

InsTech Netherlands B.V.
Rotterdam

Report on the annual accounts

2025

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InsTech Netherlands B.V.

1. FINANCIAL STATEMENTS

1.1 BALANCE SHEET AS AT 31 DECEMBER 2025
(After appropriation of result)

		31-12-2025	31-12-2024
		€	€
ASSETS			
FIXED ASSETS			
Tangible fixed assets	1	431,714	575,820
Financial fixed assets	2	82,754	82,754
Non-current assets		514,468	658,574
CURRENT ASSETS			
Inventories and work in progress	3	9,382,375	6,243,727
Receivables	4	2,663,741	4,984,609
Cash and cash equivalents	5	1,942,784	2,913,111
Current assets		13,988,900	14,141,447
		14,503,368	14,800,021
EQUITY AND LIABILITIES			
Equity			
Share capital paid called up	6	1,000,000	1,000,000
Other reserves	7	3,511,460	2,890,466
		4,511,460	3,890,466
Provisions	8	305,333	488,017
Long-term liabilities	9	240,000	240,000
Current liabilities	10	9,446,575	10,181,538
		14,503,368	14,800,021

1.2 INCOME STATEMENT FOR THE YEAR 2025

		2025	2024
		€	€
NET TURNOVER	11	9,296,612	11,294,715
Cost of raw materials	12	6,687,760	7,078,773
Expenses of employee benefits	13	801,868	1,869,820
Depreciation of intangible and tangible fixed assets	14	161,969	156,724
Other operating expenses	15	861,942	1,390,981
Sum of expenses		<u>8,513,539</u>	<u>10,496,298</u>
OPERATING RESULT		783,073	798,417
Financial income and expenses	16	35,517	(27,208)
RESULT BEFORE TAX		818,590	771,209
Corporate income tax	17	(197,596)	(157,273)
RESULT AFTER TAX		<u>620,994</u>	<u>613,936</u>

	2025	2024
	€	€

1.3 CASH FLOW STATEMENT FOR THE YEAR

Total of cash flows from (used in) operating activities

Operating result	783,073	798,417
<i>Adjustments for</i>		
Depreciation	161,969	156,724
Increase (decrease) in provisions	(182,684)	-
<i>Changes in working capital</i>		
Decrease (increase) in inventories	(3,138,648)	(3,498,314)
Decrease (increase) in other receivables	-	(2,119,201)
Movements accounts receivable	1,276,525	76,552
Increase (decrease) in other payables	(324,689)	2,824,665
Accruals and prepaid expenses	513,714	488,978
	(1,673,098)	(2,227,320)

Total of cash flows from (used in) operations

Interest paid	-	(82)
Income tax paid	(77,241)	(157,273)
	(77,241)	(157,355)

Total of cash flows from (used in) operating activities

	(910,740)	(1,272,179)
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Cash flows from investment activities

Purchase of property, plant and equipment	(27,708)	(75,692)
Purchase of financial assets	-	54,122
Proceeds from sales of property, plant and equipment	9,845	-
	(17,863)	(21,570)

Cash flows from financing activities

Repayments from borrowings	-	(240,000)
Net cash flow	(1,005,844)	(1,691,104)

Exchange rate and translation differences on cash	35,517	(27,126)
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Total of increase (decrease) in cash and cash equivalents

	(970,327)	(1,718,230)
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	2025	2024
	€	€
<i>Movement in cash and cash equivalents</i>		
Cash and cash equivalents at the beginning of the period	2,913,111	4,631,341
Increase (decrease) cash and cash equivalents	(970,327)	(1,718,230)
Cash and cash equivalents at the end of the period	<u>1,942,784</u>	<u>2,913,111</u>

1.4 NOTES TO THE FINANCIAL STATEMENTS

ENTITY INFORMATION

Registered address and registration number trade register

The registered and actual address of InsTech Netherlands B.V. is Wilhelminakade 143, 3072 AP in Rotterdam, Netherlands. InsTech Netherlands B.V. is registered at the Chamber of Commerce under number 69008434.

