

**NAN JUEN INTERNATIONAL CO., LTD.  
and Subsidiaries**

**Consolidated Financial Statements and  
Independent Auditors' Report**

2025 and 2024

**Company Address: 6F, No. 202, Xingfu Road, Taoyuan District, Taoyuan City, Taiwan**  
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## Declaration Statement

The entities that are required to be included in the 2025 consolidated financial statements of the Company (from January 1 2025, to December 31, 2025), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, a separate set of combined financial statements will not be prepared.

We hereby declare

Company name: NAN JUEN INTERNATIONAL CO., LTD.

Chairman: Chin-Lan Li

Date: March 9, 2026

## **Independent Auditors' Report**

To: The Board of Directors of NAN JUEN INTERNATIONAL CO., LTD.

### **Audit Opinions**

We have reviewed the accompanying consolidated balance sheet of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries as of December 31, 2025 and 2024, and the consolidated, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NAN JUEN INTERNATIONAL CO., LTD. and its subsidiaries (hereinafter referred to as the "consolidated company") as of December 31, 2025 and 2024, and the results of the consolidated operations and the consolidated cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission (FSC).

### **Basis for the audit opinion**

We conducted the audit in accordance with the Regulations Governing the Audit of Financial Statements and Auditing Standards. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We comply with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China and are independent of NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries. We have also fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters determined by us to be communicated on the audit report are as follows:

#### **I. Revenue recognition**

Regarding the accounting policy for the revenue recognition, please refer to Note 4(13) of the consolidated financial statements. For the description of revenue recognition, please refer to the revenue from contracts with customers in Note 6(16) of the consolidated financial statements.

Description of Key Audit Matters:

The main business of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries is the research and development, manufacturing, and trading of steel ball guide rails. Since operating revenue is one of the important items in the financial statements, and it is expected to be one of the concerns of financial statement users, therefore, the testing of revenue recognition is one of the important evaluation matters in our audit of the consolidated financial statements.

The corresponding audit procedures:

Our audit procedures for the key audit matters above include:

- Evaluate whether the accounting policy for revenue recognition conforms to the specifications of the relevant bulletins.
- Test the design and implementation of the internal control system related to revenue recognition.
- Analyze the changes in the top ten customers and compare them with the same period last year to determine whether there are any significant changes or abnormalities.
- A sample of sales transactions within a certain period before and after the financial reporting date are selected to verify that the revenue, transaction records and various certificates cover the appropriate period.
- Assess whether there are significant sales returns and discounts after the assessment period.

#### **Other matters**

NAN JUEN INTERNATIONAL CO., LTD. has additionally prepared its parent company only financial statements for the years ended December 31, 2025 and 2024, on which we have issued an unqualified audit opinion.

#### **Responsibilities of the management level and the governing body for the consolidated financial statements**

The responsibilities of the management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS and IAS, as well as IFRIC and SIC interpretations endorsed and entered into effect by the FSC, and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the consolidated company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the consolidated company or cease the operations without other viable alternatives.

The governing body of the consolidated company (including the Audit Committee) is responsible for supervising the financial reporting process.

#### **Responsibilities of the Auditors for auditing the consolidated financial statements**

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We exercise professional judgment and skepticism in conducting audits in accordance with the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements; design and execute countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence to provide a basis of our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the consolidated company's internal control.

3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on the consolidated company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the consolidated company, to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the consolidated company.

The matters communicated between us and the governing body include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing body, we determined the key audit matters for the audit of the consolidated company's consolidated financial statements for the year ended December 31, 2024. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA:

Approval reference number of the securities authority : Letter No. Jin-Guan-Zheng-Shen-Zi 1040003949  
March 9, 2026 : Letter No. Jin-Guan-Zheng-Shen-Zi 1080303300

**NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries**

**Consolidated Balance Sheet**

**December 31, 2025 and 2024**

**Unit: NTD**

Asset	2025.12.31		2024.12.31			Liabilities and equity	2025.12.31		2024.12.31	
	Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>				
1100 Cash and cash equivalents (Note 6(1))	\$ 467,172	11	322,082	8	2100	Current borrowings (Note 6(7) and 8)	\$ -	-	116,600	3
1110 Current financial assets at fair value through profit or loss (Note 6(2))	28,875	1	4,815	-	2120	Current financial liabilities at fair value through profit or loss (Note 6(2))	63	-	-	-
1150 Notes receivable, net (Note 6(3) and (16))	3,110	-	4,031	-	2150	Notes payable	858	-	50	-
1170 Accounts receivable, net (Note 6(3) and (16))	533,294	12	431,974	11	2170	Accounts payable	184,763	4	114,333	3
1310 Current inventories (Note 6(4))	487,252	11	297,739	8	2180	Accounts payable to related parties (Note 6I)	56,396	1	89,717	2
1410 Prepayments	8,200	-	5,906	-	2200	Other payables (Note 6(11))	156,799	4	125,956	3
1470 Other current assets (Note 8)	49,130	1	17,254	-	2230	Current tax liabilities (Note 6(12))	88,982	2	46,428	1
<b>Total current assets</b>	<b>1,577,033</b>	<b>36</b>	<b>1,083,801</b>	<b>27</b>	2280	Current lease liabilities (Note 6(10) and Note 7)	31,616	1	45,413	1
<b>Non-current assets:</b>					2300	Other current liabilities	17,457	-	13,948	-
1510 Non-current financial assets at fair value through profit or loss (Note 6(2)(9))	2,375	-	2,720	-	2322	Long-term borrowings-current portion (Note 6(8) and 8)	116,317	3	69,265	2
1600 Property, plant and equipment (Note 6(5), 7 and 8)	2,456,594	56	2,446,614	63		<b>Total current liabilities</b>	<b>653,251</b>	<b>15</b>	<b>621,710</b>	<b>15</b>
1755 Right-of-use assets (Note 6(6))	301,509	7	354,044	9		<b>Non-current liabilities:</b>				
1780 Intangible assets	11,331	-	8,841	-	2500	Non-current financial liabilities at fair value through profit or loss (Note 6(2)(9))	-	-	6,930	-
1840 Deferred income tax liabilities (Note 6(12))	264	-	220	-	2530	Bonds Payable (Note 6(9))	307,864	7	944,165	24
1900 Other non-current assets (Note 7 and 8)	9,632	-	14,623	-	2540	Non-current portion of non-current borrowings (Note 6(8) and 8)	244,617	6	82,709	2
1975 Non-current net defined benefit asset (Note 6(11))	27,748	1	29,886	1	2570	Deferred income tax liabilities (Note 6(12))	4,848	-	-	1
<b>Total non-current assets</b>	<b>2,809,453</b>	<b>64</b>	<b>2,856,948</b>	<b>73</b>	2580	Non-current lease liabilities (Note 6(10) and Note 7)	21,507	-	53,827	1
					2600	Other non-current liabilities	10,745	-	429	-
						<b>Total non-current liabilities</b>	<b>589,581</b>	<b>13</b>	<b>1,088,060</b>	<b>28</b>
						<b>Total liabilities</b>	<b>1,242,832</b>	<b>28</b>	<b>1,709,770</b>	<b>43</b>
						<b>Equity (Note 6(13) and (14)):</b>				
					3110	Common stock	696,644	16	659,552	17
					3200	Capital surplus	1,483,407	34	877,393	22
					3310	Legal reserve	164,815	4	145,029	4
					3320	Special reserve	2,339	-	-	-
					3350	Unappropriated retained earnings	831,071	19	584,615	15
					3410	Exchange differences on translation of foreign financial statements	(20,540)	(1)	(2,339)	-
					3491	Other equity, unearned compensation	(11,506)	-	(33,271)	(1)
					3500	Treasury stocks	(2,576)	-	-	-
						<b>Total equity</b>	<b>3,143,654</b>	<b>72</b>	<b>2,230,979</b>	<b>57</b>
<b>Total assets</b>	<b>\$ 4,386,486</b>	<b>100</b>	<b>3,940,749</b>	<b>100</b>		<b>Total liabilities and equity</b>	<b>\$ 4,386,486</b>	<b>100</b>	<b>3,940,749</b>	<b>100</b>

(Please refer to the attached Notes to the consolidated financial statements)

Chairman: Chin-Lan Li

Managerial Officer: Jen-Shan Wu

Accounting Manager: Song-Feng Liu

**NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**January 1 to December 31, 2025 and 2024**

Unit: NTD

		2025		2024	
		Amount	%	Amount	%
4000	<b>Operating revenue (Note 6(16))</b>	\$ 2,432,925	100	1,924,498	100
5000	<b>Operating costs (Note 6(4)(10)(11) and Note 7)</b>	1,581,608	65	1,422,176	74
	<b>Gross profit</b>	851,317	35	502,322	26
	<b>Operating expense (Note 6(10)(11)(14)(17) and Note 7):</b>				
6100	Selling expenses	101,699	4	78,309	4
6200	Administrative expenses	199,526	8	158,933	9
6300	Research and development expense	66,602	3	61,165	3
6450	Expected credit (gains) losses (Note 6(3))	(893)	-	509	-
	<b>Total operating expense</b>	366,934	15	298,916	16
	<b>Net operating income (loss)</b>	484,383	20	203,406	10
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note 6(18))	14,978	1	11,416	-
7010	Other income (Note 6(18))	32,485	1	18,999	1
7020	Other gains and losses (Note 6(2)(5)(9)(17))	27,549	1	34,708	2
7050	Finance costs (Note 6 (9) and (18))	(27,440)	(1)	(28,270)	(1)
	<b>Total non-operating income and expenses</b>	47,572	2	36,853	2
	<b>Net income before tax</b>	531,955	22	240,259	12
7951	<b>Less: Income tax expense (Note 6(12))</b>	161,971	7	48,049	2
	<b>Profit</b>	369,984	15	192,210	10
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(11))	(2,470)	-	5,649	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<b>Total items that will not be reclassified to profit or loss</b>	(2,470)	-	5,649	-
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(18,201)	(1)	(2,470)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>	(18,201)	(1)	(2,470)	-
8300	<b>Other comprehensive income</b>	(20,671)	(1)	3,179	-
8500	<b>Total comprehensive income</b>	<u>\$ 349,313</u>	<u>14</u>	<u>195,389</u>	<u>10</u>
	<b>Net profit for the period attributable to:</b>				
8610	Owner of the parent company	<u>\$ 369,984</u>	<u>15</u>	<u>192,210</u>	<u>10</u>
	<b>Total comprehensive income attributable to:</b>				
8710	Owner of the parent company	<u>\$ 349,313</u>	<u>14</u>	<u>195,389</u>	<u>10</u>
	<b>Earnings per share (Note 6(15))</b>				
9750	<b>Basic earnings per share (NT\$)</b>	<u>\$ 5.59</u>		<u>2.94</u>	
9850	<b>Diluted earnings per share (NT\$)</b>	<u>\$ 5.31</u>		<u>2.91</u>	

(Please refer to the attached Notes to the consolidated financial statements)

Chairman: Chin-Lan Li

Managerial Officer: Jen-Shan Wu

Accounting Manager: Song-Feng Liu

**NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**January 1 to December 31, 2025 and 2024**

Unit: NTD

	Equity attributable to owners of parent								Total equity
	Retained earnings					Exchange differences on translation of foreign financial statements	Other equity-earned compensation	Treasury stocks	
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				
<b>Balance as of January 1, 2024</b>	\$ 656,406	706,056	144,427	-	420,342	131	(1,915)	-	1,925,447
Profit	-	-	-	-	192,210	-	-	-	192,210
Other comprehensive income	-	-	-	-	5,649	(2,470)	-	-	3,179
Total comprehensive income	-	-	-	-	197,859	(2,470)	-	-	195,389
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	602	-	(602)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(32,984)	-	-	-	(32,984)
Other changes in capital surplus:									
Equity components were recognized upon issuance of convertible bonds.	-	155,011	-	-	-	-	-	-	155,011
Cash dividends distribution of capital reserves	-	(32,984)	-	-	-	-	-	-	(32,984)
Issuance of new restricted employee shares	5,000	55,727	-	-	-	-	(60,727)	-	-
Share-based payment transactions	-	-	-	-	-	-	21,100	-	21,100
Expired new restricted stock award shares issued to employees	(1,854)	(6,417)	-	-	-	-	8,271	-	-
<b>Balance as of December 31, 2024</b>	<b>659,552</b>	<b>877,393</b>	<b>145,029</b>	<b>-</b>	<b>584,615</b>	<b>(2,339)</b>	<b>(33,271)</b>	<b>-</b>	<b>2,230,979</b>
Profit	-	-	-	-	369,984	-	-	-	369,984
Other comprehensive income	-	-	-	-	(2,470)	(18,201)	-	-	(20,671)
Total comprehensive income	-	-	-	-	367,514	(18,201)	-	-	349,313
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	19,786	-	(19,786)	-	-	-	-
Special reserve appropriated	-	-	-	2,339	(2,339)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(98,933)	-	-	-	(98,933)
Other changes in capital surplus:									
Equity components were recognized upon issuance of convertible bonds.	-	(113,393)	-	-	-	-	-	-	(113,393)
Conversion of convertible bonds	37,344	722,209	-	-	-	-	-	-	759,553
Treasury stock repurchase	-	-	-	-	-	-	-	(2,576)	(2,576)
Share-based payment transactions	-	-	-	-	-	-	18,711	-	18,711
Expired new restricted stock award shares issued to employees	(252)	(2,802)	-	-	-	-	3,054	-	-
<b>Balance as of December 31, 2025</b>	<b>696,644</b>	<b>1,483,407</b>	<b>164,815</b>	<b>2,339</b>	<b>831,071</b>	<b>(20,540)</b>	<b>(11,506)</b>	<b>(2,576)</b>	<b>3,143,654</b>

(Please refer to the attached Notes to the consolidated financial statements)

