes receivable	<u>\$ 431,946</u>	<u>\$ 346,439</u>	<u>\$ 361,326</u>
	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Accounts receivable	\$ 1,148,894	\$ 1,087,548	\$ 1,065,404
Less: Allowance for uncollectible accounts	(28,414)	(26,833)	(27,650)
	<u>\$ 1,120,480</u>	<u>\$ 1,060,715</u>	<u>\$ 1,037,754</u>

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

	September 30, 2025		December 31, 2024		September 30, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 995,928	\$ 431,946	\$ 922,562	\$ 346,439	\$ 905,080	\$ 361,326
1 to 30 days	101,775	-	90,192	-	98,846	-
31 to 90 days	11,659	-	43,102	-	32,416	-
91 to 180 days	13,821	-	8,722	-	9,706	-
181 to 360 days	9,759	-	8,221	-	7,291	-
Over 361 days	15,952	-	14,749	-	12,065	-
	<u>\$ 1,148,894</u>	<u>\$ 431,946</u>	<u>\$ 1,087,548</u>	<u>\$ 346,439</u>	<u>\$ 1,065,404</u>	<u>\$ 361,326</u>

The above ageing analysis was based on past due date.

- B. As of September 30, 2025, December 31, 2024 and September 30, 2024, and January 1, 2024, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2024, the balance of receivables from contracts with customers amounted to \$1,399,585 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:

	September 30, 2025	December 31, 2024	September 30, 2024
Amount derecognized	<u>\$ 46,007</u>	<u>\$ 50,301</u>	<u>\$ -</u>

- D. As of September 30, 2025, December 31, 2024, and September 30, 2024, the Group had outstanding discounted notes receivable amounting to \$38,898 thousand, \$42,480 thousand, and \$105,785 thousand, respectively. The Group has a payment obligation should the drawers of the notes refuse to pay 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. The Group assesses that part of the notes receivable (which are bank acceptance bills) are endorsed and transferred to other parties, which meets the requirements for delisting financial assets. However, if the acceptor (the accepting bank) refuses to pay when due, the Group has the obligation to repay. However, the aforementioned acceptor (the acceptance bank) The credit rating of the accepting bank (the accepting bank) is good and it is estimated that almost all risks and rewards have been transferred. Under normal circumstances, the Group does not expect the acceptor (the accepting bank) to refuse payment, so it is removed. As of September 30, 2025, December 31, 2024 and September 30, 2024, the Group's delisted notes receivable that have been endorsed and transferred but have not yet matured were \$19,666 thousand, \$13,384 and \$10,204

thousand, respectively.

F. As at September 30, 2025, December 31, 2024 and September 30, 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$431,946 thousand, \$346,439 thousand and \$361,326 thousand ; \$1,120,480 thousand, \$1,060,715 thousand and \$1,037,754 thousand, respectively.

G. The Group has no notes and accounts receivable pledged to others as collateral.

H. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	September 30, 2025		
	Cost	Allowance for obsolescence and valuation loss	Book value
Raw materials	\$ 186,315	(\$ 8,619)	\$ 177,696
Work in progress	278,957	(2,883)	276,074
Finished goods	512,263	(38,511)	473,752
	<u>\$ 977,535</u>	<u>(\$ 50,013)</u>	<u>\$ 927,522</u>
	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>
	September 30, 2024		
	Cost	Allowance for obsolescence and valuation loss	Book value
Raw materials	\$ 247,043	(\$ 4,877)	\$ 242,166
Work in progress	269,308	(7,146)	262,162
Finished goods	527,642	(44,997)	482,645
	<u>\$ 1,043,993</u>	<u>(\$ 57,020)</u>	<u>\$ 986,973</u>

The cost of inventories recognised as expense for the period:

	Three months ended September 30	
	2025	2024
Cost of goods sold	\$ 614,120	\$ 577,993
Gain on reversal of market value decline and obsolete and slow-moving inventories	(8,728)	-
Others	(239)	(290)
	<u>\$ 605,153</u>	<u>\$ 577,703</u>
	Nine months ended September 30	
	2025	2024
Cost of goods sold	\$ 1,822,799	\$ 1,743,953
Gain on reversal of market value decline and obsolete and slow-moving inventories	(6,472)	(3,935)
Others	(483)	(992)
	<u>\$ 1,815,844</u>	<u>\$ 1,739,026</u>

A. The Group reversed a previous inventory write-down because it sold certain inventories which were previously provided with allowance for the three months ended September 30, 2025 and nine months ended September 30, 2025 and 2024.

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.

(5) 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:

	September 30, 2025	December 31, 2024	September 30, 2024	Shareholding ratio
KISH NAK OIL SEAL MFG.CO.,LTD. ("KISH NAK")	\$ -	\$ -	\$ -	49%
NAK TOTAL SEALING SOLUTIONS PTY LTD. ("NAK TOTAL")	14,947	13,993	15,156	49%
BUSINESS FRIEND LIMITED ("BUSINESS FRIEND")	861	1,000	960	33.34%
NAK INTERNATIONAL LTD. ("NAK INTERNATIONAL")	33,278	26,962	23,941	33.33%
	<u>\$ 49,086</u>	<u>\$ 41,955</u>	<u>\$ 40,057</u>	