GENERAL NOTES

The most important activities of the entity

The activities of InsTech Netherlands B.V. consist mainly of import, export, development and trading in security equipment and X-ray inspection systems.

Disclosure of group structure

InsTech Netherlands B.V. is wholly owned by Nucotech Hong Kong Company Limited, registered in Hong Kong. The head of this group is Tsinghua Tongfang Co. Ltd, a listed company in China. The ultimate parent company is CNNC, a Chinese state-owned company.

Disclosures about estimates, judgements, assumptions and uncertainties

In applying the principles and policies for preparing the financial statements, the directors of InsTech Netherlands B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item. Actual results may differ from the estimates. The estimates and the underlying assumptions are regularly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

GENERAL ACCOUNTING PRINCIPLES

The accounting standards used to prepare the financial statements

The financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

The figures for 2024 have been reclassified for comparison purposes. The reclassification is as follows:

- Presentation of work in progress
- Presentation of provisions

The accounting principles and method of determining the result are the same as those used in the previous year, with the exception of the changes in accounting policies set out in the relevant sections. Where the current year accounting principles deviates from prior year, the comparative figures have been adjusted. There is no effect in result.

Conversion of amounts denominated in foreign currency

Items included in the financial statements of InsTech Netherlands B.V. are valued with due regard for the currency in the economic environment in which the corporation carries out most of its activities (the functional currency). The financial statements are denominated in euros; this is both the functional currency and presentation currency of InsTech Netherlands B.V.

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

Operating leases

The Company has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the Company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

Financial instruments

Financial instruments include both primary financial instruments, such as securities, receivables and debts, and derivatives. For the accounting policies of primary financial instruments, reference is made to the policy per balance sheet item.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual right to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are initially measured at fair value adjusted for transaction costs (where applicable) and are subsequently valued at amortised cost, unless stated otherwise.

ACCOUNTING PRINCIPLES**Tangible fixed assets**

Tangible fixed assets are valued at historical cost plus additional costs or production cost less straight-line depreciation based on the expected life. Impairments expected on the balance sheet date are taken into account. Cost of major maintenance are capitalized and depreciated over the maintenance period. For details on how to determine whether tangible fixed assets are impaired, please refer to the respective note.

Other receivables

Other receivables disclosed under financial assets consist of deposits and a long-term receivable. These receivables are initially measured at fair value. Subsequent to initial recognition these receivables are measured at their amortised cost. If there is no premium or discount and there are no transaction costs, the amortised cost equals the nominal value of the deposits respectively the redemption value of the long-term receivable. Impairment losses are deducted from amortised cost and expenses in the income statement.

Impairment of non-current assets

On each balance sheet date, InsTech Netherlands B.V. assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

Inventories

Inventories (stocks) are valued at cost based on the FIFO method or lower realisable value.

The cost consists of the historical cost or production cost and costs incurred in order to bring the stocks to their current location and current condition. The production cost includes direct labour and fixed and variable production overheads, taking into account the costs of the operations office, the maintenance department and internal logistics.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

Receivables

Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortised cost. If there is no premium or discount and there are no transaction costs, the amortised cost equals the nominal value of the accounts receivable. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Provisions

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. Provisions for pension are valued on the basis of actuarial principles. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

Warranty provision

This provision relates to costs that must be reimbursed for products that have been sold or services that have been performed, if the legal entity has an obligation because the agreed quality standards have not been met.

Other provisions

Other kinds of provision are included in accordance with the nominal value of the expenditure which is expected to be necessary to settle the obligations.

Non-current liabilities

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium / discount or if there are no transaction costs, the amortised cost price is the same as the nominal value of the debt.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the long-term debts.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Gross operating result

The gross margin includes the net turnover, change in finished products and work-in-progress, capitalised production costs of own assets, other operating income, costs of raw materials and consumables and costs of work contracted out, and other external costs. Net turnover comprises the income from the supply of goods and services and realised income from construction contracts after deduction of discounts and such like and of taxes levied on the turnover.

