

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

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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.

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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 September 30, 2025 and 2024, and the related statements of comprehensive income for the three months and nine months ended September 30, 2025 and 2024, as well as the changes in equity and cash flows for the nine months ended September 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 September 30, 2025 and 2024, and of its financial performance for the three months and nine months ended September 30, 2025 and 2024, as well as its cash flows for the nine months ended September 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)

November 4, 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

September 30, 2025, December 31, 2024, and September 30, 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2025		December 31, 2024		September 30, 2024		Liabilities and Equity		September 30, 2025		December 31, 2024		September 30, 2024	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents(note 6(a))	\$ 544,588	25	679,163	29	676,991	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))	-	-	-	-	18,990	1	2130	Current contract liabilities(note 6(r))	6,096	-	9,216	-	14,045	1
1150	Notes receivable(note 6(c))	3,033	-	7,349	-	1,971	-	2150	Notes payable	151,700	7	127,459	6	212,032	9
1170	Accounts receivable(note 6(c))	54,749	2	72,442	3	116,634	5	2170	Accounts payable	42,637	2	49,882	2	57,704	2
1220	Total current tax assets	13,933	1	-	-	-	-	2200	Other payables(note 6(j))	71,498	3	93,066	4	76,902	3
1310	Inventories(note 6(d))	266,527	12	267,178	12	295,961	12	2230	Current income tax liabilities	-	-	28,386	1	24,317	1
1470	Other current assets(note 6(h))	8,942	1	13,041	1	18,981	1	2280	Current lease liabilities(note 6(m))	904	-	961	-	957	-
		<u>891,772</u>	<u>41</u>	<u>1,039,173</u>	<u>45</u>	<u>1,129,528</u>	<u>47</u>	2300	Other current liabilities(note 6(k))	3,538	-	6,607	-	14,488	1
Non-current assets:								2322	Long-term borrowings, current portion(notes 6(l)and 8)	<u>60,294</u>	<u>3</u>	<u>60,016</u>	<u>3</u>	<u>59,910</u>	<u>2</u>
1600	Property, plant and equipment(notes 6(e) and 8)	1,259,830	57	1,252,115	54	1,251,671	52			<u>386,667</u>	<u>17</u>	<u>425,593</u>	<u>18</u>	<u>510,355</u>	<u>21</u>
1755	Right-of-use assets(note 6(f))	1,768	-	2,200	-	2,343	-	Non-Current liabilities:							
1780	Intangible assets(note 6(g))	16,860	1	11,546	-	4,725	-	2540	Long-term borrowings(notes 6(l) and 8)	453,773	21	499,029	21	514,080	21
1840	Deferred income tax assets	26,722	1	26,722	1	27,773	1	2570	Deferred income tax liabilities	1,315	-	1,315	-	2,859	-
1900	Other non-current assets(note 6(h))	8,352	-	7,983	-	6,093	-	2580	Non-current lease liabilities(note 6(m))	143	-	805	-	1,047	-
		<u>1,313,532</u>	<u>59</u>	<u>1,300,566</u>	<u>55</u>	<u>1,292,605</u>	<u>53</u>	2640	Net defined benefit liability, non-current	<u>17,572</u>	<u>1</u>	<u>17,718</u>	<u>1</u>	<u>18,748</u>	<u>1</u>
										<u>472,803</u>	<u>22</u>	<u>518,867</u>	<u>22</u>	<u>536,734</u>	<u>22</u>
								Total liabilities		<u>859,470</u>	<u>39</u>	<u>944,460</u>	<u>40</u>	<u>1,047,089</u>	<u>43</u>
								Equity(note 6(p)):							
								3100	Ordinary shares	585,216	26	585,216	25	585,216	24
								3200	Capital surplus	210,536	10	210,536	9	210,536	9
								3300	Retained earnings	<u>550,082</u>	<u>25</u>	<u>599,527</u>	<u>26</u>	<u>579,292</u>	<u>24</u>
								Total equity		<u>1,345,834</u>	<u>61</u>	<u>1,395,279</u>	<u>60</u>	<u>1,375,044</u>	<u>57</u>
Total assets		<u>\$ 2,205,304</u>	<u>100</u>	<u>2,339,739</u>	<u>100</u>	<u>2,422,133</u>	<u>100</u>	Total liabilities and equity		<u>\$ 2,205,304</u>	<u>100</u>	<u>2,339,739</u>	<u>100</u>	<u>2,422,133</u>	<u>100</u>

See accompanying notes to financial statements.