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

	Three months ended September 30	
	2025	2024
Share of profit (loss) of associates and accounted for under equity method:		
KISH NAK OIL SEAL MFG.CO.,LTD.	\$ -	\$ -
NAK TOTAL SEALING SOLUTIONS PTY LTD.	(64)	45
BUSINESS FRIEND LIMITED NAK INTERNATIONAL LTD. (“NAK INTERNATIONAL”)	(50)	-
	<u>1,492</u>	<u>172</u>
	1,378	217
Other comprehensive income (loss), net of tax	1,994	(664)
Total comprehensive income (loss)	<u>\$ 3,372</u>	<u>(\$ 447)</u>
	Nine months ended September 30	
	2025	2024
Share of profit/(loss) of associates and accounted for under equity method:		
KISH NAK OIL SEAL MFG.CO.,LTD.	\$ -	\$ 2,668
NAK TOTAL SEALING SOLUTIONS PTY LTD.	1,411	4,651
BUSINESS FRIEND LIMITED NAK INTERNATIONAL LTD. (“NAK INTERNATIONAL”)	(69)	(15)
	<u>5,693</u>	<u>4,571</u>
	7,035	11,875
Other comprehensive income (loss), net of tax	782	(654)
Total comprehensive income	<u>\$ 7,817</u>	<u>\$ 11,221</u>

B. The investment profit or loss recognised for the above investments accounted for using equity method was based on associates’ financial statements of the same reporting period which were not reviewed by the independent auditors.

(6) Property, plant and equipment

	Nine months ended September 30, 2025					
	<u>Beginning balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Net exchange differences</u>	<u>Ending balance</u>
Cost						
Land	\$ 615,387	\$ -	\$ -	\$ -	(\$ 53)	\$ 615,334
Land improvements	10,047	-	-	-	-	10,047
Buildings and structures	1,051,379	1,667	(12,801)	227	(16,625)	1,023,847
Machinery and equipment	1,321,261	86,048	(6,391)	17,847	(23,701)	1,395,064
Transportation equipment	38,428	-	(7)	-	(447)	37,974
Office equipment	94,169	21,586	(5,089)	1,096	(156)	111,606
Other equipment	644,670	30,674	(19,844)	5,820	(2,951)	658,369
Unfinished construction and equipment under acceptance	<u>37,479</u>	<u>112,142</u>	<u>-</u>	<u>(24,990)</u>	<u>(323)</u>	<u>124,308</u>
	<u>\$ 3,812,820</u>	<u>\$252,117</u>	<u>(\$ 44,132)</u>	<u>\$ -</u>	<u>(\$ 44,256)</u>	<u>3,976,549</u>
Accumulated depreciation and impairment						
Land improvements	\$ 7,457	\$ 301	\$ -	\$ -	\$ -	\$ 7,758
Buildings and structures	477,437	25,695	(9,971)	-	(5,627)	487,534
Machinery and equipment	851,695	59,241	(6,201)	-	(11,909)	892,826
Transportation equipment	33,085	1,495	-	-	(395)	34,185
Office equipment	79,917	10,596	(5,047)	-	(140)	85,326
Other equipment	447,286	32,715	(19,415)	-	(1,475)	459,111
	<u>\$ 1,896,877</u>	<u>\$130,043</u>	<u>(\$ 40,634)</u>	<u>\$ -</u>	<u>(\$ 19,546)</u>	<u>\$ 1,966,740</u>
Book value	<u>\$ 1,915,943</u>					<u>\$ 2,009,809</u>

Nine months ended September 30, 2024

	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land	\$ 615,184	\$ -	\$ -	\$ -	\$ 285	\$ 615,469
Land improvements	10,047	-	-	-	-	10,047
Buildings and structures	1,026,004	2,113	(324)	3,065	14,764	1,045,622
Machinery and equipment	1,209,420	122,315	(52,347)	18,526	16,815	1,314,729
Transportation equipment	37,043	271	-	14	405	37,733
Office equipment	86,132	7,436	(844)	2,400	664	95,788
Other equipment	623,782	31,943	(30,502)	905	1,886	628,014
Unfinished construction and equipment under acceptance	32,180	24,944	-	(24,910)	457	32,671
	<u>\$ 3,639,792</u>	<u>\$ 189,022</u>	<u>(\$ 84,017)</u>	<u>\$ -</u>	<u>\$ 35,276</u>	<u>3,780,073</u>
Accumulated depreciation and impairment						
Land improvements	\$ 7,056	\$ 301	\$ -	\$ -	\$ -	\$ 7,357
Buildings and structures	439,676	25,385	(269)	-	4,898	469,690
Machinery and equipment	830,182	55,341	(46,375)	-	9,724	848,872
Transportation equipment	30,030	2,200	-	-	360	32,590
Office equipment	72,187	7,742	(844)	-	553	79,638
Other equipment	417,608	33,716	(10,401)	-	1,029	441,952
	<u>\$ 1,796,739</u>	<u>\$ 124,685</u>	<u>(\$ 57,889)</u>	<u>\$ -</u>	<u>\$ 16,564</u>	<u>\$ 1,880,099</u>
Book value	<u>\$ 1,843,053</u>					<u>\$ 1,899,974</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. 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.

