

**KENTURN NANO. TEC. CO., LTD.****Financial Statements****With Independent Auditors' Review Report  
For the Six Months Ended June 30, 2025 and 2024**

Address: No.16, East 7 Rd. Chang-Bin Industrial Park, Changhua, Taiwan (R.O.C.)  
Telephone: 886-4-791-0271

The independent auditors' review report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and financial statements, the Chinese version shall prevail.

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	10
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	11~30
(7) Related-party transactions	30
(8) Pledged assets	30
(9) Commitments and contingencies	31
(10) Losses due to major disasters	31
(11) Subsequent Events	31
(12) Other	31
(13) Other disclosures	
(a) Information on significant transactions	32
(b) Information on investees	32
(c) Information on investment in Mainland China	32
(14) Segment information	32



安侯建業聯合會計師事務所  
KPMG

台中市407544西屯區文心路二段201號7樓  
7F, No.201, Sec.2, Wenxin Road,  
Taichung City 407059, Taiwan (R.O.C.)

電話 Tel +886 4 2415 9168  
傳真 Fax +886 4 2259 0196  
網址 Web kpmg.com/tw

## Independent Auditors' Review Report

To the Board of Directors of Kenturn Nano. Tec. Co., Ltd.:

### Introduction

We have reviewed the accompanying balance sheets of Kenturn Nano. Tec. Co., Ltd. as of June 30, 2025 and 2024, and the related statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, as well as the changes in equity and cash flows for the six months ended June 30, 2025 and 2024, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our reviews.

### Scope of Review

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

### Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of Kenturn Nano. Tec. Co., Ltd. as of June 30, 2025 and 2024, and of its financial performance for the three months and six months ended June 30, 2025 and 2024, as well as its cash flows for the six months ended June 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chen, Cheng-Hsueh and Chen, Yen-Hui.

KPMG

Taipei, Taiwan (Republic of China)  
August 12, 2025

### Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)  
KENTURN NANO. TEC. CO., LTD.

Balance Sheets

June 30, 2025, December 31, 2024, and June 30, 2024

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2025		December 31, 2024		June 30, 2024						June 30, 2025		December 31, 2024		June 30, 2024	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:									
1100	Cash and cash equivalents(note 6(a))	\$ 659,159	29	679,163	29	711,231	28	2100	Short-term borrowings(note 6(i))	\$ 50,000	2	50,000	2	50,000	2		
1136	Current financial assets at amortized cost(note 6(b))	-	-	-	-	19,470	1	2130	Current contract liabilities(note 6(r))	7,650	-	9,216	-	17,947	1		
1150	Notes receivable(note 6(c))	2,832	-	7,349	-	6,141	-	2150	Notes payable	152,342	7	127,459	6	251,263	10		
1170	Accounts receivable(note 6(c))	54,496	2	72,442	3	222,847	9	2170	Accounts payable	56,867	3	49,882	2	93,678	4		
1310	Inventories(note 6(d))	273,198	12	267,178	12	292,273	11	2200	Other payables(note 6(j))	161,089	7	93,066	4	139,581	5		
1470	Other current assets(note 6(h))	11,029	-	13,041	1	11,591	-	2230	Current income tax liabilities	6,194	-	28,386	1	38,348	1		
		1,000,714	43	1,039,173	45	1,263,553	49	2280	Current lease liabilities(note 6(m))	969	-	961	-	953	-		
Non-current assets:								2300	Other current liabilities(note 6(k))	5,824	-	6,607	-	18,651	1		
1600	Property, plant and equipment(notes 6(e) and 8)	1,265,363	55	1,252,115	54	1,260,915	50	2322	Long-term borrowings, current portion(notes 6(l)and 8)	60,201	3	60,016	3	62,220	2		
1755	Right-of-use assets(note 6(f))	1,912	-	2,200	-	2,487	-			501,136	22	425,593	18	672,641	26		
1780	Intangible assets(note 6(g))	16,102	1	11,546	-	5,132	-	Non-Current liabilities:									
1840	Deferred income tax assets	26,722	1	26,722	1	27,773	1	2540	Long-term borrowings(notes 6(l) and 8)	468,882	20	499,029	21	529,193	21		
1900	Other non-current assets(note 6(h))	5,826	-	7,983	-	888	-	2570	Deferred income tax liabilities	1,315	-	1,315	-	2,859	-		
		1,315,925	57	1,300,566	55	1,297,195	51	2580	Non-current lease liabilities(note 6(m))	318	-	805	-	1,287	-		
								2640	Net defined benefit liability, non-current	17,621	1	17,718	1	18,800	1		
										488,136	21	518,867	22	552,139	22		
									Total liabilities	989,272	43	944,460	40	1,224,780	48		
									Equity(note 6(p)):								
								3100	Ordinary shares	585,216	25	585,216	25	585,216	23		
								3200	Capital surplus	210,536	9	210,536	9	210,536	8		
								3300	Retained earnings	531,615	23	599,527	26	540,216	21		
									Total equity	1,327,367	57	1,395,279	60	1,335,968	52		
Total assets		\$ 2,316,639	100	2,339,739	100	2,560,748	100	Total liabilities and equity		\$ 2,316,639	100	2,339,739	100	2,560,748	100		

(English Translation of Financial Statements Originally Issued in Chinese)