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

Statements of Comprehensive Income

For the nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the three months ended September 30				For the nine months ended September 30				
	2025		2024		2025		2024		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue(note 6(r))	\$ 232,579	100	278,538	100	710,213	100	947,814	100
5000	Operating costs(notes 6(d), (n) and (s))	<u>184,241</u>	<u>79</u>	<u>199,113</u>	<u>71</u>	<u>555,860</u>	<u>78</u>	<u>645,063</u>	<u>68</u>
	Gross profit from operations	<u>48,338</u>	<u>21</u>	<u>79,425</u>	<u>29</u>	<u>154,353</u>	<u>22</u>	<u>302,751</u>	<u>32</u>
	Operating expenses(note 6(m), (n) and (s))								
6100	Selling expenses	8,105	3	5,537	2	22,809	3	19,921	2
6200	Administrative expenses	24,076	10	24,273	9	72,995	10	68,523	7
6300	Research and development expenses	8,756	4	11,070	3	25,497	4	22,769	2
6450	Expected credit gains(note 6(c))	<u>(535)</u>	<u>-</u>	<u>(810)</u>	<u>-</u>	<u>(1,552)</u>	<u>-</u>	<u>(2,686)</u>	<u>-</u>
		<u>40,402</u>	<u>17</u>	<u>40,070</u>	<u>14</u>	<u>119,749</u>	<u>17</u>	<u>108,527</u>	<u>11</u>
	Net operating income	<u>7,936</u>	<u>4</u>	<u>39,355</u>	<u>15</u>	<u>34,604</u>	<u>5</u>	<u>194,224</u>	<u>21</u>
	Non-operating income and expenses(note 6(t))								
7100	Interest income	369	-	702	(1)	2,307	-	3,837	-
7010	Other income	2,973	1	4,545	2	4,644	1	5,453	-
7020	Other gains and losses	14,557	6	7,347	3	(4,049)	(1)	26,585	3
7050	Finance costs(note 6(m))	<u>(2,751)</u>	<u>(1)</u>	<u>(3,104)</u>	<u>(1)</u>	<u>(8,438)</u>	<u>(1)</u>	<u>(9,239)</u>	<u>(1)</u>
		<u>15,148</u>	<u>6</u>	<u>9,490</u>	<u>3</u>	<u>(5,536)</u>	<u>(1)</u>	<u>26,636</u>	<u>2</u>
7900	Profit before income tax	23,084	10	48,845	18	29,068	4	220,860	23
7950	Less: Income tax expenses(note 6(o))	<u>4,617</u>	<u>2</u>	<u>9,769</u>	<u>4</u>	<u>8,287</u>	<u>1</u>	<u>47,905</u>	<u>5</u>
8200	Profit	<u>18,467</u>	<u>8</u>	<u>39,076</u>	<u>14</u>	<u>20,781</u>	<u>3</u>	<u>172,955</u>	<u>18</u>
8300	Other comprehensive income	-	-	-	-	-	-	-	-
8500	Total comprehensive income	<u>\$ 18,467</u>	<u>8</u>	<u>39,076</u>	<u>14</u>	<u>20,781</u>	<u>3</u>	<u>172,955</u>	<u>18</u>
	Earnings per share (NT dollars) (note 6(q))								
9750	Basic earnings per share	<u>\$ 0.32</u>		<u>0.67</u>		<u>0.36</u>		<u>2.96</u>	
9850	Diluted earnings per share	<u>\$ 0.32</u>		<u>0.67</u>		<u>0.35</u>		<u>2.94</u>	

(English Translation of Financial Statements Originally Issued in Chinese)

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

	Ordinary shares	Capital surplus	Retained earnings		Total	Total equity
			Legal reserve	Unappropriated retained earnings		
Balance at January 1, 2024	\$ 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	-	-	-	172,955	172,955	172,955
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	172,955	172,955	172,955
Balance at September 30, 2024	\$ 585,216	210,536	107,534	471,758	579,292	1,375,044
Balance at January 1, 2025	\$ 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	-	-	-	20,781	20,781	20,781
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	20,781	20,781	20,781
Balance at September 30, 2025	\$ 585,216	210,536	126,853	423,229	550,082	1,345,834