(7) 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:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land-use right	\$ 45,500	\$ 48,827	\$ 49,334
Buildings	1,947	391	901
Transportation equipment (business vehicle)	437	757	884
	<u>\$ 47,884</u>	<u>\$ 49,975</u>	<u>\$ 51,119</u>

	<u>Three months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land-use right	\$ 315	\$ 341
Buildings	356	510
Transportation equipment (business vehicle)	99	98
	<u>\$ 770</u>	<u>\$ 949</u>

	<u>Nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land-use right	\$ 978	\$ 1,007
Buildings	1,143	1,604
Transportation equipment (business vehicle)	302	286
	<u>\$ 2,423</u>	<u>\$ 2,897</u>

- D. For the three months and nine months ended September 30, 2025 and 2024, the additions to right-of-use assets amounted to \$989 thousand, \$0 thousand, \$2,700 thousand and \$0 thousand, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

Items affecting profit or loss	Three months ended September 30	
	2025	2024
Interest expense on lease liabilities	\$ 18	\$ 22
Expense on short-term lease contracts	169	327
Expense on variable lease payments	45	81
Expense on leases of low-value assets	31	-

Items affecting profit or loss	Nine months ended September 30	
	2025	2024
Interest expense on lease liabilities	\$ 56	\$ 74
Expense on short-term lease contracts	333	602
Expense on variable lease payments	141	179
Expense on leases of low-value assets	62	-

F. For the three months and nine months ended September 30, 2025 and 2024, the Group's total cash outflow for leases were \$858 thousand, \$983 thousand, \$2,569 thousand and \$2,582 thousand, respectively.

(8) Short-term borrowings

Type of borrowings	September 30, 2025	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ <u>150,000</u>	1.75%	Property, plant and equipment

Type of borrowings	September 30, 2024	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ <u>50,000</u>	1.75%	Property, plant and equipment

A. No such situation as of September 30, 2025 and December 31, 2024.

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

(9) Other payables

	September 30, 2025	December 31, 2024	September 30, 2024
Wages and bonus payable	\$ 140,285	\$ 163,638	\$ 148,907
Processing fees payable	54,247	47,853	51,476
Discounted notes receivable liability	38,898	42,480	-
Employees' compensation and directors' remuneration payable	36,603	57,569	43,727
Consumables expenses payable	32,914	28,320	27,925
Payable on machinery and equipment	32,794	37,913	27,487
Utility payable	10,134	7,356	8,491
Repair and maintenance payable	5,501	3,502	2,887
Insurance payable	4,891	4,894	5,283
Other accrued expenses	48,711	57,115	43,183
	<u>\$ 404,978</u>	<u>\$ 450,640</u>	<u>\$ 359,366</u>

(10) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Collateral	September 30, 2025
Secured borrowings	2015.09.24~2030.10.20, the borrowing is repayable starting from the 24th month based on annuity method	Land and structures	\$ 59,430
Less: Current portion			(11,320)
			<u>\$ 48,110</u>
Interest rate range			<u>2.22%</u>

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2024
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>

Type of borrowings	Borrowing period and repayment term	Collateral	September 30, 2024
Secured borrowings	2015.09.24~2030.10.20, the borrowing is repayable starting from the 24th month based on annuity method	Land and structures	\$ 70,750
Less: Current portion			(11,320)
			<u>\$ 59,430</u>
Interest rate range			<u>2.22%</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 pension costs under defined contribution pension plans of the Group for the three months and nine months ended September 30, 2025 and 2024, were \$52 thousand, \$175 thousand, \$198 thousand and \$558 thousand, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 amount to \$5,538 thousand.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The 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 nine months ended September 30, 2025 and 2024, was as follows:

	Nine months ended September 30	
	2025	2024
KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	16%	16%

- (c) The pension costs under defined contribution pension plans of the Company for the three months and nine months ended September 30, 2025 and 2024 were \$7,340 thousand, \$9,549 thousand, \$19,390 thousand and \$25,070 thousand, respectively.

(12) Share capital

As of September 30, 2025, 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 surplus

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

(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 2024 and 2023, which was approved at the shareholders' meeting on June 13, 2025 and June 20, 2024, respectively, are as follows:

	Year ended December 31			
	2024		2023	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve (Reversal of) provision for special reserve	\$ 74,061		\$ 99,018	
Cash dividends	(56,245)		30,884	
	582,129	\$ 7.0	582,129	\$ 7.0

G. Please refer to Note 6(18) for information regarding employees' compensation that includes remuneration allocated to rank - and - file employees and directors' remuneration.

(15) Other equity items

	Nine months ended September 30, 2025	
	Foreign currency translation	
At January 1	(\$	141,419)
Currency translation differences:		
- Group	(	100,410)
- Taxes		20,082
- Associates		977
- Taxes	(	195)
At September 30	(\$	220,965)
	Nine months ended September 30, 2024	
	Foreign currency translation	
At January 1	(\$	197,664)
Currency translation differences:		
- Group		80,485
- Taxes	(	16,097)
- Associates	(	818)
- Taxes		164
At September 30	(\$	133,930)

(16) Operating revenue

	Three months ended September 30	
	2025	2024
Revenue from contracts with customers	\$ 1,007,587	\$ 980,868
	Nine months ended September 30	
	2025	2024
Revenue from contracts with customers	\$ 2,978,376	\$ 2,924,784

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:

Three months ended September 30, 2025										
	Taiwan			China			Others			Total
	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	
Revenue from contracts with customers	\$ 476,427	\$ 5,796	\$ 52,760	\$ 447,016	\$ 39	\$ 101	\$ 25,448	\$ -	\$ -	\$ 1,007,587
Timing of revenue recognition										
At a point in time	\$ 476,427	\$ 5,796	\$ 52,760	\$ 447,016	\$ 39	\$ 101	\$ 25,448	\$ -	\$ -	\$ 1,007,587
Three months ended September 30, 2024										
	Taiwan			China			Others			Total
	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	
Revenue from contracts with customers	\$ 457,285	\$ 21,999	\$ 54,362	\$ 417,803	\$ -	\$ 101	\$ 29,318	\$ -	\$ -	\$ 980,868
Timing of revenue recognition										
At a point in time	\$ 457,285	\$ 21,999	\$ 54,362	\$ 417,803	\$ -	\$ 101	\$ 29,318	\$ -	\$ -	\$ 980,868