Chairman: Chin-Lan Li

Managerial Officer: Jen-Shan Wu

Accounting Manager: Song-Feng Liu

**NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries**

**Consolidated Statements of Cash Flows**

**January 1 to December 31, 2025 and 2024**

**Unit: NTD**

	2025	2024
<b>Cash flows from (used in) operating activities:</b>		
Income from continuing operations before income tax	\$ 531,955	240,259
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss)		
Depreciation expense	138,209	115,100
Amortization expense	5,285	3,864
Expected credit (gains) losses	(893)	509
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(30,564)	141
Interest expense	27,440	28,270
Interest income	(14,978)	(11,416)
Share-based payments	18,711	21,100
Gain on disposal of property, plan and equipment	(3,438)	(507)
Property, plan and equipment transferred to expenses	4,458	2,870
Non-financial assets impairment loss	-	7,720
Loss on corporate bond repurchase	53	-
Total adjustments to reconcile profit (loss)	144,283	167,651
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets at fair value through profit or loss	-	4,900
Decrease (increase) in notes receivable	921	(434)
Increase in accounts receivable	(100,370)	(139,531)
Increase in inventories	(189,513)	(36,218)
Decrease (increase) in other prepayments	(2,523)	512
Increase in other current assets	(17,990)	(4,499)
Increase in net defined benefit asset	(332)	(110)
Total changes in operating assets	(309,807)	(175,380)
Changes in operating liabilities:		
Increase in notes payable	808	50
Increase in accounts payable	70,430	16,055
Increase (decrease) in accounts payable to related parties	(33,321)	26,732
Increase in other payables	30,843	30,373
Increase in other current liabilities	3,509	7,196
Increase (decrease) in other non-current liabilities	10,316	(23)
Total changes in operating liabilities	82,585	80,383
Total changes in operating assets and liabilities	(227,222)	(94,997)
Total adjustments	(82,939)	72,654
Cash inflow generated from operations	449,016	312,913
Interest received	14,978	11,416
Interest paid	(9,036)	(24,205)
Income taxes paid	(114,440)	(5,334)
<b>Net cash inflow from operating activities</b>	340,518	294,790
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(121,865)	(113,323)
Proceeds from disposal of property, plant and equipment	3,891	507
Decrease (increase) in refundable deposits	3,118	(5,186)
Acquisition of intangible assets	(7,775)	(5,780)
Increase in other financial assets	(10,455)	(7,445)
Increase in other non-current assets	1,873	(2,868)
<b>Net cash outflow from investing activities</b>	(131,213)	(134,095)
<b>Cash flows from (used in) financing activities:</b>		
Decrease in short-term borrowings	(116,600)	(302,090)
Issuance of corporate bonds	-	1,099,415
Repurchase of corporate bonds	(8,598)	-
Proceeds from long-term debt	281,000	-
Repayments of long-term debt	(72,040)	(685,854)
Payments of lease liabilities	(44,179)	(285,036)
Cash dividends paid	(98,933)	(65,968)
Cost of treasury stock repurchases	(2,576)	-
<b>Net cash flows from (used in) financing activities</b>	(61,926)	(239,533)
Effect of exchange rate changes on cash and cash equivalents	(2,289)	(3,425)
Net increase (decrease) in cash and cash equivalents for the period	145,090	(82,263)
Cash and cash equivalents at beginning of period	322,082	404,345
Cash and cash equivalents at end of period	\$ 467,172	322,082

(Please refer to the attached Notes to the consolidated financial statements)

**Chairman: Chin-Lan Li**

**Managerial Officer: Jen-Shan Wu**

**Accounting Manager: Song-Feng Liu**

**NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries**  
**Notes to the consolidated financial statements**  
**2025 and 2024**

**(Unless otherwise stated, all amounts are in NTD thousand)**

**I. Company history**

NAN JUEN INTERNATIONAL CO., LTD. (hereinafter referred to as the "Company"), formerly known as NAN JUEN INDUSTRIAL CO., LTD., was established by approval of the Ministry of Economic Affairs on June 19, 1984. The Company changed its name to NAN JUEN INTERNATIONAL CO., LTD. in September 1996 and its registered address is 6F, No. 202, Xingfu Rd., Taoyuan Dist., Taoyuan City, Taiwan. The main business of the Company and its subsidiaries (hereinafter referred to as the "consolidated company") is the research and development, manufacturing and trading of steel ball guide rails.

**II. Date and procedure for adopting financial statements**

The consolidated financial statements were approved by the Board of Directors for release on March 9, 2026.

**III. Application of new and amended standards and interpretations**

- (I) The impact of the new and revised standards and interpretations approved by the Financial Supervisory Commission has been adopted

The Company began to apply the following newly amended IFRSs on January 1, 2025, and there was no significant impact on the consolidated financial statements.

- Amendments to IAS 21 "Lack of Exchangeability"

- (II) The impact of not yet adopting the IFRSs recognized by the FSC

The consolidated company evaluates the application of the following newly amended IFRSs effective from January 1, 2026, and there was no significant impact on the consolidated financial statements.

- Amendments to IFRS 17 "Insurance Contracts" and IFRS 17
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 "Contracts Involving Nature-dependent Electricity"

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

(III) Newly issued and amended standards and interpretations not yet approved by the FSC

The following standards and interpretations have been issued or amended by the International Accounting Standards Board but have not yet been endorsed by the Financial Supervisory Commission and may be relevant to the consolidated company:

Newly Issued or Amended Standards	Key Amendments	Effective Date as Announced by the Board
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories for income and expenses, two income statement subtotals, and a single note on management performance measures. These three revisions and enhancements provide clearer guidance on how to disaggregate information in financial statements, laying the foundation for better and more consistent information for users, and will impact all companies.</p> <ul style="list-style-type: none"> <li>· More Structured Income Statement: Under current standards, companies use different formats to present their operating results, making it difficult for investors to compare the financial performance of different companies. The new standard adopts a more structured income statement, introducing newly defined "operating profit" subtotals and requiring all income and expenses to be classified into three new distinct categories based on the company's main business activities.</li> <li>· Management Performance Measures (MPMs): The new standard introduces a definition for management performance measures and requires companies to explain, in a single note to the financial statements, why each measure provides useful information, how it is calculated, and how the measure is reconciled to amounts recognized under IFRSs.</li> <li>· More Disaggregated Information: The new standard includes enhanced guidance on how companies should group information in the financial statements. This includes guidance on whether information should be included in the primary financial statements or further disaggregated in the notes.</li> </ul>	<p>January 01, 2027</p> <p>Note: On September 25, 2025, the FSC announced in a press release that Taiwan adopted IFRS No. 18 for the accounting year 2028. If the Company needs to apply early, it may also do so after approval by the FSC.</p>

The consolidated company is currently in the process of assessing the impact of the aforementioned standards and interpretations on its financial position and operating results. The relevant impact will be disclosed upon completion of the assessment.

The consolidated company expects the following other new amendments to standards that have not yet been approved to have no significant impact on the consolidated financial statements.

- Amendments to IFRS No. 10 and IAS No. 28 regarding "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
  - IFRS 19 "Subsidiaries without Public Accountability: Disclosures" and amendments to IFRS No. 19.
- Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

### IV. Summary of significant accounting policies

The significant accounting policies adopted in the consolidated financial statements are summarized as follows. Unless otherwise specified, the following accounting policies have been consistently applied throughout the presentation period of the consolidated financial statements.

#### (I) Compliance Statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, and interpretations (collectively referred to as IFRSs) that have been issued, entered into effect and endorsed by the FSC.

#### (II) Basis of preparation

##### 1. Basis of measurement

Except for the following important items on the balance sheet, the consolidated financial statements have been prepared on the basis of historical cost:

- (1) Financial assets (liabilities) measured at fair value through gain or loss; and
- (2) The net defined benefit liability (or asset) is measured by the fair value of the pension fund assets less the present value of the defined benefit obligation.

##### 2. Functional currency and presentation currency

Each entity of the consolidated company uses the currency of the primary economic environment as its functional currency. The consolidated financial statements are presented in the Company's functional currency, NTD. All financial information expressed in NTD is with the unit of NTD thousand.

#### (III) Basis of consolidation

##### 1. Principles for the preparation of consolidated financial statements

The main body of the consolidated financial statements includes the Company and the entities controlled by the Company (i.e. subsidiaries). When the Company is exposed to the variable remuneration from participating in an invested entity or is entitled to such variable remuneration, and has the ability to affect the returns through its power over the invested entity, the Company controls the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date of acquisition of control over the subsidiaries until the date of loss of control. Consolidated company transactions, balances and any unrealized gains or losses on transactions have been eliminated when preparing the consolidated financial statements. The total comprehensive income of the subsidiaries is attributed to the owners of the Company and the non-controlling interests, even if the non-controlling interests become a deficit balance.

The financial statements of the subsidiaries have been appropriately adjusted to make their accounting policies consistent with the accounting policies used by the consolidated company.

Any changes in the consolidated company's equity interests in subsidiaries that do not result in a loss of control over the subsidiaries are treated as equity transactions with owners. The difference between the adjustment to the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

### 2. Subsidiaries included in the consolidated financial statements

Name of Investment Company	Name of subsidiary	Nature of business	Percentage of equity held		Remarks
			2025.12.31	2024.12.31	
The Company	SUZHOU NAN JUEN TRADE CO., LTD	Ball guide rail sales business	100%	100%	
The Company	REPON (USA), INC.	Ball guide rail sales business	100%	100%	Note 2
The Company	REPON TECH (VIETNAM)..	Ball guide rail sales business	100%	100%	Note 1

Note 1: This company was established and registered on July 18, 2024.

Note 2: The Company changed its business type to REPON (USA), LLC in 2025. As of December 31, 2025, the relevant procedures had not yet been completed.

### 3. Subsidiaries not included in the consolidated financial statements: None.

#### (IV) Foreign Currency

##### 1. Foreign currency transactions

Transactions denominated in foreign currencies are translated into the functional currency in accordance with the exchange rates prevailing on the transaction date. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are translated into the functional currency in accordance with the exchange rate of the day. The non-monetary item denominated in foreign currency measured at fair value is translated into the functional currency in accordance with the exchange rate on the date the fair value is measured. The non-monetary item denominated in foreign currency measured at historical cost is translated in accordance with the exchange rate on the transaction date.

The foreign currency exchange difference arising from translation is generally recognized in profit or loss.

##### 2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are converted into NTD in accordance with the exchange rate on the reporting date; the income and expense items are converted into NTD in accordance with the current average exchange rate. The exchange differences are recognized in other comprehensive income.

When the disposal of a foreign operation results in a loss of control, loss of joint control, or significant influence, the accumulated exchange difference related to the foreign operation is entirely reclassified as profit or loss. When the partial disposal includes subsidiaries of foreign operations, the relevant accumulated exchange differences are re-attributable to non-controlling interests on a pro rata basis. When the partial disposal includes investments in affiliates or joint ventures of foreign operations, the relevant accumulated exchange differences are reclassified to profit or loss on a pro rata basis.

If there is no settlement plan for the monetary receivables or payables of foreign operating institutions and it is impossible for them to be settled in the foreseeable future, the profit or loss from foreign currency exchange is considered as part of the net investments in foreign operations and is recognized in other comprehensive income.

#### (V) Classification criteria for current and non-current assets and liabilities

The consolidated company classifies assets that meet one of the following conditions as current assets; assets other than current assets are classified as non-current assets:

1. The asset is expected to be realized, or intended to be sold or consumed in the normal business cycle;
2. The asset is held primarily for the purpose of trading;
3. The asset is expected to be realized within 12 months after the reporting period; or
4. The assets are cash or cash equivalents (as defined under IAS 7), except for those that are subject to other restrictions on exchange or to be used to settle a liability at least 12 months after the reporting period.

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

The consolidated company classifies liabilities that meet one of the following conditions as current liabilities, and all liabilities other than current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled in the normal business cycle;
2. The liability is held primarily for the purpose of trading;
3. The liability is to be settled within 12 months after the reporting period; or
4. The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

### (VI) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalent is short-term investment with high liquidity that is readily convertible to known amounts of cash with insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of fulfilling short-term cash commitments rather than investment or other purposes are reported as cash equivalents.

### (VII) Financial instruments

Accounts receivable and debt securities issued are recognized at time of generation. All other financial assets and financial liabilities are recognized when the consolidated company becomes a party to the terms of a financial instrument contract. Financial assets that are not measured at fair value through profit or loss (except accounts receivable that do not contain significant financial components) or financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

#### 1. Financial assets

If the purchase or sale of financial assets is in line with customary transactions, the consolidated company's accounting treatment of all financial assets classified in the same way adopts the trade date for all purchases and sales.

At the time of initial recognition, financial assets are classified as: financial assets measured at amortized cost, debt instrument investment measured at fair value through other comprehensive income, equity instrument investment measured at fair value or financial assets measured at fair value through profit or loss. The consolidated company only reclassifies all affected financial assets from the first day of the next reporting period when the business model for managing financial assets is changed.

#### (1) Financial assets measured at amortized cost

Financial assets that meet the following conditions and are not designated to be measured at fair value through profit or loss are measured at amortized cost:

- The financial asset is held under the business model for the purpose of collecting contractual cash flow.
- The cash flow on a specific date in accordance with the contractual terms of the financial asset is solely the interest paid on the principal and the outstanding principal amount.

Such assets are subsequently measured at the initial recognized amount plus or minus the accumulated amortization calculated by the effective interest method, and any amortized cost of the allowance loss is adjusted. Interest revenue, foreign currency exchange gains and losses, and impairment losses are recognized in profit or loss. Upon derecognition, the profit or loss is recognized in profit or loss.

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

### (2) Financial assets at fair value through profit or loss

Financial assets that are not measured at amortized cost or financial assets at fair value through other comprehensive income (e.g.: financial assets held for trading or financial assets with performance assessed at fair value) are measured at fair value through profit and loss. Accounts receivable that the consolidated company intends to sell immediately or in the near future are measured at fair value through profit or loss, but are included in accounts receivable.

Such assets are subsequently measured at fair value, and the net profit or loss (including any dividend and interest income) is recognized as profit and loss.

### (3) Financial assets impairment

For the consolidated company's financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, refundable deposits, and other financial assets), the expected credit losses of debt instrument investments measured at fair value through other comprehensive income and contract assets are recognized in the allowance loss.

The following financial assets have allowance losses measured at the 12-month expected credit losses, and the rest are measured at the lifetime expected credit losses:

- Debt securities determined to have a low credit risk on the reporting date; and
- The credit risk of other debt securities and bank deposits (i.e. the risk of default during the expected duration of the financial instrument) has not increased significantly since the initial recognition.