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 nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2025	2024
Cash flows from (used in) operating activities:		
Profit before tax	\$ 29,068	220,860
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	59,761	54,379
Amortization expense	4,776	1,715
Expected credit gains	(1,552)	(2,686)
Interest expense	8,438	9,239
Interest income	(2,307)	(3,837)
Gains on disposal of property, plant and equipment	-	(353)
Losses on valuation of inventories	599	911
Total adjustments to reconcile profit	<u>69,715</u>	<u>59,368</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in notes receivable	4,316	4,503
Decrease in accounts receivable	19,245	90,190
Increase in other receivable	(3,323)	(4,633)
Decrease (increase) in inventories	52	(44,795)
Decrease (increase) in other current assets	7,422	(9,278)
Total changes in operating assets	<u>27,712</u>	<u>35,987</u>
Changes in operating liabilities:		
Decrease in contract liabilities	(3,120)	(22,574)
Increase (decrease) in notes payable	24,241	(3,729)
(Decrease) increase in accounts payable	(7,245)	5,287
Decrease in other payables	(21,616)	(7,441)
Decrease in other current liabilities	(3,069)	(3,658)
Decrease in net defined benefit liability	(146)	(155)
Total changes in operating liabilities	<u>(10,955)</u>	<u>(32,270)</u>
Total changes in operating assets and liabilities	<u>16,757</u>	<u>3,717</u>
Cash generated from operations	115,540	283,945
Interest received	2,307	3,837
Interest paid	(8,520)	(9,256)
Income taxes paid	(50,606)	(72,809)
Net cash flows from operating activities	<u>58,721</u>	<u>205,717</u>
Cash flows from (used in) investing activities:		
Decrease acquisition of financial assets at amortized cost	-	60,843
Acquisition of property, plant and equipment	(59,003)	(18,164)
Proceeds from disposal of property, plant and equipment	-	353
Acquisition of intangible assets	(10,090)	(364)
Increase in prepayments for business facilities	(8,280)	(6,083)
Net cash flows from (used in) investing activities	<u>(77,373)</u>	<u>36,585</u>
Cash flows used in financing activities:		
Repayments of long-term borrowings	(44,978)	(52,227)
Payment of lease liabilities	(719)	(542)
Cash dividends paid	(70,226)	(58,522)
Net cash flows used in financing activities	<u>(115,923)</u>	<u>(111,291)</u>
Net (increase) decrease in cash and cash equivalents	<u>(134,575)</u>	<u>131,011</u>
Cash and cash equivalents at beginning of period	<u>679,163</u>	<u>545,980</u>
Cash and cash equivalents at end of period	<u>\$ 544,588</u>	<u>676,991</u>

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

September 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 November 4, 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”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

- (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:

(Continued)

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

Standards or Interpretations	Content of amendment	Effective date per IASB
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"> ● 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. ● 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. ● 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. 	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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.

(Continued)

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

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” and amendments to 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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Pretty cash and cash on hand	\$ 47	57	42
Check deposits	4,255	2,804	7,016
Time deposits	49,777	59,284	38,726
Demand deposits	<u>490,509</u>	<u>617,018</u>	<u>631,207</u>
Cash and cash equivalents in the statement of cash flows	<u>\$ 544,588</u>	<u>679,163</u>	<u>676,991</u>

(b) Financial assets measured at amortized cost

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Time deposits	<u>\$ -</u>	<u>-</u>	<u>18,990</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.

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

(c) **Notes and accounts receivable**

	September 30, 2025	December 31, 2024	September 30, 2024
Notes receivable from operating activities	\$ 3,033	7,349	1,971
Account receivable—measured as amortized cost	54,791	74,036	118,963
Less: Loss allowance	(42)	(1,594)	(2,329)
	<u>\$ 57,782</u>	<u>79,791</u>	<u>118,605</u>

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:

	<u>September 30, 2025</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 57,627	-%	-
Past due less than 120 days	-	-%	-
121 to 240 days past due	173	10.40%	18
241 to 365 days past due	-	-%	-
More than 1 year past due	24	100%	24
	<u>\$ 57,824</u>		<u>42</u>

	<u>December 31, 2024</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
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
	<u>\$ 81,385</u>		<u>1,594</u>