**KENTURN NANO. TEC. CO., LTD.****Statements of Comprehensive Income****For the six months ended June 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		For the three months ended June 30				For the six months ended June 30			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	<b>Operating revenue(note 6(r))</b>	\$ 262,843	100	392,676	100	477,634	100	669,276	100
5000	<b>Operating costs(notes 6(d), (n) and (s))</b>	212,303	81	260,996	66	371,619	78	445,950	67
	<b>Gross profit from operations</b>	50,540	19	131,680	34	106,015	22	223,326	33
	<b>Operating expenses(note 6(m), (n) and (s))</b>								
6100	Selling expenses	6,372	2	7,057	2	14,704	3	14,384	2
6200	Administrative expenses	21,215	8	21,685	6	48,919	10	44,250	6
6300	Research and development expenses	9,062	4	6,815	1	16,741	3	11,699	2
6450	Expected credit gains(note 6(c))	(421)	-	(745)	-	(1,017)	-	(1,876)	-
		36,228	14	34,812	9	79,347	16	68,457	10
	<b>Net operating income</b>	14,312	5	96,868	25	26,668	6	154,869	23
	<b>Non-operating income and expenses(note 6(t))</b>								
7100	Interest income	1,701	1	2,236	-	1,938	-	3,135	1
7010	Other income	1,617	1	771	-	1,671	-	908	-
7020	Other gains and losses	(28,404)	(11)	6,280	2	(18,606)	(4)	19,238	3
7050	Finance costs(note 6(m))	(2,806)	(1)	(3,131)	(1)	(5,687)	(1)	(6,135)	(1)
		(27,892)	(10)	6,156	1	(20,684)	(5)	17,146	3
7900	<b>Profit (loss) before income tax</b>	(13,580)	(5)	103,024	26	5,984	1	172,015	26
7950	Less: Income tax (gains) expenses(note 6(o))	(243)	-	24,338	6	3,670	1	38,136	6
8200	<b>Profit (loss)</b>	(13,337)	(5)	78,686	20	2,314	-	133,879	20
8300	<b>Other comprehensive income</b>	-	-	-	-	-	-	-	-
8500	<b>Total comprehensive income</b>	\$ (13,337)	(5)	78,686	20	2,314	-	133,879	20
	<b>Earnings per share (NT dollars) (note 6(q))</b>								
9750	<b>Basic (loss) earnings per share</b>	\$ (0.23)		1.34		0.04		2.29	
9850	<b>Diluted (loss) earnings per share</b>	\$ (0.23)		1.34		0.04		2.28	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**KENTURN NANO. TEC. CO., LTD.****Statements of Changes in Equity****For the six months ended June 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	Ordinary shares	Capital surplus	Legal reserve	Retained earnings		Total equity
				Unappropriated retained earnings	Total	
<b>Balance at January 1, 2024</b>	\$ 585,216	210,536	91,595	373,264	464,859	1,260,611
Appropriation and distribution of retained earnings:						
Legal reserve	-	-	15,939	(15,939)	-	-
Cash dividends of ordinary shares	-	-	-	(58,522)	(58,522)	(58,522)
			15,939	(74,461)	(58,522)	(58,522)
Profit for the period	-	-	-	133,879	133,879	133,879
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	133,879	133,879	133,879
<b>Balance at June 30, 2024</b>	<b>\$ 585,216</b>	<b>210,536</b>	<b>107,534</b>	<b>432,682</b>	<b>540,216</b>	<b>1,335,968</b>
<b>Balance at January 1, 2025</b>	\$ 585,216	210,536	107,534	491,993	599,527	1,395,279
Appropriation and distribution of retained earnings:						
Legal reserve	-	-	19,319	(19,319)	-	-
Cash dividends of ordinary shares	-	-	-	(70,226)	(70,226)	(70,226)
			19,319	(89,545)	(70,226)	(70,226)
Profit for the period	-	-	-	2,314	2,314	2,314
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,314	2,314	2,314
<b>Balance at June 30, 2025</b>	<b>\$ 585,216</b>	<b>210,536</b>	<b>126,853</b>	<b>404,762</b>	<b>531,615</b>	<b>1,327,367</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)  
KENTURN NANO. TEC. CO., LTD.

**Statements of Cash Flows**

**For the six months ended June 30, 2025 and 2024**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the six months ended June 30</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 5,984	172,015
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	38,403	35,391
Amortization expense	2,414	1,131
Expected credit gains	(1,017)	(1,876)
Interest expense	5,687	6,135
Interest income	(1,938)	(3,135)
(Gains) losses on valuation of inventories	(477)	811
<b>Total adjustments to reconcile profit</b>	<b>43,072</b>	<b>38,457</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease in notes receivable	4,517	333
Decrease (increase) in accounts receivable	18,963	(16,833)
Increase in other receivable	(2,363)	(2,419)
Increase in inventories	(5,543)	(41,007)
Decrease (increase) in other current assets	4,375	(4,102)
<b>Total changes in operating assets</b>	<b>19,949</b>	<b>(64,028)</b>
<b>Changes in operating liabilities:</b>		
Decrease in contract liabilities	(1,566)	(18,672)
Increase in notes payable	24,883	35,502
Increase in accounts payable	6,985	41,261
Decrease in other payables	(2,903)	(3,096)
(Decrease) Increase in other current liabilities	(783)	505
Decrease in net defined benefit liability	(97)	(103)
<b>Total changes in operating liabilities</b>	<b>26,519</b>	<b>55,397</b>
<b>Total changes in operating assets and liabilities</b>	<b>46,468</b>	<b>(8,631)</b>
Cash generated from operations	95,524	201,841
Interest received	1,938	3,135
Interest paid	(5,751)	(6,179)
Income taxes paid	(25,862)	(49,009)
<b>Net cash flows from operating activities</b>	<b>65,849</b>	<b>149,788</b>
<b>Cash flows from (used in) investing activities:</b>		
Decrease acquisition of financial assets at amortized cost	-	60,363
Acquisition of property, plant and equipment	(43,864)	(8,723)
Increase in refundable deposits	(28)	-
Acquisition of intangible assets	(6,970)	(187)
Increase in prepayments for business facilities	(4,550)	(878)
<b>Net cash flows from (used in) investing activities</b>	<b>(55,412)</b>	<b>50,575</b>
<b>Cash flows used in financing activities:</b>		
Repayments of long-term borrowings	(29,962)	(34,804)
Payment of lease liabilities	(479)	(308)
<b>Net cash flows used in financing activities</b>	<b>(30,441)</b>	<b>(35,112)</b>
<b>Net (increase) decrease in cash and cash equivalents</b>	<b>(20,004)</b>	<b>165,251</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>679,163</b>	<b>545,980</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 659,159</b>	<b>711,231</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**KENTURN NANO. TEC. CO., LTD.**

