

**NAK SEALING TECHNOLOGIES
CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2026 AND 2025**

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 March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods 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 were not reviewed by independent auditors. Those statements reflect total assets of NT\$167,246 and NT\$145,974, constituting 2.78% and 2.67% of the consolidated total assets, and total liabilities of NT\$22,335 and NT\$16,834, constituting 1.51% and 1.56% of the consolidated total liabilities as at March 31, 2026 and 2025, and total comprehensive income of NT\$3,511 and NT\$6,946, constituting 1.45% and 3.29% of the consolidated total comprehensive income for the three-month periods then ended.

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 March 31, 2026 and 2025, and of its consolidated financial performance and its consolidated cash flows for the three 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

May 12, 2026

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
MARCH 31, 2026, DECEMBER 31, 2025 AND MARCH 31, 2025
(Expressed in thousands of New Taiwan dollars)

Assets			March 31, 2026		December 31, 2025		March 31, 2025				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	664,533	11	\$	343,462	6	\$	247,021	5
1136	Current financial assets at	6(2)									
	amortised cost			171,719	3		283,930	5		492,432	9
1150	Notes receivable, net	6(3)		410,530	7		390,174	7		350,614	6
1170	Accounts receivable, net	6(3)		1,209,505	20		1,166,147	21		1,126,306	21
1180	Accounts receivable - related	7(2)									
	parties			29,930	-		33,617	1		42,494	1
1200	Other receivables	7(2)		13,394	-		20,099	-		14,378	-
130X	Inventories	6(4)		940,707	16		948,353	17		946,020	17
1470	Other current assets			61,739	1		56,352	1		62,409	1
11XX	Current Assets			3,502,057	58		3,242,134	58		3,281,674	60
Non-current assets											
1535	Non-current financial assets at	6(2)									
	amortised cost			9,969	-		9,960	-		-	-
1550	Investments accounted for under	6(5)									
	equity method			55,335	1		51,061	1		45,459	1
1600	Property, plant and equipment	6(6) and 8		2,142,107	36		2,077,877	37		1,968,734	36
1755	Right-of-use assets	6(7)		50,240	1		49,473	1		50,759	1
1780	Intangible assets			31,560	-		31,061	1		26,108	-
1840	Deferred income tax assets			47,025	1		60,935	1		54,140	1
1900	Other non-current assets	6(8) and 7(2)		171,784	3		54,817	1		46,010	1
15XX	Non-current assets			2,508,020	42		2,335,184	42		2,191,210	40
1XXX	Total assets		\$	6,010,077	100	\$	5,577,318	100	\$	5,472,884	100

(Continued)

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2026, DECEMBER 31, 2025 AND MARCH 31, 2025
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			March 31, 2026		December 31, 2025		March 31, 2025	
Notes			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Current borrowings	6(9)	\$ 250,000	4	\$ -	-	\$ -	-
2150	Notes payable		412	-	49	-	41	-
2170	Accounts payable		207,979	4	177,126	3	126,824	3
2200	Other payables	6(10)	373,914	6	501,153	9	363,080	7
2230	Current income tax liabilities		124,768	2	75,584	2	72,201	1
2280	Current lease liabilities		745	-	743	-	941	-
2320	Long-term liabilities, current portion	6(11)	11,320	-	11,320	-	11,320	-
2399	Other current liabilities, others	6(17)	17,764	1	17,560	-	16,188	-
21XX	Current Liabilities		986,902	17	783,535	14	590,595	11
Non-current liabilities								
2540	Long-term borrowings	6(11)	42,450	1	45,280	1	53,770	1
2570	Deferred income tax liabilities		447,742	7	456,983	8	436,774	8
2580	Non-current lease liabilities		799	-	981	-	391	-
2600	Other non-current liabilities	6(12)	-	-	600	-	533	-
25XX	Non-current liabilities		490,991	8	503,844	9	491,468	9
2XXX	Total Liabilities		1,477,893	25	1,287,379	23	1,082,063	20
Equity attributable to owners of parent								
	Share capital	6(13)						
3110	Share capital - common stock		831,613	14	831,613	15	831,613	15
	Capital surplus	6(14)						
3200	Capital surplus		214,743	3	214,743	4	214,743	4
	Retained earnings	6(15)						
3310	Legal reserve		1,057,854	18	1,057,854	19	983,793	18
3320	Special reserve		141,419	2	141,419	2	197,664	4
3350	Unappropriated retained earnings		2,356,562	39	2,172,045	39	2,268,891	41
	Other equity interest	6(16)						
3400	Other equity interest		(74,010)	(1)	(131,893)	(2)	(110,137)	(2)
31XX	Equity attributable to owners of the parent		4,528,181	75	4,285,781	77	4,386,567	80
36XX	Non-controlling interest		4,003	-	4,158	-	4,254	-
3XXX	Total equity		4,532,184	75	4,289,939	77	4,390,821	80
Significant Contingent Liabilities and Unrecognised Contract Commitments								
3X2X	Total liabilities and equity		\$ 6,010,077	100	\$ 5,577,318	100	\$ 5,472,884	100

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 ENDED MARCH 31, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