The loss allowance for accounts receivable is measured based on the expected credit loss throughout the duration.

In determining whether the credit risk has increased significantly since the initial recognition, the consolidated company considers reasonable and provable information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and based on the consolidated company's historical experience, credit assessment and analysis of forward-looking information.

If the contract amount is overdue for more than 30 days, the consolidated company assumes that the credit risk of the financial assets has increased significantly.

If the contract amount is overdue for more than 180 days, or the borrower is unlikely to perform its credit obligations and pay the full amount to the consolidated company, the consolidated company considers the financial asset to be in default.

The expected credit loss is the probability-weighted estimate of the credit loss during the expected duration of a financial instrument. Credit loss is measured at the present value of all cash shortfalls, which is the difference between the cash flow that the consolidated company can collect in accordance with the contract and the cash flow that the consolidated company expects to collect. Expected credit losses are discounted at the effective interest rate of financial assets.

The consolidated company assesses whether credit impairment has occurred on each reporting date based on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income. When one or more events that adversely affect the estimated future cash flow of a financial asset have occurred, the financial asset has credit impairment. Evidence of credit impairment of financial assets includes the observable data of the following matters:

- Major financial difficulties of the borrower or issuer;
- Default, such as delay or overdue for more than 180 days;

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

- Due to economic or contractual reasons related to the borrower's financial difficulty, the consolidated company gives the borrower a concession it would not have otherwise considered;
- The borrower is likely to file for bankruptcy or undergo other financial restructuring; or
- The active market for the financial asset disappears due to financial difficulties.

The loss allowance of financial assets measured at amortized cost is deducted from the book value of the assets. The loss allowance of investments in debt instruments at fair value through other comprehensive income is recognized in other comprehensive income (without reducing the book value of the asset). The amount of the provision or reversal of the loss allowance is recognized in profit or loss.

When the consolidated company cannot reasonably expect all or part of the recovered financial assets, it will directly reduce the total book value of its financial assets. For corporate accounts, the consolidated company determines the timing and amount of write-offs based on an individual assessment of whether recovery is reasonably expected. The Company does not expect a significant reversal of amounts already written off. However, the written-off financial assets can still be enforced to meet the procedures for the consolidated company to recover the overdue amount.

### (4) Derecognition of financial assets

The consolidated company will derecognize financial assets when its contractual rights to the cash flows from the assets are terminated, or it has transferred the financial assets and almost all the risks and rewards of the ownership of the assets to other enterprises, or that it has neither transferred nor retained all the risks and rewards of the ownership of the assets and has not retained the control over these financial assets.

When the consolidated company enters into a transaction to transfer a financial asset, if all or almost all of the risks and rewards of the transferred asset ownership are retained, it will continue to be recognized in the balance sheet.

## 2. Financial liabilities and equity instruments

### (1) Classification of liabilities or equity

The consolidated company's debt and equity instruments are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

### (2) Equity transactions

Equity instrument refers to any contract in which the consolidated company has residual equity after deducting all liabilities from assets. The equity instruments issued by the consolidated company are recognized at the amount taking the acquisition price less the direct issuance cost.

### (3) Treasury stocks

When the Company repurchases equity instruments it has already recognized, the consideration paid—including directly attributable costs—is recognized as a reduction in equity. The shares repurchased are classified as treasury stock. Subsequently, proceeds from the sale or re-issuance of treasury shares are recognized as an increase to equity, with any resulting gain or loss recognized as capital surplus or retained earnings (to the extent capital surplus is insufficient to cover the loss).

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

### (4) Compound financial instruments

The consolidated company has issued compound financial instruments in the form of convertible bonds (denominated in New Taiwan Dollars), where the holder has the option to convert the bonds into equity instruments. The number of shares to be issued upon conversion does not vary with changes in the fair value of the instrument.

The liability component of the compound financial instrument is initially measured at the fair value of a similar liability that does not have an associated equity conversion option. The equity component is initially measured as the difference between the fair value of the entire compound financial instrument and the fair value of the liability component. Any transaction costs directly attributable to the issuance of the instrument are allocated to the liability and equity components in proportion to their respective carrying amounts.

After initial recognition, the liability component of the compound financial instrument is measured at amortized cost using the effective interest method. The equity component is not remeasured after initial recognition.

Interest related to the financial liability is recognized in profit or loss. Upon conversion of the financial liability into equity, the carrying amount is reclassified to equity without recognizing any gain or loss.

### (5) Financial liabilities

Financial liabilities are classified as amortized cost or measured at fair value through profit or loss. If a financial liability is held for trading, derivative or designated at the time of initial recognition, it is classified as measured at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value, and related net profits and losses, including any interest expenses, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gains and losses are recognized in profit or loss. Any profit or loss is recognized in profit or loss at the time of derecognition.

### (6) Removal of financial liabilities

The consolidated company derecognizes financial liabilities when contractual obligations are fulfilled, canceled, or expired. When the terms of a financial liability are amended and there is a significant difference in the cash flow of the liability after the amendment, the original financial liability is derecognized, and a new financial liability at the fair value based on the amended terms is recognized.

When derecognizing financial liabilities, the difference between the book value and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

### (7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities can be offset against each other and reported in the balance sheet in net amount only when the consolidated company has a legally enforceable right to offset them against each other and there is an intention to settle in net amount, or the assets are realized and the liabilities are repaid at the same time.

### (VIII) Inventories

Inventories are measured at the lower of cost or net realizable value. Costs include the acquisition, production or processing costs and other costs incurred to make them available for use, and are calculated in accordance with the weighted average method. The cost of inventories of finished goods and work-in-progress includes the manufacturing expenses amortized based on the normal production capacity in an appropriate proportion.

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

The net realizable value refers to the balance of the estimated selling price under normal operations less the estimated cost of completion and the estimated cost of sales.

### (IX) Property, plant and equipment

#### 1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

#### 2. Subsequent costs

Subsequent expenses may be capitalized only when their future economic benefits are likely to flow into the consolidated company.

#### 3. Depreciation

Depreciation is calculated at the cost of the asset less residual value and recognized in profit or loss using the straight-line method over the estimated useful life of each component.

Land is not depreciated.

The estimated useful lives for the current period and the comparative period are as follows:

- (1) Buildings and structures 3-50 years
- (2) Machinery and equipment 2-20 years
- (3) Other equipment 1-10 years

The consolidated company reviews the depreciation method, useful years, and residual value on each reporting date, and makes appropriate adjustments if necessary.

### (X) Leases

The consolidated company assesses whether the contract is or contains a lease on the date of establishment of the contract. If the contract transfers control over the use of identified assets for a period of time in exchange for consideration, the contract is or contains a lease.

#### 1. Lessee

The consolidated company recognizes right-of-use assets and lease liabilities on the lease commencement date. Right-of-use assets are initially measured at cost, which includes the initial measurement of lease liabilities, adjusted for any lease payments paid on or before the lease commencement date, and added incurred initial direct cost and the estimated cost of dismantling, removing the underlying asset and restoring the location or underlying asset, while deducting any lease incentives received.

The subsequent right-of-use assets are depreciated using the straight-line method from the lease start date to the end of their useful lives or the expiration of the lease term, whichever is earlier. In addition, the consolidated company regularly assesses whether the right-of-use assets are impaired and handles any impairment losses that have occurred. The right-of-use assets are adjusted if the lease liabilities are remeasured.

Lease liabilities are initially measured at the present value of the unpaid lease payments on the lease starting date. If the interest rate implicit in the lease is easy to determine, the discount rate is the interest rate. If it is not easy to determine, the consolidated company's incremental borrowing rate is used. Generally, the consolidated company adopts its incremental borrowing interest rate as the discount rate.

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

Lease payments included in the measurement of lease liabilities include:

- (1) Fixed payments, including substantive fixed payments;
- (2) For the variable lease payment that depends on a certain index or rate, the index or the rate on the lease commencement date is used as the initial measurement;
- (3) The residual guarantee amount expected to be paid; and
- (4) The exercise price or penalty fee when the purchase option or lease termination option is reasonably determined to be exercised.

Subsequent interest on lease liabilities is accrued using the effective interest method, and the amount is re-measured when:

- (1) Changes in the index or rate used to determine lease payments result in changes in future lease payments;
- (2) There is a change in the residual guarantee amount expected to be paid;
- (3) There is a change in the evaluation of the underlying asset purchase option;
- (4) There is a change in the estimate of whether to extend or terminate the option, and the evaluation on the lease period is changed;
- (5) Amendment to the subject, scope, or other terms and conditions of the lease.

When a lease liability is remeasured due to a change in the index or rate used to determine lease payments, changes in the residual guarantee amount, or an evaluation change in the purchase, extension, or termination of an option, the book value of the right-of-use asset shall be adjusted accordingly. When the book value of the right-of-use assets is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For a lease modification that reduces the scope of the lease, the book value of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the remeasured amount of the lease liability and the difference is recognized in profit or loss.

The consolidated company presents the right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

For other equipment and transportation equipment short-term lease and low-value underlying asset lease, the consolidated company chooses not to recognize the right-of-use assets and lease liabilities, but to recognize the relevant lease payments as expenses on the straight-line basis over the lease term.

### 2. Lessor

For transactions in which the consolidated company is a lessor, the lease contract is classified based on whether it transfers almost all the risks and returns attached to the ownership of the underlying asset on the date of establishment of the lease. If so, it is classified as a financing lease; otherwise, it is classified as an operating lease. During the evaluation, the consolidated company considers relevant specific indicators, including whether the lease period covers the main part of the economic life of the underlying assets.

If the consolidated company is the sublessor, it shall manage the main lease and sublease transactions separately, and use the right-of-use assets generated from the main lease to assess the classification of the sublease transactions. If the main lease is a short-term lease and the recognition exemption is applicable, the sublease transaction of the main lease should be classified as an operating lease.

If the agreement includes lease and non-lease components, the consolidated company uses IFRS 15 to allocate the consideration in the contract.

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

### (XI) Intangible assets

#### 1. Recognition and measurement

Expenditures related to research activities are recognized in profit or loss when incurred.

Development expenditure shall be used only when the cost can be reliably measured, the technical or commercial feasibility of the product or process has been achieved, it is probable that future economic benefits will flow to the consolidated company, and the consolidated company has the intention and sufficient resources to complete the development and use or sell the asset is capitalized. Other development expenditures are recognized in profit or loss when incurred. After initial recognition, the capitalized development expenditure is measured at its cost less accumulated amortization and accumulated impairment.

The consolidated company's acquisition of other finite intangible assets with useful years is measured at cost less accumulated amortization and accumulated impairment.

#### 2. Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefits of the relevant specific assets. All other expenses are recognized as income upon occurrence, including the goodwill and brand developed internally.

#### 3. Amortization

The amortization is calculated in accordance with the asset cost less the estimated residual value, and is recognized in profit or loss using the straight-line method over the estimated useful years from the intangible asset becoming available for use.

Computer software useful life: 3 years.

The consolidated company reviews the amortization method, useful years and residual value of intangible assets on each reporting date, and makes appropriate adjustments if necessary.

### (XII) Non-financial assets impairment

The consolidated company assesses whether there is any indication that the book value of non-financial assets (except inventories and deferred income tax assets) may be impaired at each reporting date. If any sign exists, the recoverable amount of the asset shall be estimated. Goodwill is tested for impairment annually.

For the purpose of impairment testing, the group of assets whose cash inflow is mostly independent of other individual assets or asset group is recognized as the smallest identifiable asset group. The goodwill acquired in a business merger is amortized to each cash-generating unit or cash-generating unit group that is expected to benefit from the synergy of the merger.

The recoverable amount is the fair value of an individual asset or cash-generating unit less the cost of disposal and its value in use, whichever is higher. In assessing value in use, the estimated future cash flows are converted to the present value using a pre-tax discount rate that reflects the current market's assessment of the time value of money and the specific risks of the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower than the book value, it is recognized as impairment loss. The impairment loss is immediately recognized in profit or loss, and the book value of the amortized goodwill of the cash-generating unit is reduced first, and then the book value of each asset is reduced in proportion to the book value of other assets in the unit.

The impairment loss of goodwill shall not be reversed. The non-financial assets other than goodwill are only reversed within the book value (less depreciation or amortization) of the asset if no impairment loss was recognized in previous years.

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

### (XIII) Revenue recognition

Revenue is measured based on the expected consideration for the right to be obtained from the transfer of goods or services. The consolidated company recognizes revenue when the control of the product or labor service is transferred to the customer and the performance obligation is met. The main revenue items of the consolidated company are described as follows:

#### 1. Sale of goods

The consolidated company recognizes the revenue as income when the control of the product is transferred. The transfer of control of the product means that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product, and there are no outstanding obligations that would affect the customer's acceptance of the product. Delivery occurs when the product is transported to a specific location, and its obsolescence and risk of loss have been transferred to the customer, and the customer has accepted the product in accordance with the sales contract, and the acceptance terms and conditions have become invalid, or the consolidated company has objective evidence that all acceptance conditions have been met.

The consolidated company recognizes accounts receivable when the goods are delivered, as the consolidated company has the right to unconditionally collect the consideration at that time.

#### 2. Financial components

The consolidated company expects that the interval between the time when all customers contract to transfer goods or services to the customer and the time when the customer pays for the goods or services will be less than one year. Therefore, the consolidated company does not adjust the time value of money of the transaction price.

### (XIV) Employee benefits

#### 1. Defined contribution plan

The obligation of the defined contribution plan is recognized as an expense within the service period provided by the employee.

#### 2. Defined benefit plan

The consolidated company's net obligation to the defined benefit plan is converted to the present value of the future benefit amount earned by employees from the services in the current period or in the past for each benefit plan, and less the fair value of any planned assets.

Defined benefit obligations are calculated annually by a qualified actuary using the projected unit benefit method. When the calculation result may be favorable to the consolidated company, the assets recognized shall be up to the present value of any economic benefit that can be derived from the refund of the contribution from the plan or the reduction of the contribution from the plan in the future. The calculation of the present value of the economic benefits takes into account the minimum capital contribution required.