**Notes to the Financial Statements**

**June 30, 2025 and 2024**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

KENTURN NANO. TEC. CO., LTD. (the “Company”) was established upon the approval of the Ministry of Economic Affairs on December 14, 1983, whose registered address is at No. 16, Zhangbin E. 7th Rd., Xianxi Township, Changhua County 507, Taiwan. The Company mainly engages in mechanical equipment and other machinery manufacturing, as well as international trade and related services.

The Company’s shares were listed on Taipei Exchange in the TPEx since June 11, 2018.

**(2) Approval date and procedures of the financial statements**

The financial statements were authorized for issuance by the board of directors on August 12, 2025.

**(3) New standards, amendments and interpretations adopted**

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>• A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a 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 the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

**(4) Summary of material accounting policies**

**(a) Statement of compliance**

These financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the financial statements are the same as those in the financial statement for the year ended December 31, 2024. For the related information, please refer to note 4 of the financial statements for the year ended December 31, 2024.

**(b) Income taxes**

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management’s best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

**(c) Employee benefits**

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year adjusted for significant.

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the financial statements for the year ended December 31, 2024. For related information, please refer to note 5 of the financial statements for the year ended December 31, 2024.

**(6) Explanation of significant accounts**

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim financial statements for the current period and the 2024 financial statements. Please refer to note 6 to the 2024 annual financial statements.

**(a) Cash and cash equivalents**

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Pretty cash and cash on hand	\$ 65	57	64
Check deposits	4,162	2,804	2,126
Time deposits	24,450	59,284	39,392
Demand deposits	<u>630,482</u>	<u>617,018</u>	<u>669,649</u>
Cash and cash equivalents in the statement of cash flows	<u>\$ <b>659,159</b></u>	<u><b>679,163</b></u>	<u><b>711,231</b></u>

**(b) Financial assets measured at amortized cost**

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Time deposits	<u>\$ -</u>	<u>-</u>	<u><b>19,470</b></u>

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

For credit risk information, please refer to note 6 (u).

The financial assets at amortized cost had not been pledged as collateral.

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

(c) **Notes and accounts receivable**

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Notes receivable from operating activities	\$ 2,832	7,349	6,141
Account receivable—measured as amortized cost	55,073	74,036	225,986
Less: Loss allowance	(577)	(1,594)	(3,139)
	<b>\$ 57,328</b>	<b>79,791</b>	<b>228,988</b>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, the loss allowance provisions were determined as follows:

	<b>June 30, 2025</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 57,015	-%	-
Past due less than 120 days	348	10.06%	35
121 to 240 days past due	-	-%	-
241 to 365 days past due	-	-%	-
More than 1 year past due	542	100%	542
	<b>\$ 57,905</b>		<b>577</b>

  

	<b>December 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 79,791	-%	-
Past due less than 120 days	-	-%	-
121 to 240 days past due	-	-%	-
241 to 365 days past due	-	-%	-
More than 1 year past due	1,594	100%	1,594
	<b>\$ 81,385</b>		<b>1,594</b>

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

	<b>June 30, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 228,988	-%	-
Past due less than 120 days	-	-%	-
121 to 240 days past due	-	-%	-
241 to 365 days past due	-	-%	-
More than 1 year past due	3,139	100%	3,139
	<u><b>\$ 232,127</b></u>		<u><b>3,139</b></u>

The movements in the allowance for notes and accounts receivables were as follows:

	<b>For the six months ended June 30</b>	
	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ 1,594	5,203
Impairment losses reversed	(1,017)	(1,876)
Amounts written off	-	(188)
Balance at June 30	<u><b>\$ 577</b></u>	<u><b>3,139</b></u>

The notes and accounts receivables of the Company had not been pledged as collateral.

(d) **Inventories**

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Raw materials	\$ 28,086	21,408	33,612
Work in progress	102,218	104,871	136,579
Semi-finished goods	58,922	63,326	56,136
Finished goods	83,972	77,573	65,946
	<u><b>\$ 273,198</b></u>	<u><b>267,178</b></u>	<u><b>292,273</b></u>

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

Inventory related losses and profits were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
(Gains) losses on valuation of inventories	\$ 920	88	(477)	811
Unallocated fixed manufacturing expenses	2,114	-	4,427	-
Revenue from sale of scraps	(221)	(540)	(403)	(1,060)
Operating costs	<u>\$ 2,813</u>	<u>(452)</u>	<u>3,547</u>	<u>(249)</u>

The inventories of the Company had not been pledged as collateral.