				Three months ended March 31			
				2026		2025	
Items	Notes			AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(17) and 7(2)			\$ 1,082,513	100	\$ 954,911	100
5000 Operating costs	6(4)(19)			(649,978)	(60)	(582,444)	(61)
5900 Net operating margin				432,535	40	372,467	39
5920 Realized (loss) profit from sales				(829)	-	4,486	1
5950 Net operating margin				431,706	40	376,953	40
Operating expenses	6(19)						
6100 Selling expenses				(49,031)	(5)	(47,249)	(5)
6200 General and administrative expenses				(102,696)	(9)	(78,759)	(8)
6300 Research and development expenses				(14,759)	(1)	(15,217)	(2)
6450 Expected credit loss	12(2)			(276)	-	-	-
6000 Total operating expenses				(166,762)	(15)	(141,225)	(15)
6900 Operating profit				264,944	25	235,728	25
Non-operating income and expenses							
7100 Interest income				1,080	-	1,351	-
7010 Other income				294	-	140	-
7020 Other gains and losses	6(18)			9,962	1	20,032	2
7050 Finance costs				(917)	-	(647)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(5)			1,347	-	2,835	-
7000 Total non-operating income and expenses				11,766	1	23,711	2
7900 Profit before income tax				276,710	26	259,439	27
7950 Income tax expense	6(20)			(92,270)	(9)	(79,604)	(8)
8200 Profit for the period				\$ 184,440	17	\$ 179,835	19
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(16)			\$ 69,302	6	\$ 37,594	4
8370 Share of other comprehensive income of associates and joint ventures accounted for under equity method	6(16)			2,973	-	1,562	-
8399 Income tax relating to the components of other comprehensive income	6(20)			(14,470)	(1)	(7,820)	(1)
8360 Components of other comprehensive income that will be reclassified to profit or loss				57,805	5	31,336	3
8300 Total other comprehensive income for the period				\$ 57,805	5	\$ 31,336	3
8500 Total comprehensive income for the period				\$ 242,245	22	\$ 211,171	22
Profit, attributable to:							
8610 Owners of the parent				\$ 184,517	17	\$ 179,832	19
8620 Non-controlling interest				(77)	-	3	-
				\$ 184,440	17	\$ 179,835	19
Comprehensive (loss) income attributable to:							
8710 Owners of the parent				\$ 242,400	22	\$ 211,114	22
8720 Non-controlling interest				(155)	-	57	-
				\$ 242,245	22	\$ 211,171	22
Basic earnings per share	6(21)						
9750 Total basic earnings per share				\$ 2.22		\$ 2.16	
9850 Total diluted earnings per share				\$ 2.21		\$ 2.15	

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent							Financial statements translation differences of foreign operations	Non-controlling interest	Total equity
	Capital Surplus			Retained Earnings						
	Share capital - common stock	Additional paid-in capital	Premium from merger	Legal reserve	Special reserve	Unappropriated retained earnings				
								Total		
6(16)	\$ 831,613	\$ 208,642	\$ 6,101	\$ 983,793	\$ 197,664	\$2,089,059	(\$ 141,419)	\$4,175,453	\$ 4,197	\$4,179,650
	-	-	-	-	-	179,832	-	179,832	3	179,835
	-	-	-	-	-	-	31,282	31,282	54	31,336
	-	-	-	-	-	179,832	31,282	211,114	57	211,171
	<u>\$ 831,613</u>	<u>\$ 208,642</u>	<u>\$ 6,101</u>	<u>\$ 983,793</u>	<u>\$ 197,664</u>	<u>\$2,268,891</u>	<u>(\$ 110,137)</u>	<u>\$4,386,567</u>	<u>\$ 4,254</u>	<u>\$4,390,821</u>
6(16)	\$ 831,613	\$ 208,642	\$ 6,101	\$1,057,854	\$ 141,419	\$2,172,045	(\$ 131,893)	\$4,285,781	\$ 4,158	\$4,289,939
	-	-	-	-	-	184,517	-	184,517	(77)	184,440
	-	-	-	-	-	-	57,883	57,883	(78)	57,805
	-	-	-	-	-	184,517	57,883	242,400	(155)	242,245
	<u>\$ 831,613</u>	<u>\$ 208,642</u>	<u>\$ 6,101</u>	<u>\$1,057,854</u>	<u>\$ 141,419</u>	<u>\$2,356,562</u>	<u>(\$ 74,010)</u>	<u>\$4,528,181</u>	<u>\$ 4,003</u>	<u>\$4,532,184</u>

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31 2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 276,710	\$ 259,439
Adjustments			
Adjustments to reconcile profit (loss)			
Realized (profit) loss from sales		829	(4,486)
Depreciation expense-property, plant and equipment	6(6)(19)	46,748	43,639
Depreciation expense-right-of-use assets	6(7)(19)	749	891
Amortization expense	6(19)	6,590	7,468
Expected credit loss	12(2)	276	-
Loss on disposal of property, plant and equipment	6(18)	1,251	17
Share of profit of associates and joint ventures	6(5)		
accounted for using equity method		(1,347)	(2,835)
Interest revenue		(1,080)	(1,351)
Financial cost-bank loan		917	647
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(7,843)	(4,175)
Accounts receivable (including related parties)		(17,311)	(75,061)
Other receivables(including related parties)		6,724	13,205
Inventories		7,646	25,896
Other current assets		(5,387)	(4,754)
Changes in operating liabilities			
Notes payable		363	(68)
Accounts payable		26,753	(16,587)
Other payables		(107,556)	(94,825)
Other current liabilities		204	7,197
Net defined benefit liability		(214)	(254)
Cash inflow generated from operations		235,022	154,003
Interest received		1,113	485
Interest paid		(915)	(644)
Income taxes paid		(27,562)	(33,933)
Net cash flows from operating activities		<u>207,658</u>	<u>119,911</u>

(Continued)

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>Three months ended March 31</u>	
		<u>2026</u>	<u>2025</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 28,820)	(\$ 352,264)
Proceeds from disposal of financial assets at amortised cost		145,963	100,000
Acquisition of property, plant and equipment	6(22)	(229,518)	(80,981)
Proceeds from disposal of property, plant and equipment		289	40
Acquisition of intangible assets		(6,843)	(643)
Decrease in other non-current assets		(1,699)	(189)
Net cash flows used in investing activities		(120,628)	(334,037)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds of short-term loans	6(23)	250,000	-
Repayments of long-term debt	6(23)	(2,830)	(2,830)
Payments of lease liabilities	6(23)	(170)	(660)
Decrease in guarantee deposits received	6(23)	(600)	-
Net cash flows from (used in) financing activities		246,400	(3,490)
Effect of exchange rate changes on cash and cash equivalents		(12,359)	30,787
Net increase (decrease) in cash and cash equivalents		321,071	(186,829)
Cash and cash equivalents at beginning of period		343,462	433,850
Cash and cash equivalents at end of period		\$ 664,533	\$ 247,021

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2026 AND 2025

(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 May 12, 2026.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the 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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
Amendments to IAS 21, 'Translation to a Hyperinflationary Presentation Currency'	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, 2025, 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, 2025.

(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, 2025.

- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Description
			March 31, 2026	December 31, 2025	March 31, 2025	
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
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 on February 3, 2025, November 19, 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 three months ended March 31, 2026 and 2025 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 three months ended March 31, 2026 and 2025 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) 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.