The remeasurement of the net defined benefit liability, including actuarial gains and losses, plan asset returns (excluding interest), and any change in the impact of asset ceilings (excluding interest) is immediately recognized in other comprehensive income and accumulated in retained earnings. The consolidated company determines the net interest expense (revenue) of the net defined benefit liabilities (assets) using the net defined benefit liabilities (assets) and the discount rate at the beginning of the reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or curtailed, the changes in welfare related to the prior service cost or curtailment benefit or loss is recognized immediately in profit or loss. When the settlement occurs, the consolidated company recognizes the settlement gain or loss of the defined benefit plan.

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

### 3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when the services are provided. If the consolidated company has a current legal or presumed payment obligation due to the past services provided by employees, and the obligation can be estimated reliably, the amount is recognized as liabilities.

#### (XV) Share-based payment transactions

For the equity-settled share-based payment agreement, the fair value on the grant date is recognized as an expense and increased in relative equity during the vested period. The recognized expenses are adjusted according to the quantity of remuneration expected to meet the service conditions and non-market value vested conditions; and the ultimately recognized amount is measured based on the quantity of remuneration meeting service conditions and non-market value vested conditions on the vesting day.

The non-vested conditions regarding the share-based payment incentives are reflected in the measurement of the fair value of the share-based payment and the difference between the expected and actual results is not subject to verification adjustment.

The fair value of the cash share appreciation rights payable to the employees is recognized as an expense and increased in liabilities within the period when the employees are entitled to the remuneration unconditionally. The liability is re-measured at the fair value of the share appreciation rights on each reporting date and delivery date, with any changes recognized in profit or loss.

The payment date of the consolidated company's share-based payment is the record date of the capital increase approved by the board of directors.

#### (XVI) Income tax

Income tax includes current income tax and deferred income tax. Except for those related to business combination and recognized directly in equity or other comprehensive income, current income tax and deferred income tax shall be recognized in profit or loss.

The current income tax includes the expected income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustment to the income tax payable in previous years. The amount is the best estimate of the expected payment or receipt based on the statutory tax rate or tax rate substantially enacted on the reporting date.

Deferred income tax is measured and recognized on temporary differences between the book value of assets and liabilities and their tax bases at the reporting date. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. Assets or liabilities initially recognized in a transaction that is not a business merger, and at the time of the transaction (i) does not affect accounting profits and taxable income (loss); and (ii) does not give rise to equivalent taxable discrepancy;
2. The temporary difference arising from investment in subsidiaries and joint ventures, for which the consolidated company controls the time of reversal of the temporary difference and is very likely not to be reversed in the foreseeable future.

Unused tax losses and unused income tax credits carried forward and deductible temporary differences are recognized as deferred income tax assets within the range of future taxable income that is likely to be available for use. The Company shall reevaluate it at each reporting date, and adjust the relevant income tax benefits to the extent that it is not very likely to be realized; or to reverse the amount of reduction in the range where it is very likely that there will be sufficient taxable income.

Deferred income tax is measured at the tax rate expected to be enacted in the period when assets are realized or liabilities are settled, based on the statutory tax rate or substantive tax rate at the reporting date.

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

The consolidated company will offset the deferred income tax assets and deferred income tax liabilities when the following conditions are met at the same time:

1. Has the legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxable entities levied by the same taxation authority;
  - (1) the same taxable entity; or
  - (2) Different taxable entities, but each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and repayments simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

### (XVII) Earnings per share

The consolidated company presents the basic and diluted earnings per share attributable to the Company's common stock shareholders. The basic earnings per share of the consolidated company is calculated by dividing the profit or loss attributable to the Company's common stock shareholders by the weighted average number of the outstanding common stock shares during the period. Diluted earnings per share is calculated by having the profit and loss attributable to the Company's common stock shareholders and the weighted average number of common stock shares outstanding adjusted for the effects of all potential diluted common stock shares, respectively. The consolidated company's potential dilutive common shares include convertible bonds and estimated employee compensation

### (XVIII) Segment Information

An operating segment is a component of the consolidated company that is engaged in business activities that may earn revenue and incur expenses (including revenue and expenses related to transactions between other components of the consolidated company). The operating results of all operating segments are regularly reviewed by the chief operating decision maker of the consolidated company to make decisions on the allocation of resources to each segment and to evaluate its performance. Each operating segment has its own financial information.

## V. Major sources of uncertainty in major accounting judgments, estimates, and assumptions

In preparing the consolidated financial statements, the management must make judgments and estimates about the future (including climate-related risks and opportunities) that will affect the adopted accounting policies and the assets, liabilities, revenues and expense amounts. Actual results may differ from estimates.

The management continues to review the estimates and underlying assumptions to ensure consistency with the consolidated company's risk management and climate-related commitments. Any changes in accounting estimates are recognized in the period in which they are affected and in the future.

There is no information in these consolidated financial statements regarding accounting policies involving significant judgments that have a significant impact on the recognized amounts.

The uncertainty of assumptions and estimates does not have significant risks that will cause material adjustments in the following year.

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

**VI. Description of significant accounting items**

(I) Cash and cash equivalents

	<b>2025.12.31</b>	<b>2024.12.31</b>
Cash	\$ 702	663
Bank deposits	416,470	321,419
Repurchase Agreement	50,000	-
<b>Total</b>	<b>\$ 467,172</b>	<b>322,082</b>

Please refer to Note 6(19) for the disclosure of the interest rate risk and sensitivity analysis of the consolidated company's financial assets and liabilities.

(II) Financial assets and liabilities at fair value through profit or loss

	<b>2025.12.31</b>	<b>2024.12.31</b>
Financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Structured deposits	\$ 4,891	4,815
Non-derivative hedging instrument		
Foreign exchange contract	23,984	-
<b>Total</b>	<b>\$ 28,875</b>	<b>4,815</b>

	<b>2025.12.31</b>	<b>2024.12.31</b>
Financial liabilities at fair value through profit or loss:		
Issuance of convertible bonds - put option	<b>\$ 63</b>	-

	<b>2025.12.31</b>	<b>2024.12.31</b>
Designated financial assets measured at fair value through profit or loss - non-current		
Issuance of convertible bonds - call option	<b>\$ 2,375</b>	<b>2,720</b>

	<b>2025.12.31</b>	<b>2024.12.31</b>
Designated financial liabilities measured at fair value through profit or loss - non-current		
Issuance of convertible bonds - put option	<b>\$ -</b>	<b>6,930</b>

For the amount remeasured at fair value and recognized in profit or loss, please refer to Note 6(18); for fair value information, please refer to Note 6(19).

	<b>2025.12.31</b>		
<b>Item</b>	<b>Book value</b>	<b>Nominal Capital (NTD thousands)</b>	<b>Maturity Date</b>
Derivative financial assets:			
Foreign exchange contract (USD/TWD)	<b>\$ 23,984</b>	USD 11,800	2026.05.22~2026.11.05
Derivative financial liabilities:			
Foreign exchange option contract (USD/TWD)	<b>\$ -</b>	USD 5,600	2026.01.05~2026.12.16

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

The 2025 and 2024 net gains on financial assets at fair value through profit or loss were NT\$25,606 thousand and NT\$2,908 thousand, respectively; the net gains from financial liabilities at fair value through profit or loss were NT\$8,417 thousand and NT\$70 thousand, respectively, which were recorded under "Other gains and losses."

(III) Notes receivable and accounts receivable

	<b>2025.12.31</b>	<b>2024.12.31</b>
Notes receivable - from operation	\$ 3,110	4,031
Accounts receivable - measured at amortized cost	534,389	437,439
Less: Loss allowance	(1,095)	(5,465)
	<b>\$ 536,404</b>	<b>436,005</b>

The consolidated company uses simplified method to estimate expected credit losses for all notes and accounts receivable, that is, using expected credit losses throughout the duration. For this measurement, such notes and accounts receivable are grouped according to the common credit risk characteristics of the customers' ability to pay all amounts due in the contract terms which have been included in the forward-looking information, along with the macro economy and relevant industry information. Expected credit losses of notes and accounts receivable of the consolidated company are analyzed as follows:

	<b>2025.12.31</b>		
	<b>Book value of notes and accounts receivable</b>	<b>Weighted average rate of expected credit losses</b>	<b>Allowance for expected credit losses during the duration</b>
Not past due	\$ 526,383	0.11%	556
Overdue for less than 30 days	8,918	1.18%	105
Overdue for 31 - 60 days	527	6.07%	32
Overdue for 61 - 180 days	1,671	24.06%	402
	<b>\$ 537,499</b>		<b>1,095</b>
	<b>2024.12.31</b>		
	<b>Book value of notes and accounts receivable</b>	<b>Weighted average rate of expected credit losses</b>	<b>Allowance for expected credit losses during the duration</b>
Not past due	\$ 422,036	0.14%	593
Overdue for less than 30 days	10,007	1.31%	131
Overdue for 31 - 60 days	2,155	13.23%	285
Overdue for 61 - 180 days	3,619	28.63%	1,036
Overdue for more than 181 days	3,653	93.62%	3,420
	<b>\$ 441,470</b>		<b>5,465</b>

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO.,  
LTD. and subsidiaries (continued)**

The changes in the allowance for notes and accounts receivable of the consolidated company are as follows:

	<b>2025</b>	<b>2024</b>
Opening balance	\$ 5,465	4,888
Recognized impairment loss	-	509
Reversal of impairment loss	(893)	-
Bad debts written off for the current period	(3,420)	-
Foreign exchange gain or loss	(57)	68
Closing balance	<b>\$ 1,095</b>	<b>5,465</b>

(IV) Inventories

	<b>2025.12.31</b>	<b>2024.12.31</b>
Raw materials	\$ 65,795	64,076
Materials	14,263	10,586
Work in process	51,011	46,091
Finished products	352,115	172,260
Goods	4,068	4,726
Total	<b>\$ 487,252</b>	<b>297,739</b>

The consolidated company's operating costs are detailed as follows:

	<b>2025</b>	<b>2024</b>
Cost of goods sold	\$ 1,579,555	1,420,472
Inventory write-downs	2,053	1,704
	<b>\$ 1,581,608</b>	<b>1,422,176</b>

As of December 31, 2025 and 2024, the consolidated company's inventories had not been provided as collateral.

(V) Property, plant and equipment

The details of changes in cost, depreciation, and impairment losses of the consolidated company's property, plant and equipment as of December 31, 2025 and 2024 are as follows:

	<b>Land</b>	<b>Buildings and structures</b>	<b>Machinery and equipment</b>	<b>Other equipment</b>	<b>Unfinished construction and equipment to be inspected</b>	<b>Total</b>
Cost or recognized cost:						
Balance at the beginning of January 1, 2025	\$ 1,183,627	1,148,200	437,382	273,079	108,454	3,150,742
Additions	-	-	10,447	15,868	95,550	121,865
Reclassified	-	3,280	99,300	11,490	(122,622)	(8,552)
Disposal	-	-	(20,464)	(1,994)	(453)	(22,911)
Effect of exchange rate changes	-	-	(362)	(337)	(1,688)	(2,387)
Balance on December 31, 2025	<b>\$ 1,183,627</b>	<b>1,151,480</b>	<b>526,303</b>	<b>298,106</b>	<b>79,241</b>	<b>3,238,757</b>

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

	Land	Buildings and structures	Machinery and equipment	Other equipment	Unfinished construction and equipment to be inspected	Total
Balance at the beginning of January 1, 2024	\$ 1,183,627	1,148,200	419,274	262,058	55,769	3,068,928
Additions	-	-	3,396	15,824	94,103	113,323
Reclassified	-	-	32,045	6,573	(41,488)	(2,870)
Disposal	-	-	(17,360)	(11,444)	-	(28,804)
Effect of exchange rate changes	-	-	27	68	70	165
Balance on December 31, 2024	<b>\$ 1,183,627</b>	<b>1,148,200</b>	<b>437,382</b>	<b>273,079</b>	<b>108,454</b>	<b>3,150,742</b>
Depreciation and impairment loss:						
Balance at the beginning of January 1, 2025	\$ -	227,101	281,459	187,848	7,720	704,128
Depreciation	-	34,435	39,275	27,474	-	101,184
Reclassified	-	-	(719)	-	-	(719)
Disposal	-	-	(20,464)	(1,994)	-	(22,458)
Effect of exchange rate changes	-	-	22	6	-	28
Balance on December 31, 2025	<b>\$ -</b>	<b>261,536</b>	<b>299,573</b>	<b>213,334</b>	<b>7,720</b>	<b>782,163</b>
Balance at the beginning of January 1, 2024	\$ -	193,231	271,953	173,932	-	639,116
Depreciation	-	33,870	26,866	25,312	-	86,048
Impairment loss	-	-	-	-	7,720	7,720
Disposal	-	-	(17,360)	(11,444)	-	(28,804)
Effect of exchange rate changes	-	-	-	48	-	48
Balance on December 31, 2024	<b>\$ -</b>	<b>227,101</b>	<b>281,459</b>	<b>187,848</b>	<b>7,720</b>	<b>704,128</b>
Book value:						
December 31, 2025	<b>\$ 1,183,627</b>	<b>889,944</b>	<b>226,730</b>	<b>84,772</b>	<b>71,521</b>	<b>2,456,594</b>
January 1, 2024	<b>\$ 1,183,627</b>	<b>954,969</b>	<b>147,321</b>	<b>88,126</b>	<b>55,769</b>	<b>2,429,812</b>
December 31, 2024	<b>\$ 1,183,627</b>	<b>921,099</b>	<b>155,923</b>	<b>85,231</b>	<b>100,734</b>	<b>2,446,614</b>

Please refer to Note 8 for details on bank loans and financing facilities as of December 31, 2025 and 2024.

On November 6, 2023, the consolidated company's board of directors resolved to sell the land at Lot No. 2-7, Nanyuan Road, Zhongli Industrial Park, with an area of 9,160 square meters (Lot No. 1771, 1788, Zhonggong Section, Zhongli District, Taoyuan City) by public auction, but was recognized as idle land by the Ministry of Economic Affairs on January 19, 2024. Therefore, the consolidated company's board of directors passed a resolution on January 22, 2024 to change it to public auction or by way of price negotiation, and cancel the public auction on January 24, 2024. As of the release date of the consolidated financial report, the consolidated company has temporarily suspended the sale of the Zhongli land due to changes in its operational plans and has reclassified the land as for own use. In addition, certain assets under construction had a recoverable amount lower than their carrying amount. As a result, an impairment loss totaling NT\$7,720 thousand was recognized during 2024 and accounted for under "Other Gains and Losses" in the consolidated statement of comprehensive income. Please refer to Note 6(1) for further details.