**(e) Property, plant and equipment**

The cost and depreciation of the property, plant and equipment of the Company were as follows:

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
<b>Cost or deemed cost:</b>						
Balance at January 1, 2025	\$ 458,387	727,725	627,947	19,594	19,433	1,853,086
Additions	-	5,206	38,487	-	935	44,628
Reclassification	-	-	6,735	-	-	6,735
Balance at June 30, 2025	<u>\$ 458,387</u>	<u>732,931</u>	<u>673,169</u>	<u>19,594</u>	<u>20,368</u>	<u>1,904,449</u>
Balance at January 1, 2024	\$ 458,387	721,932	604,120	14,136	17,143	1,815,718
Additions	-	445	12,522	-	188	13,155
Balance at June 30, 2024	<u>\$ 458,387</u>	<u>722,377</u>	<u>616,642</u>	<u>14,136</u>	<u>17,331</u>	<u>1,828,873</u>
<b>Depreciation :</b>						
Balance at January 1, 2025	\$ -	196,680	384,504	7,805	11,982	600,971
Depreciation	-	13,026	21,579	1,675	1,835	38,115
Balance at June 30, 2025	<u>\$ -</u>	<u>209,706</u>	<u>406,083</u>	<u>9,480</u>	<u>13,817</u>	<u>639,086</u>
Balance at January 1, 2024	\$ -	169,463	344,973	9,634	8,784	532,854
Depreciation	-	13,321	19,536	771	1,476	35,104
Balance at June 30, 2024	<u>\$ -</u>	<u>182,784</u>	<u>364,509</u>	<u>10,405</u>	<u>10,260</u>	<u>567,958</u>
<b>Carrying amounts:</b>						
Balance at January 1, 2025	<u>\$ 458,387</u>	<u>531,045</u>	<u>243,443</u>	<u>11,789</u>	<u>7,451</u>	<u>1,252,115</u>
Balance at June 30, 2025	<u>\$ 458,387</u>	<u>523,225</u>	<u>267,086</u>	<u>10,114</u>	<u>6,551</u>	<u>1,265,363</u>
Balance at January 1, 2024	<u>\$ 458,387</u>	<u>552,469</u>	<u>259,147</u>	<u>4,502</u>	<u>8,359</u>	<u>1,282,864</u>
Balance at June 30, 2024	<u>\$ 458,387</u>	<u>539,593</u>	<u>252,133</u>	<u>3,731</u>	<u>7,071</u>	<u>1,260,915</u>

Property, plant and equipment pledged as collateral for long-term borrowings; please refer to note 8.

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

(f) **Right-of-use assets**

The Company leases other equipment classified as right-of-use assets, the cost and depreciation of right-of-use assets of the Company were as follows:

	<u>Other equipment</u>
<b>Cost:</b>	
Balance at January 1, 2025	
(Balance as of June 30, 2025)	\$ <u>2,874</u>
Balance at January 1, 2024	\$ 1,200
Additions	<u>1,674</u>
Balance at June 30, 2024	\$ <u>2,874</u>
<b>Accumulated depreciation:</b>	
Balance at January 1, 2025	\$ 674
Depreciation for the year	<u>288</u>
Balance at June 30, 2025	\$ <u>962</u>
Balance at January 1, 2024	\$ 100
Depreciation for the year	<u>287</u>
Balance at June 30, 2024	\$ <u>387</u>
<b>Carrying amounts:</b>	
Balance at January 1, 2025	\$ <u>2,200</u>
Balance at June 30, 2025	\$ <u>1,912</u>
Balance at January 1, 2024	\$ <u>1,100</u>
Balance at June 30, 2024	\$ <u>2,487</u>

(g) **Intangible Assets**

The costs of intangible assets and amortization of the Company were as follows:

	<u>Computer software</u>
<b>Cost:</b>	
Balance at January 1, 2025	\$ 15,585
Additions	<u>6,970</u>
Balance at June 30, 2025	\$ <u>22,555</u>
Balance at January 1, 2024	\$ 7,531
Additions	<u>187</u>
Balance at June 30, 2024	\$ <u>7,718</u>

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

	<b>Computer software</b>
<b>Amortization :</b>	
Balance at January 1, 2025	\$ 4,039
Amortization for the year	<u>2,414</u>
Balance at June 30, 2025	<u><b>\$ 6,453</b></u>
Balance at January 1, 2024	\$ 1,455
Amortization for the year	<u>1,131</u>
Balance at June 30, 2024	<u><b>\$ 2,586</b></u>
<b>Carrying amounts:</b>	
Balance at January 1, 2025	<u><b>\$ 11,546</b></u>
Balance at June 30, 2025	<u><b>\$ 16,102</b></u>
Balance at January 1, 2024	<u><b>\$ 6,076</b></u>
Balance at June 30, 2024	<u><b>\$ 5,132</b></u>

The intangible assets of the company were not pledged as collateral.