(5) 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 recognizes 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, 2025.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand and petty cash	\$ 1,179	\$ 1,300	\$ 1,018
Demand deposits	648,088	321,456	210,641
Foreign currency deposit	15,015	20,594	35,100
Checking accounts	251	112	262
	<u>\$ 664,533</u>	<u>\$ 343,462</u>	<u>\$ 247,021</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

Items	March 31, 2026	December 31, 2025	March 31, 2025
Current items:			
Time deposits (with maturity date over three months)	<u>\$ 171,719</u>	<u>\$ 283,930</u>	<u>\$ 492,432</u>
Non-current items:			
Corporate bonds	<u>\$ 9,969</u>	<u>\$ 9,960</u>	<u>\$ -</u>

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

	Three months ended March 31	
	2026	2025
Interest income	<u>\$ 855</u>	<u>\$ 1,083</u>

B. The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

C. 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

	March 31, 2026	December 31, 2025	March 31, 2025
Notes receivable	<u>\$ 410,530</u>	<u>\$ 390,174</u>	<u>\$ 350,614</u>
	March 31, 2026	December 31, 2025	March 31, 2025
Accounts receivable	\$ 1,243,187	\$ 1,199,114	\$ 1,153,526
Less: Allowance for uncollectible accounts	(33,682)	(32,967)	(27,220)
	<u>\$ 1,209,505</u>	<u>\$ 1,166,147</u>	<u>\$ 1,126,306</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not

impaired is as follows:

	March 31, 2026		December 31, 2025		March 31, 2025	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$1,105,430	\$ 410,530	\$1,026,301	\$ 390,174	\$ 996,539	\$ 350,614
1 to 30 days	86,654	-	86,544	-	81,417	-
31 to 90 days	28,733	-	45,855	-	42,022	-
91 to 180 days	5,809	-	7,660	-	7,566	-
181 to 360 days	5,044	-	18,104	-	10,782	-
Over 361 days	11,517	-	14,650	-	15,200	-
	<u>\$1,243,187</u>	<u>\$ 410,530</u>	<u>\$1,199,114</u>	<u>\$ 390,174</u>	<u>\$1,153,526</u>	<u>\$ 350,614</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2026, December 31, 2025 and March 31, 2025, and January 1, 2025, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2025, the balance of receivables from contracts with customers amounted to \$1,433,987 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:

	March 31, 2026	December 31, 2025	March 31, 2025
Amount derecognized	<u>\$ 30,387</u>	<u>\$ 129,102</u>	<u>\$ 21,116</u>

- D. As of March 31, 2026, December 31, 2025, and March 31, 2025, the Group had outstanding discounted notes receivable amounting to \$3,442 thousand, \$71,794 thousand, and \$15,790 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(10).
- 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 March 31, 2026, December 31, 2025 and March 31, 2025, the Group's delisted notes receivable that have been endorsed and transferred but have not yet matured were \$17,245 thousand, \$6,989 thousand and

\$0 thousand, respectively.

F. As at March 31, 2026, December 31, 2025 and March 31, 2025, 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 \$410,530 thousand, \$390,174 thousand and \$350,614 thousand ; \$1,209,505 thousand, \$1,160,147 thousand and \$1,123,306 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

	March 31, 2026		
		Allowance for obsolescence and valuation loss	Book value
	Cost		
Raw materials	\$ 194,760	(\$ 8,729)	\$ 186,031
Work in progress	291,036	(2,889)	288,147
Finished goods	505,522	(38,993)	466,529
	<u>\$ 991,318</u>	<u>(\$ 50,611)</u>	<u>\$ 940,707</u>
	December 31, 2025		
		Allowance for obsolescence and valuation loss	Book value
	Cost		
Raw materials	\$ 189,660	(\$ 8,685)	\$ 180,975
Work in progress	283,806	(2,887)	280,919
Finished goods	525,260	(38,801)	486,459
	<u>\$ 998,726</u>	<u>(\$ 50,373)</u>	<u>\$ 948,353</u>
	March 31, 2025		
		Allowance for obsolescence and valuation loss	Book value
	Cost		
Raw materials	\$ 198,380	(\$ 4,877)	\$ 193,503
Work in progress	272,499	(7,168)	265,331
Finished goods	532,322	(45,136)	487,186
	<u>\$ 1,003,201</u>	<u>(\$ 57,181)</u>	<u>\$ 946,020</u>

The cost of inventories recognised as expense for the period:

	Three months ended March 31	
	2026	2025
Cost of goods sold	\$ 650,299	\$ 582,584
Others	(321)	(140)
	<u>\$ 649,978</u>	<u>\$ 582,444</u>

(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:

	March 31, 2026	December 31, 2025	March 31, 2025	Shareholding ratio
KISH NAK OIL SEAL MFG.CO.,LTD. ("KISH NAK")	\$ -	\$ -	\$ -	49%
NAK TOTAL SEALING SOLUTIONS PTY LTD. ("NAK TOTAL")	15,405	15,021	15,078	49%
BUSINESS FRIEND LIMITED ("BUSINESS FRIEND")	885	892	989	33.34%
NAK INTERNATIONAL LTD. ("NAK INTERNATIONAL")	39,045	35,148	29,392	33.33%
	<u>\$ 55,335</u>	<u>\$ 51,061</u>	<u>\$ 45,459</u>	

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

	Three months ended March 31	
	2026	2025
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.	(92)	839
BUSINESS FRIEND LIMITED	(22)	(23)
NAK INTERNATIONAL LTD. ("NAK INTERNATIONAL")	<u>1,461</u>	<u>2,019</u>
	1,347	2,835
Other comprehensive income, net of tax	<u>2,378</u>	<u>1,250</u>
Total comprehensive income	<u>\$ 3,725</u>	<u>\$ 4,085</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