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

(VI) Right-of-use assets

The changes in cost and depreciation of the right-of-use assets recognized by the consolidated company's buildings, machinery and equipment, and transportation equipment are as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:					
Balance on January 1, 2025	\$ 273,191	110,917	884	5,340	390,332
Additions	-	-	-	394	394
Reclassified	1,748	(1,748)	-	-	-
Reductions	-	-	-	(776)	(776)
Effect of exchange rate changes	(14,469)	(1,768)	-	(43)	(16,280)
Balance on December 31, 2025	<b>\$ 260,470</b>	<b>107,401</b>	<b>884</b>	<b>4,915</b>	<b>373,670</b>
Balance on January 1, 2024	\$ -	51,826	666	4,583	57,075
Additions	272,544	58,789	218	3,058	334,609
Reductions	-	-	-	(2,321)	(2,321)
Effect of exchange rate changes	647	302	-	20	969
Balance on December 31, 2024	<b>273,191</b>	<b>110,917</b>	<b>884</b>	<b>5,340</b>	<b>390,332</b>
Depreciation of right-of-use assets:					
Balance on January 1, 2025	\$ 2,421	31,174	240	2,453	36,288
Current depreciation	5,725	29,079	228	1,993	37,025
Reclassified	1,166	(1,166)	-	-	-
Reductions	-	-	-	(776)	(776)
Effect of exchange rate changes	(104)	(275)	-	3	(376)
Balance on December 31, 2025	<b>\$ 9,208</b>	<b>58,812</b>	<b>468</b>	<b>3,673</b>	<b>72,161</b>
Balance on January 1, 2024	\$ -	6,540	42	2,899	9,481
Current depreciation	2,415	24,572	198	1,867	29,052
Reductions	-	-	-	(2,321)	(2,321)
Effect of exchange rate changes	6	62	-	8	76
Balance on December 31, 2024	<b>\$ 2,421</b>	<b>31,174</b>	<b>240</b>	<b>2,453</b>	<b>36,288</b>
Book value:					
December 31, 2025	<b>\$ 251,262</b>	<b>48,589</b>	<b>416</b>	<b>1,242</b>	<b>301,509</b>
January 1, 2024	<b>\$ -</b>	<b>45,286</b>	<b>624</b>	<b>1,684</b>	<b>47,594</b>
December 31, 2024	<b>\$ 270,770</b>	<b>79,743</b>	<b>644</b>	<b>2,887</b>	<b>354,044</b>

The usage rights for land owned by the consolidated company have a term of 45 years from the year of acquisition (2024~2069).

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

(VII) Short-term borrowings

The details of the consolidated company's short-term borrowings are as follows:

	<b>2025.12.31</b>	<b>2024.12.31</b>
Secured bank loan	<u>\$ -</u>	<u>116,600</u>
Unused credit limit	<u>\$ 1,457,284</u>	<u>972,960</u>
Interest rate range	<u>-</u>	<u>1.875%</u>

Please refer to Note 8 for the consolidated company's assets pledged as collateral for bank loans.

(VIII) Long-term borrowings

The details, conditions and terms of the consolidated company's long-term loan are as follows:

<b>2025.12.31</b>				
	<b>Type of currency</b>	<b>Interest rate range</b>	<b>Year to maturity</b>	<b>Amount</b>
Unsecured bank borrowings	NTD	1.775%~1.8266%	2027~2032	\$ 356,292
Secured bank loan	NTD	1.525%	117	<u>4,642</u>
Subtotal				360,934
Less: Due within one year				<u>(116,317)</u>
Total				<u>\$ 244,617</u>
Unused credit limit				<u>\$ 99,000</u>
<b>2024.12.31</b>				
	<b>Type of currency</b>	<b>Interest rate range</b>	<b>Year to maturity</b>	<b>Amount</b>
Unsecured bank borrowings	NTD	1.775%~2.125%	2026~2027	\$ 145,474
Secured bank loan	NTD	1.525%	117	<u>6,500</u>
Subtotal				151,974
Less: Due within one year				<u>(69,265)</u>
Total				<u>\$ 82,709</u>
Unused credit limit				<u>\$ 380,000</u>

Please refer to Note 8 for the consolidated company's assets pledged as collateral for bank loans.

(IX) Bonds payable

1. The information on the Company's issuance of convertible bonds is as follows:

	<b>2025.12.31</b>	<b>2024.12.31</b>
Total principal amount of convertible bonds issued	\$ 318,500	1,000,000
Unamortized balance of bonds payable	<u>(10,636)</u>	<u>(55,835)</u>
Ending balance of bonds payable	<u>\$ 307,864</u>	<u>944,165</u>
Embedded derivatives - call option (reported under financial assets at fair value through profit or loss)	<u>\$ 2,375</u>	<u>2,720</u>
Embedded derivatives - put option (reported under Financial liabilities at fair value through profit or loss)	<u>\$ 63</u>	<u>6,930</u>
Equity Component – conversion option (reported under capital surplus - stock options)	<u>\$ 41,540</u>	<u>155,011</u>

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

	2025	2024
Fair value gain on remeasurement of embedded derivatives – call and put options (reported under other gains and losses)	\$ 6,523	140
Interest expense	\$ 18,405	4,065

In 2025, the consolidated company repurchased 86 units of unsecured convertible corporate bonds from the open market for a total cost of NT\$8,598 thousand.

Please refer to Note 8 for details regarding the consolidated company's assets pledged as collateral for convertible bonds.

2. Key terms of the Company's first issuance of secured and unsecured convertible bonds is as follows:

- (1) Issuance amount: NT\$700,000 thousand, issued at 114.70% of the face value, with a total issuance amount of NT\$802,915 thousand. After deducting issuance costs of NT\$2,500 thousand, the net proceeds of NT\$800,415 thousand have been fully received.
- (2) Term to maturity: Three years (from October 29, 2024 to October 29, 2027).
- (3) Coupon rate: 0%.
- (4) Redemption terms:

The Company may redeem the bonds under the following conditions:

- A. Beginning three months after the issue date and up to 40 days before maturity, if the closing price of the Company's common shares on the Taiwan Stock Exchange exceeds 130% of the then-effective conversion price for 30 consecutive trading days, the Company may redeem the bonds at par value.
- B. Beginning three months after the issue date and up to 40 days before maturity, if the outstanding balance of the bonds falls below 10% of the original aggregate issue amount, the Company may redeem the bonds at par value.

(5) Conversion terms:

- A. Bondholders may apply to convert the bonds into common shares of the Company starting from the day following three months after the issue date until the maturity date, in accordance with the conversion terms.
- B. Conversion price: The initial conversion price was NT\$178.8 per share. In the event of qualifying corporate actions affecting the Company's common shares as stipulated in the bond issuance terms, the conversion price shall be adjusted in accordance with the prescribed formula. The bonds do not contain any reset provisions. As of December 31, 2025, the conversion price was NT\$177.5 per share.

3. Key terms of the Company's second issuance of secured and unsecured convertible bonds is as follows:

- (1) Issuance amount: NT\$300,000 thousand, issued at 100.5% of the face value, with a total issuance amount of NT\$301,500 thousand. After deducting issuance costs of NT\$2,500 thousand, the net proceeds of NT\$299,000 thousand have been fully received.
- (2) Term to maturity: Three years (from October 30, 2024 to October 30, 2027).
- (3) Coupon rate: 0%.

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

(4) Redemption terms:

The Company may redeem the bonds under the following conditions:

- A. Beginning three months after the issue date and up to 40 days before maturity, if the closing price of the Company's common shares on the Taiwan Stock Exchange exceeds 130% of the then-effective conversion price for 30 consecutive trading days, the Company may redeem the bonds at par value.
- B. Beginning three months after the issue date and up to 40 days before maturity, if the outstanding balance of the bonds falls below 10% of the original aggregate issue amount, the Company may redeem the bonds at par value.

(5) Conversion terms:

- A. Bondholders may apply to convert the bonds into common shares of the Company starting from the day following three months after the issue date until the maturity date, in accordance with the conversion terms.
- B. Conversion price: The initial conversion price was NT\$193 per share. In the event of qualifying corporate actions affecting the Company's common shares as stipulated in the bond issuance terms, the conversion price shall be adjusted in accordance with the prescribed formula. The bonds do not contain any reset provisions. As of December 31, 2025, the conversion price was NT\$191.6 per share.

(X) Lease liabilities

The book value of lease liabilities of the consolidated company is as follows:

	2025.12.31	2024.12.31
Current	\$ 31,616	45,413
Non-current	\$ 21,507	53,827

Please refer to Note 6(19) Financial instruments for maturity analysis.

The amount of lease recognized in profit or loss is as follows:

	2025	2024
Interest expense of lease liabilities	\$ 1,350	2,785
Expenses of short-term leases	\$ 3,692	1,255
Expenses of low-value lease assets	\$ 363	952

The amount of lease recognized in the statement of cash flows is as follows:

	2025	2024
Total cash outflow for leases	\$ 49,584	290,028

1. Lease of land, buildings and structures

The consolidated company hold land use rights with a term of 45 years from the year of acquisition (2024~2069). In addition, the consolidated company leased land and buildings as office space. The lease period for office space is usually one to five years. Part of the lease includes an option for lease extension for the same period as the original contract at the end of the lease period.

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

2. Other leases

The consolidated company leases machinery and transportation equipment for a lease period of two to five years. In some lease contracts, the consolidated company has an option to purchase the leased assets at the end of the lease term, while in others, the consolidated company guarantees the residual value of leased assets at the end of the lease period.

(XI) Employee benefits

1. Defined benefit plan

The adjustment of the present value of the consolidated company's defined benefit obligation and the fair value of the plan assets is as follows:

	<b>2025.12.31</b>	<b>2024.12.31</b>
Present value of defined benefit obligation	\$ 33,518	30,427
Fair value of plan assets	(61,266)	(60,313)
Net defined benefit assets	<b>\$ 27,748</b>	<b>(29,886)</b>

The employee benefit liabilities of the consolidated company are as follows:

	<b>2025.12.31</b>	<b>2024.12.31</b>
Short-term paid absences liability (under other payables)	<b>\$ 5,946</b>	<b>5,526</b>

The consolidated company's defined benefit plan is appropriated to the labor pension reserve account at the Bank of Taiwan. The retirement payment of each employee under the Labor Standards Act is calculated based on the bases earned for the years of service and the average salary six months prior to retirement.

(1) Composition of plan assets

The pension fund appropriated by the consolidated company in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the "Bureau of Labor Funds"). The minimum income to be distributed in each year's settlement shall not be lower than the income calculated based on the two-year time deposit interest rate of the local bank.

The consolidated company's labor pension fund account at the Bank of Taiwan is with a balance of NT\$61,266 thousand as of the reporting date. Information on the utilization of assets of the Labor Pension Fund, including fund yield rate and fund asset allocation, is disclosed on the website of the Bureau of Labor Funds, Ministry of Labor.

(2) Changes in the present value of defined benefit obligations

Changes in the present value of the consolidated company's defined benefit obligations as of 2025 and 2024 are as follows:

	<b>2025</b>	<b>2024</b>
Defined benefit obligation as of January 1	\$ 30,427	30,550
Current service cost and interest	572	574
Remeasurement of net defined benefit liabilities (assets)	6,689	(611)
Benefits planned to be paid	(4,170)	(86)
Defined benefit obligation as of December 31	<b>\$ 33,518</b>	<b>30,427</b>

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO.,  
LTD. and subsidiaries (continued)**

(3) Changes in the fair value of plan assets

Changes in the fair value of the consolidated company's defined benefit plan assets in 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Fair value of the plan assets on January 1	\$ 60,313	54,677
Interest income	904	684
Remeasurement of net defined benefit assets	4,219	5,038
Benefits paid by the plan	<u>(4,170)</u>	<u>(86)</u>
Fair value of the plan assets on December 31	<u><b>\$ 61,266</b></u>	<u><b>60,313</b></u>

(4) Expenses recognized in profit or loss

The details of expenses listed by the consolidated company in 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Current service cost	\$ 572	574
Net interest of net defined benefit assets	<u>(904)</u>	<u>(684)</u>
Subtotal	<u>(332)</u>	<u>(110)</u>
Cost paid during the period	2,400	-
Pension allocations for managers	<u>10,399</u>	<u>-</u>
Total	<u><b>\$ 12,467</b></u>	<u><b>(110)</b></u>

	<u>2025</u>	<u>2024</u>
Administrative expenses	<u><b>\$ 12,467</b></u>	<u><b>(110)</b></u>

(5) Remeasurement of net defined benefit (liability) assets recognized in other comprehensive income

The remeasurement of net defined benefit (liabilities) assets recognized by the consolidated company in other comprehensive income as of December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Accumulated balance on January 1	\$ 7,587	1,938
Recognized in current period	<u>(2,470)</u>	<u>5,649</u>
Accumulated balance on December 31	<u><b>\$ 5,117</b></u>	<u><b>7,587</b></u>

(6) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation by the consolidated company at the end of the financial reporting date are as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Discount rate	1.38%	1.50%
Future salary increase	2.00%	2.00%

The consolidated company expects to pay NT\$0 thousand to the defined benefit plan within one year after the 2025 reporting date.

The weighted average duration of the defined benefit plan is 9.3 years.

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO.,  
LTD. and subsidiaries (continued)**

(7) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2025 and 2024 and the impact on the present value of defined benefit obligations is as follows:

	<b>Effect on defined benefit obligations</b>	
	<b>Increased amount</b>	<b>Decreased amount</b>
December 31, 2025		
Discount rate (changed by 0.25%)	687	(658)
Future salary increase (1.00% change)	2,890	(2,480)
December 31, 2024		
Discount rate (changed by 0.25%)	450	(438)
Future salary increase (1.00% change)	1,852	(1,688)

The above sensitivity analysis analyzes the impact of changes in a single assumption with other assumptions remaining unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the balance sheet.

The methods and assumptions used in the preparation of the sensitivity analysis of the current period are the same as those used in the previous period.