(h) **Other current assets and other non-current assets**

The other current assets and other non-current assets of the Company were as follows:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Other current assets:			
Other receivables	\$ 6,415	4,052	5,648
Prepaid expenses	4,614	8,989	1,838
Prepayments to suppliers	<u>-</u>	<u>-</u>	<u>4,105</u>
	<u><b>\$ 11,029</b></u>	<u><b>13,041</b></u>	<u><b>11,591</b></u>
Other non-current assets:			
Prepayments for equipment	\$ 5,788	7,973	878
Refundable deposits	<u>38</u>	<u>10</u>	<u>10</u>
	<u><b>\$ 5,826</b></u>	<u><b>7,983</b></u>	<u><b>888</b></u>

For credit risk information, please refer to note 6(u).

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

(i) **Short-term borrowings**

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank loans	\$ <u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Unused short-term credit lines	\$ <u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Range of internet rates	<u>1.725%</u>	<u>1.725%</u>	<u>1.725%</u>

There were no significant issues and repayments of short-term borrowings for the six months ended June 30, 2025 and 2024. For interest expense, please refer to note 6(t).

(j) **Other payables**

The other payables were summarized as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Payable on construction and equipment	\$ 12,774	12,010	8,535
Payable on dividends	70,226	-	58,522
Accrued expenses and other	<u>78,089</u>	<u>81,056</u>	<u>72,524</u>
	<u>\$ 161,089</u>	<u>93,066</u>	<u>139,581</u>

(k) **Other current liabilities**

The other current liabilities were summarized as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Deferred revenue	\$ 2,633	4,190	16,008
Receipts under custody	3,056	2,307	2,558
Temporary receipts	<u>135</u>	<u>110</u>	<u>85</u>
	<u>\$ 5,824</u>	<u>6,607</u>	<u>18,651</u>

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

**(l) Long-term borrowings**

The details of long-term borrowings of the Company were as follows:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Unsecured bank loans	\$ -	-	2,500
Secured bank loans	529,083	559,045	588,913
Less: current portion	(60,201)	(60,016)	(62,220)
	<u>\$ 468,882</u>	<u>499,029</u>	<u>529,193</u>
Unused long-term credit lines	\$ -	-	-
Range of internet rates	<u>1.915%~1.95%</u>	<u>1.915%~1.95%</u>	<u>1.92%~2.2607%</u>

**(i) The additional and repayments of borrowings**

For the six months ended June 30, 2025 and 2024, the Company had no additional long-term borrowings; and the repayments amounted to \$29,962 thousand and \$34,804 thousand, respectively. For interest expense, please refer to note 6(t).

**(ii) Collateral for long-term borrowings**

For the collateral for long-term borrowings, please refer to note 8.

**(m) Lease liabilities**

The carrying amount of the Company's lease liabilities were as follows:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Current	<u>\$ 969</u>	<u>961</u>	<u>953</u>
Non-current	<u>\$ 318</u>	<u>805</u>	<u>1,287</u>

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended June 30</b>	<b>For the six months ended June 30</b>		
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Interest on lease liabilities	<u>\$ 5</u>	<u>10</u>	<u>12</u>	<u>20</u>
Expenses relating to short-term leases	<u>\$ 719</u>	<u>798</u>	<u>1,529</u>	<u>1,656</u>

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

The amounts recognized in the statement of cash flows by the Company were as follows:

	<b>For the six months ended June 30</b>	
	<b>2025</b>	<b>2024</b>
Total cash outflow for leases	<b>\$ 2,020</b>	<b>1,984</b>

(i) Other equipment leases

The Company leases other equipment, with lease terms of three years. The Company has options to purchase the assets at the end of the contract term.

(ii) Other leases

The Company also leases other equipment with contract terms of one year. These leases are short-term and/or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(n) **Employee benefits**

(i) Defined benefit plans

There was no material volatility of the market, no material reimbursement and settlement or other material onetime events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2024 and 2023.

The detail for the Company's expense were as follows:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Administration expenses	<b>\$ 42</b>	<b>39</b>	<b>83</b>	<b>77</b>

(ii) Defined contribution plans

The Company's expenses for the pension plan contributions to the Bureau of Labor Insurance were as follows:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Operating cost	\$ 1,067	984	2,115	1,951
Selling expenses	115	117	221	251
Administration expenses	307	244	589	453
Research and development expenses	138	100	272	193
	<b>\$ 1,627</b>	<b>1,445</b>	<b>3,197</b>	<b>2,848</b>

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

**(o) Income Taxes**

The components of income tax were as follows:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Current tax (gains) expenses				
Current period	\$ (2,716)	20,605	1,197	34,403
Undistributed earnings additional tax	5,182	4,246	5,182	4,246
Adjustment for prior periods	<u>(2,709)</u>	<u>(513)</u>	<u>(2,709)</u>	<u>(513)</u>
	<u><b>\$ (243)</b></u>	<u><b>24,338</b></u>	<u><b>3,670</b></u>	<u><b>38,136</b></u>

The Company's tax returns for the years through 2023 were assessed and approved by the tax authorized.

**(p) Capital and Other Equity**

(i) Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to June 30, 2025 and 2024. For the related information, please refer to note 6(p) to the financial statements for the year ended December 31, 2024.