Three months ended March 31, 2026						
	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land	\$ 615,520	\$ -	\$ -	\$ -	(\$ 79)	\$ 615,441
Land improvements	10,047	-	-	-	-	10,047
Buildings and structures	1,061,092	-	(18,760)	117	10,765	1,053,214
Machinery and equipment	1,446,687	23,622	(7,261)	7,978	17,981	1,489,007
Transportation equipment	39,919	1,788	-	-	255	41,962
Office equipment	115,364	231	(951)	205	(196)	114,653
Other equipment	675,898	10,436	(58,503)	4,107	2,044	633,982
Unfinished construction and equipment under acceptance	131,307	58,701	(178)	(12,407)	343	177,766
	<u>\$ 4,095,834</u>	<u>\$ 94,778</u>	<u>(\$ 85,653)</u>	<u>\$ -</u>	<u>\$ 31,113</u>	<u>4,136,072</u>
Accumulated depreciation and impairment						
Land improvements	\$ 7,858	\$ 100	\$ -	\$ -	\$ -	\$ 7,958
Buildings and structures	498,954	8,817	(18,760)	-	3,812	492,823
Machinery and equipment	920,026	21,705	(6,238)	-	8,685	944,178
Transportation equipment	35,010	485	-	-	244	35,739
Office equipment	89,817	3,981	(951)	-	(166)	92,681
Other equipment	466,292	11,660	(58,164)	-	798	420,586
	<u>\$ 2,017,957</u>	<u>\$ 46,748</u>	<u>(\$ 84,113)</u>	<u>\$ -</u>	<u>\$ 13,373</u>	<u>\$ 1,993,965</u>
Book value	<u>\$ 2,077,877</u>					<u>\$ 2,142,107</u>

Three months ended March 31, 2025						
	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land	\$ 615,387	\$ -	\$ -	\$ -	\$ 74	\$ 615,461
Land improvements	10,047	-	-	-	-	10,047
Buildings and structures	1,051,379	786	(105)	226	6,344	1,058,630
Machinery and equipment	1,321,261	23,150	(2,922)	17,213	8,853	1,367,555
Transportation equipment	38,428	-	-	-	173	38,601
Office equipment	94,169	9,293	(2,127)	1,096	175	102,606
Other equipment	644,670	12,361	(4,853)	1,394	1,171	654,743
Unfinished construction and equipment under acceptance	37,479	41,515	-	(19,929)	111	59,176
	<u>\$ 3,812,820</u>	<u>\$ 87,105</u>	<u>(\$ 10,007)</u>	<u>\$ -</u>	<u>\$ 16,901</u>	<u>3,906,819</u>
Accumulated depreciation and impairment						
Land improvements	\$ 7,457	\$ 100	\$ -	\$ -	\$ -	\$ 7,557
Buildings and structures	477,437	8,778	(78)	-	2,215	488,352
Machinery and equipment	851,695	19,856	(2,892)	-	4,420	873,079
Transportation equipment	33,085	706	-	-	153	33,944
Office equipment	79,917	2,999	(2,127)	-	147	80,936
Other equipment	447,286	11,200	(4,853)	-	584	454,217
	<u>\$ 1,896,877</u>	<u>\$ 43,639</u>	<u>(\$ 9,950)</u>	<u>\$ -</u>	<u>\$ 7,519</u>	<u>\$ 1,938,085</u>
Book value	<u>\$ 1,915,943</u>					<u>\$ 1,968,734</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.

(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:

	March 31, 2026	December 31, 2025	March 31, 2025
	Carrying amount	Carrying amount	Carrying amount
Land-use right	\$ 48,683	\$ 47,502	\$ 49,360
Buildings	1,202	1,569	732
Transportation equipment (business vehicle)	355	402	667
	<u>\$ 50,240</u>	<u>\$ 49,473</u>	<u>\$ 50,759</u>

	Three months ended March 31	
	2026	2025
	Depreciation charge	Depreciation charge
Land-use right	\$ 345	\$ 341
Buildings	367	447
Transportation equipment (business vehicle)	37	103
	<u>\$ 749</u>	<u>\$ 891</u>

D. For the three months ended March 31, 2026 and 2025, the additions to right-of-use assets amounted to \$0 thousand and \$ 787 thousand, respectively.

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

	Three months ended March 31	
Items affecting profit or loss	2026	2025
Interest expense on lease liabilities	\$ 14	\$ 16
Expense on short-term lease contracts	207	111
Expense on variable lease payments	114	44
Expense on leases of low-value assets	31	31
	<u>\$ 366</u>	<u>\$ 202</u>

F. For the three months ended March 31, 2026 and 2025, the Group's total cash outflow for leases were \$536 thousand and \$862 thousand, respectively.

(8) Other non-current assets

	March 31, 2026	December 31, 2025	March 31, 2025
Prepaid land payment	\$ 105,288	\$ -	\$ -
Prepayments for business facilities	53,872	44,105	39,551
Net defined benefit assets	6,076	5,863	-
Other	6,548	4,849	6,459
	<u>\$ 171,784</u>	<u>\$ 54,817</u>	<u>\$ 46,010</u>

In response to the Company's operational development and capacity expansion needs, the Board of Directors resolved to approve the purchase on March 10, 2026. Subsequently, on March 18, 2026, the Group entered into an agreement with Dow Chemical Taiwan Limited to acquire land located in Dagang Section, Nantou City. The total purchase price of the land amounted to \$513,600,000. As of March 31, 2026, a total amount of \$105,288,000 had been remitted as payment for the land.

(9) Short-term borrowings

Type of borrowings	March 31, 2026	Interest rate range	Collateral
Bank borrowings			
Secured loan	\$ 200,000	1.75%	Property, plant and equipment
Credit Loan	50,000	1.75%	
	<u>\$ 250,000</u>		

1.No such situation existed as of December 31, 2025 and March 31, 2025.

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

(10) Other payables

	March 31, 2026	December 31, 2025	March 31, 2025
Wages and bonus payable	\$ 112,340	\$ 166,392	\$ 97,701
Processing fees payable	61,614	58,993	43,750
Employees' compensation and directors' remuneration payable	60,264	52,513	64,093
Consumables expenses payable	33,338	32,728	28,276
Payable on machinery and equipment	28,801	48,486	45,175
Utility payable	9,217	8,513	7,549
Repair and maintenance payable	5,819	6,519	4,531
Insurance payable	4,918	4,944	4,916
Discounted notes receivable liability	3,442	71,794	15,790
Other accrued expenses	54,161	50,271	51,299
	<u>\$ 373,914</u>	<u>\$ 501,153</u>	<u>\$ 363,080</u>

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Collateral	March 31, 2026
		Land and structures	
Secured borrowings	2030.10.20		\$ 53,770
Less: Current portion			(11,320)
			<u>\$ 42,450</u>
Interest rate range			<u>2.22%</u>
Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2025
		Land and structures	
Secured borrowings	2030.10.20		\$ 56,600
Less: Current portion			(11,320)
			<u>\$ 45,280</u>
Interest rate range			<u>2.22%</u>
Type of borrowings	Borrowing period and repayment term	Collateral	March 31, 2025
		Land and structures	
Secured borrowings	2030.10.20		\$ 65,090
Less: Current portion			(11,320)
			<u>\$ 53,770</u>
Interest rate range			<u>2.22%</u>

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

(12) Pensions

- A (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 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 ended March 31, 2026 and 2025, were \$36 thousand and \$93 thousand, respectively.

- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2026 amount to \$5,477 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 contribute 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 three months ended March 31, 2026 and 2025, was as follows:

	Three months ended March 31	
	2026	2025
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 ended March 31, 2026 and 2025 were \$7,511 thousand and \$7,847 thousand, respectively.

(13) Share capital

As of March 31, 2026, 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.

(14) Capital surplus

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

(15) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be 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			
	2025		2024	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 68,293		\$ 74,061	
(Reversal of) provision for special reserve	(9,526)		(56,245)	
Cash dividends	582,129	\$ 7.0	582,129	\$ 7.0

The aforementioned distribution of 2025 earnings had not yet been resolved by the shareholders as of May 12, 2026.

H. Please refer to Note 6(19) for information regarding employees' compensation that includes remuneration allocated to rank - and - file employees' and directors' remuneration.

(16) Other equity items

	Three months ended March 31, 2026	
	Foreign currency translation	Total
At January 1	(\$ 131,893)	(\$ 131,893)
Currency translation differences:		
- Group	69,380	69,380
- Taxes	(13,875)	(13,875)
- Associates	2,973	2,973
- Taxes	(595)	(595)
At March 31	(\$ 74,010)	(\$ 74,010)

	Three months ended March 31, 2025	
	Foreign currency translation	Total
At January 1	(\$ 141,419)	(\$ 141,419)
Currency translation differences:		
- Group	37,540	37,540
- Taxes	(7,508)	(7,508)
- Associates	1,562	1,562
- Taxes	(312)	(312)
At March 31	(\$ 110,137)	(\$ 110,137)

(17) Operating revenue

	Three months ended March 31	
	2026	2025
Revenue from contracts with customers	\$ 1,082,513	\$ 954,911

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 March 31, 2026										
	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	\$ 471,526	\$ 30,222	\$ 63,173	\$ 537,396	\$ -	\$ -	\$ 27,400	\$ -	\$ -	\$ 1,129,717
Inter-segment revenue	(16,982)	(30,222)	-	-	-	-	-	-	-	(47,204)
Revenue from external customers	<u>\$ 454,544</u>	<u>\$ -</u>	<u>\$ 63,173</u>	<u>\$ 537,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,082,513</u>
Timing of revenue recognition at a point in time	<u>\$ 454,544</u>	<u>\$ -</u>	<u>\$ 63,173</u>	<u>\$ 537,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,082,513</u>

Three months ended March 31, 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	\$ 463,550	\$ 59,161	\$ 58,266	\$ 423,947	\$ -	\$ -	\$ 25,683	\$ -	\$ -	\$ 1,030,607
Inter-segment revenue	(23,115)	(51,624)	-	(957)	-	-	-	-	-	(75,696)
Revenue from external customers	<u>\$ 440,435</u>	<u>\$ 7,537</u>	<u>\$ 58,266</u>	<u>\$ 422,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 954,911</u>
Timing of revenue recognition at a point in time	<u>\$ 440,435</u>	<u>\$ 7,537</u>	<u>\$ 58,266</u>	<u>\$ 422,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 954,911</u>

B. Contract liabilities (shown as other current liabilities)

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>	<u>January 1, 2025</u>
Contract liabilities:				
Contract liabilities-				
advance sales	<u>\$ 13,926</u>	<u>\$ 14,103</u>	<u>\$ 12,344</u>	<u>\$ 6,112</u>

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

	<u>Three months ended March 31</u>	
	<u>2026</u>	<u>2025</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	<u>\$ 10,655</u>	<u>\$ 2,909</u>

(18) Other gains and losses

	<u>Three months ended March 31</u>	
	<u>2026</u>	<u>2025</u>
Foreign exchange gains, net	\$ 12,254	\$ 20,582
Losses on disposals of property, plant and equipment	(1,251)	(17)
Other losses	(1,041)	(533)
	<u>\$ 9,962</u>	<u>\$ 20,032</u>

(19) Expenses by nature

	<u>Three months ended March 31</u>	
	<u>2026</u>	<u>2025</u>
Employee benefit expense		
Wages and salaries	\$ 221,516	\$ 184,037
Labour and health insurance fees	18,699	19,249
Pension costs	7,547	7,940
Directors' remuneration	5,408	1,730
Other employee benefit expenses	17,192	14,814
	<u>\$ 270,362</u>	<u>\$ 227,770</u>
Depreciation charge	<u>\$ 47,497</u>	<u>\$ 44,530</u>
Amortisation	<u>\$ 6,590</u>	<u>\$ 7,468</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, among the employee compensation amounts mentioned above, no less than 50% shall be allocated and distributed to rank - and - file employees' remuneration.

B. The accrual of employees' compensation and directors' remuneration for the three months ended

March 31, 2026 and 2025, were as follows:

	Three months ended March 31	
	2026	2025
Employees' compensation	\$ 12,126	\$ 11,802
Directors' remuneration	1,250	1,250
	<u>\$ 13,376</u>	<u>\$ 13,052</u>

The abovementioned amounts are shown under wages and salaries expense. For the three months ended March 31, 2026 and 2025, the employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current year as of the end of reporting period:

	Three months ended March 31	
	2026	2025
Employees' compensation ratio	4.95%	4.95%
Directors' remuneration ratio	0.51%	0.52%

- C. Employees' compensation and directors' remuneration for 2025 amounting to \$41,888 thousand and \$5,000 thousand, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2025 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.