Nine months ended September 30, 2025										
	Taiwan			China			Others			Total
	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	
Revenue from contracts with customers	<u>\$ 1,374,123</u>	<u>\$ 20,136</u>	<u>\$ 176,883</u>	<u>\$ 1,330,817</u>	<u>\$ 39</u>	<u>\$ 101</u>	<u>\$ 76,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,978,376</u>
Timing of revenue recognition										
At a point in time	<u>\$ 1,374,123</u>	<u>\$ 20,136</u>	<u>\$ 176,883</u>	<u>\$ 1,330,817</u>	<u>\$ 39</u>	<u>\$ 101</u>	<u>\$ 76,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,978,376</u>
Nine months ended September 30, 2024										
	Taiwan			China			Others			Total
	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	
Revenue from contracts with customers	<u>\$ 1,334,573</u>	<u>\$ 80,922</u>	<u>\$ 164,432</u>	<u>\$ 1,259,343</u>	<u>\$ 39</u>	<u>\$ 101</u>	<u>\$ 85,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,924,784</u>
Timing of revenue recognition										
At a point in time	<u>\$ 1,334,573</u>	<u>\$ 80,922</u>	<u>\$ 164,432</u>	<u>\$ 1,259,343</u>	<u>\$ 39</u>	<u>\$ 101</u>	<u>\$ 85,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,924,784</u>

B. Contract liabilities (shown as other current liabilities)

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>	<u>January 1, 2024</u>
Contract liabilities:				
Contract liabilities- advance sales receipts	\$ 11,255	\$ 6,112	\$ 8,287	\$ 10,025

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

	<u>Three months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 39	\$ 128
	<u>Nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 4,309	\$ 8,307

(17) Other gains and losses

	<u>Three months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
Foreign exchange gains (loss), net	\$ 25,768	(\$ 1,929)
Losses on disposals of property, plant and equipment	(3,330)	(1,133)
Other gains (losses)	211	(324)
	<u>\$ 22,649</u>	<u>(\$ 3,386)</u>
	<u>Nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
Foreign exchange (loss) gains, net	(\$ 11,604)	\$ 26,653
Disaster losses	-	(2,353)
Losses on disposals of property, plant and equipment	(3,395)	(2,034)
Other losses	(1,414)	(606)
	<u>(\$ 16,413)</u>	<u>\$ 21,660</u>

(18) Expenses by nature

	Three months ended September 30	
	2025	2024
Employee benefit expense		
Wages and salaries	\$ 202,095	\$ 189,390
Labour and health insurance fees	17,633	16,766
Pension costs	7,392	9,724
Directors' remuneration	1,652	1,322
Other employee benefit expenses	14,867	15,653
	<u>\$ 243,639</u>	<u>\$ 232,855</u>
Depreciation charge	<u>\$ 43,758</u>	<u>\$ 45,248</u>
Amortisations	<u>\$ 6,541</u>	<u>\$ 6,759</u>
	Nine months ended September 30	
	2025	2024
Employee benefit expense		
Wages and salaries	\$ 579,170	\$ 576,984
Labour and health insurance fees	54,319	57,693
Pension costs	19,588	25,628
Directors' remuneration	4,896	4,782
Other employee benefit expenses	44,782	43,543
	<u>\$ 702,755</u>	<u>\$ 708,630</u>
Depreciation charge	<u>\$ 132,466</u>	<u>\$ 127,582</u>
Amortisations	<u>\$ 21,360</u>	<u>\$ 18,183</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 three months and nine months ended September 30, 2025 and 2024, were as follows:

	Three months ended September 30	
	2025	2024
Employees' compensation	\$ 12,243	\$ 11,148
Directors' remuneration	1,250	850
	<u>\$ 13,493</u>	<u>\$ 11,998</u>
	Nine months ended September 30	
	2025	2024
Employees' compensation	\$ 32,853	\$ 35,428
Directors' remuneration	3,750	3,750
	<u>\$ 36,603</u>	<u>\$ 39,178</u>

The abovementioned amounts are shown under wages and salaries expense. For the nine months ended September 30, 2025 and 2024, the employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current year as of the end of reporting period:

	Nine months ended September 30	
	2025	2024
Employees' compensation ratio	4.95%	4.95%
Directors' remuneration ratio	0.57%	0.52%

C. Employees' compensation and directors' remuneration for 2024 amounting to \$46,041 thousand and \$5,000 thousand, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2024 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:

	Three months ended September 30	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 50,376	\$ 75,264
Tax on undistributed surplus earnings	-	(470)
Prior year income tax underestimation	(2,132)	-
Total current tax	48,244	74,794
Deferred tax:		
Origination and reversal of temporary differences	30,446	(1,254)
Total deferred tax	30,446	(1,254)
Income tax expense	\$ 78,690	\$ 73,540

	Nine months ended September 30	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 184,200	\$ 189,933
Tax on undistributed surplus earnings	56	12,584
Prior year income tax (overestimation) underestimation	(917)	1,408
Total current tax	<u>183,339</u>	<u>203,925</u>
Deferred tax:		
Origination and reversal of temporary differences	47,385	43,522
Total deferred tax	<u>47,385</u>	<u>43,522</u>
Income tax expense	<u>\$ 230,724</u>	<u>\$ 247,447</u>

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

	Three months ended September 30	
	2025	2024
Currency translation differences	(\$ 18,613)	(\$ 4,506)

	Nine months ended September 30	
	2025	2024
Currency translation differences	<u>\$ 19,887</u>	<u>(\$ 15,933)</u>

B. The table below listed the year in 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	2023
Song Quan International Co., Ltd.	2023