(Continued)

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

	September 30, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 118,605	-%	-
Past due less than 120 days	-	-%	-
121 to 240 days past due	-	-%	-
241 to 365 days past due	-	-%	-
More than 1 year past due	2,329	100%	2,329
	\$ 120,934		2,329

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

	For the nine months ended September 30	
	2025	2024
Balance at January 1	\$ 1,594	5,203
Impairment losses reversed	(1,552)	(2,686)
Amounts written off	-	(188)
Balance at September 30	\$ 42	2,329

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

(d) **Inventories**

	September 30, 2025	December 31, 2024	September 30, 2024
Raw materials	\$ 21,925	21,408	35,399
Work in progress	105,817	104,871	119,670
Semi-finished goods	64,698	63,326	64,543
Finished goods	74,087	77,573	76,349
	\$ 266,527	267,178	295,961

(Continued)

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

Inventory related losses and profits were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Losses on valuation of inventories	\$ 1,076	100	599	911
Unallocated fixed manufacturing expenses	1,963	-	6,390	-
Revenue from sale of scraps	(269)	(405)	(672)	(1,465)
Operating costs	<u>\$ 2,770</u>	<u>(305)</u>	<u>6,317</u>	<u>(554)</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
Cost or deemed cost:						
Balance at January 1, 2025	\$ 458,387	727,725	627,947	19,594	19,433	1,853,086
Additions	-	7,288	47,171	-	4,674	59,133
Reclassification	-	-	7,911	-	-	7,911
Balance at September 30, 2025	<u>\$ 458,387</u>	<u>735,013</u>	<u>683,029</u>	<u>19,594</u>	<u>24,107</u>	<u>1,920,130</u>
Balance at January 1, 2024	\$ 458,387	721,932	604,120	14,136	17,143	1,815,718
Additions	-	3,837	13,324	3,577	2,017	22,755
Disposal	-	-	-	(3,760)	-	(3,760)
Balance at September 30, 2024	<u>\$ 458,387</u>	<u>725,769</u>	<u>617,444</u>	<u>13,953</u>	<u>19,160</u>	<u>1,834,713</u>
Depreciation :						
Balance at January 1, 2025	\$ -	196,680	384,504	7,805	11,982	600,971
Depreciation	-	20,909	33,010	2,512	2,898	59,329
Balance at September 30, 2025	<u>\$ -</u>	<u>217,589</u>	<u>417,514</u>	<u>10,317</u>	<u>14,880</u>	<u>660,300</u>
Balance at January 1, 2024	\$ -	169,463	344,973	9,634	8,784	532,854
Depreciation	-	21,024	29,407	1,207	2,310	53,948
Disposal	-	-	-	(3,760)	-	(3,760)
Balance at September 30, 2024	<u>\$ -</u>	<u>190,487</u>	<u>374,380</u>	<u>7,081</u>	<u>11,094</u>	<u>583,042</u>
Carrying amounts:						
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 September 30, 2025	<u>\$ 458,387</u>	<u>517,424</u>	<u>265,515</u>	<u>9,277</u>	<u>9,227</u>	<u>1,259,830</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 September 30, 2024	<u>\$ 458,387</u>	<u>535,282</u>	<u>243,064</u>	<u>6,872</u>	<u>8,066</u>	<u>1,251,671</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:

	Other equipment
Cost:	
Balance at January 1, 2025	
(Balance as of September 30, 2025)	\$ <u>2,874</u>
Balance at January 1, 2024	\$ 1,200
Additions	<u>1,674</u>
Balance at September 30, 2024	\$ <u><u>2,874</u></u>
Accumulated depreciation:	
Balance at January 1, 2025	\$ 674
Depreciation for the year	<u>432</u>
Balance at September 30, 2025	\$ <u>1,106</u>
Balance at January 1, 2024	\$ 100
Depreciation for the year	<u>431</u>
Balance at September 30, 2024	\$ <u><u>531</u></u>
Carrying amounts:	
Balance at January 1, 2025	\$ <u>2,200</u>
Balance at September 30, 2025	\$ <u>1,768</u>
Balance at January 1, 2024	\$ <u>1,100</u>
Balance at September 30, 2024	\$ <u><u>2,343</u></u>