(20) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31	
	2026	2025
Current tax:		
Current tax on profits for the period	\$ 101,985	\$ 55,723
Tax on undistributed surplus earnings	86	56
Total current tax	<u>102,071</u>	<u>55,779</u>
Deferred tax:		
Origination and reversal of temporary differences	(9,801)	23,825
Total deferred tax	<u>(9,801)</u>	<u>23,825</u>
Income tax expense	<u>\$ 92,270</u>	<u>\$ 79,604</u>

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

	Three months ended March 31	
	2026	2025
Currency translation differences	\$ 14,470	\$ 7,820

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

Company name	Approval year
NAK SEALING TECHNOLOGIES CORPORATION	2024
Song Quan International Co., Ltd.	2024

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%

(21) Earnings per share

	Three months ended March 31, 2026		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 184,517	83,161	\$ 2.22
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	184,517	83,161	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	365	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 184,517	83,526	\$ 2.21

	Three months ended March 31, 2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 179,832	83,161	\$ 2.16
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	179,832	83,161	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	420	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 179,832	83,581	\$ 2.15

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

(22) Supplemental cash flow information

Investing activities with partial cash payments:

	Three months ended March 31	
	2026	2025
Purchase of property, plant and equipment	\$ 94,778	\$ 87,105
Add: Opening balance of payable on equipment	48,486	37,913
Ending balance of prepayments for business facilities	(28,801)	(45,175)
Less: Ending balance of payable on equipment	53,872	43,387
Ending balance of prepayments land payment	105,288	-
Opening balance of prepayments for business facilities	(44,105)	(42,249)
Cash paid during the period	\$ 229,518	\$ 80,981

(23) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liability	Deposit received	Liabilities from financing activities-gross
January 1, 2026	\$ -	\$ 56,600	\$ 1,724	\$ 600	\$ 58,924
Changes in cash flow from financing activities	250,000	(2,830)	(170)	(600)	246,400
Changes in other non-cash items	-	-	(10)	-	(10)
March 31, 2026	<u>\$ 250,000</u>	<u>\$ 53,770</u>	<u>\$ 1,544</u>	<u>\$ -</u>	<u>\$ 305,314</u>

	Long-term borrowings	Lease liability	Liabilities from financing activities-gross
January 1, 2025	\$ 67,920	\$ 1,189	\$ 69,109
Changes in cash flow from financing activities	(2,830)	(660)	(\$ 3,490)
Changes in other non-cash items	-	803	\$ 803
March 31, 2025	<u>\$ 65,090</u>	<u>\$ 1,332</u>	<u>\$ 66,422</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
BUSINESS FRIEND LIMITED(“BUSINESS FRIEND”)	Affiliated Companies
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
FU MAO MEI INVESTMENT CO., LTD.(“FU MAO MEI”)	The Company's chairman is the company's representative.

(2) Significant related party transactions

A. Operating revenue:

	Three months ended March 31	
	2026	2025
Sales of goods:		
- Associates	<u>\$ 24,887</u>	<u>\$ 21,798</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>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Accounts receivable:			
- Associates	\$ 32,731	\$ 36,418	\$ 45,295
Less: Allowance for uncollectible accounts	(2,801)	(2,801)	(2,801)
	<u>\$ 29,930</u>	<u>\$ 33,617</u>	<u>\$ 42,494</u>
Long-term receivables (shown as other non-current assets):			
- Associates	\$ 26,652	\$ 28,079	\$ 24,426
Less: Allowance for uncollectible accounts	(25,653)	(25,377)	(24,426)
	<u>\$ 999</u>	<u>\$ 2,702</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) Interest receivables amounting to \$2,226 thousand from other receivables due from related parties were reclassified to long-term receivables due from related parties. An allowance for credit losses of \$199 thousand was recognized for overdue receivables from the related party KISH NAK.
- (d) 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>Aging distribution</u>	<u>March 31, 2026</u> <u>Overdue aging</u>	<u>December 31, 2025</u> <u>Overdue aging</u>	<u>March 31, 2025</u> <u>Overdue aging</u>
- Associates				
KISH NAK OIL	More than 360 days	\$ 25,653	\$ 27,080	\$ 24,426
Others	More than 360 days	999	999	-
		<u>\$ 26,652</u>	<u>\$ 28,079</u>	<u>\$ 24,426</u>

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

(3) Rental income (Shown as other income)

	<u>Three months ended March 31</u>	
	<u>2026</u>	<u>2025</u>
Key management	<u>\$ 11</u>	<u>\$ 11</u>

Key management leased a building from the subsidiary, Song Quan International Co., Ltd. The lease term is from January 1, 2026 to December 31, 2026, with rent payable semi-annually.

(4) Key management compensation

	Three months ended March 31	
	2026	2025
Short-term employee benefits	\$ 6,965	\$ 9,627
Post-employment benefits	136	181
Total	<u>\$ 7,101</u>	<u>\$ 9,808</u>

8. Pledged Assets

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

Pledged asset	Book value			Purpose
	March 31, 2026	December 31, 2025	March 31, 2025	
Property, plant and equipment	<u>\$ 847,840</u>	<u>\$ 851,559</u>	<u>\$ 840,516</u>	Long-term and short-term borrowings

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

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

	March 31, 2026	December 31, 2025	March 31, 2025
Property, plant and equipment	\$ 457,433	\$ 80,788	\$ 91,493
Intangible assets	-	-	5,822
	<u>\$ 457,433</u>	<u>\$ 80,788</u>	<u>\$ 97,315</u>

B. As of March 31, 2026, December 31, 2025 and March 31, 2025, the Company's total unused letters of credit for the import of raw materials and machinery equipment were \$6,892 thousand, \$8,674 thousand and \$8,953 thousand, respectively.

10. Significant Disaster Loss

None.