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%

	Nine months ended September 30, 2025		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 501,679	83,161	\$ 6.03
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	501,679	83,161	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	400	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 501,679	83,561	\$ 6.00

	Nine months ended September 30, 2024		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 525,722	83,161	\$ 6.32
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	525,722	83,161	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	423	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 525,722	83,584	\$ 6.29

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:

	Nine months ended September 30	
	2025	2024
Purchase of property, plant and equipment	\$ 252,117	\$ 189,022
Add: Opening balance of payable on equipment	37,913	31,239
Ending balance of prepayments for business facilities	46,912	26,903
Less: Ending balance of payable on equipment	(32,794)	(27,487)
Opening balance of prepayments for business facilities	(42,249)	(17,928)
Cash paid during the period	<u>\$ 261,899</u>	<u>\$ 201,749</u>

(22) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liability	Dividends payable	Liabilities from financing activities-gross
January 1, 2025	\$ -	\$ 67,920	\$ 1,189	\$ -	\$ 69,109
Changes in cash flow from financing activities	150,000	(8,490)	(1,977)	(582,129)	(442,596)
Changes in other non-cash items	-	-	2,681	582,129	584,810
September 30, 2025	<u>\$ 150,000</u>	<u>\$ 59,430</u>	<u>\$ 1,893</u>	<u>\$ -</u>	<u>\$ 211,323</u>
	Short-term borrowings	Long-term borrowings	Lease liability	Dividends payable	Liabilities from financing activities-gross
January 1, 2024	\$ -	\$ 79,240	\$ 3,426	\$ -	\$ 82,666
Changes in cash flow from financing activities	50,000	(8,490)	(1,727)	(582,129)	(542,346)
Changes in other non-cash items	-	-	74	582,129	582,203
September 30, 2024	<u>\$ 50,000</u>	<u>\$ 70,750</u>	<u>\$ 1,773</u>	<u>\$ -</u>	<u>\$ 122,523</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
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:

	<u>Three months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
Sales of goods:		
- Associates	<u>\$ 34,735</u>	<u>\$ 36,463</u>
	<u>Nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
Sales of goods:		
- Associates	<u>\$ 69,353</u>	<u>\$ 116,202</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:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Accounts receivable:			
- Associates	\$ 31,149	\$ 35,825	\$ 38,723
Less: Allowance for uncollectible accounts	(2,801)	(2,801)	(2,801)
	<u>\$ 28,348</u>	<u>\$ 33,024</u>	<u>\$ 35,922</u>
Long-term receivables (shown as other non-current assets):			
- Associates	\$ 24,426	\$ 24,426	\$ 24,426
Less: Allowance for uncollectible accounts	(24,426)	(24,426)	(24,426)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- (a) The receivables from related parties arise mainly from sales. The receivables are due 45~180 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:

		<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
	<u>Ageing distribution</u>	<u>Overdue aging</u>	<u>Overdue aging</u>	<u>Overdue aging</u>
- Associates	More than 360 days	<u>\$ 24,426</u>	<u>\$ 24,426</u>	<u>\$ 24,426</u>

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

(3) Key management compensation

	Three months ended September 30	
	2025	2024
Short-term employee benefits	\$ 8,426	\$ 9,476
Post-employment benefits	172	244
Total	\$ 8,598	\$ 9,720

	Nine months ended September 30	
	2025	2024
Short-term employee benefits	\$ 28,303	\$ 28,544
Post-employment benefits	567	562
Total	\$ 28,870	\$ 29,106

8. Pledged Assets

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

Pledged asset	Book value			Purpose
	September 30, 2025	December 31, 2024	September 30, 2024	
Property, plant and equipment	\$ 833,925	\$ 846,843	\$ 845,016	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:

	September 30, 2025	December 31, 2024	September 30, 2024
Property, plant and equipment	\$ 100,745	\$ 101,092	\$ 37,375
Intangible assets	1,794	1,600	-
	\$ 102,539	\$ 102,692	\$ 37,375

B. As of September 30, 2025, December 31, 2024 and September 30, 2024, the Company's total unused letters of credit for the import of raw materials and machinery equipment were \$6,643 thousand \$4,076 thousand and \$9,203 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

None.

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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 336,776	\$ 433,850	\$ 300,192
Financial assets at amortised cost-current	141,169	237,599	119,715
Notes receivable	431,946	346,439	361,326
Accounts receivable (including related parties)	1,148,828	1,093,739	1,073,676
Other receivables (including related parties)	11,698	26,717	43,897
Guarantee deposits paid (shown as other non-current assets)	980	1,237	924
	<u>\$ 2,071,397</u>	<u>\$ 2,139,581</u>	<u>\$ 1,899,730</u>

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
<u>Financial liabilities</u>			
Financial liabilities at			
amortised cost			
Short-term borrowings	\$ 150,000	\$ -	\$ 50,000
Notes payable	70	109	324
Accounts payable	172,722	143,411	136,618
Other accounts payable	404,978	450,640	359,366
Long-term borrowings (including current portion)	59,430	67,920	70,750
Guarantee deposits received (shown as other non-current liabilities)	600	600	-
	<u>\$ 787,800</u>	<u>\$ 662,680</u>	<u>\$ 617,058</u>
Lease liability	<u>\$ 1,893</u>	<u>\$ 1,189</u>	<u>\$ 1,773</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:

September 30, 2025			
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 12,750	30.4450	\$ 388,174
EUR:NTD	4,913	35.7700	175,738
JPY:NTD	55,550	0.2060	11,443
AUD:NTD	411	20.1100	8,265
<u>Non-monetary items</u>			
USD:NTD	\$ 1,121	30.4450	\$ 34,139
AUD:NTD	743	20.1100	14,947
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	\$ 339	30.4450	\$ 10,321
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

	September 30, 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	\$ 12,599	31.6500	\$ 398,758
EUR:NTD	5,006	35.3800	177,112
JPY:NTD	94,447	0.2220	20,967
AUD:NTD	534	21.9300	11,711
<u>Non-monetary items</u>			
USD:NTD	\$ 787	31.6500	\$ 24,901
AUD:NTD	691	21.9300	15,156
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	\$ 1,444	7.021	\$ 45,703

- 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 three months and nine months ended September 30, 2025 and 2024, aggregately amounted to a gain of \$25,768 thousand, a loss of \$1,929 thousand, a loss of \$11,604 thousand and a gain of \$26,653 thousand, respectively.