(g) **Intangible Assets**

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

	Computer software
Cost:	
Balance at January 1, 2025	\$ 15,585
Additions	<u>10,090</u>
Balance at September 30, 2025	\$ <u>25,675</u>
Balance at January 1, 2024	\$ 7,531
Additions	<u>364</u>
Balance at September 30, 2024	\$ <u><u>7,895</u></u>

(Continued)

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

	Computer software
Amortization :	
Balance at January 1, 2025	\$ 4,039
Amortization for the year	4,776
Balance at September 30, 2025	\$ 8,815
Balance at January 1, 2024	\$ 1,455
Amortization for the year	1,715
Balance at September 30, 2024	\$ 3,170
Carrying amounts:	
Balance at January 1, 2025	\$ 11,546
Balance at September 30, 2025	\$ 16,860
Balance at January 1, 2024	\$ 6,076
Balance at September 30, 2024	\$ 4,725

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:

	September 30, 2025	December 31, 2024	September 30, 2024
Other current assets:			
Other receivables	\$ 7,375	4,052	7,862
Prepaid expenses	1,567	8,989	2,181
Prepayments to suppliers	-	-	8,938
	\$ 8,942	13,041	18,981
Other non-current assets:			
Prepayments for equipment	\$ 8,342	7,973	6,083
Refundable deposits	10	10	10
	\$ 8,352	7,983	6,093

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

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

(i) **Short-term borrowings**

	September 30, 2025	December 31, 2024	September 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 nine months ended September 30, 2025 and 2024. For interest expense, please refer to note 6(t).

(j) **Other payables**

The other payables were summarized as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Payable on construction and equipment	\$ 12,140	12,010	8,694
Accrued expenses and other	<u>59,358</u>	<u>81,056</u>	<u>68,208</u>
	<u>\$ 71,498</u>	<u>93,066</u>	<u>76,902</u>

(k) **Other current liabilities**

The other current liabilities were summarized as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Deferred revenue	\$ -	4,190	11,569
Receipts under custody	3,378	2,307	2,819
Temporary receipts	<u>160</u>	<u>110</u>	<u>100</u>
	<u>\$ 3,538</u>	<u>6,607</u>	<u>14,488</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:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Secured bank loans	\$ 514,067	559,045	573,990
Less: current portion	<u>(60,294)</u>	<u>(60,016)</u>	<u>(59,910)</u>
	<u>\$ 453,773</u>	<u>499,029</u>	<u>514,080</u>
Unused long-term credit lines	<u>\$ -</u>	<u>-</u>	<u>-</u>
Range of internet rates	<u>1.925%~1.9503%</u>	<u>1.915%~1.95%</u>	<u>1.915%~2.175%</u>

(i) The additional and repayments of borrowings

For the nine months ended September 30, 2025 and 2024, the Company had no additional long-term borrowings; and the repayments amounted to \$44,978 thousand and \$52,227 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:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Current	\$ <u>904</u>	<u>961</u>	<u>957</u>
Non-current	<u>\$ 143</u>	<u>805</u>	<u>1,047</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	\$ <u>5</u>	<u>8</u>	<u>17</u>	<u>28</u>
Expenses relating to short-term leases	<u>\$ 646</u>	<u>774</u>	<u>2,175</u>	<u>2,430</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:

	For the nine months ended September 30	
	2025	2024
	\$ 2,911	3,000
Total cash outflow for leases		

(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:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
	\$ 41	39	124	116
Administration expenses				

(ii) Defined contribution plans

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

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
	\$ 1,121	1,023	3,236	2,974
Operating cost				
Selling expenses	113	101	334	352
Administration expenses	339	268	928	721
Research and development expenses	144	108	416	301
	\$ 1,717	1,500	4,914	4,348

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

(o) **Income Taxes**

The components of income tax were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Current tax expenses				
Current period	\$ 4,617	9,769	5,814	44,172
Undistributed earnings additional tax	-	-	5,182	4,246
Adjustment for prior periods	-	-	(2,709)	(513)
	<u>\$ 4,617</u>	<u>9,769</u>	<u>8,287</u>	<u>47,905</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 September 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 share 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.