(ii) Retained Earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy is based on the Company's sustainable operation, cost stability, safeguarding the shareholders' rights and interests, and improving the financial structure, wherein the Board of Directors formulates a surplus distribution plan according to the Company's capital needs. If the Company decided to distribute its earnings by cash, the distribution ratio shall not be less than 10% of the total dividends of the shareholders, and has to be decided during the shareholders' meeting. Any adjustment made to the above ratio according to the actual profit and capital situation of the current year shall be proposed by the board during the shareholders' meeting for approval.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

2) Earnings distribution

Earnings distribution for 2024 and 2023 were decided via the general meeting of the shareholders held on June 26, 2025 and June 25, 2024, respectively. The relevant dividend distributions to shareholders were as follows:

	<b>2024</b>		<b>2023</b>	
	<b><u>Amount per share</u></b>	<b><u>Total amount</u></b>	<b><u>Amount per share</u></b>	<b><u>Total amount</u></b>
Dividends distributed to ordinary shareholders				
Cash	\$ <u><u>1.20</u></u>	<u><u>70,226</u></u>	<u><u>1.00</u></u>	<u><u>58,522</u></u>

(q) **Earnings per Share**

The calculation of basic earnings per share and diluted earnings per share were as follows:

	<b><u>For the three months ended June 30</u></b>		<b><u>For the six months ended June 30</u></b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Basic earnings per share</b>				
Profit (loss) attributable to ordinary shareholders of the Company	\$ <u><u>(13,337)</u></u>	<u><u>78,686</u></u>	<u><u>2,314</u></u>	<u><u>133,879</u></u>
Weighted average number of outstanding ordinary shares (in thousands)	<u><u>58,522</u></u>	<u><u>58,522</u></u>	<u><u>58,522</u></u>	<u><u>58,522</u></u>
	\$ <u><u>(0.23)</u></u>	<u><u>1.34</u></u>	<u><u>0.04</u></u>	<u><u>2.29</u></u>
<b>Diluted earnings per share</b>				
Profit attributable to ordinary shareholders of the Company	\$ <u><u>78,686</u></u>		<u><u>2,314</u></u>	<u><u>133,879</u></u>
Weighted average number of ordinary shares (in thousands)		58,522	58,522	58,522
Effect of dilutive potential ordinary shares				
Effect of employee shares bonus		<u>67</u>	<u>129</u>	<u>322</u>
Weightier-average number of ordinary shares (in thousands) (diluted)		<u><u>58,589</u></u>	<u><u>58,651</u></u>	<u><u>58,844</u></u>
	\$ <u><u>1.34</u></u>		<u><u>0.04</u></u>	<u><u>2.28</u></u>

For the three months ended June 30, 2025, the Company incurred net loss after tax, and there was no dilutive effect.

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

(r) **Revenue from contracts with customers**

(i) Details of revenue

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
<u>Primary geographical markets</u>				
China	\$ 222,808	284,927	379,479	453,487
Taiwan	22,418	79,234	63,069	169,137
India	17,468	26,688	33,373	43,308
Other	149	1,827	1,713	3,344
	<u>\$ 262,843</u>	<u>392,676</u>	<u>477,634</u>	<u>669,276</u>
<u>Major products/services lines</u>				
Precision spindles and consumables	<u>\$ 262,843</u>	<u>392,676</u>	<u>477,634</u>	<u>669,276</u>

(ii) Contract balances

	June 30, 2025	December 31, 2024	June 30, 2024
Contract liabilities	<u>\$ 7,650</u>	<u>9,216</u>	<u>17,947</u>

- 1) Contract liabilities are mainly pre-receipts.
- 2) For details on accounts receivable , notes receivable and allowance for impairment, please refer to note 6 (c).

The amount of revenue recognized for the six months ended June 30, 2025 and 2024 , that was included in the contract liability balance at the beginning of the period were \$4,078 thousand and \$23,364 thousand.

(s) **Employee compensation and directors' remuneration**

On June 26, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if the Company has profit in a given fiscal year, it shall allocate 1% to 15% of the annual profit as employee remuneration. Of the total amount allocated for employee remuneration, no less than 50% shall be designated for salary adjustments or bonuses for base-level employees. The recipients of shares and cash may include the employees of the Company's subsidiaries who meet certain conditions. The directors shall be entitled to a maximum of 5% of the above amount of profits as their remuneration, with the approval of the board. Both remuneration to employees and directors should be reported during the shareholders' meeting. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. In addition, the remuneration of employees and directors shall be allocated in accordance with the proportion set forth in the preceding paragraph.

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

Prior to the amendment, the Articles of Incorporation stipulated that the Company should contribute not less than 1% and not more than 15% of the profit as employee remuneration. The recipients of shares and cash may include the employees of the Company's subsidiaries who meet certain conditions. The directors shall be entitled to a maximum of 5% of the above amount of profits as their remuneration, with the approval of the board. Both remuneration to employees and directors should be reported during the shareholders' meeting. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. In addition, the remuneration of employees and directors shall be allocated in accordance with the proportion set forth in the preceding paragraph.

For the three months ended June 30, 2025 and 2024 and the six months ended June 30, 2025 and 2024, the Company estimated its employee remuneration amounting to \$0 thousand, \$4,025 thousand, \$1,110 thousand and \$8,050 thousand, respectively, and directors' remuneration amounting to \$0 thousand, \$675 thousand, \$105 thousand and \$1,350 thousand, respectively. These amounts were calculated using the Company's pre-tax income for each period before deducting the remunerations of employees and directors, multiplied by the proposed percentages of remunerations of employees and directors, as stated in the Company's Articles of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustments will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as remuneration were calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the years ended December 31, 2024 and 2023, the Company estimated its employee remuneration amounting to \$19,500 thousand and \$16,100 thousand, respectively, and directors' remuneration amounting to \$3,200 thousand and \$2,700 thousand, respectively. There were no differences to the actual remuneration paid. Related information would be available at the Market Observation Post System website.