Revenues from the goods supplied are recognised when all significant risks and rewards in respect of the goods have been transferred to the buyer.

Revenues from the services rendered are recognised in proportion to the services delivered, based on the services rendered up to the balance sheet date in proportion to the total of services to be rendered.

Revenue from rental of equipment, is recognised on a pro-rata basis over the the lease term rendered up to the balance sheet date.

In other operating income results are recognised which are not directly linked to the supply of goods or services as part of the normal, non-incidental operations. The other operating income comprises of subsidy income.

Cost of sales includes the cost of goods sold and delivered. The cost price consists of the purchase price and any additional costs.

Wages

The benefits payable to personnel are recorded in the income statement on the basis of the employment conditions.

Applied policy of pension costs

InsTech Netherlands B.V. has an insured pension agreement for its employees, which characteristics qualifies as a defined contribution agreement. The Company therefore accounts all pension plans according to the liabilities approach (defined contribution plan). The Company bears no risk with regard to future pension payments to its employees, other than the payment of the current pension premium. The premium payable during the reporting year is recorded as an expense. The contributions are recorded as personnel costs from the date that they become payable. Prepaid contributions are reported as accrual if this results in a repayment or a reduction in future payments. Contributions that are not yet paid are included as a liability in the balance sheet.

Depreciation of property, plant and equipment

Tangible fixed assets are depreciated from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property, other tangible fixed assets. Land is not depreciated.

Future depreciation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur, unless hedge-accounting is applied.

Income tax expense

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

	31-12-2025	31-12-2024
	€	€
2 Financial fixed assets		
Other receivables	82,754	82,754
Other receivables		
Rent deposits	78,296	78,296
Car deposits	4,458	4,458
	82,754	82,754
3 Inventories and work in progress		
Finished goods for resale	9,450,902	6,302,878
Provision for obsolete goods for resale	(68,527)	(59,151)
	9,382,375	6,243,727

Finished goods for resale include inventory with a carrying amount of EUR 9,097,522 (2024: EUR 5,986,165) which is held at customer premises and for which the risks and rewards had not transferred to the customer at the balance sheet date.

The provision for obsolete goods for resale is determined based on the age and characteristics of the finished goods. Depending on the nature and value of the inventory, a fixed percentage is written down to the provision for obsolete goods for resale at each year-end. The applied write-down rates range from 10% to 50%, reflecting the type of inventory and its expected service life.

4 Receivables

Trade receivables	658,686	1,854,611
Receivables from group companies	1,569,614	2,118,972
Taxes and social security charges	95,454	157,325
Accruals and prepaid expenses	339,987	853,701
	2,663,741	4,984,609

Trade receivables

Trade receivables	658,686	1,854,611
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A provision for doubtful accounts is not considered to be necessary.

Receivables from group companies

Receivable from Nuctech Company Limited	1,413,550	1,906,817
Receivable from Nuctech Hong Kong Company Limited	156,064	166,155
Receivable from Nuctech Warsaw Company Limited SP.Z.O.O.	-	46,000
	1,569,614	2,118,972

The intercompany positions bear no interest because of the nature of the items. These contains trade receivables.

	31-12-2025	31-12-2024
	€	€
Taxes and social security charges		
Value added tax	57,012	-
Company tax	36,970	157,325
Wage tax	1,472	-
	<u>95,454</u>	<u>157,325</u>
	<u>95,454</u>	<u>157,325</u>
Accruals and prepaid expenses		
Accrued income	266,288	811,262
Prepaid expenses	73,699	42,439
	<u>339,987</u>	<u>853,701</u>
	<u>339,987</u>	<u>853,701</u>

All receivables are due in less than one year and bear no interest. In respect of repayment and securities provided, no agreements have been made. The fair value of the receivables approximates the book value.