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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:

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

(q) **Earnings per Share**

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ <u>18,467</u>	<u>39,076</u>	<u>20,781</u>	<u>172,955</u>
Weighted average number of outstanding ordinary shares (in thousands)	<u>58,522</u>	<u>58,522</u>	<u>58,522</u>	<u>58,522</u>
	\$ <u>0.32</u>	<u>0.67</u>	<u>0.36</u>	<u>2.96</u>
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ <u>18,467</u>	<u>39,076</u>	<u>20,781</u>	<u>172,955</u>
Weighted average number of ordinary shares (in thousands)	58,522	58,522	58,522	58,522
Effect of dilutive potential ordinary shares				
Effect of employee shares bonus	92	79	191	314
Weightier-average number of ordinary shares (in thousands) (diluted)	<u>58,614</u>	<u>58,601</u>	<u>58,713</u>	<u>58,836</u>
	\$ <u>0.32</u>	<u>0.67</u>	<u>0.35</u>	<u>2.94</u>

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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 September 30		For the nine months ended September 30	
	2025	2024	2025	2024
<u>Primary geographical markets</u>				
China	\$ 178,797	204,950	558,276	658,437
Taiwan	27,812	49,913	90,881	219,050
India	24,300	22,962	57,673	66,270
Other	<u>1,670</u>	<u>713</u>	<u>3,383</u>	<u>4,057</u>
	<u>\$ 232,579</u>	<u>278,538</u>	<u>710,213</u>	<u>947,814</u>
<u>Major products/services lines</u>				
Precision spindles and consumables	<u>\$ 232,579</u>	<u>278,538</u>	<u>710,213</u>	<u>947,814</u>

(ii) Contract balances

	September 30, 2025	December 31, 2024	September 30, 2024
Contract liabilities	<u>\$ 6,096</u>	<u>9,216</u>	<u>14,045</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 nine months ended September 30, 2025 and 2024 , that was included in the contract liability balance at the beginning of the period were \$4,313 thousand and \$27,557 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.

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KENTURN NANO. TEC. CO., LTD.
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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 September 30, 2025 and 2024 and the nine months ended September 30, 2025 and 2024, the Company estimated its employee remuneration amounting to \$3,650 thousand, \$5,725 thousand, \$4,964 thousand and \$13,775 thousand, respectively, and directors' remuneration amounting to \$245 thousand, \$925 thousand, \$350 thousand and \$2,275 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:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Interest income from bank deposits	\$ <u>369</u>	<u>702</u>	<u>2,307</u>	<u>3,837</u>

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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 September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Government subsidy	\$ 2,964	4,529	4,612	5,413
Others	9	16	32	40
	<u>\$ 2,973</u>	<u>4,545</u>	<u>4,644</u>	<u>5,453</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Gains on disposal of property, plant and equipment	\$ -	353	-	353
Foreign exchange (losses) gains	14,557	6,994	(4,049)	26,592
Other losses	-	-	-	(360)
	<u>\$ 14,557</u>	<u>7,347</u>	<u>(4,049)</u>	<u>26,585</u>

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Interest expense - bank loans	\$ 2,746	3,096	8,421	9,211
Interest expense - lease liabilities	5	8	17	28
	<u>\$ 2,751</u>	<u>3,104</u>	<u>8,438</u>	<u>9,239</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.

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

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

As of September 30, 2025, December 31 and September 30, 2024, 66%, 74% and 69%, 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 nine months ended September 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>
September 30, 2025						
Non-derivative financial liabilities						
Short-term borrowings	\$ 50,000	50,357	50,357	-	-	-
Notes and accounts payable and other payables	265,835	265,835	265,835	-	-	-
Long-term borrowings (Including due within one year)	514,067	569,176	69,740	68,945	176,515	253,976
Lease liabilities	1,047	1,056	913	143	-	-
	<u>\$ 830,949</u>	<u>886,424</u>	<u>386,845</u>	<u>69,088</u>	<u>176,515</u>	<u>253,976</u>
December 31, 2024						
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>
September 30, 2024						
Non-derivative financial liabilities						
Short-term borrowings	\$ 50,000	50,362	50,362	-	-	-
Notes and accounts payable and other payables	346,638	346,638	346,638	-	-	-
Long-term borrowings (Including due within one year)	573,990	639,805	70,536	69,746	193,059	306,464
Lease liabilities	2,004	2,037	981	913	143	-
	<u>\$ 972,632</u>	<u>1,038,842</u>	<u>468,517</u>	<u>70,659</u>	<u>193,202</u>	<u>306,464</u>