**(t) Non-operating Income and Expenses**

**(i) Interest income**

The details of the interest income were as follows:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Interest income from bank deposits	\$ <u>1,701</u>	<u>2,236</u>	<u>1,938</u>	<u>3,135</u>

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

(ii) Other income

The details of other income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Government subsidy	\$ 1,606	758	1,648	884
Others	11	13	23	24
	<u>\$ 1,617</u>	<u>771</u>	<u>1,671</u>	<u>908</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Foreign exchange (losses) gains	\$ (28,404)	6,640	(18,606)	19,598
Other losses	-	(360)	-	(360)
	<u>\$ (28,404)</u>	<u>6,280</u>	<u>(18,606)</u>	<u>19,238</u>

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Interest expense - bank loans	\$ 2,801	3,121	5,675	6,115
Interest expense - lease liabilities	5	10	12	20
	<u>\$ 2,806</u>	<u>3,131</u>	<u>5,687</u>	<u>6,135</u>

(u) **Financial Instruments**

Except for the contention mentioned below, there was no significant change in the fair value of the Company's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(u) to the financial statements for the year ended December 31, 2024.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

2) Concentration of credit risk

As of June 30, 2025, December 31 and June 30, 2024, 66%, 74% and 79%, respectively, of trade receivables were five major customers. Thus, credit risk is significantly centralized.

3) Receivables of credit risk

For credit risk exposure of note and trade receivables, please refer to note 6(c).

Other financial assets at amortized cost includes other receivables and time deposits . All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. The Company has no loss allowance provision for the six months ended June 30, 2025 and 2024.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>With 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>June 30, 2025</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 50,000	50,144	50,144	-	-	-
Notes and accounts payable and other payables	370,298	370,298	370,298	-	-	-
Long-term borrowings (Including due within one year)	529,083	586,713	69,927	69,137	182,068	265,581
Lease liabilities	1,287	1,301	981	320	-	-
	<u>\$ 950,668</u>	<u>1,008,456</u>	<u>491,350</u>	<u>69,457</u>	<u>182,068</u>	<u>265,581</u>
<b>December 31, 2024</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 50,000	50,147	50,147	-	-	-
Notes and accounts payable and other payables	270,407	270,407	270,407	-	-	-
Long-term borrowings (Including due within one year)	559,045	621,973	70,322	69,532	189,591	292,528
Lease liabilities	1,766	1,791	981	810	-	-
	<u>\$ 881,218</u>	<u>944,318</u>	<u>391,857</u>	<u>70,342</u>	<u>189,591</u>	<u>292,528</u>
<b>June 30, 2024</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 50,000	50,142	50,142	-	-	-
Notes and accounts payable and other payables	484,522	484,522	484,522	-	-	-
Long-term borrowings (Including due within one year)	591,413	660,013	73,120	69,815	196,106	320,972
Lease liabilities	2,240	2,282	981	981	320	-
	<u>\$ 1,128,175</u>	<u>1,196,959</u>	<u>608,765</u>	<u>70,796</u>	<u>196,426</u>	<u>320,972</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

(iii) Market risk

1) Currency risk

The Company's significant exposure to foreign currency risk was as follows:

	June 30, 2025				December 31, 2024			June 30, 2024		
	Foreign currency	Exchange rate	TWD		Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets										
Monetary items										
USD	USD	2,446	29.300	71,668	4,110	32.785	134,746	4,504	32.450	146,155
RMB	RMB	49,341	4.091	201,854	62,137	4.478	278,249	89,346	4.445	397,143

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables that are denominated in foreign currency. A strengthening (weakening) of 1% of the TWD against the foreign currency as of June 30, 2025 and 2024 would have increased (decreased) the net profit after tax by \$2,188 thousand and \$4,346 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for prior year.

Since the Company's functional currency is NTD, the exchange gains and losses of its monetary items are accounted for as exchange in profit or loss (including realized and unrealized), and refer to note 6(t).

2) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1 basis points, the Company's net income would have increased / decreased by \$2,316 thousand and \$2,566 thousand for the six months ended June 30, 2025 and 2024, respectively. This is mainly due to the Company's borrowing in variable rates.

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

(iv) Fair value of financial instruments

1) Categories and fair value of financial instruments

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

<b>June 30, 2025</b>					
	<b>Book value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 659,159	-	-	-	-
Notes receivable, accounts receivable and other receivables	63,743	-	-	-	-
Guarantee deposits	38	-	-	-	-
	<u><b>\$ 722,940</b></u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities at amortized cost</b>					
Short-term borrowings	\$ 50,000	-	-	-	-
Notes payable, accounts payable and other payables	370,298	-	-	-	-
Long-term borrowings (Including due within one year)	529,083	-	-	-	-
Lease liabilities	1,287	-	-	-	-
	<u><b>\$ 950,668</b></u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>December 31, 2024</b>					
	<b>Book value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 679,163	-	-	-	-
Notes receivable, accounts receivable and other receivables	83,843	-	-	-	-
Guarantee deposits	10	-	-	-	-
	<u><b>\$ 763,016</b></u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