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>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 664,533	\$ 343,462	\$ 247,021
Financial assets at amortised cost-current	181,688	293,890	492,432
Notes receivable	410,530	390,174	350,614
Accounts receivable (including related parties)	1,239,435	1,199,764	1,168,800
Other receivables (including related parties)	13,394	20,099	14,378
Guarantee deposits paid (shown as other non-current assets)	1,116	1,105	984
	<u>\$ 2,510,696</u>	<u>\$ 2,248,494</u>	<u>\$ 2,274,229</u>

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 250,000	\$ -	\$ -
Notes payable	412	49	41
Accounts payable	207,979	177,126	126,824
Other accounts payable	373,914	501,153	363,080
Long-term borrowings (including current portion)	53,770	56,600	65,090
Guarantee deposits received (shown as other non-current liabilities)	-	600	-
	<u>\$ 886,075</u>	<u>\$ 735,528</u>	<u>\$ 555,035</u>
Lease liability	<u>\$ 1,544</u>	<u>\$ 1,724</u>	<u>\$ 1,332</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:

March 31, 2026			
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 12,072	31.9950	\$ 386,244
EUR:NTD	5,364	36.7100	196,912
JPY:NTD	34,466	0.2010	6,928
AUD:NTD	443	21.9600	9,728
<u>Non-monetary items</u>			
USD:NTD	\$ 1,248	31.9950	\$ 39,930
AUD:NTD	702	21.9600	15,405
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	\$ 1,115	6.8970	\$ 35,674
December 31, 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	\$ 13,199	31.4300	\$ 414,845
EUR:NTD	5,365	36.9000	197,969
JPY:NTD	34,600	0.2010	6,955
AUD:NTD	467	21.0100	9,812
<u>Non-monetary items</u>			
USD:NTD	\$ 1,147	31.4300	\$ 36,041
AUD:NTD	715	21.0100	15,021
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	\$ 1,468	6.9910	\$ 46,139

March 31, 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	\$ 12,049	33.2050	\$ 400,087	
EUR:NTD	5,035	35.9700	181,109	
JPY:NTD	124,037	0.2230	27,660	
AUD:NTD	505	20.8100	10,509	
<u>Non-monetary items</u>				
USD:NTD	\$ 915	33.2050	\$ 30,382	
AUD:NTD	725	20.8100	15,078	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:RMB	\$ 1,262	7.2610	\$ 41,905	

- 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 ended March 31, 2026 and 2025, aggregately amounted to a gain of \$12,254 thousand and a gain of \$ 20,582 thousand, respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Three months ended March 31, 2026				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	2%	\$ 7,725	\$ -	
EUR:NTD	2%	3,938	-	
JPY:NTD	2%	139	-	
AUD:NTD	2%	195	-	
<u>Non-monetary items</u>				
USD:NTD	2%	\$ -	NA	
AUD:NTD	2%	-	NA	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:RMB	2%	\$ 713	\$ -	

Three months ended March 31, 2025					
	Sensitivity analysis		Effect on other comprehensive income		
	Degree of variation	Effect on profit or loss			
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	2%	\$	8,002	\$	-
EUR:NTD	2%		3,622		-
JPY:NTD	2%		553		-
AUD:NTD	2%		210		-
<u>Non-monetary items</u>					
USD:NTD	2%	\$	-		NA
AUD:NTD	2%		-		NA
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:RMB	2%	\$	838	\$	-

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 three months ended March 31, 2026 and 2025, 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 ended March 31, 2026 and 2025, would have increased/decreased by \$61 thousand and \$13 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, guarantee deposits paid and the contract cash flows of time deposits stated at amortised cost and classified as company bond flows measured at amortized 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 March 31, 2026, December 31, 2025 and March 31, 2025, the loss rate methodology is as follows:

March 31, 2026	Not past due	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 361 days	Total
Expected loss rate	0.37%	3.15%	29.35%	77.60%	48.67%	100.00%	
Total book value	\$ 1,105,430	\$ 86,654	\$ 28,733	\$ 5,809	\$ 5,044	\$ 11,517	\$ 1,243,187
Loss allowance	(\$ 4,040)	(\$ 2,728)	(\$ 8,434)	(\$ 4,508)	(\$ 2,455)	(\$ 11,517)	(\$ 33,682)
December 31, 2025	Not past due	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 361 days	Total
Expected loss rate	0.20%	1.44%	9.61%	35.09%	43.61%	100.00%	
Total book value	\$ 1,026,301	\$ 86,544	\$ 45,855	\$ 7,660	\$ 18,104	\$ 14,650	\$ 1,199,114
Loss allowance	(\$ 2,078)	(\$ 1,249)	(\$ 4,406)	(\$ 2,688)	(\$ 7,896)	(\$ 14,650)	(\$ 32,967)
March 31, 2025	Not past due	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 361 days	Total
Expected loss rate	0.09%	1.08%	3.31%	27.27%	62.91%	100.00%	
Total book value	\$ 996,539	\$ 81,417	\$ 42,022	\$ 7,566	\$ 10,782	\$ 15,200	\$ 1,153,526
Loss allowance	(\$ 905)	(\$ 879)	(\$ 1,390)	(\$ 2,063)	(\$ 6,783)	(\$ 15,200)	(\$ 27,220)

- 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 March 31, 2026, December 31, 2025 and March 31, 2025, were not significant.
- xi. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2026	2025
	Allowance for uncollectible accounts	Allowance for uncollectible accounts
At January 1	\$ 32,967	\$ 26,833
Effect of foreign exchange	715	387
At March 31	\$ 33,682	\$ 27,220

- 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:

	2026
	Loss allowance for accounts receivable due from related parties
At January 1 (March 31)	\$ 2,801
	2026
	Loss allowance for long-term receivable due from related parties
At January 1	\$ 25,377
Provision of impairment loss	276
At March 31	\$ 25,653

	2025
	Loss allowance for accounts receivable due from related parties
At January 1 (March 31)	\$ 2,801
	2025
	Loss allowance for long-term receivable due from related parties
At January 1 (March 31)	\$ 24,426

(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:

	March 31, 2026	December 31, 2025	March 31, 2025
Floating rate:			
Expiring within one year	\$ 1,480,000	\$ 1,730,000	\$ 1,730,000
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:

March 31, 2026	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Over 2 years	Total
Short-term borrowings	\$200,618	\$ 50,393	\$ -	\$ -	\$ 251,011
Notes payable	381	31	-	-	412
Accounts payable	178,018	29,961	-	-	207,979
Other payables	261,215	107,288	5,411	-	373,914
Lease liability	197	591	788	88	1,664
Long-term borrowings (including current portion)	3,118	9,260	12,126	32,051	56,555

December 31, 2025	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Over 2 years	Total
Notes payable	\$ 49	\$ -	\$ -	\$ -	\$ 49
Accounts payable	156,510	20,616	-	-	177,126
Other payables	384,089	117,064	-	-	501,153
Lease liability	198	594	792	288	1,872
Long-term borrowings (including current portion)	3,134	9,307	12,189	35,059	59,689

March 31, 2025	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Over 2 years	Total
Notes payable	\$ 19	\$ 22	\$ -	\$ -	\$ 41
Accounts payable	104,826	21,998	-	-	126,824
Other payables	168,181	193,649	1,250	-	363,080
Lease liability	570	454	177	251	1,452
Long-term borrowings (including current portion)	3,181	9,448	12,378	44,178	69,185

(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 instrument not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables (including related

parties), refundable deposits, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings(including current portion), guarantee deposits paid and lease liabilities are approximate to their fair values.