(Continued)

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

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

(iii) Market risk

1) Currency risk

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

	September 30, 2025			December 31, 2024			September 30, 2024			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
Financial assets										
Monetary items										
USD	USD	2,456	30.445	74,773	4,110	32.785	134,746	4,083	31.65	129,227
RMB	RMB	36,316	4.271	155,106	62,137	4.478	278,249	54,296	4.523	245,581

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 September 30, 2025 and 2024 would have increased (decreased) the net profit after tax by \$1,839 thousand and \$2,998 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 \$3,384 thousand and \$3,744 thousand for the nine months ended September 30, 2025 and 2024, respectively. This is mainly due to the Company's borrowing in variable rates.

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

	December 31, 2024				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
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	-	-	-	-
	<u>\$ 881,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	September 30, 2024				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 676,991	-	-	-	-
Financial assets measured at amortized cost	18,990	-	-	-	-
Notes receivable, accounts receivable and other receivables	126,467	-	-	-	-
Guarantee deposit	10	-	-	-	-
	<u>\$ 822,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 50,000	-	-	-	-
Notes payable, accounts payable and other payables	346,638	-	-	-	-
Long-term borrowings (Including due within one year)	573,990	-	-	-	-
Lease liabilities	2,004	-	-	-	-
	<u>\$ 972,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(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.

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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 nine months ended September 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		September 30, 2025
			Additions/ Reclassification	Fair value movement	
Short-term borrowings	\$ 50,000	-	-	-	50,000
Long-term borrowings (including due within one year)	559,045	(44,978)	-	-	514,067
Lease liabilities	1,766	(719)	-	-	1,047
Total liabilities from financing activities	<u>\$ 610,811</u>	<u>(45,697)</u>	<u>-</u>	<u>-</u>	<u>565,114</u>
	January 1, 2024	Cash flows	Additions/ Reclassification	Fair value movement	September 30, 2024
Short-term borrowings	\$ 50,000	-	-	-	50,000
Long-term borrowings (including due within one year)	626,217	(52,227)	-	-	573,990
Lease liabilities	1,037	(542)	1,509	-	2,004
Total liabilities from financing activities	<u>\$ 677,254</u>	<u>(52,769)</u>	<u>1,509</u>	<u>-</u>	<u>625,994</u>

(7) **Related-party transactions**

Key management personnel compensation:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 2,439	2,292	8,016	7,392
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>\$ 2,439</u>	<u>2,292</u>	<u>8,016</u>	<u>7,392</u>

(8) **Pledged assets**

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2025	December 31, 2024	September 30, 2024
Land	Guarantee for bank loans	\$ 458,387	458,387	458,387
Buildings and structures	Guarantee for bank loans	517,424	531,045	535,282
Machinery and equipment	Guarantee for bank loans	146,715	165,257	171,361
		<u>\$ 1,122,526</u>	<u>1,154,689</u>	<u>1,165,030</u>

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

(9) Commitments and contingencies

Unrecognized contractual commitments

	September 30, 2025	December 31, 2024	September 30, 2024
Acquisition of property, plant and equipment	\$ 23,623	66,992	65,963

(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 September 30							
	2025			2024				
	By item	By function	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits								
Salary			25,800	20,368	46,168	24,451	20,017	44,468
Labor and health insurance			3,033	1,795	4,828	2,633	1,761	4,394
Pension			1,121	637	1,758	1,023	516	1,539
Others			876	851	1,727	897	916	1,813
Depreciation			16,766	4,592	21,358	15,476	3,512	18,988
Amortization			435	1,927	2,362	8	576	584

	For the nine months ended September 30							
	2025			2024				
	By item	By function	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits								
Salary			75,508	58,531	134,039	76,709	56,322	133,031
Labor and health insurance			8,679	5,419	14,098	7,658	4,173	11,831
Pension			3,236	1,802	5,038	2,974	1,490	4,464
Others			2,614	2,458	5,072	2,717	2,967	5,684
Depreciation			48,709	11,052	59,761	44,780	9,599	54,379
Amortization			783	3,993	4,776	25	1,690	1,715

- (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 nine months ended September 30, 2025:

- (i) Loans to other parties:None
 - (ii) Guarantees and endorsements for other parties:None
 - (iii) Securities held as of September 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.