<b>December 31, 2024</b>					
	<b>Book value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial liabilities at amortized cost</b>					
Short-term borrowings	\$ 50,000	-	-	-	-
Notes payable, accounts payable and other payables	270,407	-	-	-	-
Long-term borrowings (Including due within one year)	559,045	-	-	-	-
Lease liabilities	1,766	-	-	-	-
	<b>\$ 881,218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>June 30, 2024</b>					
	<b>Book value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 711,231	-	-	-	-
Financial assets measured at amortized cost	19,470	-	-	-	-
Notes receivable, accounts receivable and other receivables	234,636	-	-	-	-
Guarantee deposit	10	-	-	-	-
	<b>\$ 965,347</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities at amortized cost</b>					
Short-term borrowings	\$ 50,000	-	-	-	-
Notes payable, accounts payable and other payables	484,522	-	-	-	-
Long-term borrowings (Including due within one year)	591,413	-	-	-	-
Lease liabilities	2,240	-	-	-	-
	<b>\$ 1,128,175</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

For financial liabilities measured at amortized cost, if there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

4) Transfers between Level 1 and Level 2

There were no transfers from Level 1 to another in 2025 and 2024 .

**(v) Financial risk management**

There were no significant changes in the Company's financial risk management and policies as disclosed in note 6(v) to the financial statements for the year ended December 31, 2024.

**(w) Capital management**

Management believes that the objectives, policies and processes of capital management of the Company has been applied consistently with those described in the financial statements for the year ended December 31, 2024. Also, management believes that there were no significant changes in the Company's capital management information as disclosed for the year ended December 31, 2024. Please refer to note 6(w) to the financial statements for the year ended December 31, 2024 for further details.

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

**(x) Investing and financing activities not affecting current cash flow**

For the Company's investing and financing activities, which did not affect the current cash flow in the six months ended June 30, 2025 and 2024 on its right-of-use assets through lease, please refer to note 6(f).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2025	Cash flows	Non-cash changes		June 30, 2025
			Additions/ Reclassification	Fair value movement	
Short-term borrowings	\$ 50,000	-	-	-	50,000
Long-term borrowings (including due within one year)	559,045	(29,962)	-	-	529,083
Lease liabilities	1,766	(479)	-	-	1,287
Total liabilities from financing activities	<u>\$ 610,811</u>	<u>(30,441)</u>	<u>-</u>	<u>-</u>	<u>580,370</u>

  

	January 1, 2024	Cash flows	Non-cash changes		June 30, 2024
			Additions/ Reclassification	Fair value movement	
Short-term borrowings	\$ 50,000	-	-	-	50,000
Long-term borrowings (including due within one year)	626,217	(34,804)	-	-	591,413
Lease liabilities	1,037	(308)	1,511	-	2,240
Total liabilities from financing activities	<u>\$ 677,254</u>	<u>(35,112)</u>	<u>1,511</u>	<u>-</u>	<u>643,653</u>

**(7) Related-party transactions**

Key management personnel compensation:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 3,138	2,808	5,577	5,100
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>\$ 3,138</u>	<u>2,808</u>	<u>5,577</u>	<u>5,100</u>

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

Pledged assets	Object	June 30, 2025	December 31, 2024	June 30, 2024
Land	Guarantee for bank loans	\$ 458,387	458,387	458,387
Buildings and structures	Guarantee for bank loans	523,225	531,045	539,593
Machinery and equipment	Guarantee for bank loans	152,317	165,257	177,466
		<u>\$ 1,133,929</u>	<u>1,154,689</u>	<u>1,175,446</u>

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

**(9) Commitments and contingencies**

Unrecognized contractual commitments

	June 30, 2025	December 31, 2024	June 30, 2024
Acquisition of property, plant and equipment	\$ <u>26,271</u>	<u>66,992</u>	<u>39,649</u>

**(10) Losses due to major disasters:None**

**(11) Subsequent Events:None**

**(12) Other**

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	For the three months ended June 30					
	2025			2024		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
<b>By item</b>						
Employee benefits						
Salary	24,800	16,872	41,672	26,820	18,761	45,581
Labor and health insurance	2,873	1,592	4,465	2,541	1,238	3,779
Pension	1,067	602	1,669	984	500	1,484
Others	934	853	1,787	982	1,131	2,113
Depreciation	16,381	3,187	19,568	14,568	3,083	17,651
Amortization	195	1,212	1,407	9	558	567

	For the six months ended June 30					
	2025			2024		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
<b>By item</b>						
Employee benefits						
Salary	49,708	38,163	87,871	52,258	36,305	88,563
Labor and health insurance	5,646	3,624	9,270	5,025	2,412	7,437
Pension	2,115	1,165	3,280	1,951	974	2,925
Others	1,738	1,607	3,345	1,820	2,051	3,871
Depreciation	31,943	6,460	38,403	29,304	6,087	35,391
Amortization	348	2,066	2,414	17	1,114	1,131

- (b) Seasonality of operationsn

The Company's operations were not affected by seasonality or cyclicity factors.

(Continued)

**KENTURN NANO. TEC. CO., LTD.**  
**Notes to the Financial Statements**

**(13) Other disclosures**

- (a) Information on significant transactions:None

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the six months ended June 30, 2025:

- (i) Loans to other parties:None
  - (ii) Guarantees and endorsements for other parties:None
  - (iii) Securities held as of June 30, 2025 (excluding investment in subsidiaries, associates and joint ventures):None
  - (iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:None
  - (v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:None
- (b) Information on investees:None
- (c) Information on investment in Mainland China:None

**(14) Segment information**

The reportable information of segment's profit and assets is in accordance with the financial statements. Please refer to Statements of Financial Position and Statements of Comprehensive Income.