5 Cash and cash equivalents

Bank of China	1,942,784	2,913,111
	<u>1,942,784</u>	<u>2,913,111</u>

The cash and cash equivalents are at the company's free disposal.

EQUITY AND LIABILITIES***The withheld part of the result in equity***

The withheld part of the result: € 620,994

	2025	2024
	€	€

6 Share capital

Share capital paid called up

Balance as at 1 January

1,000,000

1,000,000

Balance as at 31 December

1,000,000

1,000,000

Disclosure of share capital paid called up

The authorised share capital of InsTech Netherlands B.V. amounts to EUR 1,000,000, divided into 1,000,000 ordinary shares with a nominal value of EUR 1 per share. Issued share capital comprises of 1,000,000 ordinary shares.

7 Other reserves

Balance as at 1 January

2,890,466

2,276,530

Appropriation of result

620,994

613,936

Balance as at 31 December

3,511,460

2,890,466

8 Provisions

Other provisions

305,333

488,017

Other provisions

Provision for project expenses

194,896

321,861

Warranty provision

110,437

166,156

305,333

488,017

9 Long-term liabilities

Non-current accruals and deferred income

240,000

240,000

	2025	2024
	€	€
Long-term liabilities		
Balance as at 1 January		
Principal amount	480,000	480,000
Cumulative repayments	(240,000)	-
Balance as at 1 January	240,000	480,000
Movements		
Current portion	-	(240,000)
Balance movements	-	(240,000)
Balance as at 31 December		
Principal amount	240,000	480,000
Cumulative repayments	-	(240,000)
Balance as at 31 December	240,000	240,000

The long-term liability is due during the 2027 financial year, and bears no interest. In respect of repayment and securities provided, no agreements have been made.

10 Current liabilities

Trade payables	25,745	47,011
Current payables to group companies	711,788	2,248,471
Payables relating to taxes and social security contributions	1,877	255,011
Current other payables, liabilities and accrued expenses	8,707,165	7,631,045
	9,446,575	10,181,538
Trade payables		
Accounts payable	25,745	47,011

Current payables to group companies

Nuctech Company Limited	484,966	1,749,273
Nuctech Warsaw Company Limited	226,822	499,198
	711,788	2,248,471

The intercompany positions bear no interest because of the nature of the items. These contains trade payables.

Payables relating to taxes and social security contributions

Social security charges	1,877	1,877
Value added tax	-	203,919
Wage tax	-	49,215
	1,877	255,011

	31-12-2025	31-12-2024
	€	€
Current other payables, liabilities and accrued expenses		
Installments charged - sales of equipment	8,025,811	6,565,500
Installments charged - sales of maintenance	459,271	802,817
Accounting expenses	60,000	60,000
Holiday allowance	61,557	67,336
Personnel expenses	61,856	113,065
General expenses	38,670	22,327
	<u>8,707,165</u>	<u>7,631,045</u>

Off-balance-sheet rights, obligations and arrangements

The nature of off-balance sheet liabilities

The Commission started a preliminary investigation on its own initiative (ex officio) in April 2024 by conducting inspections at the EU premises of Nuctech in Poland and the Netherlands. In December 2025 the European Commission has opened an in-depth investigation to assess, under the Foreign Subsidies Regulation ('FSR'), the activities of Nuctech in the production and sale of threat detection systems ('TDS') and the provision of related services within the EU. The Commission has preliminary concerns that Nuctech may have been granted foreign subsidies that could distort the EU internal market. The opening of an in-depth investigation does not prejudice the outcome of the investigation. The in-depth investigation can take a maximum period of 18 months until June 2027. The outcome of the in-depth investigation are still uncertain, and it is not possible to reliably estimate the possible outflow of resources. This is why no provision has been formed on account of this investigation.