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

Nine months ended September 30, 2025					
Sensitivity analysis					
	<u>Degree of variation</u>		<u>Effect on profit or loss</u>		<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	2%	\$	7,763	\$	-
EUR:NTD	2%		3,515		-
JPY:NTD	2%		229		-
AUD:NTD	2%		165		-
<u>Non-monetary items</u>					
USD:NTD	2%	\$	-		NA
AUD:NTD	2%		-		NA
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:RMB	2%	\$	206	\$	-
Nine months ended September 30, 2024					
Sensitivity analysis					
	<u>Degree of variation</u>		<u>Effect on profit or loss</u>		<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	2%	\$	7,975	\$	-
EUR:NTD	2%		3,542		-
JPY:NTD	2%		419		-
AUD:NTD	2%		234		-
<u>Non-monetary items</u>					
USD:NTD	2%	\$	-		NA
AUD:NTD	2%		-		NA
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:RMB	2%	\$	914	\$	-

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 nine months ended September 30, 2025 and 2024, 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 three months and nine months ended September 30, 2025 and 2024, would have increased/decreased by \$101 thousand, \$43 thousand, \$126 thousand and \$72 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 September 30, 2025, December 31, 2024 and September 30, 2024, the loss rate methodology is as follows:

	Not past due	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 361 days	Total
<u>September 30, 2025</u>							
Expected loss rate	0.16%	1.41%	24.78%	10.06%	53.24%	100.00%	
Total book value	\$ 995,928	\$ 101,775	\$ 11,659	\$ 13,821	\$ 9,759	\$ 15,952	\$ 1,148,894
Loss allowance	(\$ 1,556)	(\$ 1,431)	(\$ 2,889)	(\$ 1,390)	(\$ 5,196)	(\$ 15,952)	(\$ 28,414)
<u>December 31, 2024</u>							
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)
<u>September 30, 2024</u>							
Expected loss rate	0.16%	1.18%	8.09%	43.91%	82.99%	100.00%	
Total book value	\$ 905,080	\$ 98,846	\$ 32,416	\$ 9,706	\$ 7,291	\$ 12,065	\$ 1,065,404
Loss allowance	(\$ 1,483)	(\$ 1,167)	(\$ 2,622)	(\$ 4,262)	(\$ 6,051)	(\$ 12,065)	(\$ 27,650)

- 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 September 30, 2025, December 31, 2024 and September 30, 2024, were not significant.

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

	2025	
	<u>Allowance for uncollectible accounts</u>	
At January 1	\$	26,833
Provision of impairment loss		2,780
Amounts written off due to irrecoverability (		160)
Effect of foreign exchange	(	1,039)
At September 30	\$	<u>28,414</u>

	2024	
	<u>Allowance for uncollectible accounts</u>	
At January 1	\$	13,864
Provision of impairment loss		13,281
Effect of foreign exchange		505
At September 30	\$	<u>27,650</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:

	<u>September 30, 2025</u>	
	Loss allowance for accounts receivable due from related parties	
At January 1 (September 30)	\$	<u>2,801</u>

	<u>September 30, 2025</u>	
	Loss allowance for long-term receivable due from related parties	
At January 1 (September 30)	\$	<u>24,426</u>

	<u>September 30, 2024</u>	
	Loss allowance for accounts receivable due from related parties	
At January 1 (September 30)	\$	<u>2,801</u>

	<u>September 30, 2024</u>	
	Loss allowance for long-term receivable due from related parties	
At January 1 (September 30)	\$	<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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Floating rate:			
Expiring within one year	\$ 1,580,000	\$ 1,730,000	\$ 1,680,000
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>September 30, 2025</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>
Short-term borrowings	\$ 150,465	\$ -	\$ -	\$ -	\$ 150,465
Notes payable	37	33	-	-	70
Accounts payable	146,987	25,735	-	-	172,722
Other payables	123,594	281,384	-	-	404,978
Lease liability	220	782	782	281	2,065
Long-term borrowings (including current portion)	3,149	9,354	12,252	38,083	62,838

December 31, 2024	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Over 2 years	Total
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

September 30, 2024	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Over 2 years	Total
Short-term borrowings	\$ 50,211	\$ -	\$ -	\$ -	\$ 50,211
Notes payable	148	176	-	-	324
Accounts payable	111,914	24,704	-	-	136,618
Other payables	92,621	266,745	-	-	359,366
Lease liability	642	761	279	384	2,066
Long-term borrowings (including current portion)	3,212	9,542	12,503	50,335	75,592

(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.

(4) The impact assessment of tariffs

The Group has incorporated the impact of the tariff policies announced by the U.S. government in April 2025 into its business operations considerations. Certain subsidiaries may experience potential operational effects due to reciprocal tariff policies in their respective countries. As of November __, 2025, tariff negotiations between the U.S. government and other governments are still ongoing, and the final outcomes of these negotiations remain uncertain. Consequently, it is not yet possible to reasonably estimate the overall impact of the aforementioned tariff policies on the Group's future business and financial performance.