2. Defined contribution plan

The consolidated company's defined contribution plan complies with the Labor Pension Act. An amount equivalent to 6% of the employee's monthly wage is appropriated to the individual labor pension account with the Bureau of Labor Insurance. Under this plan, after appropriating a fixed amount to the Bureau of Labor Insurance, the consolidated company has no legal or constructive obligation to make additional payments.

The consolidated company's pension expense under the defined contribution plan was NT\$16,605 thousand and NT\$14,809 thousand in 2025 and 2024, respectively; also, it had been appropriated to the Bureau of Labor Insurance.

(XII) Income tax

1. Income tax expenditure

The consolidated company's income tax expenses are as follows:

	<b>2025</b>	<b>2024</b>
Current income tax expenditure		
Occurred in the current period	\$ 129,047	49,326
Adjustments to current income tax for prior periods	28,120	(1,057)
	157,167	48,269
Deferred income tax expense (profit)		
Occurrence and reversal of temporary difference	4,804	(220)
Income tax expenditure	<b>\$ 161,971</b>	<b>48,049</b>

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

The relationship between the consolidated company's income tax expenses and net income before tax for 2025 and 2024 is adjusted as follows:

	<b>2025</b>	<b>2024</b>
Net income before tax	<b>\$ 531,955</b>	<b>240,259</b>
Income tax calculated in accordance with the domestic tax rate in the place where each company is located	\$ 105,445	49,480
Non-deductible expenses	6	12
Changes in unrecognized temporary differences	28,540	616
Tax incentives	(3,618)	(981)
Previous low (high) estimate	28,120	(1,057)
Others	3,478	(21)
Total	<b>\$ 161,971</b>	<b>48,049</b>

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

The items that have not been recognized by the consolidated company as deferred income tax assets are as follows:

	<b>2025.12.31</b>	<b>2024.12.31</b>
Deductible temporary difference	<b>\$ 1,454</b>	<b>479</b>

(2) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

	<b>Others</b>
<b>Deferred income tax assets:</b>	
Balance on January 1, 2025	\$ 220
Debited (credited) to income statement	44
Balance on December 31, 2025	<b>\$ 264</b>
Balance on January 1, 2024	\$ -
Debited (credited) to income statement	220
Balance on December 31, 2024	<b>\$ 220</b>
<b>Deferred income tax liabilities:</b>	<b>Fair value gain</b>
Balance on January 1, 2025	\$ -
Debit (credit) income statement	(4,848)
Balance on December 31, 2025	<b>\$ 4,848</b>
Balance on December 31, 2024 (i.e., beginning balance)	<b>\$ -</b>

3. The income tax returns of the Company's profit-seeking business have been audited and approved by the tax authorities up to 2023.

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

(XIII) Capital and other equity

The Company's authorized capital amounted to NT\$800,000 thousand with 80,000 thousand shares issued at NT\$10 par value per share on December 31, 2025 and 2024, respectively. Total shares issued were 69,664 thousand and 65,955 thousand shares, respectively. All payments on the issued shares have been collected.

(Unit: Thousand shares)

	<b>Common stock</b>	
	<b>2025</b>	<b>2024</b>
Opening balance as of January 1	65,955	65,641
Issuance of new restricted employee shares	-	500
Expired new restricted stock award shares issued to employees	(25)	(186)
Conversion of convertible bonds	3,734	-
Closing balance as of December 31	<b>69,664</b>	<b>65,955</b>

1. Issuance and cancellation of common shares

During 2025, the consolidated company issued 3,734 thousand new shares as a result of convertible bondholders exercising their conversion rights. These shares were issued at face value for a total of NT\$37,344 thousand. As of the financial statement release date, 829 thousand shares had been legally registered, and registration for the remaining 2,905 thousand shares was still pending.

Summary of the consolidated company's repurchase and cancellation of restricted employee shares:

<b>Year of cancellation</b>	<b>Number of Shares</b>		<b>Amount Cancelled</b>	<b>Description</b>
	<b>Cancelled</b>	<b>Cancelled</b>		
2024	186	1,854	Note 1	
2025	25	251	Note 2	

Note 1: The legal registration process has been completed.

Note 2: As of December 31, 2025, 4,000 shares remained outstanding, as their legal registration had not yet been completed, while the remainder had been registered.

2. Capital surplus

The balance of the Company's capital reserves is as follows:

	<b>2025.12.31</b>	<b>2024.12.31</b>
Issued stock premium	\$ 1,406,777	662,913
New restricted stock award shares issued to employees	29,822	54,279
Employee stock option	9,457	9,457
Expired stock options	(4,267)	(4,267)
Conversion option embedded in convertible bonds	41,618	155,011
	<b>\$ 1,483,407</b>	<b>877,393</b>

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

Pursuant to the Company Act, capital reserves shall be first used to make up for losses before issuing new shares or cash based on realized capital reserve according to the original shareholding ratio. The realized capital reserve mentioned in the preceding paragraph includes the premium of shares issued in excess of the par value and the income from gifts received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserve for capitalization each year shall not exceed 10% of the paid-in capital.

### 3. Retained earnings

As stipulated in the Company's Articles of Incorporation, if the Company makes a profit in its financial report, it shall first pay tax and make up for past losses, and then appropriate 10% as legal reserve, and shall appropriate or reverse special reserve in accordance with the laws or regulations or the requirements of the competent authorities. If there is still any distributable earnings, the accumulated undistributed earnings of the previous years shall be added up, and the Board of Directors shall prepare a proposal for the distribution of shareholders' dividends and submit it to the shareholders' meeting for resolution.

The Company is currently in the growth stage. The needs for business expansion such as capital expenditures and working capital are taken into account, as well as the steady development of the Company's short, medium and long-term financial structure, while the focus is on the stability and growth of dividends. In accordance with the preceding Article, 20% or more of the distributable earnings as stated in the annual financial statements shall be set aside for dividend distribution. However, if the accumulated unappropriated earnings of prior years are less than 30% of the paid-in capital, the Company may propose not to distribute such earnings. When the Company distributes stock dividends and cash dividends at the same time, the cash dividends shall not be less than 20% of the total dividends to shareholders for the year.

#### (1) Legal reserve

When the Company has no losses, the shareholders' meeting may resolve to issue new shares or cash from the legal reserve, provided that such reserve exceeds 25% of the paid-in capital.

#### (2) Special reserve

According to regulations from the Financial Supervisory Commission, when the Company distributes distributable profits, it must appropriate an amount equal to the net decrease in other shareholders' equity for the year from current period earnings and prior years' unappropriated earnings to a special reserve. If the decrease in other shareholders' equity accumulated in prior years, an equivalent amount must be set aside from prior years' unappropriated earnings and will not be distributed. When other shareholders' equity deductions are reversed, earnings may be distributed proportionally to the amount of the reversal.

#### (3) Profit distribution

The 2024 and 2023 earnings distribution proposals were resolved in the general shareholders' meetings on June 11, 2025 and June 26, 2024. The dividends distributed to the shareholders are as follows:

	2024		2023	
	Stock dividend rate (NTD)	Amount	Stock dividend rate (NTD)	Amount
Dividends distributed to common stock shareholders:				
Cash	\$ 1.50	98,933	0.50	32,984
Cash-Capital surplus	-	-	0.50	32,984
Total		<b>\$ 98,933</b>		<b>65,968</b>

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

The amount of cash dividends for the 2025 earnings distribution proposal was proposed by the Board of Directors on March 9, 2026. The amount of dividends distributed to the shareholders is as follows:

	<b>2025</b>	
	<b>Stock dividend rate (NTD)</b>	<b>Amount</b>
Dividends distributed to common stock shareholders:		
Cash in hand	\$ 2.50	174,161

4. Treasury stocks

In accordance with Article 28-2 of the Securities and Exchange Act and the "Regulations Governing the Repurchase of Shares by Public Companies," the Company resolved at a board meeting on April 10, 2025, to repurchase its own shares for transfer to employees. A total of 23,000 shares were repurchased for a total of NT\$2,576 thousand.

According to the Securities and Exchange Act, treasury stock held by the Company may not be pledged and does not confer shareholder rights until transferred.

(XIV) Share-based payment transactions

1. On June 2, 2023, the Company's annual shareholders' meeting resolved to issue 500 thousand Restricted Stock Awards (RSA). The recipients of the new shares are limited to the Company's full-time employees who meet specific conditions. It has been declared with the Securities and Futures Bureau of the Financial Supervisory Commission and went into effect. It was fully issued on January 22, 2024 as resolved by the board of directors. The capital increase base date was February 25, 2024. The fair value on the grant date was NT\$84,000 thousand, determined based on the closing price of NT\$168 per share on the grant date on February 25, 2024, which was used as the fair value for share-based payment recognition.

Employees who are allocated the above-mentioned restricted stock award and have continuously worked for the Company for one, two and three years from the date of subscription receive 30%, 30% and 40% of the shares allocated to them, respectively. After the employee subscribes for the new shares, but before the vesting conditions are met, they must be transferred to an institution designated by the Company for custody and may not be sold, pledged, transferred, gifted or otherwise disposed of; during the period of the consignment to the trust, the voting rights of the shareholders' meeting shall be kept by the trust Institutions who shall implement these in accordance with the relevant laws and regulations. If an employee is not eligible for the vested conditions after the new shares are subscribed, the shares shall be repurchased by the Company at the issue price in full and written off.

Relevant information of the consolidated company's Restricted Stock Awards (RSA):

	Unit: Thousand shares	
	<b>2025</b>	<b>2024</b>
Outstanding quantity as of January 1	487	173
Quantity given in current period	-	500
Quantity vested in this period	(137)	-
Expected quantity for cancellation	(4)	(8)
Quantity lost in the current period	(21)	(178)
Outstanding quantity as of December 31	<b>325</b>	<b>487</b>

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

2. Employee expenses

The consolidated company's employee expenses arising from the share-based payment are as follows:

	2025	2024
Restricted Stock Awards (RSA)	\$ 18,711	21,100

(XV) Earnings per share

The consolidated company's basic earnings per share and diluted earnings per share are calculated as follows:

	2025	2024
<b>Basic earnings per share</b>		
Net profit attributable to the Company's common stock shareholders	\$ 369,984	192,210
Weighted average number of outstanding common stock (shares in thousands)	66,193	65,468
Basic earnings per share (NT\$)	\$ 5.59	2.94
<b>Diluted earnings per share</b>		
Current net income attributable to the Company	\$ 369,984	192,210
Effect of potentially dilutive ordinary shares		
After-tax effects of interest expense and valuation changes on convertible bonds	\$ 9,506	(Note)
Net income attributable to the Company's common stock shareholders (adjusted for the potential dilutive effect of common stock shares)	\$ 379,490	192,210
Weighted average number of outstanding common stock (shares in thousands)	66,193	65,468
Effect of potentially dilutive ordinary shares		
Restricted Stock Awards (RSA) (thousand shares)	368	467
Effect of employee stock compensation (thousand shares)	102	76
Impact of convertible bonds	4,863	(Note)
Weighted average number of outstanding common shares (after adjustment for potential dilutive effect of common shares) (thousand shares)	71,526	66,011
Diluted earnings per share (NT\$)	\$ 5.31	2.91

Note: The convertible bonds were excluded from the calculation of diluted earnings per share as they had an anti-dilutive effect.

(XVI) Revenue from customer contracts

1. Breakdown of Revenue

	2025	2024
Key regional markets:		
Asia	\$ 892,555	851,045
Americas	1,155,660	839,016
Europe	316,410	158,435
Africa	13,913	15,130
Others	54,387	60,872
	\$ 2,432,925	1,924,498

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

	2025	2024	
Main product/service lines:			
Steel ball guide rails	\$ 2,365,331	1,849,810	
Others	67,594	74,688	
	<b>\$ 2,432,925</b>	<b>1,924,498</b>	
2. Contract balance			
	<b>2025.12.31</b>	<b>2024.12.31</b>	<b>2024.1.1</b>
Notes receivable	\$ 3,110	4,031	3,597
Accounts receivable	534,389	437,439	297,908
Less: Loss allowance	(1,095)	(5,465)	(4,888)
Total	<b>\$ 536,404</b>	<b>436,005</b>	<b>296,617</b>

Please refer to Note 6(3) for the disclosure of accounts receivable and its impairment.

(XVII) Remuneration to employees and directors

The Company's articles of incorporation were amended by a resolution of the shareholders' meeting on June 11, 2025. According to the amended articles of incorporation, if the Company generates a profit in a given year, the Board of Directors has resolved to allocate no less than 2% to employee remuneration, no less than 1% to rank-and-file employee remuneration, and no more than 3% to director remuneration. However, if the Company still has accumulated losses, the amount shall be reserved in advance to offset the losses. Employee remuneration, including that for rank-and-file employees, may be distributed in stock or cash, as authorized by the Board of Directors. Pursuant to the Company's Articles of Incorporation prior to amendment, if there is profit in the year, no less than 3% of the profit shall be appropriated as remuneration to employees and no more than 3% as remuneration to directors. However, if the Company still has accumulated losses, the amount shall be reserved in advance to offset the losses. The employees' remuneration referred to in the preceding paragraph may be paid in the form of shares or cash, and the Board of Directors is authorized to make a resolution on this matter.

The Company's estimated employee remuneration and rank-and-file remuneration for 2025 and 2024 totaled NT\$28,867 thousand and NT\$12,975 thousand, respectively. Estimated director remuneration was NT\$17,321 thousand and NT\$7,785 thousand, respectively. These are derived by taking the amount of the net income before tax before deducting the remuneration of employees and directors for the period, and multiplied by the share allocation of the remuneration of employees and directors as stipulated in the Articles of Incorporation of the Company as the basis for calculation, which is listed as operating costs or operating expenses for each period. If the actual disbursement for the following year differs from the estimated amount the difference is treated as a change in accounting estimate and recognized in profit or loss for that year.

The amount of remuneration distributed to employees and directors as resolved by the above-mentioned board meeting is no different from the estimated amount in the Company's 2025 and 2024 consolidated financial statements. Relevant information is available on the Market Observation Post System (MOPS).