Disclosure of operating leases

The company entered into a rental agreement for the office at Wilhelminalakade 143, Rotterdam. The annual commitment amounts to EUR 187,974 (excluding VAT). The rental agreement will expire on 30 August 2034. The remaining total obligation at year-end amounts to EUR 689,238, for which an amount of EUR 689,238 is due within 5 years.

The company entered into a rental agreement for the office at Schiphol Boulevard 249, Schiphol. The annual commitment amounts to EUR 90,724 (excluding VAT). The rental agreement will expire on 31 August 2027. The remaining total obligation at year-end amounts to EUR 151,206, for which an amount of EUR 151,206 is due within 5 years.

The company entered into a rental agreement for the office at Tinnegietersiraat 3C, Hoogvliet. The annual commitment amounts to EUR 66,066 (excluding VAT). The rental agreement will expire on 30 April 2027. The remaining total obligation at year-end amounts to EUR 88,088, for which an amount of EUR 88,088 is due within 5 years.

The company entered into a rental agreement for the leasing of vehicles. The annual commitment amounts to EUR 137,646 (excluding VAT). The remaining total obligation at year-end amounts to EUR 276,831, for which an amount of EUR 276,831 is due within 5 years.

1.6 NOTES TO THE INCOME STATEMENT

	2025	2024
	€	€
11 Net turnover		
Sales of services	6,603,935	6,794,173
Sales of goods	2,692,677	4,500,542
	<u>9,296,612</u>	<u>11,294,715</u>
12 Cost of raw materials		
Outsourced work	4,201,347	3,293,248
Cost of raw materials	2,486,413	3,785,525
	<u>6,687,760</u>	<u>7,078,773</u>
13 Expenses of employee benefits		
Wages and salaries	677,338	1,539,661
Social security charges and pensions cost	124,530	330,159
	<u>801,868</u>	<u>1,869,820</u>
Wages and salaries		
Gross wages	1,310,010	1,539,661
Recharged to cost of raw materials	(632,672)	-
	<u>677,338</u>	<u>1,539,661</u>
Social security charges and pensions cost		
Social security charges	231,770	249,392
Pension charges	34,004	80,767
Recharged to cost of raw materials	(141,244)	-
	<u>124,530</u>	<u>330,159</u>

	2025	2024
	€	€
14 Depreciation of intangible and tangible fixed assets		
Depreciation of tangible fixed assets	161,969	156,724
Depreciation of tangible fixed assets		
Machine	79,303	75,147
Building alterations	71,502	68,040
Other fixed assets	11,164	13,537
	161,969	156,724
15 Other operating expenses		
Other expenses of employee benefits	21,876	42,558
Impairment of current assets	9,376	59,151
Selling expenses	156,757	423,559
Car expenses	57,330	165,687
Office expenses	109,906	137,175
Housing expenses	309,472	337,021
General expenses	197,225	225,830
	861,942	1,390,981
16 Financial income and expenses		
Currency translation differences	35,517	(27,126)
Interest and similar expenses	-	(82)
	35,517	(27,208)
17 Corporate income tax		
Corporate income tax expense	(197,596)	(157,273)

1.7 OTHER NOTES**Average number of employees**

	<u>2025</u>	<u>2024</u>
Average number of employees over the period working in the Netherlands	21.00	23.00
Total of average number of employees over the period	<u>21.00</u>	<u>23.00</u>

Disclosure of average number of employees during the period

During 2025, 21 employees were employed on a full-time basis (2024: 23). Of these, 0 were employed outside the Netherlands (2024: 0).

Remuneration of managing and supervisory directors

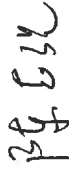
The exemption of the publication of remuneration of managing and supervisory directors

Explanation of the remuneration of directors is exempt from disclosure pursuant to the last sentence of Article 2:383(1) of the Dutch Civil Code (BW) if it can be traced back to a single natural person.

SIGNING OF THE FINANCIAL STATEMENTS

The financial statements have been prepared by the management.

Rotterdam, 18 March 2026



C. Zhiqiang