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 significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- F. 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: None.

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:

Three months ended September 30, 2025	Taiwan	China	All other segments	Offset	Total
Revenue from external customers	\$ 534,983	\$ 447,156	\$ 25,448	\$ -	\$ 1,007,587
Inter-segment revenue	62,630	(15)	-	(62,615)	-
Total segment revenue	<u>\$ 597,613</u>	<u>\$ 447,141</u>	<u>\$ 25,448</u>	<u>(\$ 62,615)</u>	<u>\$ 1,007,587</u>
Segment income	<u>\$ 186,615</u>	<u>\$ 98,795</u>	<u>\$ 6,534</u>	<u>(\$ 105,139)</u>	<u>\$ 186,805</u>
Three months ended September 30, 2024	Taiwan	China	All other segments	Offset	Total
Revenue from external customers	\$ 533,646	\$ 417,904	\$ 29,318	\$ -	\$ 980,868
Inter-segment revenue	87,306	446	-	(87,752)	-
Total segment revenue	<u>\$ 620,952</u>	<u>\$ 418,350</u>	<u>\$ 29,318</u>	<u>(\$ 87,752)</u>	<u>\$ 980,868</u>
Segment income	<u>\$ 171,557</u>	<u>\$ 90,724</u>	<u>(\$ 416)</u>	<u>(\$ 90,854)</u>	<u>\$ 171,011</u>
Nine months ended September 30, 2025	Taiwan	China	All other segments	Offset	Total
Revenue from external customers	\$ 1,571,142	\$ 1,330,957	\$ 76,277	\$ -	\$ 2,978,376
Inter-segment revenue	208,654	922	-	(209,576)	-
Total segment revenue	<u>\$ 1,779,796</u>	<u>\$ 1,331,879</u>	<u>\$ 76,277</u>	<u>(\$ 209,576)</u>	<u>\$ 2,978,376</u>
Segment income	<u>\$ 501,679</u>	<u>\$ 304,313</u>	<u>\$ 13,795</u>	<u>(\$ 317,938)</u>	<u>\$ 501,849</u>
Nine months ended September 30, 2024	Taiwan	China	All other segments	Offset	Total
Revenue from external customers	\$ 1,579,927	\$ 1,259,483	\$ 85,374	\$ -	\$ 2,924,784
Inter-segment revenue	262,196	946	-	(263,142)	-
Total segment revenue	<u>\$ 1,842,123</u>	<u>\$ 1,260,429</u>	<u>\$ 85,374</u>	<u>(\$ 263,142)</u>	<u>\$ 2,924,784</u>
Segment income	<u>\$ 526,742</u>	<u>\$ 281,677</u>	<u>\$ 4,058</u>	<u>(\$ 285,970)</u>	<u>\$ 526,507</u>

A reconciliation of reportable segment income or loss to the income (loss) before tax from continuing operations for the nine months ended September 30, 2025 and 2024 is provided as follows:

	<u>Three months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
Reportable segments revenue	\$ 1,070,202	\$ 1,068,620
Inter segment revenue	(62,615)	(87,752)
Consolidated operating income	<u>\$ 1,007,587</u>	<u>\$ 980,868</u>
	<u>Nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
Reportable segments revenue	\$ 3,187,952	\$ 3,187,926
Inter segment revenue	(209,576)	(263,142)
Consolidated operating income	<u>\$ 2,978,376</u>	<u>\$ 2,924,784</u>
	<u>Three months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
Reportable segments income	\$ 291,944	\$ 261,866
Inter segment income	(105,139)	(90,855)
Income from continuing operations	<u>\$ 186,805</u>	<u>\$ 171,011</u>
	<u>Nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
Reportable segments income	\$ 819,787	\$ 812,477
Inter segment income	(317,938)	(285,970)
Income from continuing operations	<u>\$ 501,849</u>	<u>\$ 526,507</u>

NAK SEALING TECHNOLOGIES CORPORATION

Loans to others

Nine months ended September 30, 2025

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended		Equity at end of year	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower (Note 2)	Reason for short-term financing	Allowance for creditor counterparty doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote
					September 30, 2025	September 30, 2025								Item	Value			
0	NAK SEALING TECHNOLOGIES CORPORATION	KISH NAK OIL SEAL MFG. CO., LTD.	Other receivables	Y	\$ 24,426	\$ 24,426	\$ 24,426	\$ 24,426	0%	(1)	\$ -	-	\$ 24,426	-	-	\$ -	\$ 401,546	Note 4 , Note 5 and Note 6

Note 1: The description of the number column is as follows:

(1) 0 is reserved for issuer.

(2) Each invested company is numbered in sequential order starting from 1.

Note 2: (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 borrower in 1 year.

(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 September 30, 2025.

Note 3: (1) Having business relationship.

(2) Short-term financing.

Note 4: According to the Accounting Research And Development Foundation Interpretation 93-167, past due accounts receivable were transferred to other receivables.

Note 5: 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 Lending of Funds and Making of Endorsements/Guarantees by Public Companies", the Company had set a improvement plan and sent it to the audit committee.