(XVIII) Non-operating income and expenses

1. Interest income

The interest income of the consolidated company is detailed as follows:

	2025	2024
Interest on bank deposits	<b>\$ 14,978</b>	<b>11,416</b>

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO.,  
LTD. and subsidiaries (continued)**

2. Other income

The consolidated company's other income is detailed as follows:

	<u>2025</u>	<u>2024</u>
Rental income	\$ 2,935	3,051
Government subsidy revenue	15,887	-
Others	<u>13,663</u>	<u>15,948</u>
Total other income	<u><u>\$ 32,485</u></u>	<u><u>18,999</u></u>

3. Other gains and losses

The consolidated company's other gains and losses are detailed as follows:

	<u>2025</u>	<u>2024</u>
Gains from the disposal of property, plant and equipment	\$ 3,438	507
Foreign exchange gain (loss)	(9,540)	38,887
Net gain on financial assets at fair value through profit or loss	25,606	2,908
Net gain of financial liabilities at fair value through profit or loss	8,417	70
Impairment loss on property, plant and equipment	-	(7,720)
Other gains and losses	<u>(372)</u>	<u>56</u>
Other gains and losses, net	<u><u>\$ 27,549</u></u>	<u><u>34,708</u></u>

The consolidated company recognized an impairment loss of NT\$7,720 thousand for the year ended December 31, 2024. Please refer to Note 6(5) for details.

4. Financial cost

The consolidated company's financial costs are detailed as follows:

	<u>2025</u>	<u>2024</u>
Interest on bank borrowings	\$ 7,679	(21,392)
Interest on lease liabilities	(1,350)	(2,785)
Amortized interest expense on convertible bonds issued at a discount	(18,405)	(4,065)
Others	<u>(6)</u>	<u>(28)</u>
Net finance cost	<u><u>\$ 27,440</u></u>	<u><u>(28,270)</u></u>

(XIX) Financial instruments

1. Credit risk

(1) Credit risk exposure amount

The book value of financial assets and contract assets represent the maximum credit risk exposure amount.

(2) Concentration of credit risk

As the consolidated company has a broad customer base and does not conduct transactions with a single customer significantly and has dispersed sales regions, the credit risk of accounts receivable does not have significant concentration. For the objective of lowering credit risk, the consolidated company regularly assesses the financial position of its customers. However, customers are not required to provide collateral.

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

### 2. Liquidity risk

The following table shows the contractual maturity dates of financial liabilities, including the effect of estimated interest.

	Book value	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
<b>December 31, 2025</b>							
Non-derivative financial liabilities							
Notes payable	\$ 858	858	858	-	-	-	-
Accounts payable	184,763	184,763	184,763	-	-	-	-
Accounts payable - related parties	56,396	56,396	56,396	-	-	-	-
Other payables	59,473	59,473	59,473	-	-	-	-
Lease liabilities	53,123	54,100	16,176	16,153	16,378	5,393	-
Long-term borrowings (including those due within one year)	360,934	377,637	61,171	60,662	56,513	199,291	-
Bonds payable	307,864	330,998	3,359	3,396	324,243	-	-
	<b>\$ 1,023,411</b>	<b>1,064,225</b>	<b>382,196</b>	<b>80,211</b>	<b>397,134</b>	<b>204,684</b>	-
<b>December 31, 2024</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 116,600	118,605	118,605	-	-	-	-
Notes payable	50	50	50	-	-	-	-
Accounts payable	114,333	114,333	114,333	-	-	-	-
Accounts payable - related parties	89,717	89,717	89,717	-	-	-	-
Other payables	52,337	52,337	52,337	-	-	-	-
Lease liabilities	99,240	101,602	30,300	16,485	32,734	22,083	-
Long-term borrowings (including those due within one year)	151,974	155,053	32,992	38,457	74,985	8,619	-
Bonds payable	944,165	1,056,671	9,757	9,860	20,034	1,017,020	-
	<b>\$ 1,568,416</b>	<b>1,688,368</b>	<b>448,091</b>	<b>64,802</b>	<b>127,753</b>	<b>1,047,722</b>	-

The consolidated company does not expect the cash flow analysis on the maturity date will be significantly early or the actual amount will be significantly different.

### 3. Exchange rate risk

#### (1) Exchange rate risk exposure

The financial assets and liabilities of the consolidated company exposed to significant foreign exchange rate risk are as follows:

		2025.12.31				Amount: NTD Thousand 2024.12.31			
	Foreign currency	Exchange rate (NTD)	Exchange rate (NTD)	NTD	Foreign currency	Exchange rate (NTD)	Exchange rate (NTD)	NTD	
<u>Financial assets</u>									
<u>Monetary assets</u>									
USD	\$	33,243 USD/NTD =	31,419	1,044,462	17,388 USD/NTD =	32,785	32,785	570,066	
USD: VND		547,233 USD/VND =	26,375.979	17,292	242,869 USD/VND =	25,200.993	25,200.993	7,742	
<u>Financial liabilities</u>									
<u>Monetary liabilities</u>									
USD		7,150 USD/NTD =	31,419	224,646	2,238 USD/NTD =	32,785	32,785	73,373	

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

The exchange rate risk of the consolidated company's monetary accounts mainly comes from the foreign currency exchange gains and losses arise during the translation of the cash and cash equivalents, accounts receivable and accounts payable - related parties, denominated in foreign currencies. For the years 2025 and 2024, when the value of NTD depreciated or appreciated by 1% against USD, and all other factors remained unchanged, the 2025 and 2024 net income before tax would increase or decrease by NT\$8,371 thousand and NT\$5,044 thousand, respectively. The analysis of two terms is based on the same basis.

The consolidated company discloses the exchange gain or loss of monetary items in a summarized manner. The foreign currency exchange gain or loss (including realized and unrealized) for 2025 and 2024 were NT\$(9,531) thousand and NT\$38,887 thousand, respectively.

### (2) Interest rate risk

The interest rate exposure of the consolidated company's financial assets and financial liabilities is described in the liquidity risk management of this note.

The following sensitivity analysis is based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of liabilities with floating interest rates is based on the assumption that the amount of liabilities outstanding on the reporting date has been outstanding throughout the year. The rate of change used in the consolidated company's internal reporting of interest rates to key management is an increase or decrease of 1%, which also represents management's assessment of the reasonably possible range of interest rates.

If the interest rate increases or decreases by 1%, and all other variables remain unchanged, the net income before tax of the consolidated company for 2025 and 2024 will decrease or increase by NT\$3,609 thousand and NT\$1,675 thousand, respectively. This is mainly due to the variable interest rate borrowings of the consolidated company.

## 4. Fair value information

### (1) Type and fair value of financial instruments

Financial assets and liabilities measured at fair value through profit or loss are measured at fair value on a repetitive basis. The book value and fair value of various financial assets and financial liabilities (including fair value hierarchy information, but the book value of the financial instrument not measured at fair value is a reasonable approximation of the fair value and lease liabilities, and there is no need to disclose the fair value information according to the regulations) is shown as follows:

	2025.12.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets	\$ 4,891	-	4,891	-	4,891
Derivative financial assets	23,984	-	23,984	-	23,984
Embedded derivative instruments associated with convertible bonds	2,375	-	2,375	-	2,375
Subtotal	<b>\$ 31,250</b>	<b>-</b>	<b>31,250</b>	<b>-</b>	<b>31,250</b>
Financial liabilities at fair value through profit or loss					
Embedded derivative instruments associated with convertible bonds	\$ 63	-	63	-	63

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

	2024.12.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets	\$ 4,815	-	4,815	-	4,815
Embedded derivative instruments associated with convertible bonds	2,720	-	2,720	-	2,720
Subtotal	<u>\$ 7,535</u>	<u>-</u>	<u>7,535</u>	<u>-</u>	<u>7,535</u>
Financial liabilities at fair value through profit or loss					
Embedded derivative instruments associated with convertible bonds	<u>\$ 6,930</u>	<u>-</u>	<u>6,930</u>	<u>-</u>	<u>6,930</u>

(2) Valuation technique for the fair value of financial instruments measured at fair value

(2.1) Non-derivative financial instruments

If there is a quoted market price for the financial instrument, the quoted price on the active market is used as the fair value. The market prices announced by major exchanges and by TPEX for central government bonds that are determined to be popular are the basis for the fair value of TWSE/TPEX-listed equity instruments and debt instruments with open quotations on the active market.

If open quotations of financial instruments can be obtained in a timely manner from exchanges, brokers, underwriters, industrial associations, pricing service institutions or competent authorities, and the prices represent actual and frequently occurring fair market transactions, then the financial instruments have open quotations in the active market. If the above conditions are not met, the market is deemed inactive. Generally speaking, a large spread of the bid-ask spread, a significant increase in the spread of the bid-ask price, or a low trading volume are indicators of an inactive market.

Except for the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained through evaluation technology or by referring to the quotations of the counterparties. The fair value obtained through the evaluation technology can be based on the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method or other evaluation technology, including the value obtained by applying the model to the market information available on the consolidated reporting date.

(2.2) Non-derivative financial instruments

The valuation is based on the valuation models widely accepted by the market users, such as the discount method and the option pricing model. Forward exchange contracts are usually evaluated based on the current forward exchange rate. Structured interest rate derivative financial instruments are based on an appropriate option pricing model (such as the Black-Scholes model) or other evaluation methods, such as Monte Carlo simulation.

(XX) Financial risk management

1. Summary

The consolidated company is exposed to the following risks due to the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

The consolidated company's risk exposure information and the objectives, policies and procedures of the consolidated company's risk measurement and management are disclosed in the notes. Please refer to the notes to the consolidated financial statements for further quantitative disclosure.

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

### 2. Risk management framework

The Board of Directors is solely responsible for establishing and supervising the risk management framework of the consolidated company. The Board of Directors has established a Risk Management Committee to be responsible for developing and controlling the risk management policies of the consolidated company, and to report its operations to the Board of Directors on a regular basis.

The consolidated company's risk management policies are established to identify and analyze the risks faced by the consolidated company, to set appropriate risk limits and controls, and to monitor risks and the compliance of risk limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the operation of the consolidated company. The consolidated company develops a disciplined and constructive controlled environment through training, management guidelines, and operating procedures so that all employees understand their roles and obligations.

Monitor the compliance of the consolidated company's risk management policies and procedures, and review the adequacy of the consolidated company's relevant risk management framework for the risks faced. The internal auditors assist the consolidated company's Audit Committee to play a supervisory role. These personnel conduct regular and ad hoc reviews of risk management controls and procedures, and report the results of the review to the Audit Committee.

### 3. Credit risk

Credit risk is the risk of financial loss resulting from the failure of the consolidated company's customers or financial instrument trading counterparts to perform contractual obligations, which mainly comes from the consolidated company's accounts receivable from customers and securities investment.

#### (1) Accounts receivable and other receivables

The consolidated company has established a credit policy. According to the policy, before granting standard payment and shipping terms and conditions, the consolidated company shall analyze the credit rating of each new customer and establish an individual credit limit to control the credit risk.

#### (2) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the consolidated company's finance department. Since the counterparties of the consolidated company are banks with good credit ratings and there is no significant performance doubts, there is no significant credit risk.

### 4. Liquidity risk

Liquidity risk is the risk that the consolidated company cannot deliver cash or other financial assets to settle financial liabilities and fail to fulfill related obligations. The consolidated company manages liquidity by ensuring that, as far as possible, under normal and stressed circumstances, the consolidated company has sufficient working capital to cover liabilities as they fall due, without causing unacceptable losses or risk of damage to the consolidated company's reputation.

The consolidated company manages and maintains sufficient cash and cash equivalents to fund its operations and mitigate the impact of cash flow fluctuations. The consolidated company's management supervises the use of the bank's financing facilities and ensures compliance with the terms of the loan contract.

Bank borrowings are an important source of liquidity to the consolidated company. As of December 31, 2025 and 2024, the consolidated company's unused short-term bank facilities amounted to NT\$1,457,284 thousand and NT\$972,960 thousand, respectively.

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

### 5. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates, and equity instrument price changes, which will affect the consolidated company's income or the value of financial instruments. The objective of market risk management is to control market risk exposure within the tolerable range and to optimize investment returns.

#### (1) Exchange rate risk

The consolidated company is exposed to the exchange rate risk generated by the sales transactions denominated in non-functional currency. The functional currency of the consolidated company is mainly NTD, and also includes USD and VND. These transactions are mainly denominated in the currencies of NTD, CNY, USD, and VND.

The consolidated company uses USD forward contracts to balance accounts receivable denominated in USD to reduce the risk of valuation loss of USD accounts receivable due to exchange rate fluctuations.

#### (XXI) Capital management

The objectives of the consolidated company's capital management are to ensure the ability to continue as a going concern, to continuously provide shareholder returns and other benefits for stakeholders, and to maintain the optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the consolidated company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to pay off liabilities.

The consolidated company manages capital based on the debt capital ratio. The said ratio is net debt divided by total capital. Net liabilities are the total liabilities shown in the balance sheet less cash and cash equivalents. Total capital is all of the equity (i.e. share capital, capital reserve, retained earnings and other equity) plus net liabilities.