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

None.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties reaching \$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 March 31, 2026	Taiwan	China	All other segments	Offset	Total
Revenue from external customers	\$ 517,717	\$ 537,396	\$ 27,400	\$ -	\$ 1,082,513
Inter-segment revenue	47,204	-	-	(47,204)	-
Total segment revenue	<u>\$ 564,921</u>	<u>\$ 537,396</u>	<u>\$ 27,400</u>	<u>(\$ 47,204)</u>	<u>\$ 1,082,513</u>
Segment income	<u>\$ 184,517</u>	<u>\$ 132,588</u>	<u>\$ 2,090</u>	<u>(\$ 134,755)</u>	<u>\$ 184,440</u>
Three months ended March 31, 2025	Taiwan	China	All other segments	Offset	Total
Revenue from external customers	\$ 506,238	\$ 422,990	\$ 25,683	\$ -	\$ 954,911
Inter-segment revenue	74,739	957	-	(75,696)	-
Total segment revenue	<u>\$ 580,977</u>	<u>\$ 423,947</u>	<u>\$ 25,683</u>	<u>(\$ 75,696)</u>	<u>\$ 954,911</u>
Segment income	<u>\$ 179,832</u>	<u>\$ 98,322</u>	<u>\$ 3,257</u>	<u>(\$ 101,576)</u>	<u>\$ 179,835</u>

A reconciliation of reportable segment income or loss to the income (loss) before tax from continuing operations for the three months ended March 31, 2026 and 2025 is provided as follows:

	Three months ended March 31	
	2026	2025
Reportable segments revenue	\$ 1,129,717	\$ 1,030,607
Inter segment revenue	(47,204)	(75,696)
Consolidated operating income	<u>\$ 1,082,513</u>	<u>\$ 954,911</u>
	Three months ended March 31	
	2026	2025
Reportable segments income	\$ 319,195	\$ 281,411
Inter segment income	(134,755)	(101,576)
Income from continuing operations	<u>\$ 184,440</u>	<u>\$ 179,835</u>

NAK SEALING TECHNOLOGIES CORPORATION

Loans to others

Three months ended March 31, 2026

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 three 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
					March 31, 2026								Item	Value			
0	NAK SEALING TECHNOLOGIES CORPORATION	KISH NAK OIL SEAL MFG. CO., LTD.	Other receivables	Y	\$ 24,426	\$ 24,426	\$ 24,426	0%	(1)	\$ -	-	\$ 24,426	-	-	\$ -	\$ 452,818	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 three months ended March 31, 2026.

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

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 \$1,228 thousand is recorded as other receivables - related parties.

NAK SEALING TECHNOLOGIES CORPORATION

Holding of material marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Three months ended March 31, 2026

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2026				
				Number of shares	Book value	Ownership (%)	Fair value	Footnote
NAK SEALING TECHNOLOGIES CORPORATION	TSMC 1st Unsecured Corporate Bond (green bond) in 2022- Tranche A (111-1)	-	Non-current financial assets at amortized cost	-	\$ 10,000	-	\$ 9,969	None

NAK SEALING TECHNOLOGIES CORPORATION
Significant inter-company transactions during the reporting periods
Three months ended March 31, 2026

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	\$ 34,975	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	3.23%
0	NAK SEALING TECHNOLOGIES CORPORATION	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	1	Accounts receivable	35,541	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	0.59%
0	NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING TECHNOLOGIES (INDIA) PRIVATE LIMITED	1	Accounts receivable	11,940	The sales price was in consistent with general suppliers and collection in 90 days after delivery	0.20%

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

Three months ended March 31, 2026

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2026			Net income of investee for the three months ended March 31, 2026	Investment income (loss) recognised by the Company for the three months ended March 31, 2026	Footnote
				Balance as at March 31, 2026	Balance as at December 31, 2025	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	\$ 2,133,375	\$ 132,477	\$ 132,477	
NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING PRODUCTS (THAILAND) CO., LTD.	Thailand	Oil seal sales	12,815	12,815	15,000	100	61,628	612	612	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	- (	3,269)	-	Note 2 and Note 3
NAK SEALING TECHNOLOGIES CORPORATION	SHOWMOST INTERNATIONAL CO., LTD.	Mauritius	General investments business	17,890	17,890	577,859	100	43,349	1,347	1,347	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	BUSINESS FRIEND LIMITED	Hong Kong	General investments business	-	-	-	33.34	885 (	67) (	22)	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	NAK TOTAL SEALING SOLUTIONS PTY LTD.	Australia	Oil seal sales	13,957	13,957	4,900	49	15,405 (	187) (	92)	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	Song Quan International Co., LTD	Taiwan	Manufacture industry of rubber products	242,560	242,560	19,500	100	252,271	320	320	Note 3
SMOOTH TRACK ASSOCIATES LIMITED	NAK HONGKONG CO., LTD.	Hong Kong	General investments	149,289	149,289	7,320,000	100	2,167,542	132,588	-	Note 1
SHOWMOST INTERNATIONAL CO., LTD.	NAK INTERNATIONAL LTD.	Russia	Oil seal sales	3,561	3,561	-	33.33	49,676	4,385	-	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	5,998 (	191)	-	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 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

Three months ended March 31, 2026

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, 2026	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2026		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2026	Net income of investee as of March 31, 2026	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2026	Book value of investments in Mainland China as of March 31, 2026	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2026	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	\$ 132,588	100	\$ 132,588	\$ 2,166,777	\$ 2,198,259	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 March 31, 2026 (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
NAK SEALING TECHNOLOGIES CORPORATION	\$ 148,385	\$ 303,953	\$ 2,719,310

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 31.9950.