Note 6: 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 7: The Company had receivable interest from related parties to KISH NAK OIL SEAL MFG. CO., LTD. in the amount of \$2,654 thousand is recorded as 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

Nine months ended September 30, 2025

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance at June 30, 2025	Percentage of total notes/accounts receivable (payable)	
NAK SEALING TECHNOLOGIES CORPORATION	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	Subsidiary	Sales	\$ 169,682	5.70%	Collection in 90 days after delivery	Note 1	Collection in 90 days after delivery	\$ 51,232	3.18%	Note 2

Note 1: The price of raw materials sold to KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD. includes a markup of approximately 10% , while the price of finished goods was the same as that of general customers.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

NAK SEALING TECHNOLOGIES CORPORATION
Significant inter-company transactions during the reporting periods
Nine months ended September 30, 2025

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
0	NAK SEALING TECHNOLOGIES CORPORATION	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	1	Sales revenue	\$ 169,682	The price of raw materials was marked up by approximately 10% , and price of finished goods was the same as that of general customers and collection in 90 days after delivery	5.70%
0	NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING PRODUCTS (THAILAND) CO., LTD.	1	Sales revenue	14,908	The sales price was in consistent with general suppliers and collection in 90 days after delivery	0.50%
0	NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING TECHNOLOGIES (INDIA) PRIVATE LIMITED	1	Sales revenue	24,064	The sales price was in consistent with general suppliers and collection in 90 days after delivery	0.81%
0	NAK SEALING TECHNOLOGIES CORPORATION	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	1	Accounts receivable	51,232	The price of raw materials was marked up by approximately 10% , and price of finished goods was the same as that of general customers and collection in 90 days after delivery	0.96%

Note 1: The business transactions between the parent company and its subsidiaries shall be indicated in the "No." column. This column shall be completed as follows:

(1) 0 is reserved for issuer.

(2) Each invested company is numbered in sequential order starting from 1.

Note 2: There are three types of relationships with the transaction parties. Please mark the type (there is no need to repeatedly disclose the same transaction between parent and subsidiary companies or between subsidiary companies.)

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

Nine months ended September 30, 2025

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2025			Net income of investee for the nine months ended September 30, 2025	Investment income (loss) recognised by the Company for the nine months ended September 30, 2025	Footnote
				Balance as at September 30, 2025	Balance as at December 31, 2024	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	\$ 2,002,766	\$ 305,836	\$ 305,836	
NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING PRODUCTS (THAILAND) CO., LTD.	Thailand	Oil seal sales	12,815	12,815	15,000	100	57,353	4,671	4,671	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	KISH NAK OIL SEAL MFG. CO., LTD.	Iran	Oil seal production and sales	4,865	4,865	150,548	49	- (	3,836)	-	Note 2 and Note 4
NAK SEALING TECHNOLOGIES CORPORATION	SHOWMOST INTERNATIONAL CO., LTD.	Mauritius	General investments business	17,890	17,890	577,859	100	37,884	5,931	5,931	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	BUSINESS FRIEND LIMITED	Hong Kong	General investments business	-	-	-	33.34	861 (	208) (	69)	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	NAK TOTAL SEALING SOLUTIONS PTY LTD.	Australia	Oil seal sales	13,957	13,957	4,900	49	14,947	2,879	1,411	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	Song Quan International Co., LTD	Taiwan	Manufacture industry of rubber products	227,560	212,560	18,000	100	236,532	1,500	1,512	Note 3
SMOOTH TRACK ASSOCIATES LIMITED	NAK HONGKONG CO., LTD.	Hong Kong	General investments	149,289	149,289	7,320,000	100	2,035,873	306,411	-	Note 1
SHOWMOST INTERNATIONAL CO., LTD.	NAK INTERNATIONAL LTD.	Russia	Oil seal sales	3,561	3,561	-	33.33	42,733	17,084	-	Note 1 and Note 2
SHOWMOST INTERNATIONAL CO., LTD.	NAK SEALING TECHNOLOGIES INDIA PRIVATE LIMITED	India	Oil seal sales	1,149	1,149	2,097,865	60	5,885	425	-	Note 1 and Note 2

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

Note 2: Investment gains and losses are recognized based on the investee company's self-calculated financial statements for the same period and which have not been reviewed by accountants.

Note 3: The subsidiary, Song Quan International Co., Ltd., increased its cash capital amounting to \$15,000 thousand in 2025. The effective date was set on February 3, 2025. The registration for the change had been completed.

Note 4: The affiliated company, KISH NAK OIL SEAL MFG. CO., LTD., has incurred operating losses, resulting in a negative carrying value. In accordance with IAS 28, once the investor's interest in the associate is reduced to zero, the investor shall recognize further losses and a corresponding liability only to the extent that it has incurred legal or constructive obligations, or has made payments on behalf of the associate. Under the terms of the investment agreement entered into at the time of the Company's investment in Iran, the Company is not obligated to absorb its share of losses beyond the point at which the investment is reduced to zero. Therefore, the Company's recognized losses are limited to the carrying amount of its equity investment in the associate.

NAK SEALING TECHNOLOGIES CORPORATION

Information on investments in Mainland China

Nine months ended September 30, 2025

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2025	Net income of investee as of September 30, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2025	Book value of investments in Mainland China as of September 30, 2025	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2025	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	\$ 306,402	100	\$ 306,402	\$ 2,035,157	\$ 1,897,812	Note 1

Note 1: Investment is classified into following three categories. It is only necessary to mark the type:

- (1) Engaged in direct investment in Mainland China.
- (2) Invest in China through a third regional company.
- (3) Other method

Note 2: Above amount involved foreign currency and was converted into New Taiwan dollar at the exchange rate on the balance sheet date.

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 September 30, 2025 (Note 2)	Investment amount approved by the Department of Investment Review of the Ministry of Economic Affairs (MOEA) (Note 2)	Ceiling on investments in Mainland China imposed by the Department of Investment Review of MOEA

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 30.445.