The debt capital ratios as of December 31, 2025 and 2024 are as follows:

	<b>2025.12.31</b>	<b>2024.12.31</b>
Total liabilities	\$ 1,242,832	1,709,770
Less: Cash and cash equivalents	(467,172)	(322,082)
Net liabilities	<b>\$ 775,660</b>	<b>1,387,688</b>
Total equity	\$ 3,143,654	2,230,979
Total capital	<b>\$ 3,919,314</b>	<b>3,618,667</b>
Debt capital ratio	<b>19.79%</b>	<b>38.35%</b>

#### (XXII) Investment and financing activities of non-cash transactions

The non-cash transaction investment and fund-raising activities of the consolidated company in 2025 and 2024 are as follows:

1. For the right-of-use assets acquired by lease, please refer to Note 6(6).
2. The adjustment of liabilities from financing activities is as follows:

	<b>2025.1.1</b>	<b>Cash flow</b>	<b>Non-cash changes</b>		<b>2025.12.31</b>
			<b>New Lease Agreements</b>	<b>Others</b>	
Long-term borrowings	\$ 151,974	208,960	-	-	360,934
Short-term borrowings	116,600	(116,600)	-	-	-
Lease liabilities	99,240	(44,179)	394	(2,332)	53,123
Bonds payable	944,165	(8,598)	-	(627,703)	307,864
Total liabilities from financing activities	<b>\$ 1,311,979</b>	<b>39,583</b>	<b>394</b>	<b>(630,035)</b>	<b>721,921</b>

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

	2024.1.1	Cash flow	Non-cash changes		2024.12.31
			New Lease Agreements	Others	
Long-term borrowings	\$ 837,828	(685,854)	-	-	151,974
Short-term borrowings	418,690	(302,090)	-	-	116,600
Lease liabilities	49,380	(285,036)	334,609	287	99,240
Bonds payable	-	1,099,415	-	(155,250)	944,165
Total liabilities from financing activities	<u>\$ 1,305,898</u>	<u>(173,565)</u>	<u>334,609</u>	<u>(154,963)</u>	<u>1,311,979</u>

**VII. Related party transactions**

(I) Name of related party and relationship

The related parties who have transactions with the consolidated company during the period of the consolidated financial statements are as follows:

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Chin-Lan Li	Chairman of the Company
Hsin-Cheng Wu	Director of the Company
Jen-Shan Wu	President of the Company
Suzhou Repon Industrial Co., Ltd. (hereinafter referred to as "Suzhou Repon")	Its chairman is the same as the chairman of the Company
SHERN DAR INDUSTRIAL CORP. (hereinafter referred to as Shern Dar Industrial)	Its Chairman is a second-degree relative of the Chairman of the Company
UNITED FORTUNE INVESTMENT LIMITED COMPANY	Its Chairman is the same as the President of the Company

(II) Significant transactions with related parties

1. Purchase of goods

The consolidated company's purchase amount to the related party is as follows:

	2025	2024
Other related party- Suzhou Repon	\$ 215,401	218,756
Other related party	30,790	41,249
	<u>\$ 246,191</u>	<u>260,005</u>

The consolidated company does not purchase the same type of products from other suppliers, so the purchase price from the related party is not comparable to that of general suppliers, and the payment term is 60 to 90 days, which is not significantly different from that of general suppliers.

2. Leases

The consolidated company leased buildings and land from other related parties in January 2024, and with reference to the rent and land prices in the neighborhood, a three-year lease contract was signed with a total contract value of NT\$27,360 thousand and a deposit of NT\$2,040 thousand was paid and was accounted for under "other non-current assets." The consolidated company recognized interest expenses of NT\$265 thousand and NT\$440 thousand for the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the consolidated company's lease liability balances amounted to NT\$9,155 thousand and NT\$18,010 thousand, respectively.

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

In 2024, the Company entered into a three-year lease agreement with a key management personnel for the lease of the Yunlin Beigang Plant. The contract value was NT\$1,800 thousand, based on prevailing market rental rates and land values in the vicinity. The consolidated company recognized interest expenses of NT\$17 thousand and NT\$29 thousand for the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the consolidated company's lease liability balances amounted to NT\$595 thousand and NT\$1,177 thousand, respectively.

3. Endorsements and guarantees

The consolidated company's borrowings from financial institutions in 2025 and 2024 were jointly guaranteed by the key management personnel of the consolidated company in accordance with the requirements of some borrowing agreements.

4. Payables to related parties

<u>Presentation item</u>	<u>Category of related party</u>	<u>2025.12.31</u>	<u>2024.12.31</u>
Accounts payable	Other related party - Suzhou Repon	\$ 50,295	80,751
Accounts payable	Other related party	6,101	8,966
		<u>\$ 56,396</u>	<u>89,717</u>

5. Property transactions

The consolidated company purchased equipment and mold equipment from other related parties, and the transaction details are as follows:

	<u>2025</u>	<u>2024</u>
Purchase of equipment and mold materials	<u>\$ 341</u>	<u>20,086</u>
Development was completed and the asset was reclassified as fixed assets.	<u>\$ 17,284</u>	<u>4,826</u>
	<u>2025.12.31</u>	<u>2024.12.31</u>
Balance of unfinished construction and equipment to be inspected	<u>\$ 84</u>	<u>17,057</u>

6. Other

On November 7, 2025, the consolidated company's Board of Directors approved the acquisition of land and a plant located at No. 38, Ke-gong 7th Rd., Douliou City, Yunlin County from UNITED FORTUNE INVESTMENT, a related party, for use in the production of the Yunlin County Third Plant. The acquisition price was NT\$386,000 thousand (before tax). As of December 31, 2025, NT\$19,300 thousand (before tax) had been paid as a contract deposit and is listed under "Other current assets."

(III) Key management personnel transactions

Remuneration to key management personnel includes:

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 31,463	23,264
Post-employment benefits	2,796	108
	<u>\$ 34,259</u>	<u>23,372</u>

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

**VIII. Pledged assets**

The book value of the consolidated company's pledged assets is as follows:

<u>Mortgage and pledge of assets</u>	<u>Subject matter of guarantee</u>	<u>2025.12.31</u>	<u>2024.12.31</u>
Other current assets	Option margin	\$ 6,986	3,807
Other current assets	Restricted grants	-	3,605
Other current assets	Letter of guarantee for technical cooperation	14,493	3,612
Other current assets	Performance guarantee deposit	-	3,600
Land, buildings and structures	Collateral for bank loans and bonds	2,057,938	2,089,093
		<u>\$ 2,079,417</u>	<u>2,103,717</u>

**IX. Significant contingent liabilities and unrecognized contractual commitments**

(I) Significant unrecognized contractual commitments:

As of December 31, 2025 and 2024, the unrecognized contractual commitments of the consolidated company for the acquisition of property, plant and equipment before tax amounted to NT\$392,070 thousand and NT\$17,491 thousand, respectively.

(II) As of December 31, 2025 and 2024, the consolidated company had unused letters of credit for NT\$92,716 thousand and NT\$64,040 thousand, respectively, for the purchase of raw materials.

(III) The amount of the guaranteed deposit/guarantee notes issued by the consolidated company to purchase goods from the vendor amounted to NT\$12,500 thousand as of December 31, 2025 and 2024.

**X. Losses due to major disasters: None.**

**XI. Material events after the reporting period**

(I) On November 7, 2025, the Company's Board of Directors approved the acquisition of land and a plant located at No. 38, Ke-gong 7th Rd., Douliou City, Yunlin County from UNITED FORTUNE INVESTMENT, a related party, for use in the production of the Yunlin County Third Plant. The acquisition price was NT\$386,000 thousand (before tax). The transfer of ownership was completed in February 2026, and the plant's lease was terminated. In addition, the consolidated company obtained the solar power generation equipment located on the roof of the plant following a resolution by the Board of Directors on February 2, 2026. The estimated purchase price is NT\$12,849 thousand (before tax).

(II) The Company has its headquarters office in the north. On February 2, 2026, the Board of Directors approved the acquisition of the 19th floor of the Joyes CBD project in Taoyuan City for future headquarters use at a purchase price of NT\$350,750 thousand.

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

**XII. Others**

(I) The employee benefits, depreciation and amortization expenses are summarized by function as follows:

Function Nature	2025			2024		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense						
Salary expenses	274,487	117,351	391,838	241,456	107,654	349,110
Labor and national health insurance expenses	32,020	10,118	42,138	28,197	9,155	37,352
Pension expense	10,760	18,312	29,072	10,048	4,651	14,699
Other employee benefit expenses	11,784	9,832	21,616	10,173	3,400	13,573
Remuneration to directors	-	20,440	20,440	-	15,153	15,153
Depreciation expense	100,199	38,010	138,209	75,557	39,543	115,100
Amortization expense	1,060	4,225	5,285	410	3,454	3,864

**XIII. Disclosures in notes**

(I) Information on significant transactions: None.

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the consolidated company shall further disclose the relevant information of the material transactions in 2025 as follows:

1. Loans to others: None.
2. Endorsements/guarantees for others: None.
3. Significant securities held at the end of the period (excluding investments in subsidiaries, affiliated companies, and joint venture equity interests):

Companies in possession	Type and name of marketable securities	Relationship with the securities issuer	Presentation account	Ending period				Highest shareholding ratio or capital contribution during the period	Remarks
				Number of shares	Book value	Shareholding ratio	Fair value		
SUZHOU NAN JUEN TRADE CO., LTD	Bank of China's cumulative - Daily wealth management products	-	Financial assets measured at fair value through profit or loss- Current	-	4,891	100.00%	4,891	-	

4. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Purchasing/Selling company	Name of trading counterpart	Relationship	Trading details				Differences in trading terms compared to general trading and reasons thereof		Notes and accounts receivable (payable)		Remarks
			Purchase (sale) amount	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Suzhou Repon Industrial Co., Ltd.	Other related party	Purchase of goods	146,883	12.39 %	Monthly settlement 60-90 days	-	-	(30,095)	12.44%	

5. Receivables from related parties amounting to NT\$100 million or more than 20% of the paid-in capital: None.

## Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)

### 6. Business relationships and important transactions between the parent company and its subsidiaries:

No.	Name of counterparty	Counterparty	Relationship with the counterparty	Nature of transactions			
				Item	Amount	Transaction terms	As a percentage of consolidated total operating revenue or total assets
0	The Company	REPON (USA), INC.	1	Sales revenue	41,325	60 days after the commencement date	1.70%
0	The Company	REPON (USA), INC.	1	Accounts receivable	11,501	60 days after the commencement date	0.26%
0	The Company	REPON TECH (VIETNAM)..	1	Sales revenue	64,634	Monthly settlement 60 days	2.66%
0	The Company	REPON TECH (VIETNAM)..	1	Accounts receivable	10,918	Monthly settlement 60 days	0.25%
0	The Company	REPON TECH (VIETNAM)..	1	Purchase of goods	177,215	Monthly settlement 60 days	7.28%
0	The Company	REPON TECH (VIETNAM)..	1	Accounts payable	46,483	Monthly settlement 60 days	1.06%

Note 1. The method of filling in the serial number is as follows:

"1.0" represents the parent company.

2. Subsidiaries are numbered sequentially starting from 1 according to the company type.

Note 2. The relationship with the counterparty is indicated as follows:

1. Parent company to subsidiary

2. Subsidiary to parent company

3. Subsidiary to subsidiary

Note 3. Disclosures are made if the amount of such account accounts for more than 1% of the consolidated total assets and the profit and loss account accounts for more than 1% of the consolidated total revenue.

Note 4. The above transactions have been eliminated when preparing the consolidated financial statements.

### (II) Information on investees:

Information on the consolidated company's reinvestment in 2025 is as follows (excluding the investee in Mainland China):

Unit: Thousand shares

Name of Investment Company	Name of investee	Location of the area	Main business items	Initial investment amount		Held at end of period			Highest shareholding ratio or capital contribution during the period	Investee profit or loss for the period	Investment gains and losses recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio	Book value				
The Company	REPON (USA), INC.	US	Sale of steel ball guide rails	(USD 500)	(USD 500)	1	100.00%	26,051	100.00%	4,099	5,461	Note
The Company	REPON TECH (VIETNAM)..	Vietnam	Manufacture and sale of steel ball guide rails	418,874 (USD13,066)	338,439 (USD10,500)	1	100.00%	360,292	100.00%	(9,013)	(7,274)	Note

Note: The above transactions have been written off when the consolidated financial statements are prepared.

### (III) Mainland China Investment Information:

#### 1. Information on investments in Mainland China:

Name of investee company in Mainland China	Main business items	Paid-in capital	Investment method (Note 2)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Investment amount remitted or recovered in the current period		Accumulated investment amount remitted from Taiwan at the end of the period	Investee profit or loss for the period	The Company's shareholding ratio in direct or indirect investments	Highest shareholding ratio or capital contribution during the period	Investment gains and losses recognized in the current period	Book value of investment at the end of the period	Repatriated investment income up to the current period
					Remitted	Withdrawal							
SUZHOU NAN JUEN TRADE CO., LTD	Sale of steel ball guide rails	15,500 (USD 500)	(I)	15,500 (USD 500)	-	-	15,500 (USD 500)	1,250	100.00%	100.00%	1,250	4,235	-

Note 1: Note: The above transactions have been written off when the consolidated financial statements are prepared.

Note 2: There are three types of investment:

(I) Direct investment in Mainland China.

(II) Reinvestment in Mainland China companies is carried out through companies set up in third regions.

(III) By any other means.

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

2. Limit of investment in Mainland China:

Accumulated amount of remittance from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	The limit on investment in Mainland China stipulated by the Investment Commission of the Ministry of Economic Affairs
15,500 (USD 500 thousand)	94,200 (USD 3,000 thousand)	1,886,192

3. Material transactions:

Please refer to the "Information on significant transactions" for significant transactions between the consolidated company and its investees in China, directly or indirectly, from January 1 to December 31, 2025, which were written off during the preparation of the consolidated report.

**XIV. Segment Information**

(I) General information

The consolidated company is engaged in the business of manufacturing and selling steel ball slide rails, and there is no division of important industrial departments. Therefore, the operating decision-maker of the Company believes that the consolidated company has only a single operating department.

(II) Information on the profit and loss, assets and liabilities of the reportable segment and their measurement basis and adjustments

The information on segment income, segment assets and segment liabilities of the consolidated company is consistent with the financial report. Please refer to the balance sheet and comprehensive income statement.

(III) Product and labor information

Revenue from external customers:

<u>Name of product and service</u>	<u>2025</u>	<u>2024</u>
Steel ball guide rails	\$ 2,365,331	1,849,810
Others	67,594	74,688
Total	<u>\$ 2,432,925</u>	<u>1,924,498</u>

(IV) Information by Region

The geographical information of the consolidated company is as follows. Revenue is classified based on the geographical location of the customers, and non-current assets are classified based on the geographical location of the assets.

Please refer to Note 6(16) for the information on the source of the consolidated company's income from external customers.

Non-current assets:

<u>Region</u>	<u>2025.12.31</u>	<u>2024.12.31</u>
Taiwan	\$ 2,446,569	2,472,206
Vietnam	330,501	349,198
United States	1,727	2,402
China	269	315
Total	<u>\$ 2,779,066</u>	<u>2,824,121</u>

Non-current assets include property, plant and equipment, intangible assets and other non-current assets, but exclude financial assets, post-employment benefit assets and deferred income tax assets.

**Notes to the consolidated financial statements of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries (continued)**

(V) Information on major customers

The consolidated company did not have any customers that met the disclosure criteria for 2025.

<u>Customer name</u>	<u>2024</u>
Customer A	<u>\$ 201,301</u>